

CUMMINS RANGE RARE EARTHS PROJECT UPDATE

HIGHLIGHTS

- Engagement with key stakeholders
- Compilation and geological modelling of historical data
- Preparation for upcoming maiden drill program

Cummins Range Project Update

Sagon Resources Ltd (ASX:SG1) (“Sagon”) is pleased to advise that it continues to progress the Cummins Range Rare Earths Project (“Cummins Range” or “the Project”). The Company confirms that it has engaged with key stakeholders in order to progress the Project in accordance with the Company’s strategic objectives.

Maiden Drill Program

The Company has now completed the preliminary phase of its review of historic data and geological modelling at Cummins Range Rare Earths Project. Stage 1 of the maiden drill program is planned to commence in the coming months subject to permitting including diameter PQ drill core to provide samples for metallurgical test work.

Completion of Acquisition of RareX

The Company has today despatched a notice of general meeting (attached) to obtain the necessary shareholder approvals to complete the acquisition of RareX. On 2 August 2019, the Company announced it had received firm commitments for a share placement to raise of \$1.15 million (before costs). The Company has now agreed to raise a further \$20,000 in the placement at the same issue price of \$0.017.

Rare Earths Market Update

On 12 August 2019, the Australian Broadcasting Corporation published a report entitled “Australia to position itself as a key supplier of rare earth minerals” reporting that the Australian Government is investing \$200 billion to modernise Australia’s defence capability. The publication noted that a guaranteed supply of rare earths is essential to the modernisation of Australia’s defence force and of national importance.

On 15 August 2019, Reuters reported that the rare earths arm of state-owned China Minmetals Corporation said one of its units would halt production with immediate effect from Thursday after failing to rectify a series of environmental offences. China has previously used environmental violations to crack down on the entire rare earths industry and justify production and export restrictions. The World Trade Organisation permits countries to restrict exports and production on environmental grounds.

On 16 August 2019, Lynas Corporation Limited (ASX:LYC) announced to the Australian Securities Exchange that the Malaysian Government has granted an extension of Lynas Malaysia’s operating licence for a period of 6 months. Licence renewals are usually for three years (Source: Reuters). Lynas is the world’s only major producer of rare earths outside of China.



SAGON RESOURCES LIMITED
ACN 105 578 756

NOTICE OF GENERAL MEETING

The General Meeting of the Company will be held at the offices of the Company at Suite 23, 513 Hay Street, Subiaco, Western Australia on Thursday, 26 September 2019 at 10 am (WST).

The Notice of General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on + 61 8 6143 6720

Shareholders are urged to attend or vote by lodging the proxy form attached to the Notice

SAGON RESOURCES LIMITED

ACN 105 578 756

NOTICE OF GENERAL MEETING

Notice is hereby given that the general meeting of Shareholders of Sagon Resources Limited (Company) will be held at the offices of the Company at Suite 23, 513 Hay Street, Subiaco, Western Australia on Thursday, 26 September 2019 at 10 am (WST) (Meeting).

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of the Notice.

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders of the Company on Tuesday, 24 September 2019 at 5 pm (WST).

Terms and abbreviations used in the Notice are defined in Schedule 1.

AGENDA

1. Resolution 1 - Approval of issue of Consideration Shares

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 60,000,000 Shares on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of Shares), or an associate of that person (or those persons).

However, the Company need not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

2. Resolution 2 - Approval of issue of Placement Shares

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 68,823,540 Shares at \$0.017 each on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a Shareholder) or any of their respective associates.

However, the Company need not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

3. Resolution 3 - Approval of issue of Vendor Options

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 25,000,000 Options on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of Shares), or an associate of that person (or those persons).

However, the Company need not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

4. Resolution 4 - Approval of issue of Options to Mr Jeremy Robinson

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 15,000,000 Options to Mr Jeremy Robinson (or his nominees) on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of Shares), or an associate of that person (or those persons).

