

Sagon Resources Limited

*“Developing the Globally Significant Cummins Range
Rare Earths Project”*

October 2019

Disclaimer & Competent Person Statement



For personal use only

This presentation contains summary information about Sagon Resources Ltd (SG1) and is current as of 21 October 2019. The information in this presentation is of a general background and does not purport to be complete.

This presentation is not investment or financial product advice (nor tax, accounting or legal advice) and is not intended to be used for the basis of making an investment decision. The information contained in this presentation has been prepared without taking into account the objectives, financial situation or needs of individuals. Investors should obtain their own advice before making any investment decision.

SG1 has prepared this document based on information available to it at the time of preparation. No representation or warranty, express or implied, is made as to the fairness, accuracy or completeness of the information, opinions and conclusions contained in this presentation.

This presentation contains certain “forward-looking statements”. Forward looking statements can generally be identified by the use of forward looking words such as, “expect”, “should”, “could”, “may”, “predict”, “plan”, “will”, “believe”, “forecast”, “estimate”, “target” and other similar expressions. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Forward-looking statements, opinions and estimates provided in this presentation are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions.

Forward-looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. This presentation contains statements that are subject to risk factors associated with SG1 and the mining exploration industry. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a range of variables which could cause actual results or trends to differ materially.

SG1 disclaim any intent or obligation to publicly update any forward looking statements, whether as a result of new information, future events or results or otherwise.

To the maximum extent permitted by law, SG1, their related bodies corporate (as that term is defined in the Corporations Act 2001 (Cth)) and the officers, directors, employees, advisers and agents of those entities do not accept any responsibility or liability including, without limitation, any liability arising from fault or negligence on the part of any person, for any loss arising from the use of the presentation or its contents or otherwise arising in connection with it.

Competent Person Statement: The information in this presentation relating to the Mineral Resource estimate for the Cummins Range Rare Earths Project is extracted from the Company’s ASX announcement entitled ‘*Globally Significant Maiden Resource of 13Mt at 1.13% TREO*’ as updated by the ASX announcement entitled ‘*Update to Mineral Resource Estimate Announcement*’, both released on 15 October 2019. SG1 confirms that it is not aware of any new information or data that materially affects the information included in the previous announcements and that all material assumptions and technical parameters underpinning the Mineral Resource estimate in the previous announcements continue to apply and have not materially changed.

Investment Highlights



For personal use only

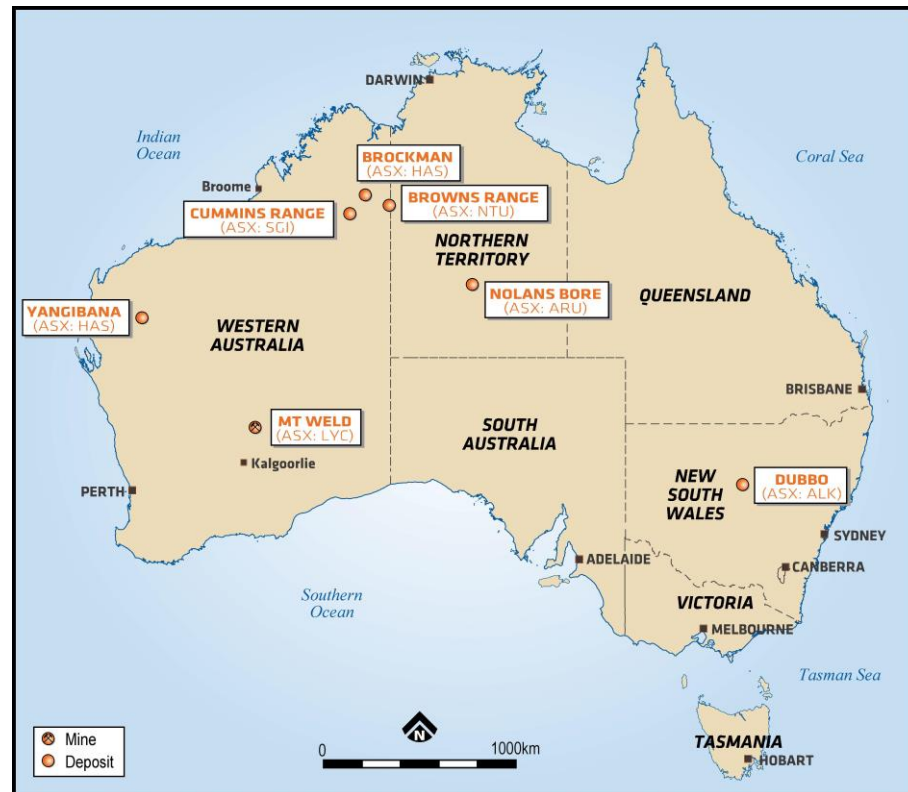
Strategically Located Asset: Sagon Resources Limited (**SG1** or **Sagon**) is focused on developing its 100% owned Cummins Range Rare Earths Project located in Western Australia – a Tier 1 mining jurisdiction.

