Sipa Resources Limited

ABN 26 009 448 980

30 July 2014

Kitgum-Pader Project, Uganda

Drilling highlights potential of exciting new Nickel Copper and Broken Hill Type Zinc mineralised district.

Highlights

- Nickel (Ni) Copper (Cu) sulphides at **Akelikongo** and Zinc (Zn) Lead (Pb) sulphides at **Pamwa** identified during our ongoing RAB drilling program at Kitgum Pader have highlighted the discovery potential of Ni Cu sulphide intrusive related deposits and Broken Hill type Zn Pb Ag deposits in Sipa's district size 6,350sq km tenement holding.

- The drilling results confirm proof of concept and gives the company confidence that the screening technique of soil sampling and XRF assaying on site is robust. The continuation of this work will highlight more drill worthy targets.

- The second drilled target at **Pamwa** reveals visual Zn and Pb sulphide mineralization.

- The anomalous zone at **Pamwa** extends for over 500m and 200m wide and has a Broken Hill type element association of Zn, Pb, Cd, S, Ca, Mn, Fe and Ti.

- Continued soil sampling at West Pader has identified the **Lawiye-Adul** Ni Cu Cr anomaly which appears to be similar in chemistry to **Akelikongo**

- An EM survey is planned to start in August at **Akelikongo** and other priority targets to define massive sulphide conductors. The results of the EM will then be used to target deeper drilling. This follows the successful delineation of a surface mineralized zone bearing Nickel and Copper sulphide mineralisation within the Akelikongo Ultramafic Complex with previously reported peak XRF values of

- **LMR003** **46m at 0.65% Ni from surface &**
  33m at 0.19% Cu (0.1% cut off) from 2m (End Of Hole 46m)

- **LMR022** **55m at 0.62% Ni including**
  20m at 1.00% Ni and 0.25% Cu from 1m (End of Hole 55m)

Sipa Resources Limited (ASX Code: **SRI)** is pleased to announce further results of its drilling program at Kitgum Pader in Northern Uganda.

Background

During 2012 the first of Sipa's tenements in Northern Uganda were pegged following identification by Nick Archibald and Mike Doepel of rock outcrops with characteristics strongly similar to those of the Broken Hill Potosi Gneiss associated with the giant Broken Hill Pb Zn Ag deposit.

A massive regional soil sampling program commenced during 2013 and identified numerous geochemical anomalies. Combining the sampling with detailed mapping by Nick Archibald confirmed that a large part of the tectonostratigraphy did in fact have strong affinities with Broken Hill type mineralised systems and that there were extensive zinc rich stratiform horizons, now named the **Ayuu Alali** horizons and shown on Figure 1. The work highlighted the district potential of the landholding for not only Ni, Cu and Pb, Zn deposits but also orogenic gold and Archaean Greenstone Hosted Nickel. Further details of these anomalies are highlighted in the ASX Release dated 24th February 2014.

