Sipa Resources Limited
ABN 26 009 448 980

25 August 2014

Thaduna Progress Report

Highlights

- Results for the diamond drill holes THD016 and THD017 have now been received.
- Both holes intersected the secondary copper blanket with THD016 intersecting a 9.3m interval of anomalous copper from 120.2m to 129.5m. The zone had 44% core loss so an accurate intercept cannot be calculated. The weighted average of the zones of core which were recovered, is calculated at 0.23% Copper.
- THD017 intersected the secondary copper zone from 82m-91m in the Precollar. This interval averaged 9m @ 0.57% Cu.
- Strong correlation of the mineralised zones in THD015, (and in part for THD017), with AMT conductive zones led to a decision to conduct further AMT at Enigma.
- The AMT survey is nearing completion with results awaited.
- Down hole EM will be conducted on the holes once the AMT is completed.
- RAB/AC program planned for September to test further shallow targets near Enigma and more regionally including the No4 bore area (Figure 1)

Sipa Resources Limited (ASX:SRI) is pleased to report further progress from the drilling campaign at Thaduna.

Summary

Drilling of three deep diamond holes, (Table 1, Figure 1) was conducted during the campaign in June and July 2014 to test three separate targets. All three diamond holes intersected the copper enriched “blanket”, however were unsuccessful in intersecting possible primary structures interpreted to be feeders to the secondary mineralisation. All results have now been received.

Background

The 100% owned Thaduna Project covers 936 square kilometres located in the PalaeoProterozoic intracratonic Yerrida rift basin, between the northern margin of the Archaean Yilgarn Craton and the southern margin of the Archaean Marymia granite-greenstone dome in the Gasgoyne Region of Western Australia. Sipa has been exploring at Thaduna for a number of years based on the premise that the PaleoProterozoic rocks of the Yerrida Sedimentary Basin are prospective for very large copper (and other base metal) deposits of broadly the Mt Isa (Queensland) or Nifty (WA) styles, or even the Central African Copper Belt (Zambia and DRC) styles. The project tenements contain the historic Rooney and

Ricci Lee copper mines and surround two other historic mines – Thaduna and Green Dragon, both currently being explored by a JV between Sandfire Resources NL and Ventnor Resources Limited. Sipa has always been of the view that these old copper mines may be part of the "smoke" indicating the potential for major deposits in the region.

Comprehensive Aircore and RC drilling programmes at the Enigma Prospect, between 2011 and 2013, defined an essentially horizontal secondary copper carbonate mineralised horizon at around 80 to 100 metres below ground surface. The zone is known to extend in a northeast direction in an area of some 5 kilometres by 2 kilometres. It is considered that if the primary source, or sources, to this mineralisation can be found, and is of sufficient grade, then an economic target could be defined.

The secondary copper zone in its own right is not considered to be economic at existing grades, partly due to the depth at 80-100m below surface, however its size at 5 kilometres by 2 kilometres is extensive. The zone contains drill intersections of up to 34m grading 2.8% Cu, including 11m grading 7.6% Cu (Sipa ASX report dated 23 August 2013). There are also a number of chalcopyrite-bearing intersections, of up to 63m grading 1.1% Cu (Sipa ASX report dated 2 September 2013). The most recent diamond drilling programme targeted these high grade "feeder" structures, and other structures, where upgrading due to orogenesis may have occurred. This drilling was conducted during June and July 2014 with results for THD015 previously reported (Sipa ASX report July 31 2014).