Significant Maiden JORC 2012 Resource: Sagon has declared a significant rare earths Mineral Resource estimate with an Inferred JORC Resource of 13Mt at 1.13% TREO.

Exploration Upside: Resource remains open at depth and along strike with no drilling since 2011. Drilling program to commence Q4 CY2019.

Superior Geology and Mineralogy: Weathered carbonatite (same as Mt Weld) with mineral expression from surface.

Low CAPEX Strategy: Strategy to sell a monazite concentrate to existing downstream refiners as China transitions to a net importer of rare earth material.



Corporate Snapshot



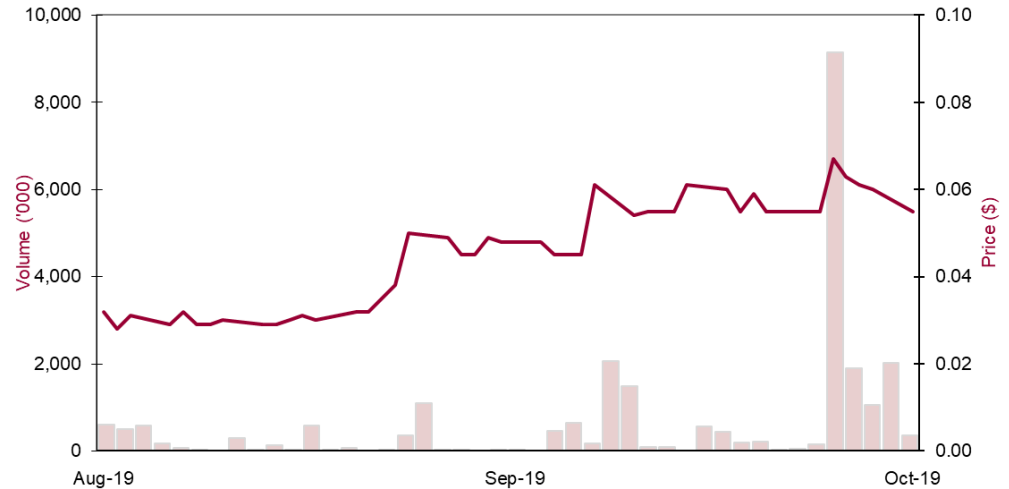
Capital Structure

ASX Code	SG1
Share Price (21 October)	\$0.055
Shares on Issue	311m
Market Capitalisation	\$17.1m
Net Cash	\$2.4m
Enterprise Value	\$14.7m

Board and Management

Chairman	Shaun Hardcastle
Executive Director	Jeremy Robinson
Non-Executive Director	Scott Patrizi

3 Month Share Price Performance and Volume



Milestones Achieved in Last 30 Days

Acquisition of Cummins Range	27 Sept.
Execution of Heritage Agreement	14 Oct.
Delivery of Maiden 2012 JORC Resource	15 Oct.

Superior Location and Infrastructure



For personal use only

Tier-1 Mining Jurisdiction: Located in the Kimberley region of Western Australia.

Airstrip and Township Nearby: 130km from Halls Creek Township and Airstrip.

Good Access: Accessible via Great Northern Highway, Tanami Track and pastoral tracks.

Established Mining District: Located near Northern Minerals Browns Range Rare Earth Mine and Pantoro's Nicholsons Gold Mine.

