Sipa Resources Limited

ABN 26 009 448 980

June 2014 Quarterly ASX Report

HIGHLIGHTS

Kitgum-Pader Basemetals & Gold Project

- 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 has 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 give 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.

- Continued soil sampling at West Pader has identified the **Lawiye-Adul** Ni Cu Cr anomaly which appears to be similar in chemistry to **Akelikongo.** A further 786sq km has been sampled adding to the previously reported approximately 1800sqkm.

Thaduna Copper Project

- Three diamond drill holes were drilled during the quarter and continued into July. All holes intersected the secondary copper blanket with THD015 intersecting a 23.2m zone from 99.2m to 122.4m. The weighted average of the assays for this zone is 1.72%, however only 13.7 m out of a total of 23.2m was assayed due to massive core loss. A second 16.7m wide weathered manganese and sulphide rich zone in THD015 from 142.8 was intersected. Again core loss was extreme so an intercept cannot be calculated, however copper values between 0.16% and 1.67% with a weighted average of these assays of 0.53% were returned.

- Good correlation with the mineralised zones in THD 015 and in part for THD017 with AMT conductive zones has resulted in a plan to conduct further AMT at Enigma with a view to understanding the 3D geometries to the controlling structures

Corporate

- A total of 127,010,160 fully paid ordinary shares and 127,010,160 listed options, each with an exercise price of $0.075 and expiry date of 5 November 2015, were issued pursuant to the Entitlement Issue and Shortfall Offer to raise $4,445,356. This allotment includes the participation of the Directors, as approved by shareholders on 5 June 2014, and as part of their entitlement, of $278,757.

- Subsequent to the end of the Quarter, the Company announced the retirement of Mr Mike Doepel as the Managing Director of the Company and the appointment of Ms Lynda Daley to the role. Mike will remain on the Board in a Non-Executive role.

Kitgum-Pader Basemetals & Gold Project 80% Sipa

Sipa Exploration Uganda Limited (SEUL), which is owned 80% by Sipa and 20% by Geocrust Pty Ltd, commenced systematic field exploration at Kitgum-Pader in central northern Uganda in early 2013. Since that time SEUL has taken tens of thousands of geochemical soil samples leading to the discovery of 13 sulphide-derived base and precious metal prospects. Roughly 2500sq km of SEUL's 6,358 square kilometre tenure (Figure 1) has been sampled.