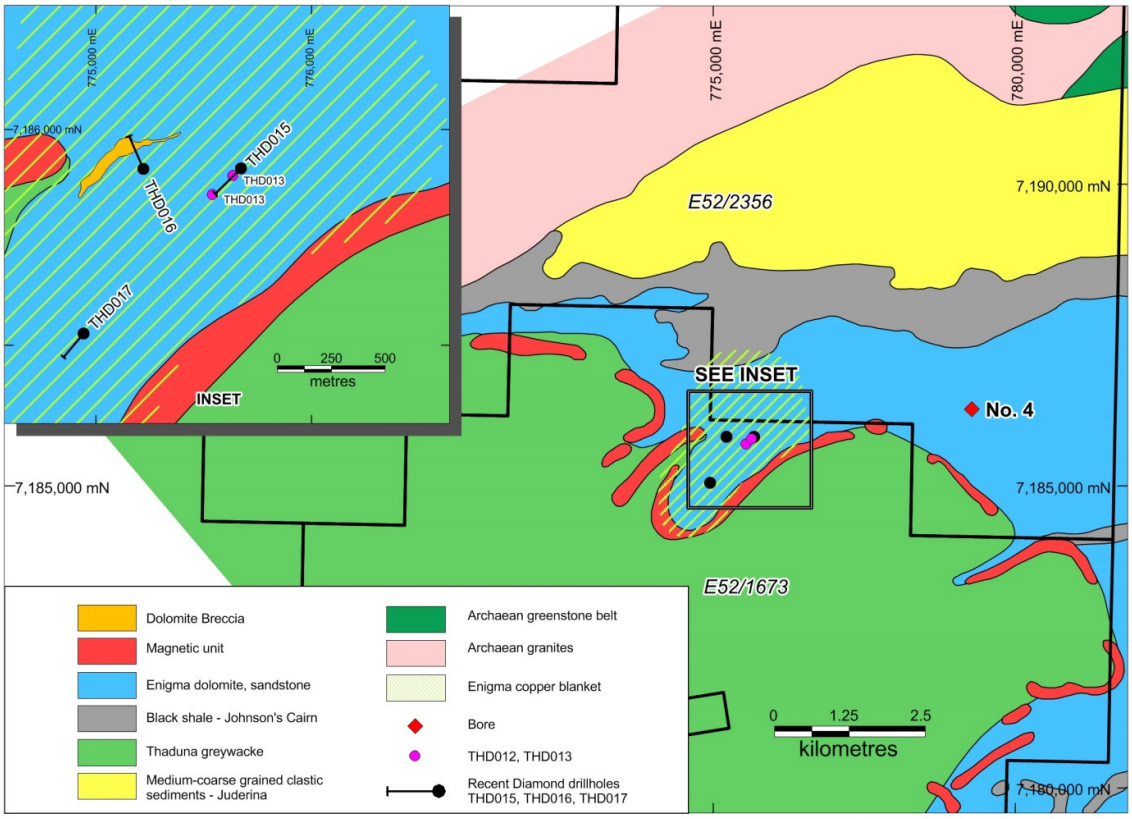

Figure 1 Location of diamond drillholes on Interpreted Geological Map of Thaduna

THD016

THD016 was drilled to intersect at depth a large north east striking dolomitic breccia interpreted to be a major controlling structure. This structure has been mapped at surface.

THD016 intersected the Enigma secondary copper zone at 120.2m to 129.5m where the cobbles of azurite with chalcocite were intersected. The copper content in this cobble was 14% and was 0.15m in length. The 9.3m interval of anomalous copper from 120.2m to 129.5m had 44% core loss so an accurate intercept cannot be calculated. The weighted average of the zones of core which were recovered, is calculated at 0.23% Copper.

Beneath the secondary copper zone from 129.5m to 139m was a zone of weathered/sooty pyritic sandstone. This zone occurs in the Enigma area commonly beneath the secondary copper oxide horizon and carries the metal association of Copper, Cobalt, Nickel and Zinc. Peak assays of up to 0.46% Nickel, 0.15% Cobalt and 0.13% Zinc were returned. This association has been reported before (ASX 2 September 2013) where petrology identified millerite (a nickel bearing sulphide) within chalcopyrite. It is still uncertain what the significance of the association is with respect to primary or secondary mineralisation. It is known that some Zambian style sedimentary copper deposits also have this association.

There were no significant assays throughout the rest of the hole which intersected carbonaceous siltstone and laminated and brecciated dolomite (the fault zone at depth).

THD017

THD017 intersected the secondary copper zone from 82m-91m in the RC precollar and returned assays of 9m @ 0.57% Cu. From 91m-97m the hole intersected the same pyritic sandstone occurring below the secondary zone as in THD016. The zone was only weakly mineralized but anomalous averaging 300ppm Copper with anomalous Cobalt up to 183ppm, Nickel 303ppm and Zinc 197ppm.

The rest of the mainly fresh dolomite intersected in the hole had no significant mineralization with the exception of a weak primary chalcopyrite and carbon stringer vein zone between 274 and 277m assaying between 150-650ppm Cu.

Forward Program

The AMT survey, currently in progress, has been designed to detect conductive zones linked to carbon as was detected in the previous successful AMT survey (refer ASX 16 January 2014). In the previous survey, a deep conductor interpreted to be to a distinct marker horizon black shale was used to define the three dimensional basin geometry (Figure 2). It also defined a range of other structures or conductive zones extending to surface. It is hoped that this work will define compelling drill targets beneath the secondary copper horizon.

