



Sipa Resources Limited

ABN - 26 009 448 980

2 0 1 4 A N N U A L R E P O R T



Corporate Directory

Directors

Peter Ian Blair Pearce ACSM F AusIMM (Chairman)

Lynda Margaret Daley, BSc (Hons) GAICD, MAusIMM, MSEG

Dalton Leslie Gooding B.BUS, FCA

Karen Lesley Field B Ec

Paul Gerard Kiley B Ec, CPA

Company Secretary

Tara Robson BA (Accounting), CPA (USA)

Registered Office

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108 St Georges Terrace
PERTH WA 6000



Sipa Resources Limited

ABN - 26 009 448 980

Auditors and Tax Advisors

Ernst & Young
11 Mounts Bay Road,
PERTH WA 6000

Share Registry

Computershare
Level 2, Reserve Bank Building
45 St George's Terrace,
PERTH WA 6000

Solicitors

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WEST PERTH WA 6005

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1st Floor, 25 Richardson Street,
WEST PERTH WA 6005

Website

www.sipa.com.au

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Chairman's Address

The past year continued to see high levels of activity at Sipa's 100% owned Thaduna Project in the Gascoyne region of Western Australia. The quest for primary mineralisation under Enigma Secondary Copper Blanket continued to prove difficult and expensive.

In January, Sipa began to switch focus to its Kitgum Pader Base metals and Gold Project in Northern Uganda. The reason was partly due to the incredible support we received from investors for the exploration work done and integrated interpretation formed, to identify a completely new, potentially mineralised terrane, within a previously unexplored part of Uganda. This was in no minor part due to the influence and geological vision of Geocrust, Sipa's 20% partner in Uganda of which the late Dr Nick Archibald was its principal Director. It was also partly due to the ever increasing difficulty in defining and drilling more primary targets under the extensive 5km by 2km Enigma Secondary Copper Blanket.

We believe the exploration programme conducted during 2013/14 has placed Sipa in an enviable position to make an economic discovery at Kitgum Pader either in an intrusive hosted magmatic nickel copper sulphide system such as Akelikongo or stratiform zinc lead silver "Broken Hill Type" Mineralisation such as at Pamwa, or another yet to be identified style that this prospective cratonic margin setting may hold.

Our first drill hole in Uganda was drilled at the Akelikongo prospect in June. LMR002, (LMR001 was a water bore for the village), intersected nickel sulphides in the form of pentlandite and pyrrhotite in the last two meters of the hole ending in sulphide mineralisation. It was a brilliant start but tempered by the reality that it occurred on the day of Nick Archibald's memorial service in Perth. It is sad that Nick did not get to bear witness of the proof of his concepts.

In July this year, Mike Doepel stepped down as Managing Director of Sipa after 28 years at the helm and Lynda Daley was appointed Managing Director. During Mike's reign, Sipa 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. On behalf of the board I would like to thank Mike for his efforts in leading Sipa for all those years. We are fortunate to have a person of Ms Daley's technical skills and experience to take over the Managing Director's role.

David Williams has also stepped down as a Director and I would like to thank David for his valuable contribution to the company. Mr Paul Kiley was appointed as a Director and he brings unique skills to the Board having had over 25 years of commercial experience in the mining and oil and gas industries.

I would particularly like to thank Bill Willmott our Country Manager and Director in Uganda, without whom the Kitgum Pader project would not have got off the ground and also for the work done in creating strong community support for land access. Thanks also goes to Chris Willmott. Your efforts in initiating Sipa's Community and Social Responsibility Programs are instrumental in Sipa's continued community support and open access to all the lands over which its tenements lie. To all of our employees, thanks for a job well done, at times under difficult circumstances.



P I B Pearce
Chairman

30 September 2014

Review of Operations

Overview

The year was not without its challenges for a junior exploration company.

During the first half of the year Sipa continued to drill at its 100% owned Thaduna project in an attempt to identify significant primary sulphide mineralisation under the Enigma Secondary copper Blanket. The drilling did identify 5 holes that contained the primary copper sulphide chalcopyrite but work remained challenging and expensive. AMT was conducted in December and further work in the form of 3d modelling of all drilling, geological and geophysical datasets was conducted in an attempt to further refine the primary targets.

March saw the Company take to fund raising to continue its efforts at Thaduna and Kitgum-Pader. \$4.4M was raised under the Entitlement Offer and Shortfall which saw Acorn Capital enter the register. Whilst the funds were raised to continue at Thaduna and further Kitgum-Pader, a groundswell of interest in the Kitgum-Pader project, has led to an increase in activities at the Ugandan project.

At Akelikongo drill testing of the coincident nickel, copper & platinum group soil anomaly intersected ultramafic host rocks with contained sulphides of pentlandite, pyrrhotite and chalcopyrite.

The best intersection returned was **LMR022 55m at 0.52% Nickel and 0.15% Copper** from surface to the end of hole, with the drilling defining a zone around 500m long and 100m wide which contains many holes where sulphide mineralization was present at the base of the hole in fresh rock. The zone appears to strike north-west southeast and dip to the northeast and is open to the southeast. Follow up of this target using ground Electro Magnetics to define conductors representing massive sulphides is planned as soon as the weather permits.

Subsequent to year end Sipa drilled at the Pawma soil anomaly. The results confirmed zinc lead silver mineralisation over more than 500m strike. The



RAB Drilling at Akelikongo

strongest intercept **was 5m at 2% Zinc, 0.2% Lead, 2.4ppm Silver and 97ppm Cadmium** from 20m to 25m at the end of the hole in LMC010.

Drilling of some 5 targets occurred until rain stopped drilling access to many of the targets. It's expected that work will recommence in late October once the rainy season has abated.

The drilling is considered to have been incredibly successful with the identification of a mineralised intrusive related nickel copper sulphide system at the first target and a sulphide mineralised Broken Hill Type stratiform Zinc Lead Silver Cadmium rich system at the second, both over 500m in length.

At Thaduna in July 2014 three further diamond holes were targeted to intersect primary mineralised targets under the Enigma Secondary Copper blanket. These holes were disappointing in that the drilling was incredibly challenging and the only mineralisation intersected was the secondary copper blanket. Follow up RAB/AC drilling is underway at present to test some shallow regional targets away from Enigma.

The funding environment continues to be challenging and Sipa will continue to evaluate opportunities to explore alternative funding mechanisms for both Uganda and Thaduna.

Review of Operations

Kitgum-Pader Base Metals & Gold Project – Uganda

Sipa 80%

Background

The Kitgum-Pader Basemetals & Gold Project comprises 15 exploration licences covering 6,350 square kilometres in central northern Uganda, East Africa (Figure 1). The

Project came about following the 2011 acquisition of relatively new airborne magnetic/radiometric data sets over East Africa, and the subsequent geological/metallogenic interpretation of the data sets by Sipra and Geocrust Pty Ltd (Geocrust). Geocrust is a private company established by the late Dr Nick Archibald.