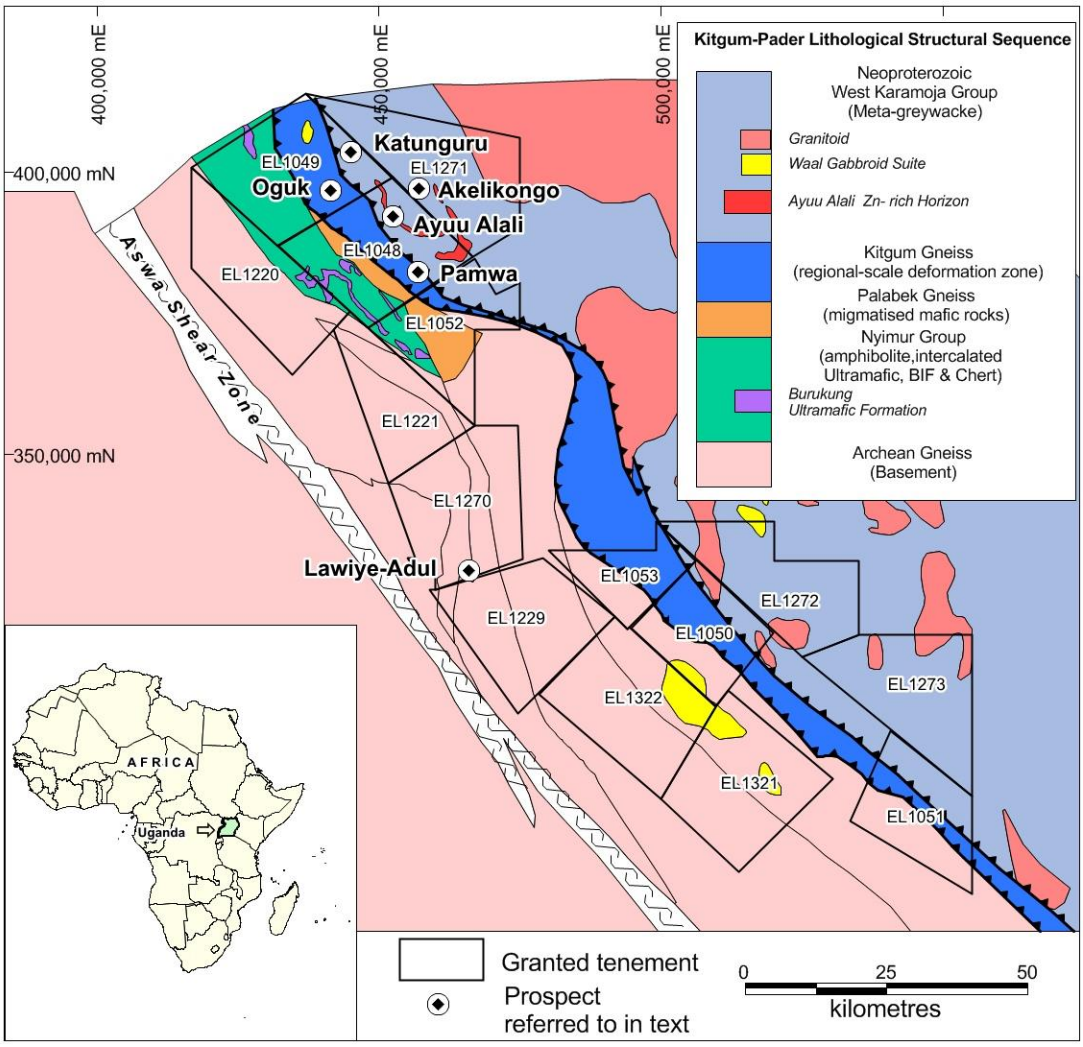

Figure 1 Location of Tenements, Prospects and Regional interpreted Geology of Hronsky

Pamwa Drilling

The **Pamwa** Zn, Pb, Ag & Cd anomaly has now been drilled and further confirms the Broken Hill type analogy. Reconnaissance RC and RAB drilling at 200 by 100m spacing returned six drill holes with observed galena and sphalerite see Figure 2. The anomalous zone also contains elevated Cd, S, Ca, Mn, Fe and Ti. (Note the XRF analyses have confirmed the anomalism however these are used for internal purposes only as calibration on reconnaissance projects for drill results between wet chemistry and XRF is unknown. Individual and Composite drill results will not be tabled until Laboratory assay results are returned.)

Pamwa has a north-northwest to northerly trend and is about 200m wide and 500m long. The mineralization occurs in both in weathered and fresh quartz-biotite schist and red garnet forms a halo around the mineralization. Hornblende also appears associated with mineralization based on high Ca and Ti values.