However, the Company need not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5. Resolution 5 - Approval of issue of Shares to Directors

To consider and, if thought fit, to pass with or without amendment, each as a separate ordinary resolution the following:

"That, pursuant to and in accordance Listing Rule 10.11, section 195(4) of the Corporations Act and for all other purposes, Shareholders approve the issue of:

- (a) *up to 1,164,706 Shares to Mr Shaun Hardcastle (or his nominees); and*
- (b) *up to 1,164,706 Shares to Mr Scott Patrizi (or his nominees),*

on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of:

- (a) Resolution 5(a) by or on behalf of Mr Shaun Hardcastle (and his nominees), or any of their respective associates; and
- (b) Resolution 5(b) by or on behalf of Mr Scott Patrizi (and his nominees), or any of their respective associates.

However, the Company need not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibitions

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on these Resolutions if:

- (a) the proxy is either a member of the Key Management Personnel or a Closely Related Party of such member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

6. Resolution 6 - Approval of issue of E25 Shares

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 29,411,764 Shares on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a Shareholder) or any of their respective associates.

However, the Company need not disregard a vote if:

- (c) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (d) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

BY ORDER OF THE BOARD



Ms Oonagh Malone
Company Secretary
Sagon Resources Limited

Dated: 22 August 2019

SAGON RESOURCES LIMITED

ACN 105 578 756

EXPLANATORY MEMORANDUM

1. Introduction

The Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at Suite 23, 513 Hay Street, Subiaco, Western Australia on Thursday, 26 September 2019 at 10 am (WST).

The Explanatory Memorandum forms part of the Notice which should be read in its entirety. The Explanatory Memorandum contains the terms and conditions on which the Resolution will be voted.

The Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolution:

Section 2	Action to be taken by Shareholders
Section 3	Resolution 1 - Approval of issue of Consideration Shares
Section 4	Resolution 2 - Approval of issue of Placement Shares
Section 5	Resolution 3 - Approval of issue of Vendor Options
Section 6	Resolution 4 - Approval of issue of Options to Mr Jeremy Robinson
Section 7	Resolution 5 - Approval of issue of Shares to Directors
Section 8	Resolution 6 - Approval of issue of E25 Shares
Schedule 1	Definitions
Schedule 2	Recipients of Consideration Shares
Schedule 3	Terms and conditions of Vendor Options
Schedule 4	Recipients of Vendor Options
Schedule 5	Terms and conditions of JR Options

A Proxy Form is located at the end of the Explanatory Memorandum.

2. Action to be taken by Shareholders

Shareholders should read the Notice including the Explanatory Memorandum carefully before deciding how to vote on the Resolution.

2.1 Voting in person

To vote in person, attend the Meeting on the date and at the place set out above.

2.2 Proxies

(a) Voting by proxy

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (i) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (ii) a proxy need not be a member of the Company; and
- (iii) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

(b) Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- (i) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed);
- (ii) if the proxy has 2 or more appointments that specify different ways to vote on the resolution - the proxy must not vote on a show of hands;
- (iii) if the proxy is the chair of the meeting at which the resolution is voted on - the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- (iv) if the proxy is not the chair - the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

(c) Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- (i) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members;
- (ii) the appointed proxy is not the chair of the meeting;

- (iii) at the meeting, a poll is duly demanded on the resolution; and
- (iv) either of the following applies:
 - (A) the proxy is not recorded as attending the meeting; or
 - (B) the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

3. Resolution 1 - Approval of issue of Consideration Shares

3.1 General

On 2 August 2019, the Company announced that it had entered into a conditional agreement (**Acquisition Agreement**) with the shareholders of RareX Pty Ltd (**RareX**) (**Vendors**) to acquire 100% of the issued capital of RareX (**Acquisition**).

RareX holds an exclusive option to acquire 100% of the Cummins Range Rare Earth Project from Element 25 Limited (**E25**) (**E25 Option**).

Pursuant to the Acquisition Agreement, the Company has agreed to issue to the Vendors (or their respective nominees) 60,000,000 Shares at a deemed issue price of \$0.017 each in consideration for the Acquisition (**Consideration Shares**).