During field reconnaissance in December 2011, Sipra and Geocrust recognised outcrops strikingly similar to the

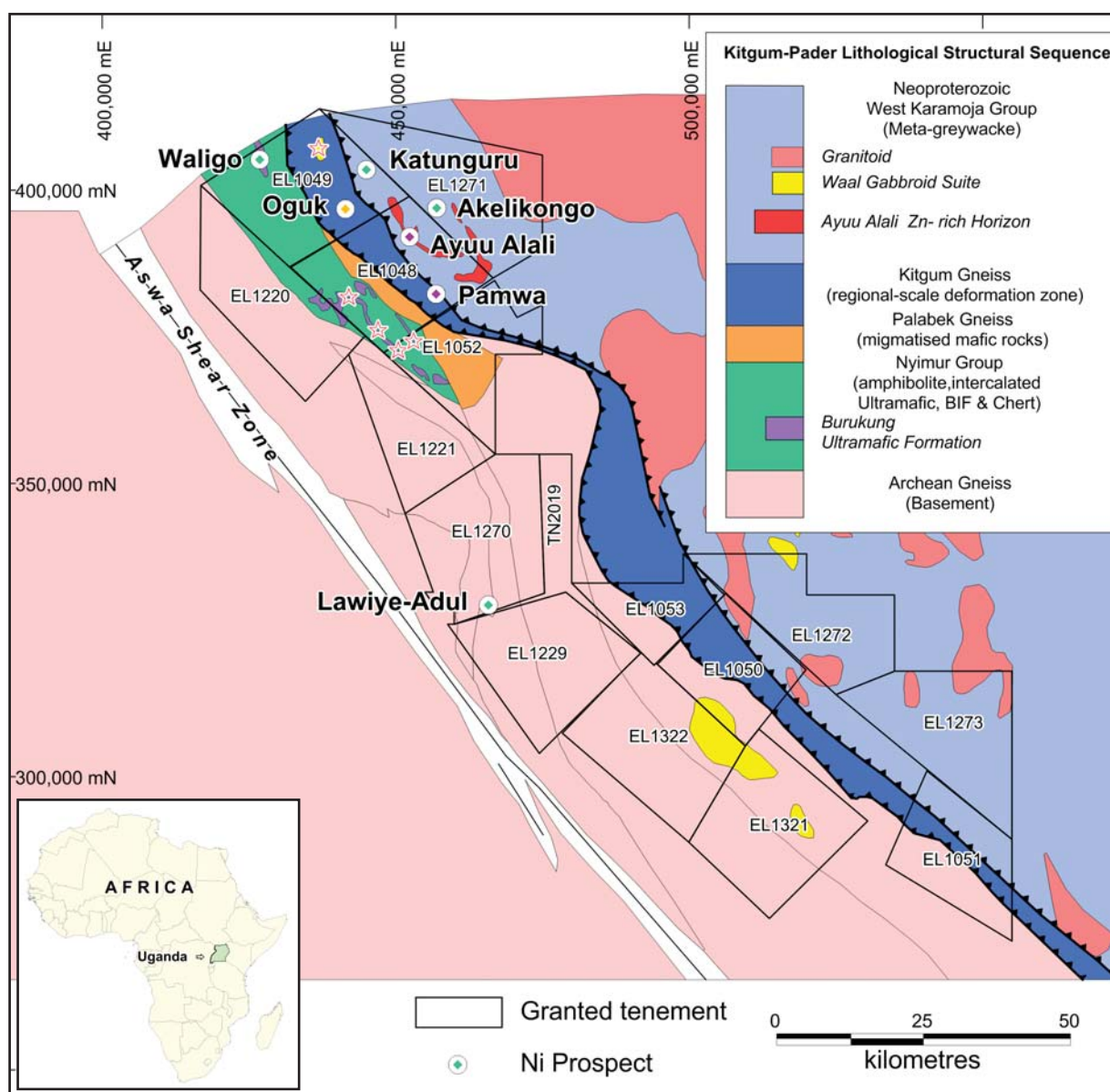


Figure 1 - Regional Interpreted Geology of Hronsky

Review of Operations

host 'Mine Series' sequence at the giant Broken Hill Lead-Zinc-Silver Deposit in NSW, Australia, to the northwest of Kitgum, Uganda. It was these observations that led to formation of an incorporated joint venture, SiGe East Africa Pty Ltd (SiGe), which is 80% owned by Sipa and 20% owned by Geocrust, and SiGe's wholly owned subsidiary, Sipa Exploration Uganda Limited (SEUL), and the application for mineral tenements.

Tenements were granted in late 2012, fieldwork commenced in early 2013, and by end of June 2014, some 33,791 soil samples had been collected, along with geological mapping by Nick Archibald. The results of this fieldwork have identified 13 geochemical anomalies across four different target types:

- Broken Hill-style Lead-Zinc-Silver (Pb, Zn, Ag),
- Thompson Belt style and Norilsk-style Nickel-Copper-Platinum (Ni, Cu, Pt) Group Element; and
- Tropicana-style Orogenic Gold (Au) deposits.

There is no record that systematic mineral exploration has ever been conducted over this ground holding. The Ugandan project is entirely compatible with Sipa's history of greenfields discovery, this time essentially as a 'first mover' in a virtually unexplored terrane.

The Kitgum-Pader Region is interpreted as being part of the rifted continental margin of the Archaean Congo Supercraton during a major PaleoProterozoic event that culminated in the NeoProterozoic with the overthrusting of the West Karamoja Group meta-sedimentary rocks as an accretionary orogen. This is a geodynamic environment closely analogous to that of the well mineralised PaleoProterozoic Thompson and Raglan Nickel Belts that formed on the margin of the Archaean Superior Craton in Canada and quite possibly, the rifted and deformed Broken Hill terrane in New South Wales, Australia. The rock sequences are now represented as dominantly high grade metamorphic gneisses and amphibolites.

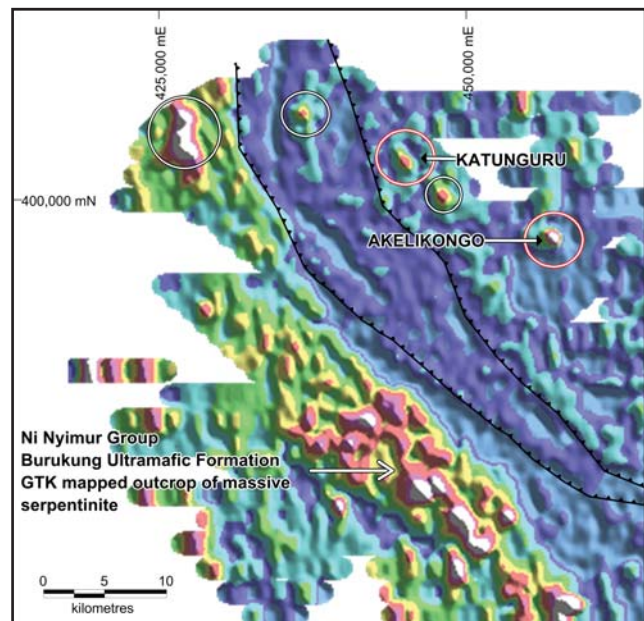


Figure 2 - Nickel Sulphide Prospectivity - Nyimur Group

A regional soil sampling program commenced during 2013 and identified numerous geochemical anomalies including a strong zinc, lead, silver, cadmium, anomaly over 1.5km within the Kitgum Gneiss at Pamwa. Further regional sampling also defined over 75km of extensive zinc rich stratiform horizons, now named the Ayuu Alali horizons in the West Karamoja Group to the east.

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, with the strong geochemical association of zinc lead cadmium silver and manganese.

By integrating the mapping and observations by Nick Archibald and the more regional tectonostratigraphic interpretations by Jon Hronsky, a probable setting of the zinc, lead soil anomalies and a context for the nickel anomalism with two types of settings was proposed.

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- 1) The broad and extensive nickel anomalies in the west of the tenements were interpreted to be part of a stratigraphic unit named the "Nyimur Gniess" containing meta-ultramafic rocks and banded iron formations and thought to represent a rift setting and preserved greenstone belt. This is interpreted by Hronsky to be analogous to the Thompson Nickel Belt in Canada. (Figure 2)
- 2) A series of highly fractionated gabbroic intrusives, one being associated with the Neoproterozoic Waal Titanium occurrence and documented in the Government commissioned GTK Consortium Mapping in the south east of the project area, were named by Hronsky as the "Waal Gabbroid Suite". The discrete soil nickel copper anomalies with supporting elevated Platinum Group such as at Akelikongo were also identified as being part of this intrusive suite. Hronsky stated that the soil anomalism and the shape of the anomaly at Akelikongo and others were likely to be represent discrete mafic intrusions and further, the Titanium and Vanadium anomalism with some of the anomalies suggested that they may contain titanomagnetite rich zones, a common cumulus phase in highly fractionated mafic magmas. These observations and others led Hronsky to conclude that some of these intrusions, where associated nickel, copper, platinum and palladium anomalies occurred, may represent chonoliths a type of intrusion commonly associated with economically significant nickel sulphide mineralised systems (Figures 1 & 2).