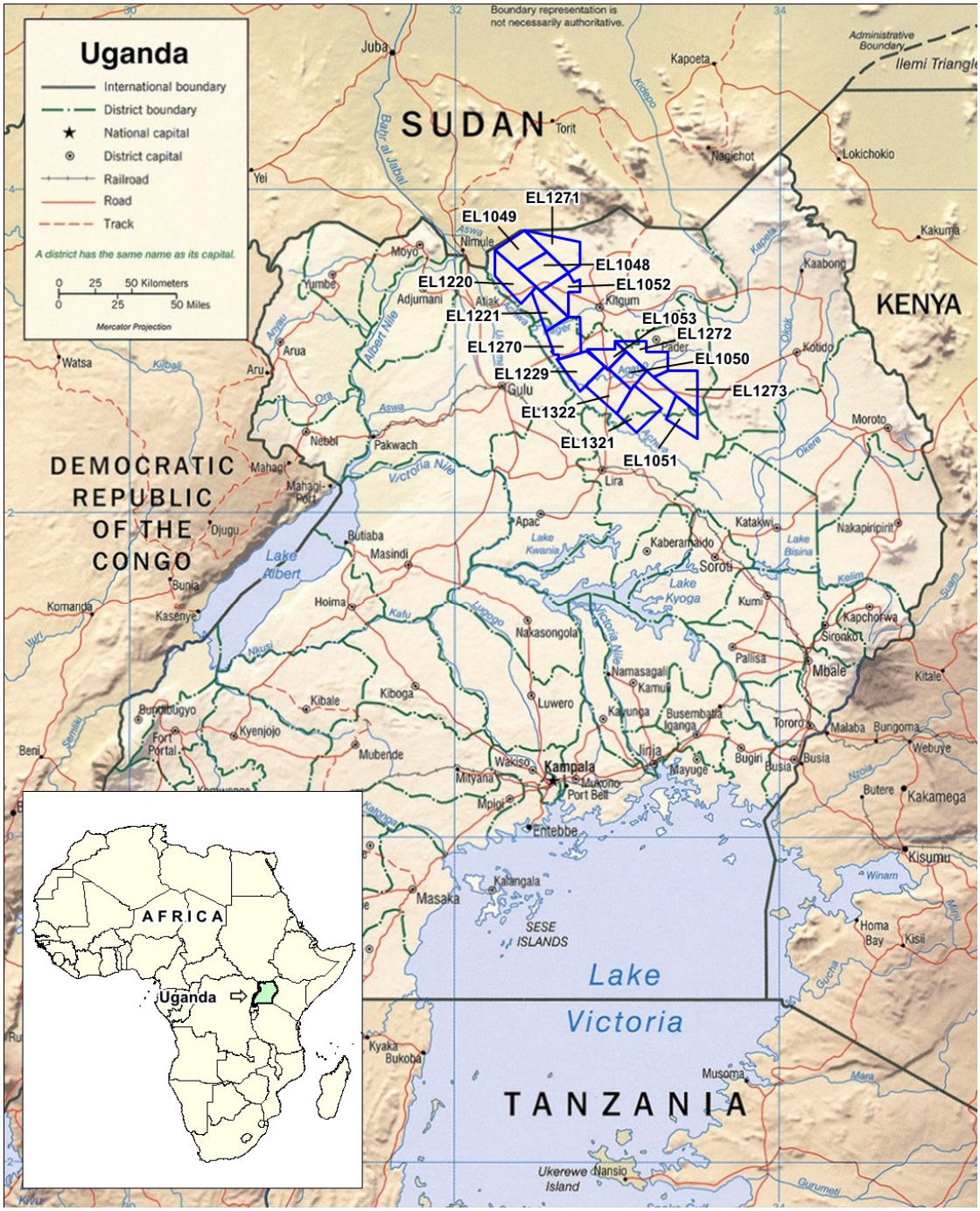

Figure 1 – Project Location Map

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 2. 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.

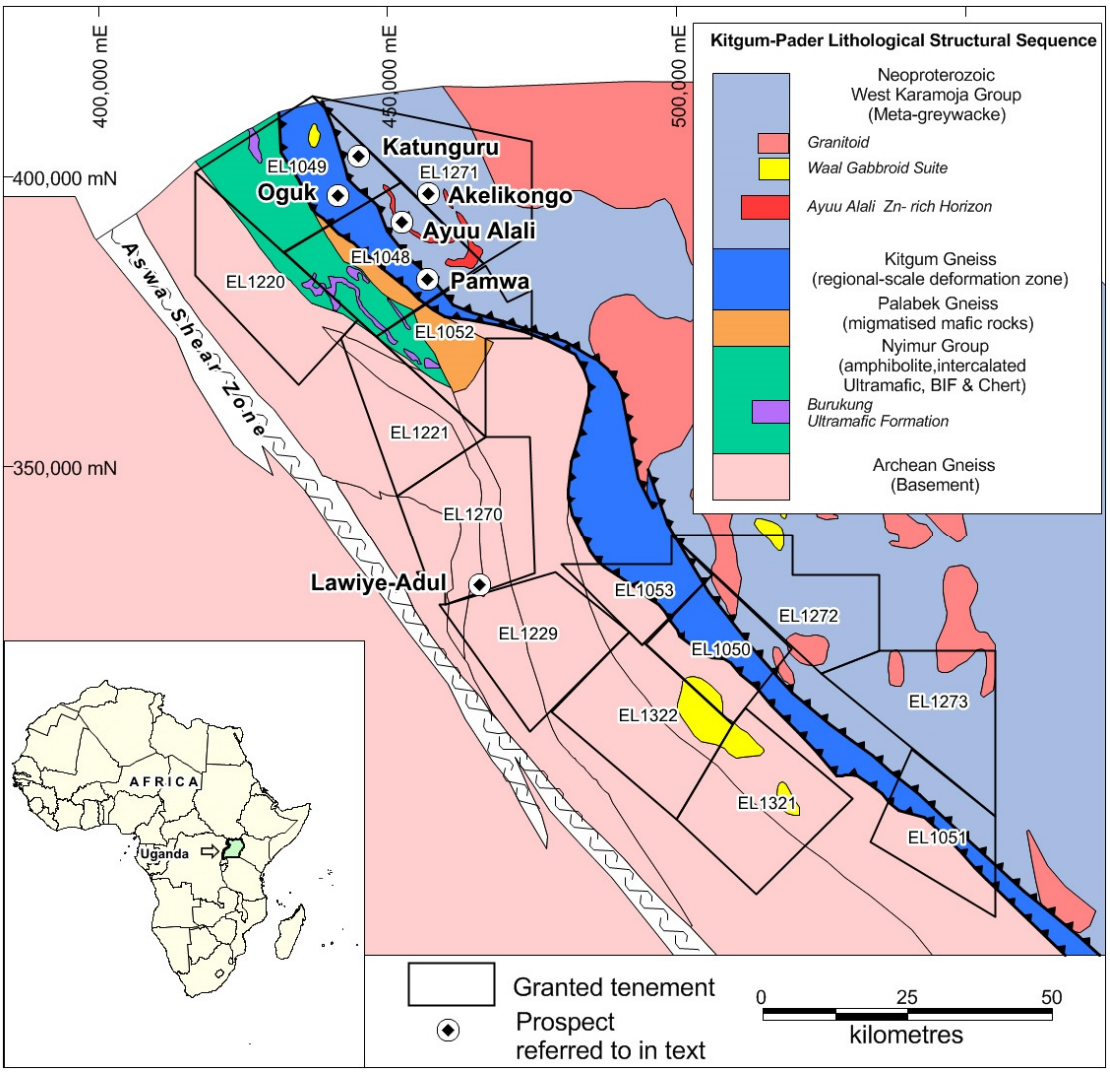

Figure 2 Location of Tenements, Prospects and Regional interpreted Geology of Hronsky

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 3. 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.