Settlement of the Acquisition Agreement is conditional upon the Company obtaining all necessary shareholder and regulatory approvals required in respect of, or incidental to, the Acquisition (including shareholder approval pursuant to Listing Rule 7.1 for the issue of the Consideration Shares).

The final condition precedent to the Acquisition is the receipt of Shareholder approval of this Resolution.

For further details of the Acquisition, Acquisition Agreement and E25 Option, refer to the Company's announcements dated 2 August 2019 and 9 August 2019.

Resolution 1 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of the Consideration Shares to the Vendors (or their respective nominees) as set out in Schedule 2.

Resolution 1 is an ordinary resolution.

The Board recommends that Shareholders vote in favour of Resolution 1.

3.2 Listing Rule 7.1

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more Equity Securities during any 12-month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 1 will be to allow the Company to issue the Consideration Shares during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity under Listing Rule 7.1.

One of the Vendors is Jeremy Kim Robinson. Mr Robinson will be appointed as an Executive Director of the Company at completion of the Acquisition and is a related party by virtue of the Acquisition only. Therefore, the carve-out pursuant to Listing Rule 10.12, exception 6 applies and approval is only being sought pursuant to Listing Rule 7.1 for the issue of Consideration Shares to Mr Robinson and his related parties (or their respective nominees).

3.3 Specific information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the proposed issue of the Consideration Shares:

- (a) a maximum of 60,000,000 Shares are to be issued as Consideration Shares;
- (b) the Consideration Shares will be issued no later than 3 months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules);
- (c) the Consideration Shares will be issued for nil cash consideration in consideration for the Acquisition;
- (d) the Consideration Shares will be issued to the Vendors (or their respective nominees) as set out in Schedule 2;
- (e) the Consideration Shares will be fully paid ordinary shares in the capital of the Company and will rank equally in all respects with the Company's existing Shares on issue;
- (f) no funds will be raised from the Consideration Shares as they will be issued for nil cash consideration;
- (g) it is intended that the issue of the Consideration Shares will occur on the same date at settlement of the Acquisition Agreement; and
- (h) a voting exclusion statement is included in the Notice.

4. Resolution 2 - Approval of issue of Placement Shares

4.1 General

On 2 August 2019, the Company announced that it had received binding commitments for a placement of 67,647,069 Shares at \$0.017 each to sophisticated and professional investors to raise a total of approximately \$1.15 million (before costs).

On 23 August 2019, the Company announced that it had received additional binding commitments for a placement of 1,176,471 Shares at \$0.017 each to sophisticated and professional investors to raise an additional \$20,000 (before costs).

The issue of these Shares (together, **Placement Shares**) is subject to completion of the Acquisition. A summary of the Acquisition is set out in Section 3.1 above.

Resolution 2 seeks the approval of Shareholders pursuant to Listing Rule 7.1 for the issue of the Placement Shares.

Resolution 2 is an ordinary resolution.

The Board recommends that Shareholders vote in favour of Resolution 2.

4.2 Listing Rule 7.1

A summary of Listing Rule 7.1 is set out in Section 3.2 above.

The effect of Resolution 2 will be to allow the Company to issue the Placement Shares during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity under Listing Rule 7.1.

4.3 Specific information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the proposed issue of the Placement Shares:

- (a) a maximum of 68,823,540 Shares are to be issued as Placement Shares;
- (b) the Placement Shares will be issued no later than 3 months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules);
- (c) the Placement Shares will be issued at \$0.017 per Share;
- (d) the Placement Shares will be issued to the participants in the Placement, who are sophisticated and professional investors identified by Patersons Securities Limited, and none of whom are a related party of the Company;
- (e) the Placement Shares will be issued as fully paid ordinary shares in the capital of the Company and will rank equally in all respects with the Company's existing Shares on issue;
- (f) the Company intends to use the proceeds from the issue of the Placement Shares towards exploration and a metallurgical drill program on the Cummins Range Project and the E25 Cash Payment upon exercise of the E25 Option, as well as for general working capital and costs associated with the Placement; and
- (g) a voting exclusion statement is included in the Notice.

5. Resolution 3 - Approval of issue of Vendor Options

5.1 General

A summary of the Acquisition is set out in Section 3.1 above.