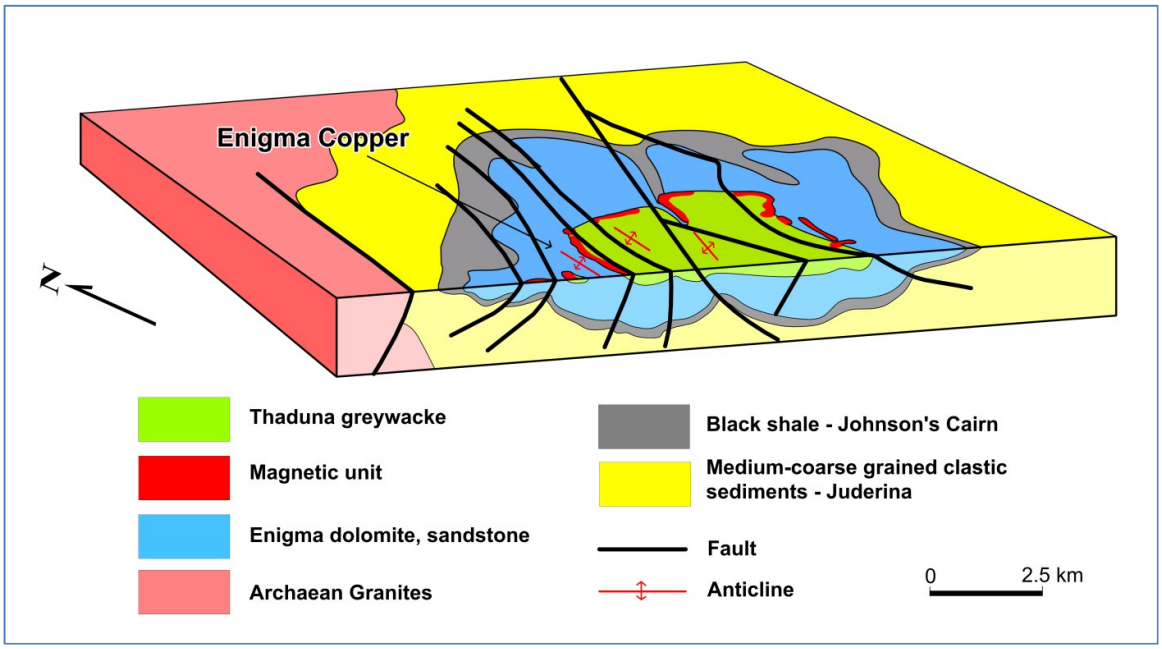

Figure 2 3D Geological Interpretation Thaduna Project Area

Interpretation of black shale in cross section and faults in Figure 2 above have been directly inferred from AMT Data

An AMT line is also planned to run over the no 4 bore area (Figure 1) where Thaduna style oxidised copper mineralisation associated with sheared carbon was identified. The survey will attempt to constrain the orientation of the structure so that follow up drilling can be conducted.

AMT is a deep looking electrical geophysical method that utilizes naturally occurring electromagnetic waves generated in the earth's ionosphere. Measurements of the magnetic and electric field components of the electromagnetic waves travelling in the earth are used to calculate the resistivity structure below the surface to a maximum depth of about 2 kilometres in the AMT frequency range.

During September, a RAB/AC drilling program of approximately 7,000m will be conducted over a number of regional targets including the no 4 bore area. The interpretation of the AMT survey results will help direct the drill targeting.

Table 1 Drillhole Location and Orientation and Depth

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 THD16 and 17 Assay Results Cu >0.1%

(Blue zones indicates zones of core loss)

Hole Number	From	To	Cu_%
THD016	120.2	120.35	0.12
	120.35	120.5	14.70
	120.5	120.7	
	120.7	121.1	0.03
	121.1	121.5	
	121.5	121.6	1.24
	121.6	121.8	
	121.8	122.15	0.53
	122.15	123.1	0.18
	123.1	123.8	
	123.8	124.1	0.08
	124.1	124.6	
	124.6	125	0.17
	125	125.7	
	125.7	126.5	0.31
	126.5	126.6	
	126.6	127	0.28
	127	127.2	
	127.2	127.5	0.40
	127.5	128.2	
	128.2	128.5	0.28
	128.5	128.9	
	128.9	129.05	0.18
	129.05	129.5	0.16
	129.5	129.7	
	129.7	130.5	0.09
	130.5	131	0.11
	131	132	0.05
	132	132.85	0.03
	132.85	133.75	
	133.75	134	0.01
	134	134.3	
	134.3	134.8	0.02
	134.8	135.15	
	135.15	135.3	0.02
	135.3	135.5	0.01
	135.5	135.75	
	135.75	136.85	0.08
	136.85	138	
	138	138.2	0.22
	138.2	138.4	0.30

Hole Number	From	To	Cu_%
	138.4	138.5	
	138.5	139.17	0.10
THD017	82	83	1.13
	83	84	0.19
	84	85	0.33
	85	86	0.57
	86	87	1.52
	87	88	0.54
	88	89	0.17
	89	90	0.50
	90	91	0.17

Competent Person's Statement

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.