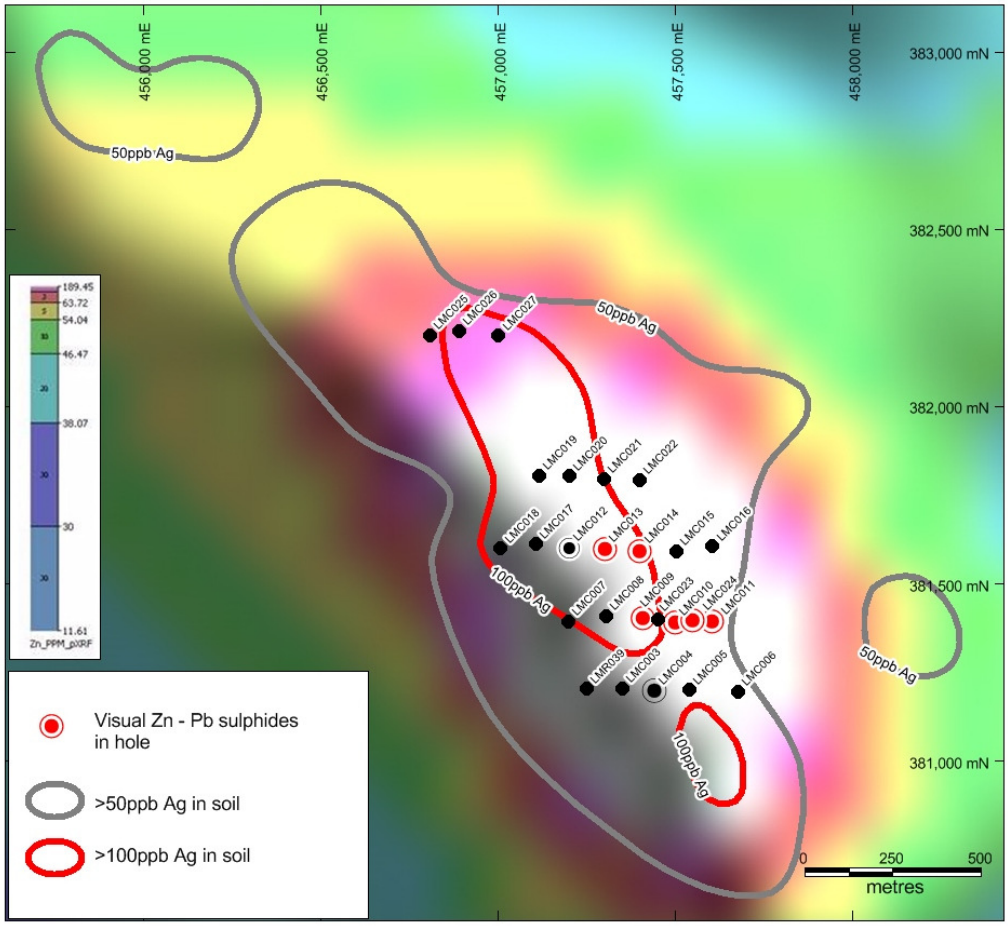

Figure 3 Pamwa Drillhole Locations showing Ag lab soil anomaly contoured over Zinc XRF in soil image. Drillholes with visual Zn and Pb sulphides are highlighted

Exploration results for Pamwa were previously reported in ASX announcement dated 30 July 2014. The Company is not aware of any new information or data that materially affects the information included in that announcement. All material assumptions and technical parameters underpinning the estimates in the relevant announcement continue to apply and have not materially changed.

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 4. 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.