The Company has agreed to issue to the Vendors (or their respective nominees) up to 25,000,000 unquoted Options exercisable at \$0.025 each on or before the date that is two years from the date of their issue and otherwise on the terms and conditions set out in Schedule 3 (Vendor Options).

Details of the recipients of the Vendor Options are set out in Schedule 4.

Resolution 3 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of the Vendor Options to the Vendors (or their respective nominees).

Resolution 3 is an ordinary resolution.

The Board recommends that Shareholders vote in favour of Resolution 3.

5.2 Listing Rule 7.1

A summary of Listing Rule 7.1 is set out in Section 3.2 above.

The effect of Resolution 3 will be to allow the Company to issue the Vendor Options during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity under Listing Rule 7.1.

As described in Section 3.2, one of the Vendors is Jeremy Kim Robinson. The carve-out pursuant to Listing Rule 10.12, exception 6 applies to the proposed issue of Vendor Options as this issue was agreed as part of the negotiation of the Acquisition. Accordingly, approval is only being sought pursuant to Listing Rule 7.1 for the issue of Consideration Shares to Mr Robinson and his related parties (or their respective nominees).

5.3 Specific information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the proposed issue of the Vendor Options:

- (a) a maximum of 25,000,000 Vendor Options are to be issued;
- (b) the Vendor Options will be issued no later than 3 months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules);
- (c) the Vendor Options will be issued at a nominal issue price of \$0.00001 each;
- (d) the Vendor Options will be issued to the Vendors (or their respective nominees), as set out in Schedule 4;
- (e) the Vendor Options will be exercisable at \$0.025 each on or before the date that is two years from the date of their issue and otherwise on the terms and conditions set out in Schedule 3;
- (f) funds raised from the issue of the Vendor Options will be used towards working capital;
- (g) it is intended that the issue of the Vendor Options will occur on the same date at settlement of the Acquisition Agreement; and
- (h) a voting exclusion statement is included in the Notice.

6. Resolution 4 - Approval of issue of Options to Mr Jeremy Robinson

6.1 General

A summary of the Acquisition is set out in Section 3.1.

As announced on 2 August 2019, as part of the Acquisition, the Company agreed to appoint Mr Jeremy Robinson, the founder of RareX, as an Executive Director of the Company.

As part of the negotiated terms of Mr Robinson's engagement, the Company has agreed to issue Mr Robinson (or his nominees) a total of 15,000,000 unquoted Options (JR Options) on the following key terms:

Number	Exercise Price	Vesting Conditions	Expiry Date
5,000,000	\$0.025	Both of the following: <ul style="list-style-type: none"> • completion of six months' employment with the Company; and • the 20-Day VWAP exceeding \$0.05 	Three years from date of issue
5,000,000	\$0.025	Both of the following: <ul style="list-style-type: none"> • completion of six months' employment with the Company; and • the 20-Day VWAP exceeding \$0.10 	Three years from date of issue
5,000,000	\$0.025	Both of the following: <ul style="list-style-type: none"> • completion of six months' employment with the Company; and • the 20-Day VWAP exceeding \$0.15 	Three years from date of issue

The JR Options will also vest upon a Change in Control Event occurring. Refer to Schedule 5 for the full terms and conditions of the JR Options.

The JR Options provide an incentive component to Mr Robinson's remuneration package, and align his interests with those of Shareholders. The Board considers that the number of JR Options to be granted to Mr Robinson is commensurate with his value to the Company and is an appropriate method to provide cost effective remuneration.

Resolution 4 seeks the approval of Shareholders pursuant to Listing Rule 7.1 for the issue of the JR Options to Mr Robinson (or his nominees).

Resolution 4 is an ordinary resolution.

The Board recommends that Shareholders vote in favour of Resolution 4.

6.2 Listing Rule 7.1

A summary of Listing Rule 7.1 is set out in Section 3.2 above.

The effect of Resolution 4 will be to allow the Company to issue the JR Options during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity under Listing Rule 7.1.