The soil sampling also identified a strong and distinct linear arsenic anomaly, named Oguk hosted in the Kitgum Gneiss. Assaying of the infill 200 metre by 50 metre sampling over an area of about 3 kilometres by 1 kilometre returned anomalous gold up to 230ppb, with supporting arsenic and bismuth. There are numerous gold, arsenic and bismuth soil anomalies which are thought to be related to Orogenic style Gold deposits possibly similar to Tropicana in Western Australia's Albany Fraser Belt.



Soil Sampling Program

The soil sampling program continued in 2014 with a grand total of 38,101 samples collected by mid September. Continued soil sampling at West Pader identified the Lawiye-Adul nickel copper and chrome anomaly which was reconnaissance drilled during August.

2014 Drill Program

In June 2014 the first ever drilling program in this region commenced the testing of soil anomalies. Drilling of 6,624m over 5 target areas was achieved before wet weather stopped the program in mid August.

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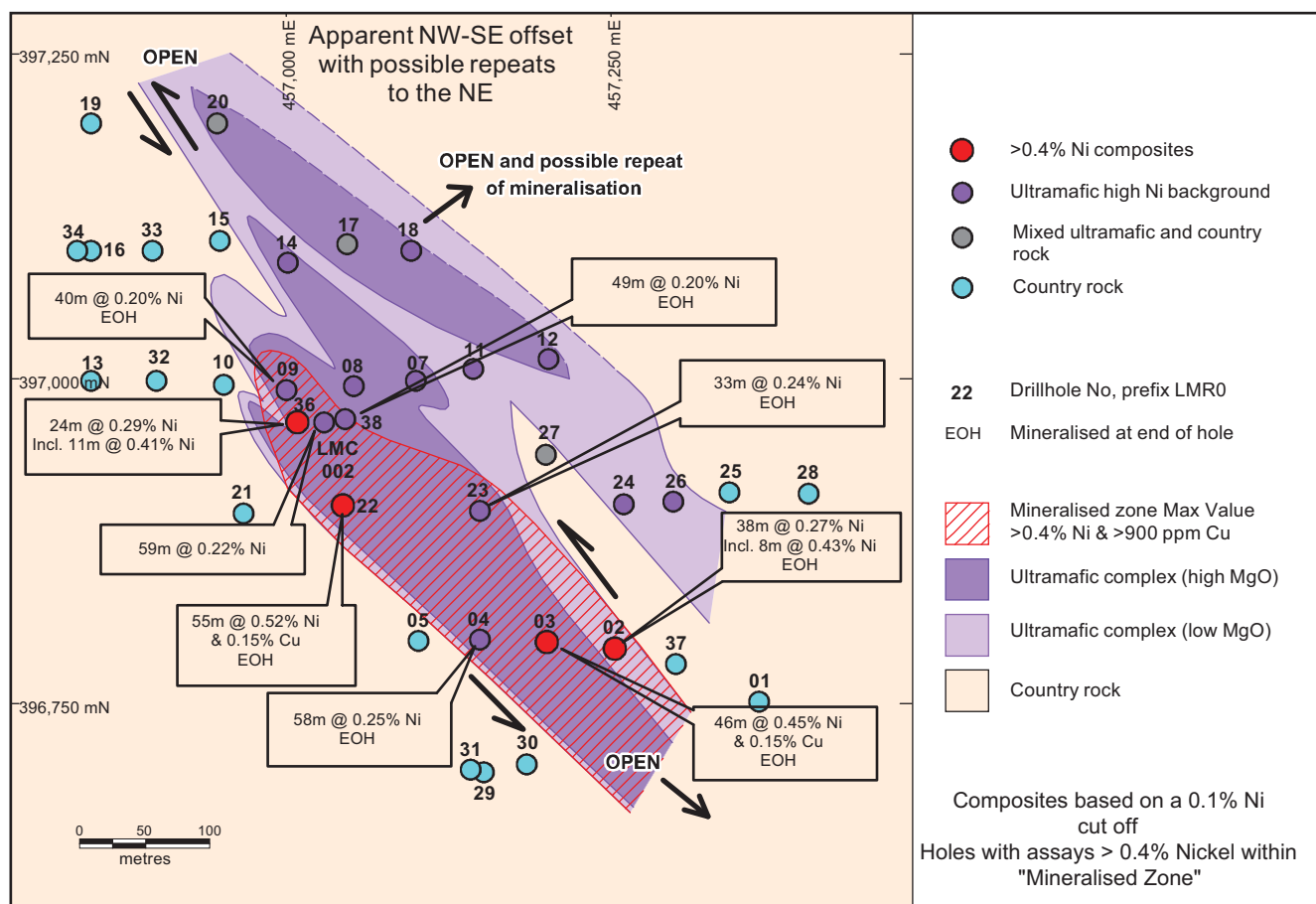


Figure 3 - Drill Hole Location Plan of Akelikongo

Akelikongo

At Akelikongo drill testing of the coincident nickel copper and platinum group soil anomaly with values up to 3,200ppm Ni, 879ppm Cu & 31.5ppb Pt & Pd respectively intersected ultramafic host rocks with contained sulphides of pentlandite, pyrrhotite and chalcopyrite.

As shown in Figure 4 best intersections returned were

- LMR002 **38m at 0.27% Ni** from 0 to end of hole (EOH) including 8m at 0.43% Ni (EOH)
- LMR003 **46m at 0.45% Ni and 0.15% Cu** from 0 to EOH
- LMR022 **55m at 0.52% Ni and 0.15% Cu** from 0 to EOH

- LMR036 **24m at 0.29% Ni** from 0 including 11m @ **0.41% Ni** from 9 to 20m

The drilling has defined a zone around 500 m long and 100m wide which contains many holes where mineralization ended at the base of the hole. The zone appears to strike northwest south east and dip to the northeast and is open to the south east (Figure 3).

Follow up of this target using ground Electro Magnetics to define conductors representing massive sulphides is planned as soon as the weather permits. All Akelikongo results were previously reported (ASX announcements dated 23 June and 18 August 2014).

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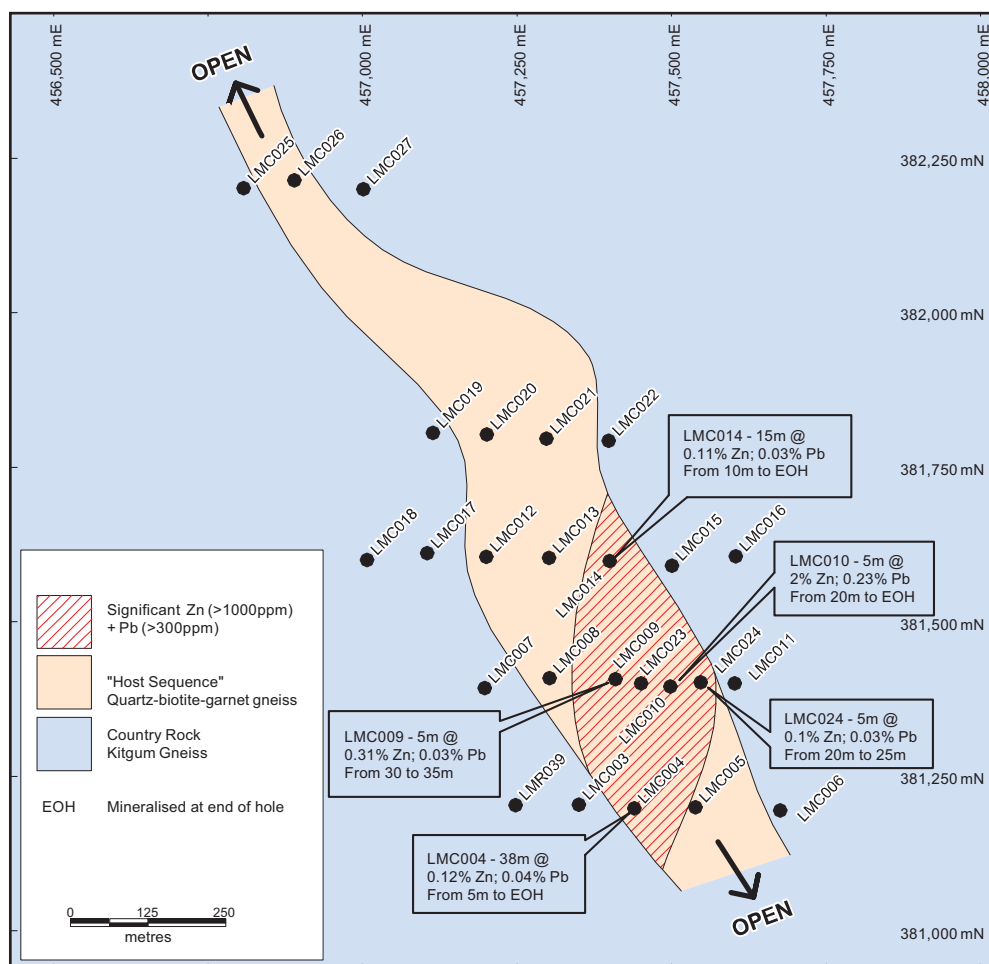