The information in this report that relates to Exploration Results at Thaduna released prior to December 2013, is based on information 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.

Sipa states and continues to report exploration results as defined under the 2004 edition of the JORC Code. To date, 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"

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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 field office in Thaduna using a portable XRF analyzer (INNOV-X Delta Premium). Laboratory calibrated standards and blanks are used to monitor the calibration of the instrument.
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).*	• Reverse Circulation Drilling was used to commence the hole. • Once the required depth was reached the hole was cased and standard tube PQ/HQ/NQ diameter core was drilled. • Core is oriented downhole using the Reflex Act II RD Rapid Descent Orientation Tool • Part of the hole was drilled with mud rotary which resulted in a loss of sample.
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. • Due to the nature of the strata drilled there were considerable zones of core loss. These have been carefully logged through the course of the drilling. • The core loss is due to the existence of cavities which may be due to the weathering and leaching of sulphidic and clay rich material. • Remaining core is cut in half and half samples sent for laboratory analysis

Criteria	JORC Code explanation	Commentary
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.*	• 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 and details recording using a coded computerized logging system.
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.*	• Core sawn in half and half core taken for laboratory analysis. • Sample preparation is using commercial Laboratory Method which includes drying, sieving and pulverizing.Core samples are crushed to 3mm prior to pulverizing.
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. No calibration factors were applied. • The XRF analysis is a preliminary result only and will be confirmed by proper wet chemistry analysis. Concentrations are approximate only.
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.*	• 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.
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.

Criteria	*JORC Code explanation*	Commentary
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 are for exploration purposes 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 drilling is in part being conducted to test a range of ideas about the orientations of the structures. • Drill holes are angled and orientation of holes tries to take into account the orientation of structures particularly the structures which may be mineralised.
Sample security	• *The measures taken to ensure sample security.*	• Samples were taken and transported by Sipa personnel to Meekatharra • Once there they are loaded via a consignment with TOLL IPEC transported to the laboratory in Perth.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• None conducted

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 NL, a 100% owned subsidiary of Sipa Resources Limited. • 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.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• In the immediate area being explored no previous in ground work has been undertaken. • The area has been held under tenements by other parties prior to Sipa holding the tenements

Criteria	JORC Code explanation	Commentary
Geology	• *Deposit type, geological setting and style of mineralisation.*	The project tenements contain the historic Rooneyand Ricci Lee copper mines and surround two other historic mines – Thaduna and Green Dragon. The stratigraphy comprises clastic sediments of the Juderina formation, including dolomites,mafic volcanic and volcaniclastic rocks, overlain by the black shale, dolomites and dolomitic sandstones of the Johnsons CairnFormation. This in turn is overlain by the variably haematitic mafic greywackes and siltstones of the Thaduna Formation. Major northeast-trending bounding structures, the Jenkin Fault to the north and the Lone Hill Fault to the south, define the basin which is a regional synclinorium. The Archaean Marymia granite-greenstone dome is over-thrust on the Yerrida sequence, presumably occurring during basin inversion. Since the mid 2011 discovery of a secondary copper zone at Enigma, most of Sipa's exploration efforts have been directed tofinding the primary copper sulphide source, or sources,of the secondary copper. The secondary copper zone, which is mostly expressed as the copper carbonate malachite, with lesser azurite, is essentially horizontal and lies about 80 metres to 100 metres below ground surface. It extends over some 5 kilometres by up to 2km Sandfire's De Grussa high grade Copper-Gold Mine, some 50 kilometres to the southwest may be related to Enigma due to its apparent control by the Jenkin, and other, Faults. The copper mineralisation on Sipa's tenements also has affinities to sedimentary hosted copper such as Mount Isa, Nifty and the Central African Copperbelt.

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 is attached.

Criteria	JORC Code explanation	Commentary
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 angle reconnaissance drill holes. The orientation of the mineralization is unknown and true width is unknown.
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.*	• A sectional view 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 hole is the first of the drilling campaign.
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 hole represents the first of a possible four holes of a 1350m diamond drilling campaign which is designed to first-pass test a number of structural targets in the Enigma area. • 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.