The agreement to issue the JR Options to Mr Robinson was negotiated as part of the terms of his engagement with the Company. Accordingly, the carve-out pursuant to Listing Rule 10.12, exception 6 applies and approval is only being sought pursuant to Listing Rule 7.1 for the issue of the JR Options to Mr Robinson (or his nominees).

6.3 Specific information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the proposed issue of the JR Options:

- (a) a maximum of 15,000,000 JR Options will be issued to Mr Robinson (or his nominees);

- (b) the JR Options will be issued no later than three months after the date of the Meeting;
- (c) the JR Options will be exercisable at \$0.025 each on or before the date that is three years from the date of their issue and otherwise on the terms and conditions set out in Schedule 5;
- (d) it is intended that the JR Options will be issued on or about 3 October 2019, being the proposed commencement date of Mr Robinson's employment;
- (e) the JR Options will be issued at a nominal issue price of \$0.00001 each as part of Mr Robinson's remuneration package;
- (f) funds raised from the issue of the JR Options will be used towards working capital; and
- (g) a voting exclusion statement is included in the Notice.

7. Resolution 5 - Approval of issue of Shares to Directors

7.1 General

The Board has agreed, subject to obtaining Shareholder approval, to issue:

- (a) up to 1,164,706 Shares to Mr Shaun Hardcastle (or his nominees); and
- (b) up to 1,164,706 Shares to Mr Scott Patrizi (or his nominees),

at a deemed issued price of \$0.017 each, in lieu of accrued fees payable to Messrs Hardcastle and Patrizi as Directors (**Director Shares**).

The Board considers that the number of Director Shares to be granted to Messrs Hardcastle and Patrizi is commensurate with their value to the Company and is an appropriate method to provide cost effective remuneration.

The resolutions which form part of Resolution 5 seek the approval of Shareholders pursuant to Listing Rule 10.11 for the issue of the Director Shares to Messrs Hardcastle and Patrizi (or their respective nominees).

Each of the resolutions which forms part of Resolution 5 is an ordinary resolution.

7.2 Listing Rule 10.11

Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained, unless an exception in Listing Rule 10.12 applies.

Messrs Hardcastle and Patrizi are each a related party of the Company by virtue of their positions as Directors. As the issue of Director Shares to Messrs Hardcastle and Patrizi (or their nominees) involves the issue of Shares to a related party of the Company, Shareholder approval pursuant to Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in Listing Rule 10.12 do not apply in the current circumstances.

As Shareholder approval is sought under Listing Rule 10.11, approval under Listing Rule 7.1 is not required. Accordingly, the issue of Director Shares will not be included under the Company's 15% annual placement capacity pursuant to Listing Rule 7.1.

7.3 Specific information required by Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to the proposed issue of Director Shares:

- (a) a maximum of 2,329,412 Director Shares will be issued, comprising:
 - (i) up to 1,164,706 Shares to Mr Shaun Hardcastle (or his nominees); and
 - (ii) up to 1,164,706 Shares to Mr Scott Patrizi (or his nominees);
- (b) the Director Shares will be fully paid ordinary shares ranking equally with the Company's Shares then on issue;
- (c) the Director Shares will be issued no later than 1 month after the date of the Meeting;
- (d) the Director Shares will be issued for nil cash consideration and at a deemed issued price of \$0.017 each, as they will be issued in lieu of accrued fees payable to Messrs Hardcastle and Patrizi as Directors. As such, no funds will be raised as a result of the issue; and
- (e) a voting exclusion statement is included in the Notice.

7.4 Chapter 2E of the Corporations Act

In accordance with Chapter 2E of the Corporations Act, in order to give a financial benefit to a related party, the Company must:

- (a) obtain Shareholder approval in the manner set out in section 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The Board (other than Messrs Hardcastle and Patrizi, who have a personal interest in Resolutions 5(a) and 5(b) respectively) considers that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Director Shares as the agreement to grant the Director Shares is considered reasonable remuneration in the circumstances and was negotiated on arm's length terms.

7.5 Section 195 of the Corporations Act

Section 195 of the Corporations Act essentially provides that a director of a public company may not vote or be present during meetings of directors when matters in which that director holds a 'material personal interest' are being considered.