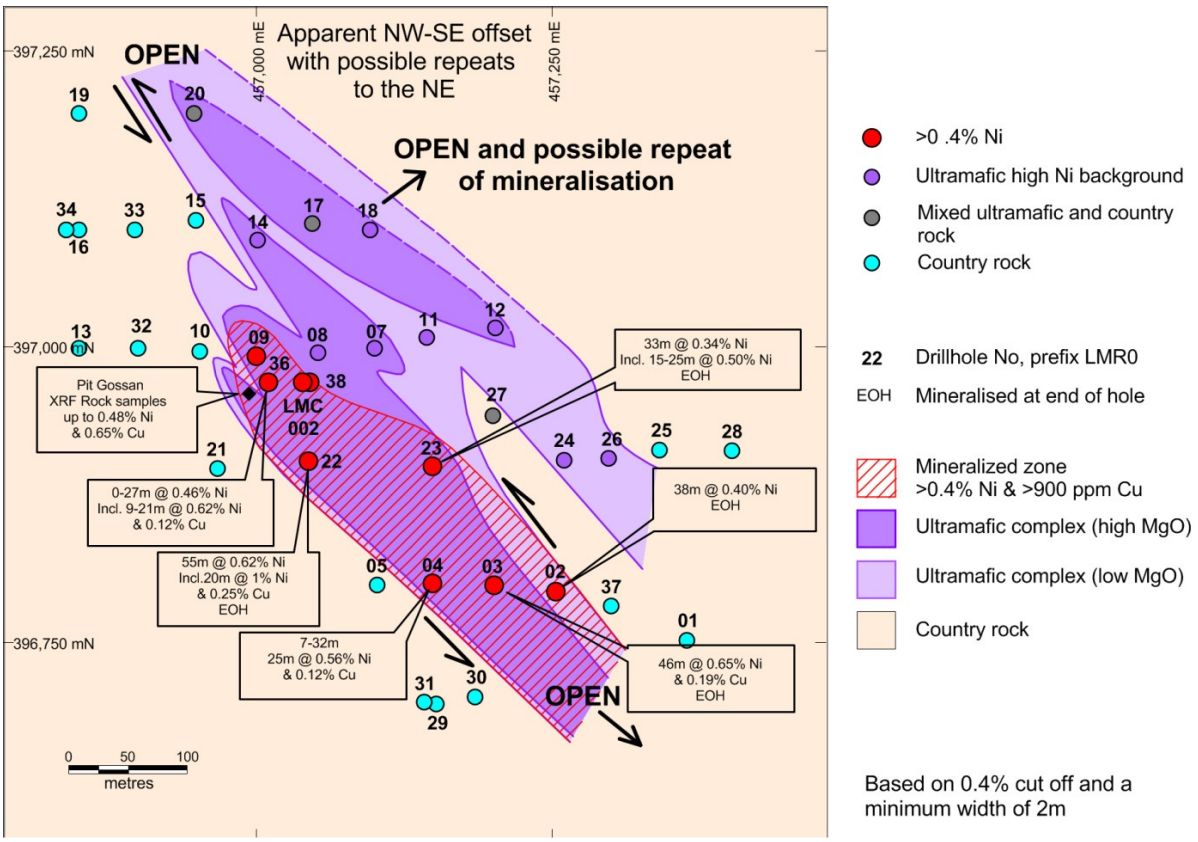

Figure 4 – Drill Hole Location Plan and XRF analysis results from Akelikongo

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 2 and highlighted in yellow. The Laboratory assays have not yet been received.

Exploration results for Akelikongo were previously reported in ASX announcement dated 23 June and 15 July 2014. The Company is not aware of any new information or data that materially affects the information included in those announcements. All material assumptions and technical parameters underpinning the estimates in the relevant announcement continue to apply and have not materially changed.

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. Figure1 shows the location of this anomaly. A further 786sq km has been sampled adding to the previously reported approximately 1800sqkm.

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 anomalism 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.

Thaduna Copper Project 100% Sipa

Background

The Enigma Prospect, within Sipa's 100%-owned Thaduna Copper Project in Western Australia, has similarities to the great sediment-hosted copper deposits of the Central African Copperbelt-Mt Isa-Nifty spectrum of deposits.

Enigma is a very large copper anomaly, covering some 5 km by up to 2 km and is mostly expressed as a 'blanket' of secondary copper carbonates, generally 80m to 100m below ground surface and mostly defined by Aircore drilling. There are 39 holes with >10%/metres of Cu intersections, ranging up to 34m grading 2.8% Cu, including 11m grading 7.6% Cu in the same hole. There are 9 holes with primary copper sulphide intersections, ranging up to 63m grading 1.1% Cu.

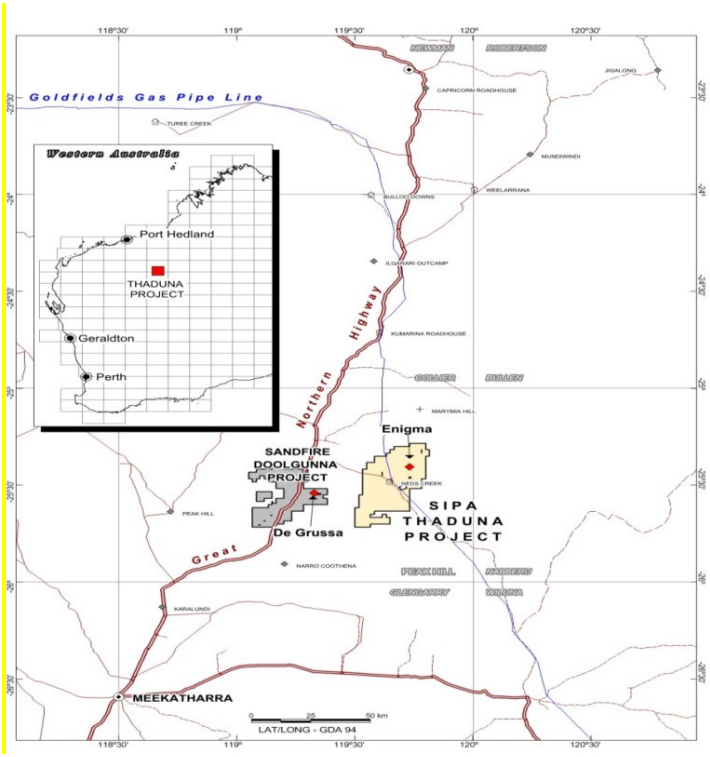

Figure 5 – Project Location map

Summary

Drilling of three deep diamond holes, (Table 1, Figure 6) was conducted during the campaign. All three diamond holes intersected the copper enriched "blanket". Hole THD015 also intersected a lower zone possibly related to primary mineralisation. The zone is incredibly cavernous and associated with fine sooty manganese and weathered sulphide with poor core recovery. Due to the massive core loss within the zones, reliable summary intercepts cannot be calculated. Results for THD015 are tabulated in Table 2. Results for THD016 and THD017 are awaited.