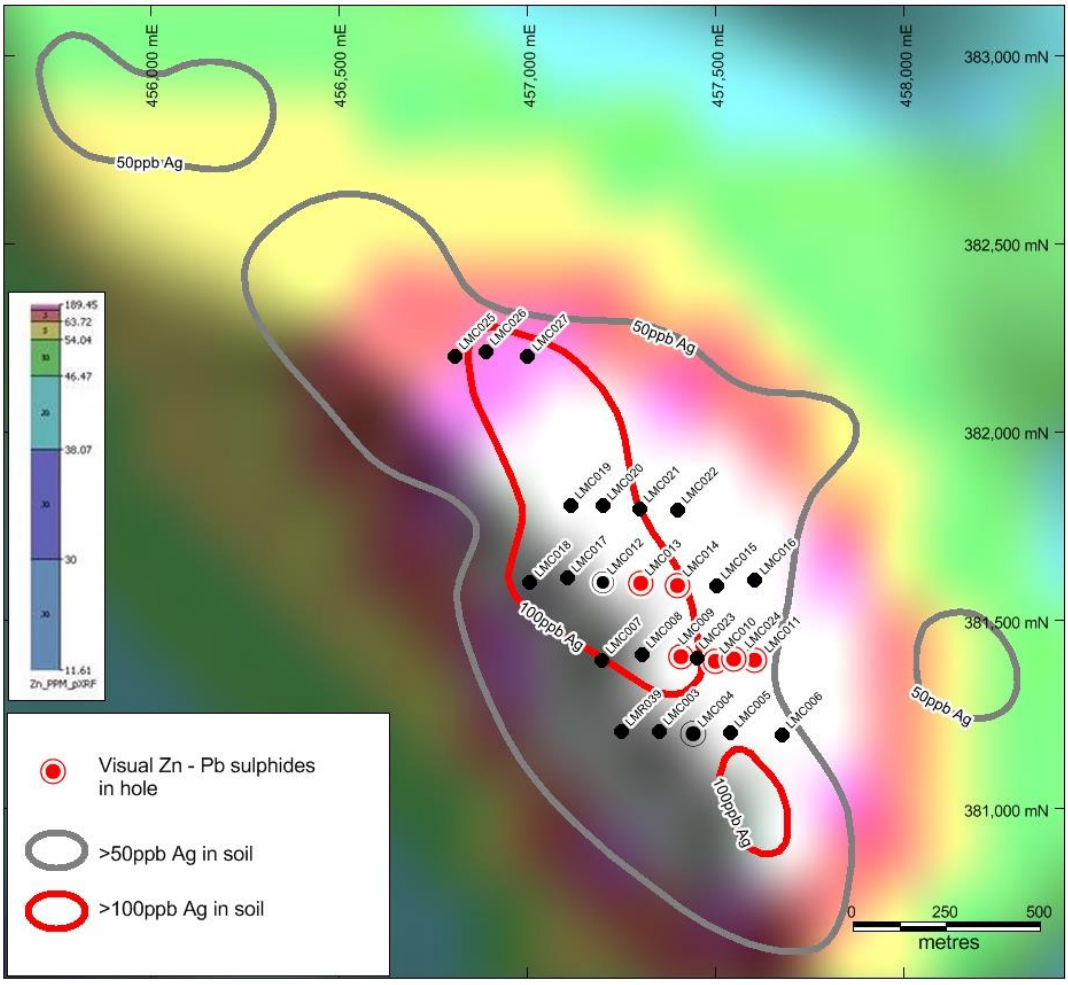

Figure 2 Pamwa Drillhole Locations showing Ag lab soil anomaly contoured over Zinc XRF in soil image. Drillholes with visual Zn and Pb sulphides are highlighted

Akelikongo Drilling

At **Akelikongo** evidence of a mineralised nickel copper sulphide system related to an ultramafic intrusive complex was revealed by RAB drilling during June and July 2014. (Refer ASX announcements dated June 23 and July 15 2014)

The mineralised Nickel Copper zone >0.4% Ni, is over 350m in length; open to the south and 100m wide as shown in Figure 3. The shape and dimensions and geological complexity of the intrusion is consistent with a chonolith identified globally as being commonly associated with economic nickel and copper mineralisation. (Beresford and Hronsky 2013) and referred to in Sipa's ASX release 24th February 2014.

As previously reported ASX 23 June 2014 and 15 July 2014, the most significant intercepts from on-site XRF Analysis of one metre samples are summarised below.

LMR002

- **38m at 0.40% Ni (0.1% cut off) from surface and included:**
  - **End of hole 38m**

LMR003

- **46m at 0.65% Ni from surface &**
- **33m at 0.19% Cu (0.1% cut off) from 2 metres and included**
  - **End of hole 46m**

LMR004

- **29m at 0.50% Ni from 4m**
- **20m at 0.26% Ni from 38m**
- **17m at 0.13% Cu from 6m**
  - **End of hole 58m**

LMR009

- **5m at 0.47% Ni (0.1% cut off) and 0.13% Cu from 2m**
- **3m at 0.66% Ni and 0.18% Cu from 22m**

LMR022

- **55m at 0.62% Ni including**
  - **20m at 1.00% Ni and 0.25% Cu from 1m**
  - **End of hole 55m**

LMR023

- **33m at 0.34% Ni**
  - **End of hole 33m**

LMR036

- **27m at 0.46% Ni including**
  - **12m at 0.62% Ni and 0.12% Cu**

The Ni-Cu zone has been intersected in the sulphide-transition zone and extends through to the zone of complete-sulphide-oxidation. The breakdown of these sulphides interacting with the high water table (at around 25m) has formed hydromorphic perched zones of Ni-Cu enrichment within the weathered profile. The Nickel-Copper zone lies on the western margin of the Akelikongo Ultramafic Complex (AUC). Mineralised drill holes along this contact contain the highest Copper values.