Port Facilities: Potential access to Wyndham Port and Darwin Port.



Why Rare Earths?

For personal use only

Neodymium-Praseodymium (**NdPr**) are two critical rare earth elements integral to the manufacture of rare earth permanent magnets.

Rare earth permanent magnets are used in electric vehicles, wind turbines and advanced weapon systems.

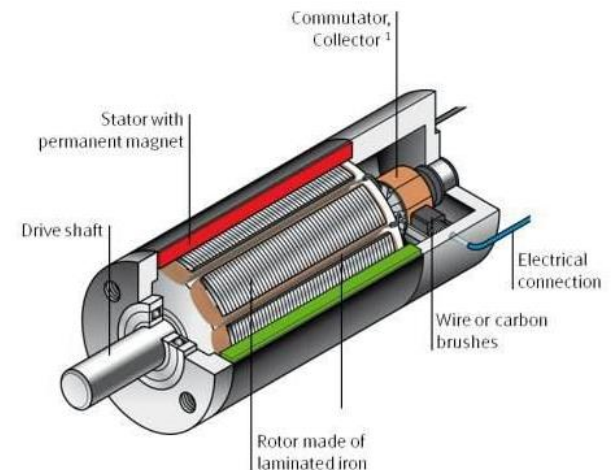
China dominates production of rare earths and rare earth magnets accounting for 80% of global production.

Each Electric Vehicle (**EV**) requires approximately 1kg to 2kg of NdPr which is used in rare earth magnets forming part of an EVs electric motors.

EVs expected to grow from 3m to 125m by 2030.

China is already a gross importer of rare earths and is soon to become a net importer of rare earths as structural supply-side and demand-side change occurs.

NdPr oxide currently trades at circa US\$45/kg with market analysts predicting oxide prices to hit between US\$60/kg and US\$150/kg after 2020.



Source: International Energy Agency; Roskill as reported by the Australian Financial Review.

Rare Earths Market



For personal use only

Rare earth market currently dominated by China representing a strategic weakness for the United States of America.

Only significant supplier outside of China is Lynas Resources Limited (ASX: LYC) – subject of recent unsuccessful takeover by Wesfarmers Limited (ASX:WES), the other Australian carbonatite.

Demand for Neodymium and Praseodymium being driven by growth in EV production and renewable energy.

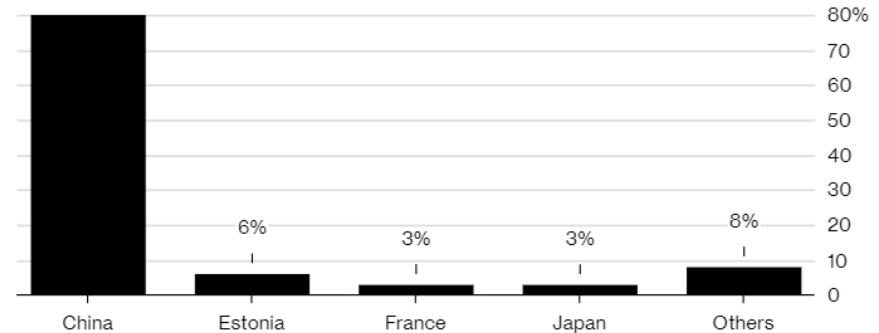
Significant structural change underway as **China transitions to a net importer of rare earths** with prices expected to increase.

Rare earth prices surged in May 2019 following Chinese President Xi's visit to a rare earth magnet manufacturing facility in Jiangxi Province, China.

One Stop Shop

About 80% of U.S. rare earths supplies come from China

■ Percentage of rare earths supplied to U.S.