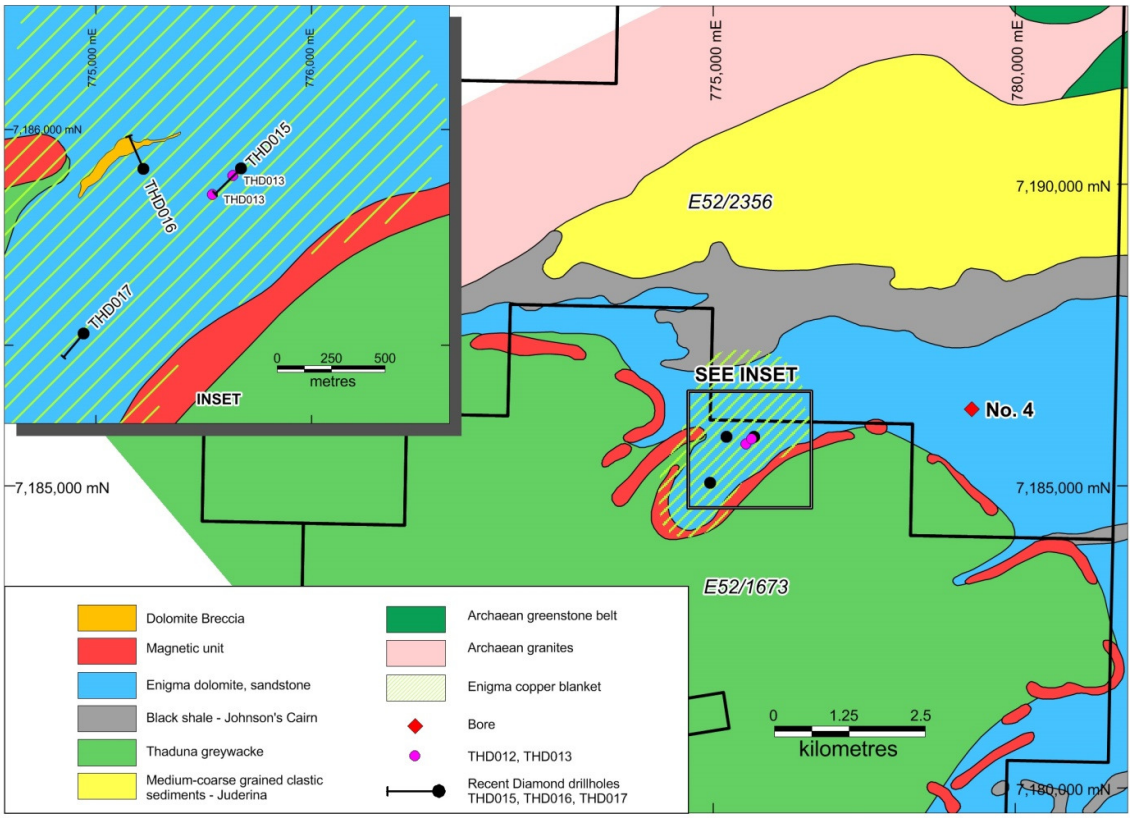

Figure 6 Location of diamond drillholes on Interpreted Geological Map of Thaduna

THD015

The first of the diamond drill holes THD015 was targeted to intersect the extension of mineralisation intersected in THD012 and THD013 which recorded the best intersection of 63 metres @ 1.1% Cu and 29 metres @ 1.1% Cu (reported 2 September 2013 and 23 September 2013).

The hole was drilled using RC from surface to 80 metres. In order to preserve the quality of the hole, mud rotary was used until 98.7 metres then PQ coring from 98.7 metres until 168.2 metres. HQ core was drilled from 168.2 metres until 186.5 metres. Due to further issues with the ground conditions, the hole diameter was again reduced to NQ until the hole ended at 300.9 metres.

The hole has intersected strong supergene copper mineralisation between 114.6 metres and 115.75 metres. Visual inspection identified the copper carbonate malachite and the copper sulphides chalcocite and cuprite.

This interval was followed by a zone of weaker secondary copper mineralisation from 116.1 metres to 122.0 metres in weathered dolomite with a sandy matrix which contained the copper carbonate malachite.

The weighted average of the assays for the upper zone from 99.25m to 122.4m is 1.72% Cu however only 13.7m out of a total of 23.2m was assayed due to massive core loss. Table 2 shows the assay results including the intervals of core loss.

A second strongly faulted zone containing sooty weathered manganese and copper sulphides in a variably consolidated silicified sandstone was intersected from around 142.8 metres to 159.5 metres. Unfortunately the zone was incredibly difficult to drill due to abundant cavities in the rock and 13.1 out of the 16.7 metres in the intercept was not recovered. Table 2 tabulates copper values between 0.16% and 1.67% for this zone.