The host to the mineralisation is a high Magnesium oxide (MgO) ultramafic lithology; decreasing in Ni (and MgO) to the east.

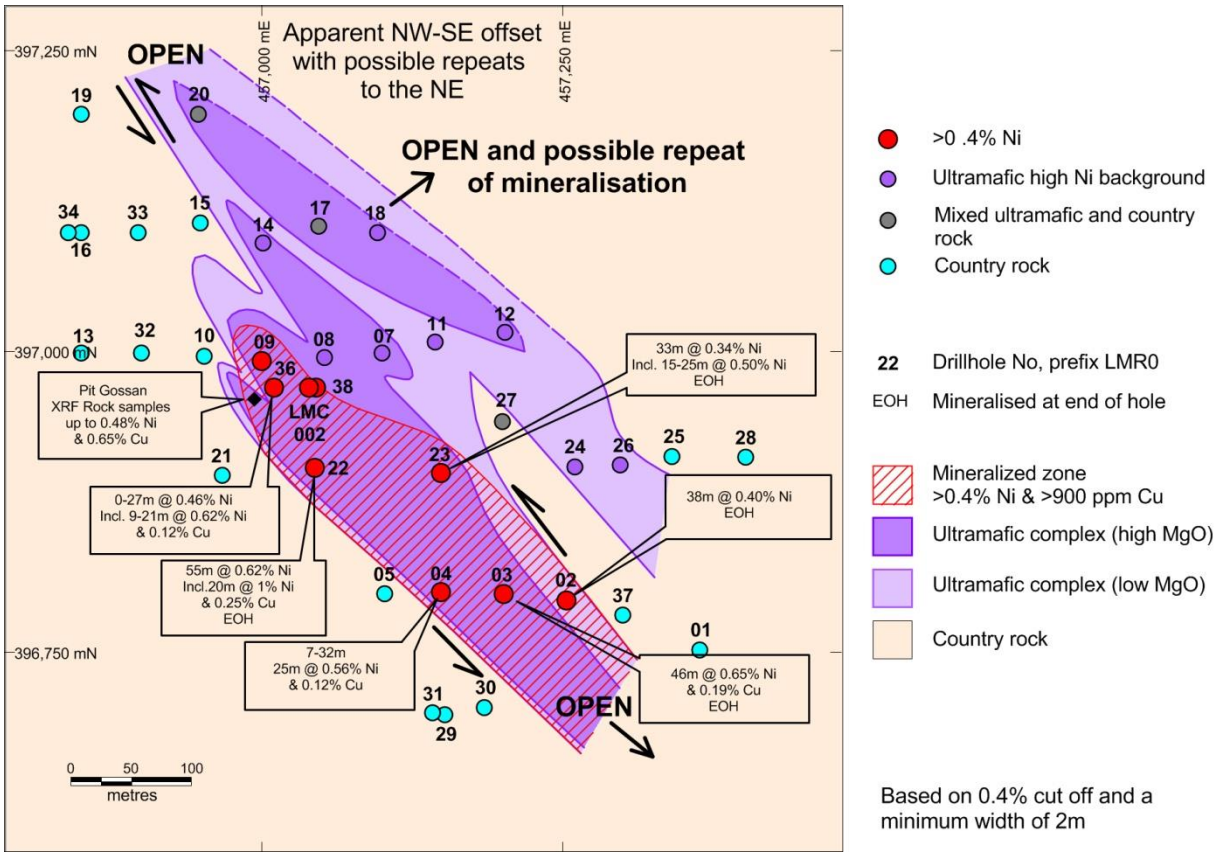

Figure 3 – Drill Hole Location Plan and XRF analysis results from Akelikongo

Akelikongo is one of a number of discrete nickel copper soil anomalies associated with the Waal Gabbro suite as interpreted by John Hronsky as shown in Figure 1 and highlighted in yellow. The Laboratory assays have not yet been received.