Figure 4 - Drill Hole Location Plan of Pamwa

Pamwa

The Pamwa zinc, lead, silver & cadmium soil anomaly was drilled during July and resulted in the discovery of a Broken Hill Type zinc lead, cadmium, silver mineralised system. The strongest intercept was:

LMC 010 with 5m at 2% Zn, 0.2% Pb, 2.4ppm Ag and 97ppm Cd from 20m to 25m at the end of the hole.

This intercept is located within a wider anomalous zone defined by a >1000ppm zinc contour and an even larger >1000ppm manganese anomalous zone defined as the "geological host sequence" (Figure 4).

Best results obtained at Pamwa were

- LMC010 5m* @ 2.00% Zn, 0.23% Pb, 97 ppm Cd and 2.4 ppm Ag from 20m
- LMC004 38m* @ 0.12% Zn, 0.04% Pb, 1.9 ppm Cd from 5m
- LMC014 15m* @ 0.11% Zn, 0.03% Pb, 2.6 ppm Cd from 10m

* These shallow holes all ended in Zn mineralisation.

All Pamwa results were previously reported (ASX announcement dated 26 August 2014).

As at the date of the report, assay results from the other target areas drilled had not been received.

Review of Operations

Thaduna Base Metals Project – Western Australia

Sipa 100%

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 Gascoyne 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. (Figure 5)