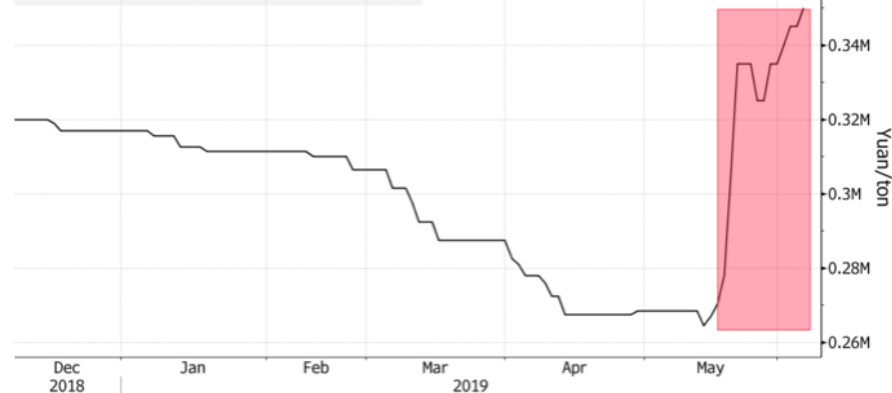


Source: U.S. Geological Survey

Prices Surge

China rare-earth prices rallied amid overseas disruptions, trade tensions

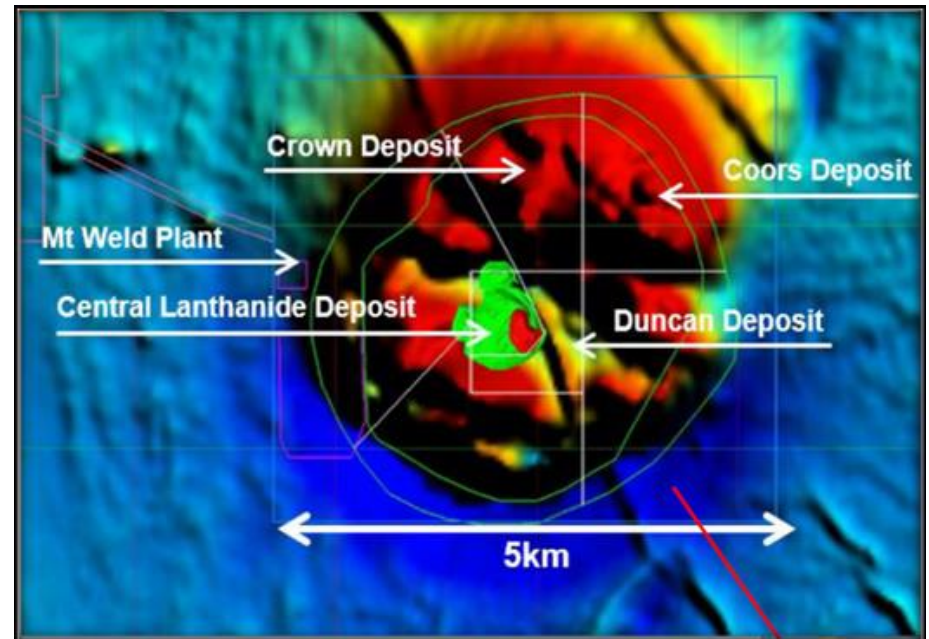
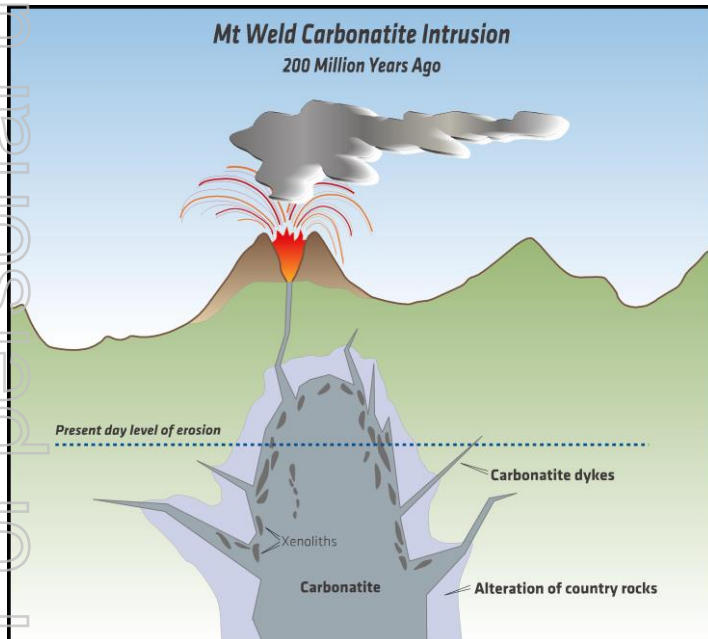
■ China Praseodymium-Neodymium Oxide Market Price Shanghai



Source: Shanghai Steelhome E-Commerce

Favourable Geology

- Weathered carbonatite with REE mineralisation mostly hosted within laterite horizon (same at Mt Weld).
- Mineralisation from surface and flat lying on top of primary carbonatite pipe.
- Metallurgical work program to commence to determine NdPr concentration.