Results from continued soil sampling program

Further soil sampling in June and July has highlighted an anomaly similar in chemistry to **Akelikongo** called **Lawiye-Adul** in the West Pader area some 70km to the south with nickel in soil XRF values over 3,000ppm and copper values over 150ppm over 2km in length. Figure 1 shows the location of this anomaly.

Planned exploration Program

The drilling program is about to commence at **Oguk** (formerly named Abwoc Beel) where a co-incident As with accompanying Au and Bi anomaly was identified over a length of 3km previously reported to ASX on the 24th of February 2014.

A fixed loop EM survey is currently planned for August and will test **Akelikongo** for Ni/Cu sulphide conductors related to massive nickel sulphides. The EM crew will also test another Ni-Cu anomaly called **Katunguru** 15km to the north west of **Akelikongo** and the newly identified **Lawiye Adul** 70km to the south. If possible, a moving loop will also be applied over the anomalous **Pamwa** Zn zone.

Results of the EM survey will then be applied to target deeper drilling on these prospects.

Table 1 New RAB/RC Hole Collar Locations

Hole ID	Easting UTM zone 36N (WGS84)	Northing UTM zone 36N (WGS84)	DRILL_TYPE	TOTAL_DTH
LMC003	457350	381204	RC	46.00
LMC004	457440	381198	RC	43.00
LMC005	457539	381200	RC	19.00
LMC006	457676	381195	RC	16.00
LMC007	457198	381393	RC	37.00
LMC008	457303	381409	RC	31.00
LMC009	457409	381407	RC	61.00
LMC010	457498	381395	RC	25.00
LMC011	457602	381400	RC	34.00
LMC012	457200	381605	RC	28.00
LMC013	457302	381603	RC	34.00
LMC014	457400	381598	RC	25.00
LMC015	457501	381591	RC	34.00
LMC016	457604	381606	RC	28.00
LMC017	457105	381611	RC	25.00
LMC018	457007	381600	RC	37.00
LMC019	457114	381806	RC	13.00
LMC020	457201	381803	RC	16.00
LMC021	457298	381796	RC	10.00
LMC022	457398	381793	RC	16.00
LMC023	457451	381400	RC	16.00
LMC024	457547	381402	RC	34.00
LMC025	456808	382202	RC	25.00
LMC026	456890	382214	RC	25.00
LMC027	457001	382200	RC	19.00
LMR039	457248	381203	RAB	27.00

Note all drillholes are vertical.

Laboratory results are awaited.

The information in this report that relates to Exploration Results is based on, and fairly represents, information and supporting documentation compiled by Ms Lynda Daley, a who is a Member of The Australasian Institute of Mining and Metallurgy. Ms Daley is a full-time employee of Sipa Resources Limited. Ms Daley has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which she is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Ms Daley consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

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JORC Code, 2012 Edition – Table 1 report template

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• Drill samples for single metres were collected in buckets and arranged in 1 metre piles on the ground. A scoop sample of each 1 metre pile is sieved to -2mm and the fines collected in a kraft bag. • Each 1 metre sample was analyzed in the Sipa office in Kitgum using a portable XRF analyzer (INNOV-X Delta Premium). Industry standards and blanks are used to monitor the calibration of the instrument. • Composite samples of approximately 2kg in size were collected using a trowel and sent to ALS in Johannesburg. • Soil Sample size was 150g. Approximately 10g of the sample were used for the XRF analyses and a 30g charge was used for the ACME analyses.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• Rotary Air Blast drilling blade and hammer 4 inch and RC drilling 5.5 inch open hole hammer
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• The moisture for the 1 m samples is recorded. The majority of the samples were of good quality. • Samples taken below the water table are indicative only and are of poor quality
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• RAB and RC chips were washed and stored in chip trays in 1m intervals. Chips were visually inspected, recording lithology, weathering, alteration, mineralization veining and structure. • The complete drill hole was logged.