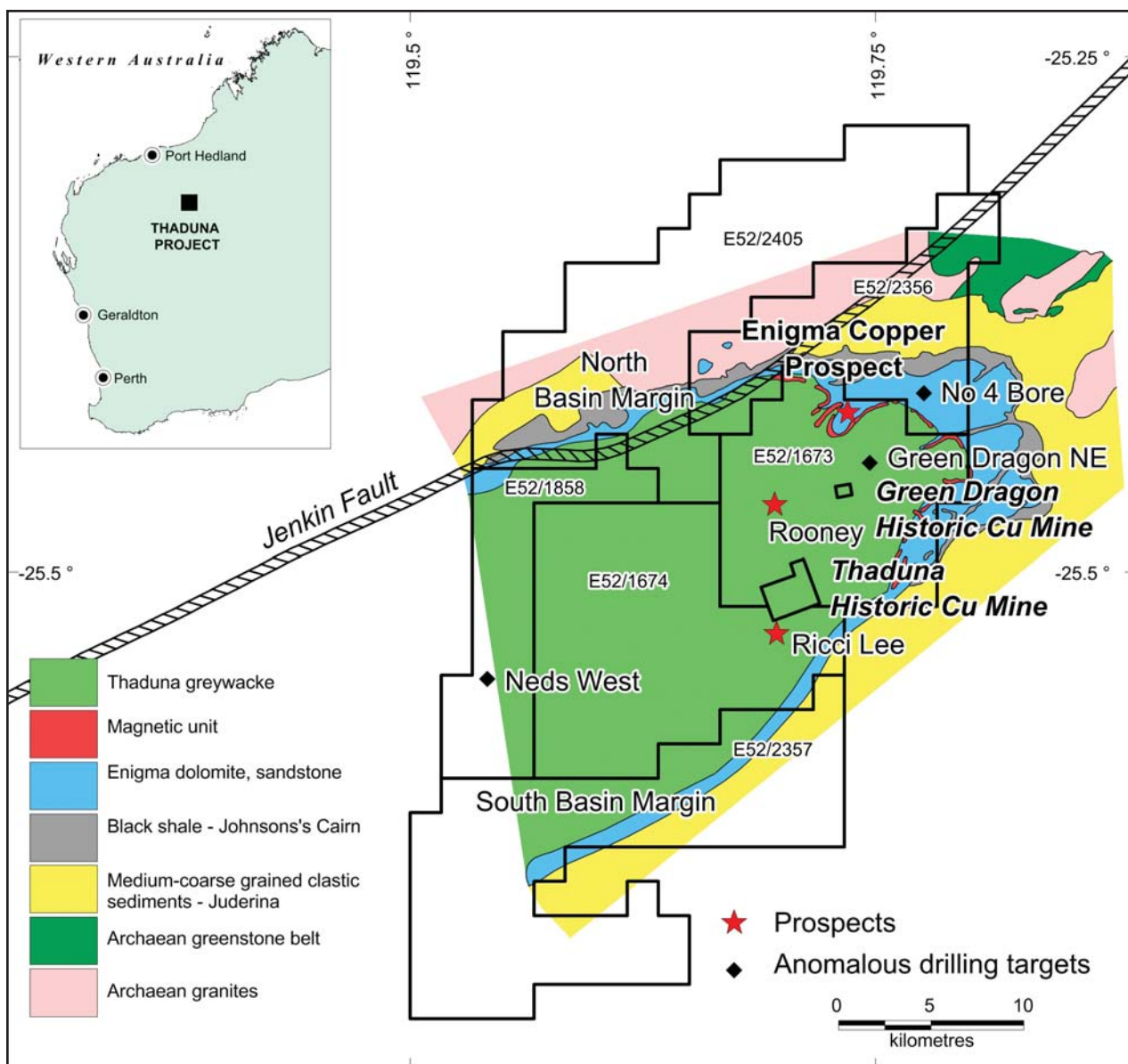


Figure 5 - Location of Thaduna Tenements, Geology and Prospects

Review of Operations

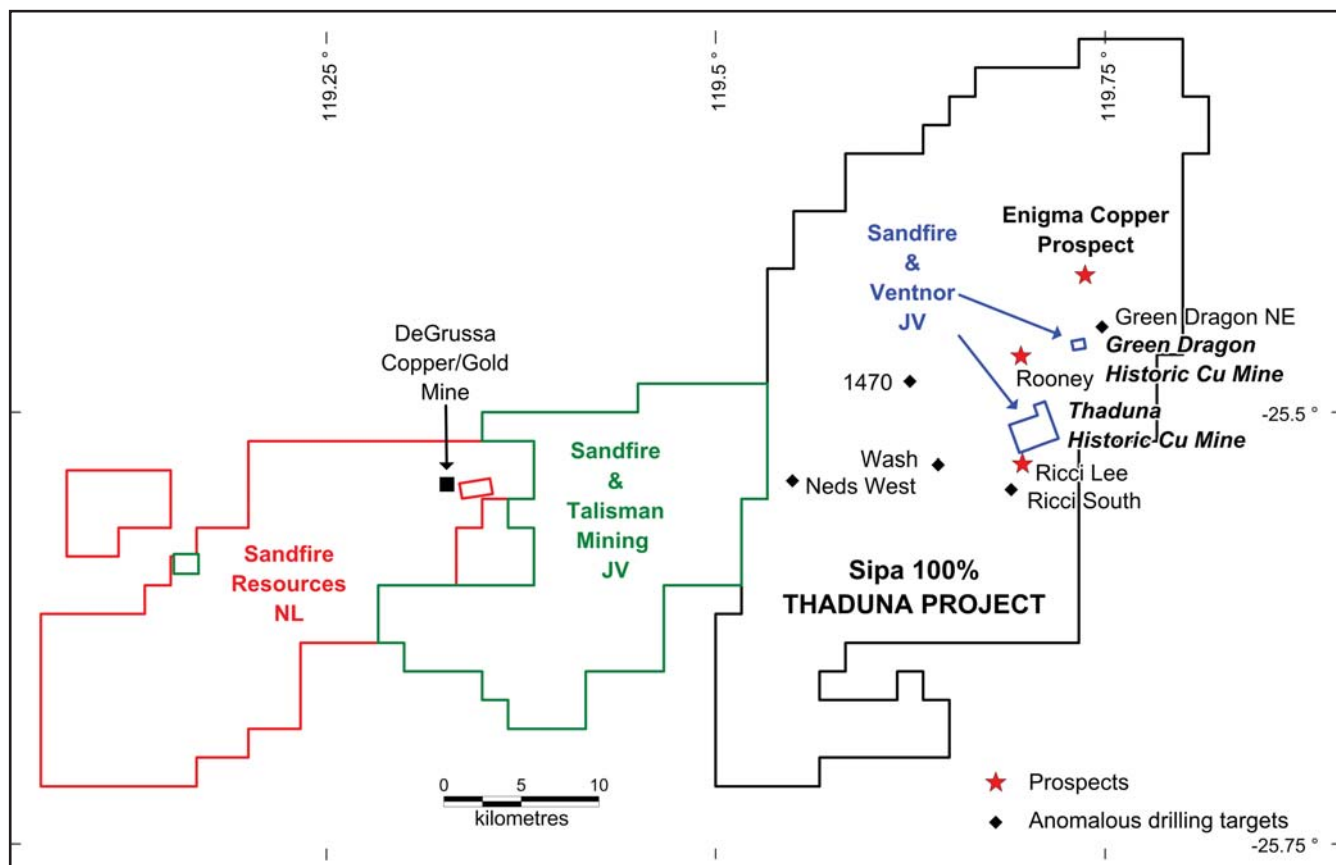


Figure 6 - Location of Thaduna Tenements and Prospects

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 late into 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.

During the year some better intersections at Thaduna were returned from RC and Aircore drilling, including drill intersections of up to 34m grading 2.8% copper, including 11m grading 7.6% copper (Sipa ASX report dated 23 August 2013). A number of chalcopryite-bearing intersections, of up to 63m grading 1.1% copper were also intersected (Sipa ASX report dated 2 September 2013). The most recent diamond drilling

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programme in June and July 2014 targeted these high grade “feeder” structures, and other structures, where upgrading due to orogenesis may have occurred. Results from the three holes drilled were disappointing with secondary copper blanket style mineralisation intersected but no primary intersections achieved.

Two Audio Magneto Telluric (AMT) geophysical survey programs, the first comprising three lines totalling 32 kilometres and the second comprising 9 Lines for 32 kilometres was conducted over the Enigma Copper prospect and its environs.

Results of the first survey were extremely helpful for both direct drill targeting and for understanding the 3-dimensional architecture of the sedimentary basin that hosts the Thaduna Project and anticipate the second will contribute further. It is believed that the sedimentary basin hosting Thaduna is very clearly prospective for very large sediment-hosted copper deposits with affinities to the Central African Copperbelt Mt Isa Copper-Nifty ‘spectrum’ of deposits, and that the AMT survey has advanced our understanding of basin bounding faults and probable fluid conduits. (Figure 7). The area is clearly prospective for more Thaduna style deposits as well, however this has not been Sipa’s primary focus to date.

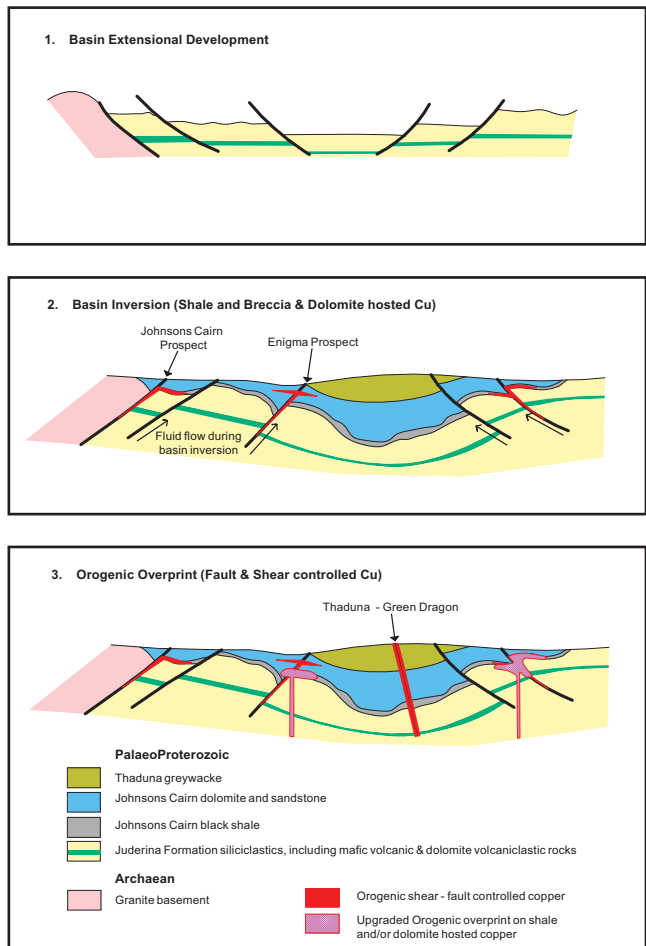


Figure 7 - Progressive Basin Architecture and Copper Mineralisation Mechanisms through time

Antofagasta Alliance – Western Australia

As of January 30, 2014 Sipa reached agreement with a wholly owned subsidiary of Antofagasta plc (Antofagasta) on the completion of the Strategic Copper Exploration Alliance.

The Alliance, which has been in effect since October 2011, and included an equity investment in Sipa by Antofagasta, was initially due to be completed in October 2014. However, in part, not being able to secure access to a large area for greenfields exploration meant that one of the basic premises of the Alliance could not be met.

The other prime aims of the Alliance were essentially achieved in the time frame to late 2013.

During the course of the Alliance, Antofagasta funded approximately \$1.6 million towards generative copper exploration in Western Australia, exclusive of Sipa’s existing projects, which include the Thaduna Copper Project. Antofagasta continues to be a shareholder of the Company.

Statement of Corporate Governance Practices

CORPORATE GOVERNANCE

Sipa's Corporate Governance policies have been formulated to ensure that it is a responsible corporate citizen. Unless otherwise noted, Sipa complies with all aspects of the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations with 2010 Amendments 2nd Edition" ("The ASX Principles"). A description of the Company's main corporate governance practices is set out below. All of these practices were in place for the whole of the financial year unless otherwise noted.

THE BOARD OF DIRECTORS

The Board is responsible to shareholders for the overall Corporate Governance of the Sipa Group including its strategic direction, establishing goals for management and monitoring the achievement of those goals in a way which ensures that the interest of shareholders and stakeholders are promoted and protected. The Board operates in accordance with the broad principles set out in its charter which is available in the corporate governance information section of the Company's website at www.sipa.com.au.