Significant Maiden JORC 2012 Resource



For personal use only

Significant Maiden JORC 2012 Inferred Resource of 13Mt at 1.13% TREO released 15 October 2019.

Neodymium Praseodymium oxide currently trading at circa US\$45 per kilogram.

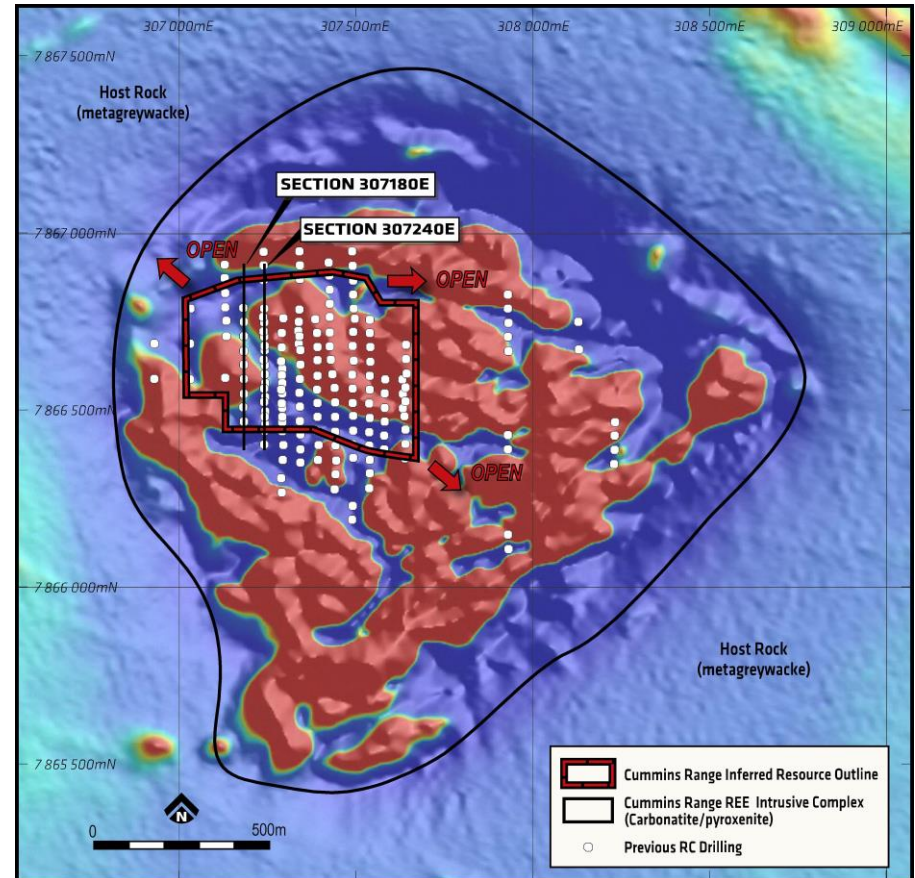
Deposit outcrops and has dimensions amenable to low strip ratio open pit mining.

Existing Resource occupies a small portion of the Cummins Range Intrusive Complex that is approximately 2km by 2km.

Drilling program and passive seismic survey planned for Q4 CY2019.