This second zone of mineralisation in the drill hole is interpreted to be the down dip continuation of mineralisation intersected in holes THD012 and THD013 (Figure 7). It is unknown whether the cavities are due to loss from leaching of sulphides or other reactive material. The hole has confirmed that the copper zone intersected in THD012 and THD013 is not a vertical structure. It is possible and likely that the zone correlates with a shallowly dipping conductive zone identified in the AMT data. For this reason, additional AMT is planned to assist with targeting of such structures.

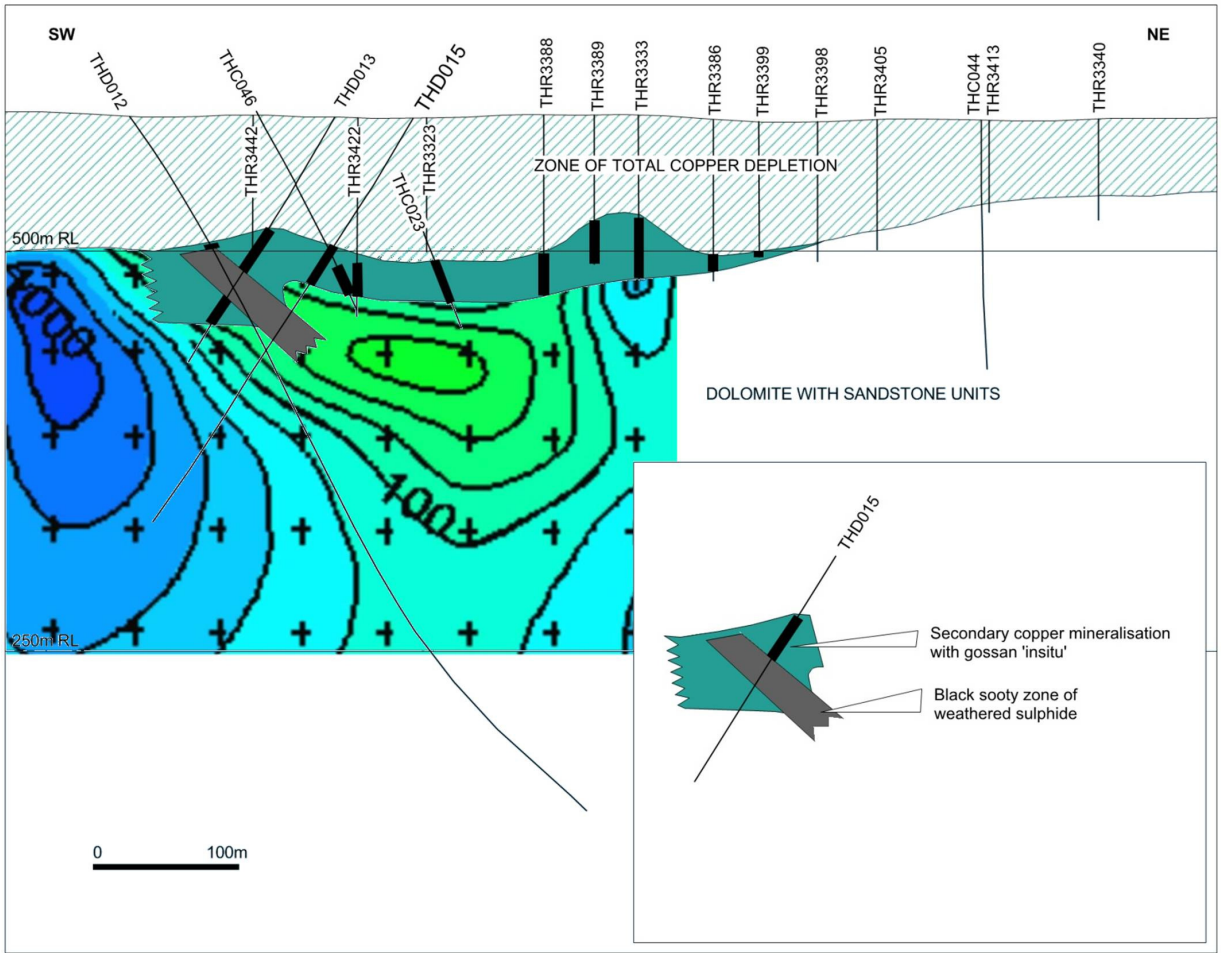

Figure 7– Cross Section for THD012, 013 & 015. Showing possible correlation with AMT conductive zone

THD016

THD016 targeted an ENE trending dolomite breccia which had been mapped on surface. The hole was RC precollared to 88m then due to difficult drilling conditions and to preserve the hole, mud rotary was used from 88 to 120m. This was followed by PQ coring, then HQ until 323.4 metres. The hole intersected the supergene copper blanket in a weathered sandy dolomite between 107-120m. An interval of partly brecciated dolomite was intersected between 238-265m. This zone contained large pebble to cobble sized, sub angular dolomite clasts with variable quartz carbonate and carbon veining. Only trace chalcopyrite was identified.