Composition of the Board

The composition of the Board is determined in accordance with the following principles and guidelines:

- the Board should comprise at least five directors and should maintain a majority of non-executive directors;
- the chairperson must be an independent, non-executive director;
- the Board should comprise directors with an appropriate range of qualifications and expertise; and
- the Board should meet at least quarterly and follow meeting guidelines set down to ensure all directors are made aware of, and have available all necessary information, to participate in an informed discussion of all agenda items.

Board Responsibilities

The responsibility for the operation and administration of the Sipa Group is delegated by the Board to the Managing Director and the executive team.

Specifically, the Board is responsible for:

- Identifying the expectation of the shareholders, as well as other regulatory and ethical expectations and obligations;
- Ensuring that the executive team is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the Managing Director and executive team;
- Appointing and removing the managing director/CEO and overseeing succession plans for the senior executive team;
- Setting strategic direction of the Sipa Group and monitoring management's performance within that framework;
- Ensuring there are adequate resources available to meet Sipa's objectives;
- Approving and monitoring financial reporting and capital management;
- Approving and monitoring the progress of business objectives;
- Identifying areas of significant business risk and ensuring that arrangements are in place to adequately manage those risks;
- Ensuring that the Sipa Group has appropriate corporate governance structures in place including standards of ethical behaviour and a culture of corporate and social responsibility; and
- Ensuring that the Board maintains an appropriate range of qualifications and expertise.

Board Members

Details of the members of the Board, their experience, expertise, qualifications, term of office and independent status are set out in the directors' report under the heading "Directors". There are 5 non-executive directors, of which 4 are independent under the ASX Principles, and one executive director at the date of signing the directors' report. Subsequent to year end, Mr Doepel retired from the position of Managing Director and assumed a position of non-executive director. He is not considered to be independent.

Statement of Corporate Governance Practices

Independence of Directors

The Company considers that an independent director is a non-executive director who is not a member of management and who is free of any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the independent exercise of their judgement. This independence is assessed continually throughout the year. Broadly, independent directors are non-executives, who:

- Are not a substantial shareholder of the Company or otherwise associated with a substantial shareholder of the Company;
- Have not been employed, or previously been employed in an executive capacity by the Company, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- Have not within the last three years been a principal of a material professional advisor or a material consultant to the Company;
- Is not a material supplier or customer of the Company or an officer of otherwise associated directly or indirectly with a material supplier or customer;
- Does not have a material contractual relationship with the Company or another Group member other than as a director.

Materiality for these purposes is determined on both quantitative and qualitative bases. An amount of over 5% of the Company's expenditure or 10% of the advisor's turnover is considered material.

There are procedures in place, agreed by the Board, to enable directors in furtherance of their duties to seek independent professional advice at the Company's expense.

COMMITTEES OF THE BOARD

- Audit Committee;
- Nomination & Compensation Committee; and
- Continuous Disclosure Committee

Audit Committee

The Board has established an Audit Committee, which operates under a charter approved by the Board. A copy of the charter can be found in the corporate governance information section of the Company's website at www.sipa.com.au. It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes. This includes the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators. The Board has delegated the responsibility of the establishment and maintenance of a framework of internal control and ethical standards for the management of the consolidated entity to the audit committee.

When considering the Audit Committee's review of financial reports, the Board receives a written statement, signed by the Managing Director and the Chief Financial Officer, that the company's financial reports give a true and fair view, in all material respects, of the company's financial position and comply in all material respects with relevant accounting standards.

The Audit Committee is also responsible for nomination of the external auditor and reviewing the adequacy of the scope and quality of the annual statutory audit and half year review.

The members of the Audit Committee are Messrs D L Gooding (Chairman) and D J Williams, both of whom are independent, non-executive Directors. The Board has determined that two members are sufficient. This is one fewer than the minimum of 3 outlined in the ASX Principles. The qualifications of Audit Committee members and their attendance at meetings are detailed in the Directors' Report.

Continuous Disclosure Committee

The Board has established a Continuous Disclosure Committee, which operates under a charter approved by the Board. It is the Board's responsibility to ensure that an effective Continuous Disclosure policy exists within the governance structure of Sipa and that an ongoing effective compliance regime is maintained.

Statement of Corporate Governance Practices

This primary responsibility of the Committee is to establish, regularly review and monitor a Continuous Disclosure Policy which:

- Ensures compliance with continuous disclosure requirements of the ASX Listing Rules, the Corporations Act 2001 and the procedures set down by the Board of Sipa including review and verification of the accuracy of all public releases to the ASX of material consequence, prior to release to the market;
- Prevents selective or inadvertent disclosure; and
- Establishes guidelines for the review of all public relations materials including briefings and communications in general.

Copies of both the Charter and the Policy can be found at the website www.sipa.com.au.

The members of the Continuous Disclosure Committee are Mrs Karen Field (Chair), Mr Michael Doepel and Tara Robson, Company Secretary. Ms Robson has been nominated as the person responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements under the ASX Listing Rules and overseeing information disclosure to the ASX, analysts, brokers, shareholders, and the public.

Nomination and Compensation Committee

The Board has established a Nomination and Compensation committee, which operates under a charter approved by the Board. A copy of the charter can be found in the corporate governance information section of the Company's website at www.sipa.com.au.

The Board recognises that corporate performance is enhanced when there is a Board with the appropriate competencies to enable it to discharge its mandate effectively. The Committee's primary functions are to:

- Identify and evaluate the particular skills, experience and expertise that will best complement the Board's effectiveness;
- Review Board succession plans;
- Evaluate the Board's performance;
- Make recommendations for the appointment and removal of directors to the Board;
- Periodically review performance and succession planning for the Managing Director, senior executives and other key staff; and
- Review and make recommendations to the Board on remuneration packages and policies applicable to the senior executives and directors.

The members of the Nomination and Compensation Committee during the year were Mr P I B Pearce (Chairman) and Mrs K L Field. The Board has determined that two members are sufficient. This is one fewer than the minimum of 3 outlined in the ASX Principles. The qualifications of Nomination and Compensation committee members are detailed in the Directors' Report.

DIVERSITY

The Board is committed to workplace diversity, with a particular focus on supporting the representation of women at the senior level of the Company and on the Board. This is demonstrated by the current composition of the Board, in particular the appointment of Ms Lynda Daley as Managing Director in July, the executive team and staff. Despite such obvious commitment, the Board has not however does not currently have a policy or measurable targets to document that commitment as the size of Company, does not warrant such. The Company is proud of its diverse culture with 4 of our 12 employees immigrating to Australia. In addition, two of the 6 Directors are women and two of the three executives are female. The overall commitment is demonstrated below

	Total	% of Women
Employees	9	56%
Executives (including MD)	3	67%
Directors	6	33%

Statement of Corporate Governance Practices

REMUNERATION AND PERFORMANCE

Board remuneration and performance

Non-executive director compensation

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of the directors. Non-executive directors' fees and payments are determined within an aggregate directors' fee pool limit, which is periodically recommended by the Nomination and Compensation Committee for approval by shareholders. The maximum currently stands at \$200,000 which has not been adjusted since 2004. It is the discretion of the board to distribute this pool amongst the non-executive directors based on the responsibilities assumed. Further details of the compensation of non-executive directors for the period ending 30 June 2014 is detailed in the Remuneration Report.

Performance review

During the current year, neither the Board nor the Nomination & Compensation Committee has completed a review of performance. The Board did, however at the majority of Board meetings considers its composition in relation to the skills that are necessary to meet Sipa's strategic objectives, and appropriate succession plans.

Executive compensation

The Nomination and Compensation Committee of the Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for the directors, the managing director (CEO) and the senior management team. The Nomination and Compensation Committee assess the appropriateness of the nature and amount of remuneration of directors and senior managers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team.

Executive compensation framework

The Company aims to reward the executive with a level and mix of compensation commensurate with their position and responsibilities within the company. It also strives to ensure the general level of compensation and benefits for persons holding similar positions in the mining industry in Western Australia is achieved and other such factors as the Board considers relevant. The Nomination and Compensation Committee is assisted in the process by the use of independent salary data.