Messrs Hardcastle and Patrizi have a personal interest in the outcome of Resolutions 5(a) and 5(b) respectively. Accordingly, Resolutions 5(a) and 5(b) also seek the approval of Shareholders for the purposes of section 195 of the Corporations Act, as in the absence of such approval, the Directors may not be able to form a quorum at a Director's meeting necessary to carry out the terms of these Resolutions.

8. Resolution 6 - Approval of issue of E25 Shares

8.1 General

A summary of the Acquisition is set out in Section 3.1 above.

Subject to completion of the Acquisition, and upon exercise of the E25 Option, the Company will (at its election):

- (a) make a \$500,000 cash payment to E25 (**E25 Cash Payment**), and issue \$500,000 worth of Shares (at a deemed issue price equal to the volume weighted average price of Shares traded on ASX during the 30 consecutive trading days on which sales were recorded on ASX prior to the date of issue (**30-Day VWAP**), subject to a minimum price of \$0.017 per Share) to E25 (or its nominees) (**E25 Shares**); or
- (b) make a \$1 million cash payment to E25.

Resolution 6 seeks the approval of Shareholders pursuant to Listing Rule 7.1 for the issue of the E25 Shares.

Resolution 6 is an ordinary resolution.

The Board recommends that Shareholders vote in favour of Resolution 6.

8.2 Listing Rule 7.1

A summary of Listing Rule 7.1 is set out in Section 3.2 above.

The effect of Resolution 6 will be to allow the Company to issue the E25 Shares during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity under Listing Rule 7.1.

8.3 Specific information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the proposed issue of the E25 Shares:

- (a) a maximum of 29,411,764 Shares are to be issued as E25 Shares;
- (b) the E25 Shares will be issued no later than 3 months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules);
- (c) the E25 Shares will be issued at a deemed issue price equal to the 30-Day VWAP, and subject to a minimum price of \$0.017 per Share;
- (d) the E25 Shares will be issued to E25 (or its nominees), none of whom are a related party of the Company;
- (e) the E25 Shares will be issued as fully paid ordinary shares in the capital of the Company and will rank equally in all respects with the Company's existing Shares on issue;
- (f) the E25 Shares will be issued in consideration for the exercise of the E25 Option, and as such no funds will be raised from their issue; and
- (g) a voting exclusion statement is included in the Notice.

Schedule 1 - Definitions

In the Notice, words importing the singular include the plural and vice versa.

\$ or A\$ means Australian Dollars.

20-Day VWAP has the meaning given in Schedule 5.

30-Day VWAP has the meaning given in Section 8.1.

Acquisition means the acquisition by the Company of 100% of the issued capital of RareX pursuant to the Acquisition Agreement.

Acquisition Agreement means the conditional agreement for the Acquisition as described in Section 3.1.

ASIC means the Australian Securities and Investments Commission.

ASX means the ASX Limited ABN 98 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited.

Board means the board of Directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the person appointed to chair the Meeting of the Company convened by the Notice.

Change in Control Event has the meaning given in Schedule 5.

Closely Related Party means:

- (a) a spouse or child of the member; or
- (b) has the meaning given in section 9 of the Corporations Act.

Company means Sagon Resources Limited ACN 105 578 756.

Consideration Shares has the meaning given in Section 3.1.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

Director Shares has the meaning given in Section 7.1.

E25 means Element 25 Limited ACN 119 711 929.

E25 Cash Payment has the meaning given in Section 8.1.

E25 Option has the meaning given in Section 3.1.

E25 Shares has the meaning given in Section 8.1.

Equity Security has the same meaning as in the Listing Rules.

JR Options has the meaning given in Section 6.1.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any Director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Listing Rules means the listing rules of ASX.

Meeting has the meaning given in the introductory paragraph of the Notice.

Notice means this notice of general meeting.

Placement means the placement of approximately 68,823,540 Placement Shares at \$0.017 each to raise a total of approximately \$1.17 million (before costs).

Placement Shares has the meaning given in Section 4.1.