THD017

The target for THD017 was a moderately dipping conductive zone interpreted to be a north west trending fault which was identified in the December 2013 AMT survey. The hole was precollared to 101.7m mainly by RC and subsequently PQ cored then completed in HQ until 291.2m. The hole intersected reasonably strong malachite mineralisation from 82-88m with chalcocite present between 84 and 86m. From 88-97m was a unit of pyritic and silicified cherty dolomite with quartz veining.

Predominately fresh dolomite was intersected from 97 to 291.2m. The lower part of the target area a zone from 273 to 277m contained strong quartz carbonate veining associated with carbon/sulphide stringers and one 3mm vein of chalcopyrite.

Laboratory results for THD016 and THD017 will be returned in the coming weeks. All three holes are cased with PVC for electromagnetic surveying in conjunction with the additional AMT.

Program going forward

Due to the success of the AMT in identifying potentially mineralised structures further detailed AMT is planned in the Enigma area to further constrain these structures and provide a structural framework for any further drilling. This will be occurring in August. Downhole electromagnetic surveying on the recent diamond drillholes will be undertaken in conjunction with the AMT survey.

A program of regional RAB/Aircore drilling is planned for September and will test a number anomalies not previously followed up including some Thaduna Style copper mineralisation at the Number 4 bore on Ned's Creek Homestead.

Exploration results for THD015, THD016, and THD017 were previously reported in ASX announcement dated 31 July 2014. The Company is not aware of any new information or data that materially affects the information included in that announcement. All material assumptions and technical parameters underpinning the estimates in the relevant announcement continue to apply and have not materially changed.

Exploration results for all other holes at Thaduna, except THD015, THD016, and THD017, were previously reported in accordance with JORC 2004. Refer ASX announcements dated 10 December 2012, 23 January 2013, 29 January 2013, 17 July 2013, 21 and 23 September 2013. Sipa states and continues to report these exploration results under the 2004 edition of the JORC Code. To date, these exploration results have not been reported to comply with the 2012 edition of the JORC Code on the basis that the information has not materially changed since it was last reported.

Table 1 Drillhole Location and Orientation and Depth- Thaduna

Hole ID	MGAE	MGAN	Azimuth	Dip	Total_Depth
THD015	775673	7185819	228	-60	300.9
THD016	775220	7185818	335	-58	323.4
THD017	774943	7185054	218	-57	291.2

Table 2 THD015 Assay Results Cu >0.1%

(Blue zones indicates zones of core loss)
(Pink zones indicate less than 0.1% Cu)

Depth From	Depth To	Cu (%)	Ag (ppm)	Co (ppm)	Mn (ppm)	Ni (ppm)	Zn (ppm)
99.25	99.50	0.12	16.4	10	429	27	244
99.50	99.95						
99.95	100.30	0.46	11	15	228	33	123
100.30	100.95	1.37	1.3	9	58	19	25
100.95	102.65						
102.65	103.00	3.08	1.5	56	66	168	215
103.00	103.90	0.42	1.5	77	100	175	224
103.90	105.20						
105.20	105.75	4.58	3.1	105	78	433	381
105.75	106.35						
106.35	107.30	1.46	1.8	76	143	205	251
107.30	114.10						
114.10	114.30	2.30	1.9	6	102	33	33
114.30	114.65						
114.65	114.80	25.70	1.3	2	24	18	10
114.80	115.15						
115.15	115.25	30.60	3.1	4	28	24	18
115.25	115.65						
115.65	115.75	26.30	3.9	7	23	28	19
115.75	116.10						
116.10	116.80	6.11	1.2	1	52	17	6
116.80	117.10						
117.10	117.30	3.62	1.6	3	52	49	12
117.30	117.60						
117.60	117.70	4.41	2.6	5	101	49	19
117.70	118.55						
118.55	118.60	1.79	4.4	4	89	67	20
118.60	119.70						
119.70	119.80	1.85	4	3	95	56	16
119.80	121.20						
121.20	121.80	1.75	1.7	8	51	77	23
121.80	122.40	0.10	3.6	5	59	92	27
122.40	123.00						
123.00	123.50	0.18	1.1	8	49	129	38