Criteria	JORC Code explanation	Commentary
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• No core drilling reported. • One metre samples were collected from the cyclone in buckets and the contents of the buckets tipped on the ground in one metre piles. • A scoop sample was taken from each pile and sieved to -2mm. The samples were dried prior to XRF analysis. • No field duplicates were taken. • The sieved fines of the drill sample are considered to be better homogenised and better representative sample for XRF analysis, however, total representativity and homogenization cannot be assumed.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• An Olympus Innov-X Delta Premium portable XRF analyzer was used with a Rhenium anode in soil and mines mode at a tube voltage of 40kV and a tube power of 200µA. The resolution is around 156eV @ 40000cps. The detector area is 30mm2 SDD2. A power source of Lithium ion batteries is used. The element range is from P (Z15 to U (Z92). A cycle time of 180 seconds Soil Mode was used and beam times were 60 seconds.Selected high samples were analysed in Mineplus Mode. A propylene3 window was used.. • Standards are used to calibrate the machine • The XRF analysis of drilling is a preliminary result only and will be confirmed by proper wet chemistry analysis. Concentrations are approximate only. • No new XRF drill results will be tabled going forward due to the uncertain relationship between these and the Laboratory results given the early stage nature of the mineralisation . In future the XRF results will be used for internal purposes only and tabled drill results will only be reported as confirmed laboratory assays are recieved • Composite drill samples were sent to ALS Johannesburg and are being assayed using the ME-ICP61 technique which is a four acid digest with an ICP finish for 33 elements
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• The data were examined by the independent consultant Nigel Brand, Geochemical Services, West Perth • No twinned holes were drilled. • The primary data were audited and verified and then stored in a SQL relational data base. • No data have been adjusted.

Criteria	JORC Code explanation	Commentary
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Drill holes were located using handheld GPS receivers with an accuracy of +/- 5m. • The data were recorded in longitude/latitude WGS84. • The terrain is largely flat.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• The reported drill holes were drilled at 100 and 50m spacing and are first pass reconnaissance drilling only. • No sample compositing has been applied.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• The drill lines are oriented at approximately 90 degrees to the strike of the soil anomaly. • Drill holes are vertical unless otherwise noted and orientation of holes does not take into account the orientation of structures.
Sample security	• *The measures taken to ensure sample security.*	• Samples were taken and transported by Sipa personnel to the Sipa office in Kitgum. Prior to XRF analyses the samples are locked in the Sipa office. • Drill samples for laboratory analysis were transported from Kitgum by road and escorted and delivered by Sipa personel to Airfreight depot from where they are tracked by consignment note.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• The data were examined by the independent consultant Nigel Brand, Geochemical Services, West Perth and considered appropriate.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• The results reported in this Announcement are on granted Exploration Licences held by Sipa Exploration Uganda Limited, a 80% owned subsidiary of Sipa Resources Limited and 20% owned by Geocrust Pty Ltd • At this time the tenements are believed to be in good standing. There are no known impediments to obtain a license to operate, other than those set out by statutory requirements which have not yet been applied for.

Criteria	JORC Code explanation	Commentary
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Extensive searches for previous exploration have not identified any previous mineral exploration activity.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The Kitgum-Pader Project covers reworked, high grade metamorphic, Archaean and Proterozoic supracrustal rocks heavily overprinted by the Panafrican Neoproterozoic event of between 600 and 700Ma. The tectonostratigraphy includes felsic ortho- and para-gneisses and mafic and ultramafic amphibolites and granulites and is situated on the northeastern margin of the Congo Craton. The geology and tectonic setting is prospective for magmatic Ni, Broken Hill type base metal and orogenic Au deposits.

Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:*
	  ○ *easting and northing of the drill hole collar*
	  ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*
	  ○ *dip and azimuth of the hole*
	  ○ *down hole length and interception depth*
	  ○ *hole length.*
	• *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*
		• A summary Table of the drill holes at Akelikongo was reported to the ASX on 23 June 2014 and 15 July 2014.
		• New Drillhole Collar details are recorded in Table 1

Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Only original data are reported with no weighting averaging or grade truncations.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• The drill holes are vertical reconnaissance drill holes. The orientation of the mineralization is unknown and true width is unknown.

Criteria	JORC Code explanation	Commentary
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Plan view maps of the reported drill holes are included into this announcement.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• The reported drill holes are the first four of the drilling campaign. The first hole has no significant results
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• There is no other material exploration data that have not been previously reported.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• The holes represent the first holes of a RAB drilling campaign which is designed to first-pass test a number of soil anomalies on the tenements. • Sipa Resources Limited is currently integrating and reviewing all the exploration results. Further work will be determined upon a full analysis and interpretation of results.