Proxy Form means the proxy form attached to the Notice.

RareX means RareX Pty Ltd ACN 634 248 258.

Resolution means a resolution referred to in the Notice.

Schedule means a schedule to the Notice.

Section means a section of the Explanatory Memorandum.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.

Vendor Options has the meaning given in Section 5.1.

Vendors means the shareholders of RareX as set out in Section 5.1.

WST means Western Standard Time, being the time in Perth, Western Australia.

Schedule 2 - Recipients of Consideration Shares

Vendor	Nominee	Number of Consideration Shares
Jeremy Kim Robinson	-	8,250,000
Jennifer Grace Robinson	-	3,750,000
Kim Robinson & Jennifer Robinson <Kim Robinson Superfund Account>	Kim Robinson	3,750,000
Lachlan James Horn	-	1,500,000
Timothy James McCormack	-	1,500,000
Maverick Exploration Pty Ltd ACN 056 932 239	-	7,500,000
Cale Consulting Pty Ltd ACN 151 371 845 as trustee for the McLean Tyndal Family Trust	-	15,000,000
Evans Leap Holdings Pty Ltd ACN 634 602 681 as trustee for Evans Leap Holdings Trust	-	18,750,000
Total		60,000,000

Schedule 3 - Terms and conditions of Vendor Options

1. Entitlement

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

2. Issue Price

The Options have an issue price of \$0.00001 each.

3. Exercise Price

The Options have an exercise price of \$0.025 (**Exercise Price**).

4. Expiry Date

Each Option will expire at 5.00pm (WST) on a date that is two years from the date of issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

5. Exercise Period

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

6. Notice of Exercise

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate or as otherwise agreed with the Company (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company (**Consideration**).

7. Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of:

- (a) the Notice of Exercise; and
- (b) the Consideration

(**Exercise Date**).

8. Timing of issue of Shares on exercise

Within 15 Business Days after the Exercise Date, the Company will:

- (a) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (b) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (c) if admitted to the official list of ASX at the time, subject to any restriction or escrow arrangements imposed by ASX, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under paragraph 8(b) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

9. Shares issued on exercise

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

10. Quotation

The Options are unquoted. No application for quotation of the Options will be made by the Company unless otherwise determined by the Board in its sole discretion.

11. Reconstruction of capital

In the event of any reconstruction (including consolidation, subdivision, reduction or return of capital) of the issued capital of the Company prior to the expiry date of the Options, all rights of the Option holder will be varied in accordance with the Listing Rules.

12. Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options. However, the Company will give the holders of Options notice of the proposed issue prior to the date for determining entitlements to participate in any such issue.

13. Change in Exercise Price

There will be no change to the Exercise Price of the Options or the number of Shares over which the Options are exercisable in the event of the Company making a pro-rata issue of Shares or other securities to the holders of Shares in the Company (other than a bonus issue).

14. Adjustment for bonus issues

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the holder would have received if the holder of the Options had exercised the Option before the record date for the bonus issue; and
- (b) no change will be made to the Exercise Price.

15. Transferability

The Options are transferable only with the prior written consent of the Board, which consent may be withheld at its sole discretion.

Schedule 4 - Recipients of Vendor Options

Vendor	Nominee	Number of Options
Jeremy Kim Robinson	-	2,750,000
Jennifer Grace Robinson	-	1,250,000
Kim Robinson & Jennifer Robinson <Kim Robinson Superfund Account>	Kim Robinson	1,250,000
Lachlan James Horn	-	500,000
Timothy James McCormack	-	500,000
Maverick Exploration Pty Ltd ACN 056 932 239	-	2,500,000
Cale Consulting Pty Ltd ACN 151 371 845 as trustee for the McLean Tyndal Family Trust	-	5,000,000
Evans Leap Holdings Pty Ltd ACN 634 602 681 as trustee for Evans Leap Holdings Trust	-	6,250,000
Golden Triangle Capital Pty Ltd	-	5,000,000
Total		25,000,000

Schedule 5 - Terms and Conditions of JR Options

1. Entitlement

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

2. Issue Price

The Options have an issue price of \$0.00001 each.