Depth From	Depth To	Cu (%)	Ag (ppm)	Co (ppm)	Mn (ppm)	Ni (ppm)	Zn (ppm)
123.50	125.80						
125.80	129.95						
129.95	130.10	3.59	1.7	9	133	45	27
130.10	131.15						
131.15	131.25	0.88	1.5	2	96	32	13
131.25	132.15						
132.15	132.25	0.17	4.2	1	175	9	7
132.25	133.15						
133.15	133.25	0.98	12.2	9	204	48	17
133.25	134.10						
134.10	135.60						
135.60	135.65	0.10	1.3	14	696	57	26
135.65	136.40						
136.40	139.95						
136.95	137.40	2.39	3.2	33	569	79	35
137.40	137.50						
137.50	140.25						
140.25	140.40	0.11	<0.5	623	2960	543	238
140.40	142.30						
142.30	142.80	0.19	<0.5	1795	21300	2210	995
142.80	143.20	0.21	<0.5	1300	34600	1180	688
143.20	145.50						
145.50	146.20	0.16	1.0	907	34400	1040	587
146.20	146.70	0.55	1.1	751	94800	1720	663
146.70	149.20						
149.20	149.40	0.33	4.3	758	64200	1390	709
149.40	149.70	0.62	9.8	1075	>100000	1800	763
149.70	151.10						
151.10	151.50	0.65	0.7	739	>100000	2090	986
151.50	158.30						
158.30	158.70	1.05	<0.5	1435	>100000	1890	874
158.70	159.10						
159.10	159.20	0.68	4.3	1565	>100000	1730	911
159.20	159.40						
159.40	159.50	1.67	<0.5	1740	>100000	2130	913
159.50	162.00						
162.00	162.60						
162.60	162.77	0.11	3.8	403	46100	988	690
162.77	167.30						
167.3	167.5	1.12	1.0	226	8740	1240	944

Corporate

During the quarter, a total of 127,010,160 fully paid ordinary shares and 127,010,160 listed options, each with an exercise price of $0.075 and expiry date of 5 November 2015, were issued pursuant to the Entitlement Issue and Shortfall Offer announced on 24 March 2014, to raise $4,445,356. This allotment includes the participation of the Directors, both as part of their Entitlement and Shortfall, as approved by shareholders on 5 June 2014, of $278,757. A further 7,000,000 listed options were issued to Blue Ocean Equities, who acted as manager in relation to the Shortfall Offer, and for provision of general corporate advice. The options have the same terms and conditions as the listed options offered under the Entitlement Offer, each with an exercise price of $0.075 and expiry date of 5 November 2015.

Subsequent to the end of the Quarter, the Company announced the retirement of Mr Mike Doepel as the Managing Director of the Company and the appointment of Ms Lynda Daley to the role. Mike will remain on the Board in a Non-Executive role. Mike listed the Company in 1987 and During this time, Sipa has made two significant mineral discoveries: The Panorama Base Metals Project and the Paraburdoo Gold Project. The latter produced approximately 350,000 oz of gold during the period 1998 to 2004.

Ms Daley has over 25 years experience in the mineral exploration industry, including most recently as Director – Exploration Australia for Newmont Asia Pacific and Acting Director Asia Pacific Generative Exploration. During her nine year tenure with Newmont, Lynda was responsible for the strategic planning management and oversight of all Newmont's generative exploration projects, as well as business development, in the Asia Pacific region.

Prior to her roles at Newmont, Lynda has worked for a number of mining and exploration companies including directorship of Summit Resources Ltd and for Newcrest at the Telfer Gold Mine and Worsley Alumina at the Boddington gold mine at its commencement.

Lynda holds a Bachelor of Science with Honours in Geology from the University of Queensland Australia, is a graduate member of the AICD and member of the AUSIMM and the SEG.

31 July 2014

For more information:
Lynda Daley,
Managing Director
Sipa Resources
+61 (0) 8 9481 6259
info@sipa.com.au
www.sipa.com.au

Exploration results for all other holes at Thaduna, except THD015, THD016, and THD017, is based on, and fairly represents, information and supporting documentation compiled by Mr Michael Doepel, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Doepel is a full-time employee of the Company. Mr Doepel has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Doepel consents to the inclusion in this report of the matters based on his information in the form and context in which they appear.

APPENDIX – ASX LISTING RULE 5.3.3

Mining Tenements Acquired during Quarter:

Tenement reference	Project	Nature of interest	Beneficial Interest at beginning of quarter	Beneficial Interest at end of quarter
EL 1321	Uganda	Granted	Nil	80%
EL 1322	Uganda	Granted	Nil	80%

Mining Tenements Surrendered during this Period:

There were no tenements surrendered during the period.

Mining Tenements Held at End of Quarter:

Tenement reference	Project	Nature of interest	Beneficial Interest at beginning of quarter	Beneficial Interest at end of quarter
E52/1673	Thaduna	Granted	100%	100%
E52/1674	Thaduna	Granted	100%	100%
E52/1858	Thaduna	Granted	100%	100%
E52/2356	Thaduna	Granted	100%	100%
E52/2357	Thaduna	Granted	100%	100%
E52/2405	Thaduna	Granted	100%	100%
EL 1048	Uganda	Granted	80%	80%
EL 1049	Uganda	Granted	80%	80%
EL 1050	Uganda	Granted	80%	80%
EL 1051	Uganda	Granted	80%	80%
EL 1052	Uganda	Granted	80%	80%
EL 1053	Uganda	Granted	80%	80%
EL 1220	Uganda	Granted	80%	80%
EL 1221	Uganda	Granted	80%	80%
EL1229	Uganda	Granted	80%	80%
EL 1270	Uganda	Granted	Nil	80%
EL 1271	Uganda	Granted	Nil	80%
EL 1272	Uganda	Granted	Nil	80%
EL 1273	Uganda	Granted	Nil	80%
EL 1321	Uganda	Granted	Nil	80%
EL 1322	Uganda	Granted	Nil	80%