

UPDATE TO MINERAL RESOURCE ESTIMATE ANNOUNCEMENT

Sagon Resources Limited (Sagon or Company) (ASX: SG1) refers to its announcement released to the market earlier today titled '*Globally significant maiden JORC 2012 resource of 13 million tonnes at 1.13% TREO*' (Announcement).

Following consultation with ASX, the Company retracts the following from the Announcement:

- the statement that Sagon is now ranked in the Top-5 Australian rare earths projects on the ASX;
- the peer comparison tables on pages 1 and 6; and
- the footnote on page 1,

(together, the Peer Comparison Information).

While the Peer Comparison Information was for informational purposes only, and had specifically disclosed the category of resource reported by each of the specified peers and whether the specified peers are presently operating or in development, ASX has informed Sagon that it does not consider that the comparison between the projects and the companies is appropriate, on the basis that the companies reported are at more advanced stages of development than Sagon.

Accordingly, investors are cautioned against relying on the Peer Comparison Information as a basis for an investment decision in relation to Sagon shares.

In addition, in response to queries by ASX, the Company confirms that the Mineral Resource estimate referred to in the Announcement is a new estimate and is the result of work undertaken by or on behalf of Sagon including:

- compiling and reviewing previous drilling results generated by Kimberley Rare Earths and Navigator Resources;
- validation of raw data, including QA/QC;
- a review of resource work done by previous resource consultants; and
- interrogation of the drill database including preparation of geologically interpreted cross sections for comparison with previous work.

Resource consultants, Auralia, validated the resource database and prepared the Mineral Resource estimate in accordance with JORC 2012. On the basis of the above work, the Mineral Resource estimate prepared by Sagon has allowed the inclusion of additional material previously interpreted to be below the top of fresh rock and excluded on this basis. Sagon's geological and potential economic interpretation of this material differs from previous operators.

The Company confirms that it has not completed any exploration since acquisition of the project in September 2019.