3. Exercise Price

The Options have an exercise price of \$0.025 (**Exercise Price**).

4. Expiry Date

Each Option will expire at 5.00pm (WST) on a date that is three years from the date of issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

5. Exercise Period

Upon vesting, the Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

6. Vesting Conditions

(a) The Options will vest on the earlier to occur of:

(i) the satisfaction of both of the following:

(A) Jeremy Robinson having completed six months' employment with the Company; and

(B) the applicable VWAP Vesting Condition having been met; or

(ii) a Change in Control Event occurring, and the relevant VWAP Vesting Condition being satisfied.

(b) The VWAP Vesting Conditions are as follows:

Number of Options	20-Day VWAP
5,000,000	Above \$0.05
5,000,000	Above \$0.10
5,000,000	Above \$0.15

(c) For the purposes of this paragraph, **20-Day VWAP** means the volume weighted average price of Shares traded on ASX during any 20 consecutive trading days on which Sales were recorded on ASX.

(d) For the purposes of this paragraph, a **Change in Control Event** means:

(i) the occurrence of:

- (A) the offeror under a takeover offer in respect of all Shares announcing that it has achieved acceptances in respect of 50.1% or more of the Shares; and
 - (B) that takeover bid has become unconditional (except any condition in relation to the cancellation or exercise of the Options); or
- (ii) the announcement by the Company that:
- (A) shareholders of the Company have at a Court convened meeting of shareholders voted in favour, by the necessary majority, of a proposed scheme of arrangement under which all Shares are to be either:
 - (B) cancelled; or
 - (C) transferred to a third party; and
- the Court, by order, approves the proposed scheme of arrangement.

7. Notice of Exercise

Subject to paragraph 6, the Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate or as otherwise agreed with the Company (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company (**Consideration**).

8. Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of:

- (a) the Notice of Exercise; and
- (b) the Consideration

(Exercise Date).

9. Timing of issue of Shares on exercise

Within 15 Business Days after the Exercise Date, the Company will:

- (a) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (b) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (c) if admitted to the official list of ASX at the time, subject to any restriction or escrow arrangements imposed by ASX, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under paragraph 9(b) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

10. Shares issued on exercise

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

11. Quotation

The Options are unquoted. No application for quotation of the Options will be made by the Company unless otherwise determined by the Board in its sole discretion.

12. Reconstruction of capital

In the event of any reconstruction (including consolidation, subdivision, reduction or return of capital) of the issued capital of the Company prior to the expiry date of the Options, all rights of the Option holder will be varied in accordance with the Listing Rules.

13. Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options. However, the Company will give the holders of Options notice of the proposed issue prior to the date for determining entitlements to participate in any such issue.

14. Change in Exercise Price

There will be no change to the Exercise Price of the Options or the number of Shares over which the Options are exercisable in the event of the Company making a pro-rata issue of Shares or other securities to the holders of Shares in the Company (other than a bonus issue).

15. Adjustment for bonus issues

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the holder would have received if the holder of the Options had exercised the Option before the record date for the bonus issue; and
- (b) no change will be made to the Exercise Price.

16. Transferability

The Options are transferable only with the prior written consent of the Board, which consent may be withheld at its sole discretion.

If you are attending the meeting in person, please bring this with you for Securityholder registration.

Holder Number:

Vote by Proxy: SG1

Your proxy voting instruction must be received by **10.00am (WST) on Tuesday, 24 September 2019**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY VOTE ONLINE

Vote online at <https://investor.automic.com.au/#/loginsah>

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting form.

- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.



SUBMIT YOUR PROXY VOTE BY PAPER

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

VOTING UNDER STEP 1 - APPOINTING A PROXY

If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chairman of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided

- Individual:** Where the holding is in one name, the Shareholder must sign.
Joint holding: Where the holding is in more than one name, all of the Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

ATTENDING THE MEETING

Completion of a Proxy Voting Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Voting Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

POWER OF ATTORNEY

If a representative as power of attorney of a Shareholder of the Company is to attend the Meeting, a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms.