Cummins Range Inferred Mineral JORC 2012 Resource

Tonnes (Mt)	Grade (TREO)	TREO (kg)
13.0	1.13%	147,300,000



Substantial Exploration Upside

For personal use only

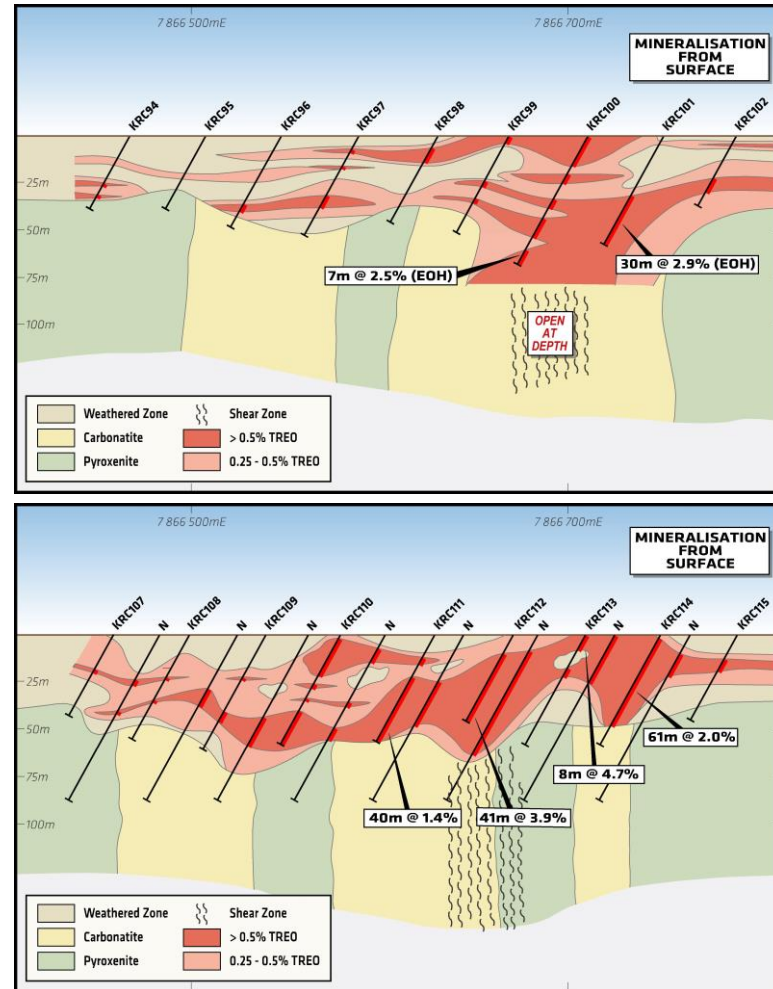
No active exploration since 2011 with large part of 48.5 square km of ground remaining untested.

At least 2 NW-SW structures controlling the depth of weathering with higher grade - mineralisation remains open on these trends.

Passive seismic planned to map depth of weathering and high grade extensions which is likely lead to an Exploration Target.

Primary mineralisation also open at depth and totally unexplored.

Clear potential to expand the existing Mineral Resource through RC drill program in the coming months.



Working to Secure Our Social License



For personal use only

Cummins Range is located in the Tier-1 mining jurisdiction of Western Australia situated on Jaru land.

Sagon takes its social, environment and corporate governance responsibilities very seriously and has adopted an inclusive approach with stakeholders as it develops Cummins Range.

Sagon has recently executed a heritage protection agreement with the KLC which provides for community benefits to the Jaru People including opportunities for employment.

The Cummins Range Project will ultimately provide product that feeds into the electrification/decarbonisation revolution.



Kimberley Land Council

“We welcome the decision of Sagon to enter into the gold standard Kimberly Heritage Protection Agreement. By signing up to this agreement Sagon has recognised the need for a high level of protection for Aboriginal culture and heritage. This is a clear example of how business in the Kimberley should be done and should set a benchmark for Aboriginal heritage protection across the state. We applaud companies who respect the rights and interests of native title holders.”

– Tyronne Garstone, Deputy CEO of KLC

Low CAPEX Strategy



For personal use only

Concept study level metallurgical test work completed in 2011 using 650kg of samples.

Rare Earth mineralogy dominated by monazite – monazite is the most well understood Rare Earth Mineral from a processing perspective.

Sagon is engaging industry experts to review test work and plan further optimisation to improve un-optimised concentrate grade and recoveries.

Strategy is to produce a saleable monazite concentrate to sell on a FOB / CIF basis to China which will significantly reduce CAPEX.



Source: Kimberley Rare Earths ASX Announcements

Upcoming News Flow



For personal use only