There is no short term incentive component. The executive pay and reward framework has 3 components:

- Base pay;
- Long-term incentives through participation in the Sipa Resources Employee Share Option Plan; and
- Superannuation at the statutory rate.

Whilst the objective of the executive remuneration framework is to link the executive reward to the performance of the consolidated entity over a number of years, there are no predetermined measures within the exploration industry which directly link the executive compensation to either the earnings of the company or to the growth of shareholder wealth. Base pay is structured as a total employment cost package which may be delivered as a mix of cash and other benefits at the executives' discretion with the objective of ensuring that it is competitive when considering the market for a comparable role. The committee is able to obtain independent advice, at the Company's expense, as to the appropriateness of remuneration packages and uses this information to perform a peer analysis.

The committee meets as and when required to review and make recommendations to the Board regarding the compensation arrangements for the Directors, the Managing Director and other senior executives. There were no performance evaluations undertaken during the year for the Managing Director or other Senior Executives. Plans are underway to conduct such reviews in the current financial year.

Further information on directors' and executives' remuneration is set out in the directors' report.

Statement of Corporate Governance Practices

CODE OF CONDUCT

The Company has developed a Code of Conduct which applies to all directors, employees and consultants. In summary, the code requires that at all times all company personnel act with the utmost integrity, objectivity and in compliance with the letter and the spirit of the law and company policies.

SHARE TRADING POLICY

The Company has implemented a share trading policy to outline permitted trading in Company securities by directors, employees and consultants.

SHAREHOLDER COMMUNICATIONS

The Company has developed a Shareholder Communications Policy.

A copy of the Code of Conduct, Share Trading Policy and Shareholders Communications Policy can be found at www.sipa.com.au.

RISK MANAGEMENT

The identification and effective management of material business risks is viewed as an essential part of the Company's approach to creating long-term shareholder value. Management, through the Managing Director, is responsible for designing, implementing and reporting on the adequacy of the Company's risk management and internal control system.

The Company carries out risk specific management activities in four specific areas: strategic risk, operational risk, financial reporting risk and compliance risk. These risks are reviewed at least annually by the board as part of annual strategy session. Management reports quarterly to the Board on the Company's key risks and the extent to which it believes these risks are being managed.

The Board, in conjunction with the Audit Committee, is responsible for satisfying itself annually that the system of risk management and internal controls is sound and is operating adequately.

The Board is responsible for determining the company's risk tolerance, identifying areas of significant business risks, and ensuring that arrangements are in place to adequately manage those risks.

Management is responsible for identifying specific risks and the implementation of mitigating controls over those risks. The Managing Director is responsible to the board for ensuring that the risk management system is maintained in accordance with this policy. In conjunction with the Managing Director, the Company Secretary is responsible for the implementation and continuous program of risk assessment including those procedures necessary to provide assurance to the board that the risk management and internal control system is operating effectively to reduce financial reporting risks.

The Board also receives a written assurance from the Chief Executive Officer and Company Secretary that to the best of their knowledge and belief, the declaration provided by them in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in relation to financial reporting risks. The Board notes that due to its nature, internal control assurance from the CEO and Company Secretary can only be reasonable rather than absolute. Sipa does not have an internal audit function as the size of the business does not warrant one.

There are no departures from the Corporate Governance Principles and Recommendations with 2010 Amendments Edition 2nd Edition, other than noted above.

Directors Report

Your Directors submit their report on the consolidated entity (referred to hereafter as the Group) consisting of Sipa Resources Limited and the entities it controlled at the end of, or during, the year ended 30 June 2014.

DIRECTORS

The names and details of the Company's directors in office during the financial year and up to the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

NAMES, QUALIFICATIONS, EXPERIENCE AND SPECIAL RESPONSIBILITIES

Peter Ian Blair Pearce, ACSM F AusIMM – Independent Non-Executive Director (Chairman)

Mr Pearce is a mining engineer with some 35 years of experience in gold and base metals project evaluation, development and management. In addition to Chairman of the Board, Mr Pearce is Chairman of the Nomination and Compensation Committee. During the past three years Mr Pearce has not been a director of any other listed company.

Lynda Margaret Daley, BSc (Hons) GAICD, MAusIMM, MSEG, (Exploration Manager 5 June 2014 to 24 July 2014, Managing Director since 24 July 2014)

Ms Daley is a geologist with over 25 years experience in the mineral exploration industry, including most recently as Director – Exploration Australia for Newmont Asia Pacific. 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 executive director of Summit Resources Ltd, and for Newmont Pty Ltd at the Telfer Gold Mine and Worsely Alumina at the Boddington gold mine at its commencement. Prior to her appointment as Managing Director, Lynda was employed as the exploration manager during the period from 5 June 2014 to 30 June 2014. Lynda was appointed to Managing Director subsequent to the period end on 24 July 2014.

Ms Daley has been a member of the Continuous Disclosure Committee since 24 July 2014. During the past three years Ms Daley has not been a director of any other listed company.

Michael Glen Doepel, MSc DIC M AusIMM - Non-Executive Director (Appointed 24 July 2014, Resigned 12 September 2014), Managing Director, Executive Director (Retired from position 24 July 2014)

Mr Doepel is a West Australian geologist with over thirty years involvement in mineral exploration. Mr Doepel is a member of the Continuous Disclosure Committee. During the past three years Mr Doepel has not been a director of any other listed company.

Subsequent to the period end, on 24 July 2014, Mr Doepel retired from the position of Managing Director. On that same date Mr Doepel was appointed a Non-Executive Director of the Company. On 12 September 2014, Mr Doepel resigned from the position of Non-Executive Director.

Dalton Leslie Gooding, B.BUS, FCA – Independent Non-Executive Director

Mr Gooding is a chartered accountant with over 30 years experience within the corporate and business sector including 14 years as a partner of Ernst & Young before starting his own practice of Gooding Partners (formerly Gooding Pervan) in 1998. Mr Gooding is the Chairman of the Audit Committee. During the past three years Mr. Gooding has also served as a director of the following other listed companies:

- Avita Medical Limited (director since November 2002 – 1 July 2014)
- Anatolia Energy Limited (director since November 2002 – 1 April 2011)
- Katana Capital Limited (director since November 2005)
- Brierty Limited (director since October 2007)

David John Williams, LL.B, FAICD – Independent Non-Executive Director

Mr Williams is a commercial lawyer with 30 years experience advising in resources, corporate and business matters. He is the commercial counsel of the West Perth law practice of Williams & Hughes Pty Ltd. Mr Williams is a member of the Audit Committee. During the past three years Mr. Williams has not served as a director for any other listed companies.

Directors Report

Karen Lesley Field, B Ec – Independent Non-Executive Director

Mrs Field has over three decades experience in the mining industry and has held executive roles in a variety of industry sectors in Australia and South America. Mrs Field is the Chair of the Continuous Disclosure Committee and a member of the Nomination and Compensation Committee. During the past three years Mrs Field has also served as a director of the following other listed companies:

- Aurizon Holdings Limited (director from 19 April 2012)
- Mining and Civil Australia Limited (director from 11 June 2011 – 30 April 2012)

COMPANY SECRETARY

The company secretary is Ms Tara Robson, B.A. Accounting. Ms Robson was appointed company secretary on 8 April 2004. Before joining Sipa Resources Limited, she served as consultant to the Company. She has held a similar role with listed entities since 1997. Prior to that Ms Robson was a senior audit manager with a major accounting practice.

INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY

As at the date of this report, the interests of the directors in the shares and options of Sipa Resources Limited were:

Directors	Fully Paid Ordinary Shares	Share Options	Options Issued During The Year
P I B Pearce	1,742,082	435,521	435,521
L M Daley	300,000	300,000	300,000
D L Gooding	258,690	64,673	64,673
D J Williams	1,000,000	1,000,000	1,000,000
K L Field	750,000	750,000	750,000

All of the Options issued during the year were pursuant to the non-renounceable entitlement offer dated 24 March 2014 and were not remuneration options.

PRINCIPAL ACTIVITIES

The principal activities of the companies in the Group were the acquisition and exploration of mineral tenements in Australia and Uganda.

DIVIDENDS

No dividend has been paid or declared by the Company in respect of the financial year ended 30 June 2014 and the directors do not recommend the payment of a dividend in respect of the financial year.

REVIEW AND RESULTS OF OPERATIONS

The Company continued with exploration activities on its mineral tenements within Australia. The consolidated entity's loss after tax for the financial year ended 30 June 2014 was \$4,504,830 (2013: Loss \$5,717,678).

Continuing Operations	Consolidated	
	2014 \$	2013 \$
Revenue	120,829	356,780
Other income	8,107	-
Exploration expenditure	(1,937,525)	(3,998,588)
Administrative expenses	(1,662,500)	(1,502,134)
Share of net loss of jointly controlled entity	(1,033,741)	(569,736)
Impairment loss on available for sale assets	-	(4,000)
Net loss for the year	(4,504,830)	(5,717,678)

At 30 June 2014 the Groups cash and cash equivalents balance was \$4,013,814 and there was no debt.

Directors Report

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

During the financial year there was no significant change in the state of affairs of the consolidated entity other than as follows:

On 24 March 2014 the Company lodged a prospectus to undertake a non-renounceable entitlement issue to eligible shareholders of up to approximately 160,521,671 fully paid ordinary shares (**Shares**) at an issue price of \$0.035 per Share on the basis of 1 Share for every 3 Shares held on the record date of 2 April 2014 and 160,521,671 options (**Options**) on the basis of 1 free attaching Option for every Share issued with each Option having an exercise price of \$0.075 and expiring on 5 November 2015 to raise funds to undertake exploration programs over the Company's 80% interest in the Kitgum – Pader precious and base metals project in Uganda, undertake exploration activities associated with the Company's Thaduna copper project, to meet the expenses of the entitlement issue, and general working capital.

Through the take-up of the entitlement issue and shortfall, 127,010,160 Shares and 127,010,160 Options were issued to raise total proceeds of \$4,445,356. In addition 7,000,000 Options were issued to Blue Ocean Equities Pty Limited for service related to the management of the shortfall under the Entitlement Issue.

EVENTS SUBSEQUENT TO BALANCE DATE

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years, except for the following:

On 24 July 2014, Mr Doepel retired from the position of Managing Director and Ms Lynda Daley was appointed as Managing Director. On that same date Mr Doepel was appointed a Non-Executive Director of the Company. On 12 September 2014, Mr Doepel resigned from the position of Non-Executive Director.

FUTURE DEVELOPMENTS

The consolidated entity intends to continue its current operations of tenement acquisition and mineral exploration with a view to commercial development.

Likely developments that are included elsewhere in this report or the financial statements will, amongst other things, depend upon the success of the exploration and development programs.

ENVIRONMENTAL REGULATIONS

In the course of its normal mining and exploration activities the consolidated entity promotes an environmentally responsible culture and adheres to environmental regulations of the Department of Industry and Resources, particularly those regulations relating to ground disturbance and the protection of rare and endangered flora and fauna. The consolidated entity has complied with all material environmental requirements up to the date of this report.

SHARE OPTIONS

Unissued shares

As at the date of this report, there were 156,468,496 unissued ordinary shares under options (156,468,496 at reporting date). Refer also to Note 13 of the financial statements for further details of the options outstanding.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the company or any related body corporate.

Shares issued as a result of the exercise of options

There were 3,334 fully paid ordinary shares issued pursuant to the exercise of options during or since the end of the financial year.

Directors Report

INDEMNIFYING OFFICER

The Company has agreed to indemnify each of the Directors from liabilities incurred while acting as a director and to grant certain rights and privileges to the Director to the extent permitted by law.

The Company has not, during or since the end of the financial year, in respect of any person who is or has been an officer of the Company or a related body corporate incurred any expense in relation to the indemnification.

The Company has also paid premiums to insure each of the Directors and officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of the Company or a controlled entity in the consolidated entity, other than conduct involving a wilful breach of duty in relation to the consolidated entity. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

REMUNERATION REPORT (AUDITED)

The information in this section of the Directors' Report has been audited.

This report outlines the remuneration arrangements in place for directors and Key Management Personnel of Sipra Resources Limited (the Company) in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purposes of this report Key Management Personnel of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

The details of the key management personnel during the year are as follows:

Directors

P I Pearce	Chairman (non-executive)
M Doepel	Managing Director ¹ (executive)
Williams	Director (non-executive)
D Gooding	Director (non-executive)
K Field	Director (non-executive)

Executives

L Daley	Exploration Manager ¹ (5 June – 24 July 2014)
T Robson	Company Secretary

¹ On 24 July 2014, Mr Doepel retired from the position of Managing Director and Ms Lynda Daley was appointed as Managing Director. On that same date Mr Doepel was appointed a Non-Executive Director of the Company. Mr Doepel resigned from the position of Non-Executive Director on 12 September 2014.

Remuneration philosophy

Corporate performance is enhanced when the Board and executives have the appropriate competencies to enable it to discharge its mandate effectively. To prosper, the company must attract, motivate and retain highly skilled directors and executives.

Nomination and Compensation Committee

The Nomination and Compensation Committee of the Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for the directors, the managing director (CEO) and the senior management team. The Nomination and Compensation Committee assess the appropriateness of the nature and amount of remuneration of directors and senior managers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team.

Directors Report

Non-executive director compensation

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of the directors. Non-executive directors' fees and payments are determined within an aggregate directors' fee pool limit, which is periodically recommended by the Nomination and Compensation Committee for approval by shareholders. The maximum currently stands at \$200,000 which was last increased in November 2004. It is the discretion of the board to distribute this pool amongst the non-executive directors based on the responsibilities assumed. The compensation of non-executive directors for the period ending 30 June 2014 is detailed in Table 1 on page 23 of this report.

Executive compensation framework

The Company aims to reward the executive with a level and mix of compensation commensurate with their position and responsibilities within the company. It also strives to ensure the general level of compensation and benefits for persons holding similar positions in the mining industry in Western Australia is achieved and other such factors as the Board considers relevant. The Board (through the Nomination and Compensation Committee) is assisted in the process by the use of independent salary data.

There is no short term incentive component. The executive pay and reward framework has 3 components:

- Base pay;
- Long-term incentives through participation in the Sipa Resources Limited Employee Share Option Plan details of which are set out on page 6; and
- Superannuation at the statutory rate.

Whilst the objective of the executive remuneration framework is to link the executive reward to the performance of the consolidated entity over a number of years, there are no predetermined measures within the exploration industry which directly link the executive compensation to the earnings of the company. Base pay is structured as a total employment cost package which may be delivered as a mix of cash and other benefits at the executives' discretion with the objective of ensuring that it is competitive when considering the market for a comparable role. It is reviewed periodically.

The table below shows the performance of the Group as measured by share price.

As at 30 June	2014	2013	2012	2011	2010
Share price (cents per share)	\$0.049	\$0.058	\$0.087	\$0.057	\$0.082
Net loss per year ended	\$4,504,830	\$5,717,678	\$5,151,591	\$5,714,585	\$3,326,688

The fixed compensation of the key management personnel is detailed in Table 1 below.

Directors Report

Table 1: Remuneration of key management personnel for the year ended 30 June 2014 and 30 June 2013

		Short-term benefits	Post-employment		Other long-term benefits	Share- based payment			
Name		Cash Salary and fees	Super- annuation	Retirement Provision*	Long Service Leave	Options	Total	% Performance Related	% Options
Non-executive directors									
P I B Pearce	2014	57,656	5,338	-	-	-	62,994	0%	0%
	2013	78,487	7,063	-	-	-	85,550	0%	0%
D L Gooding	2014	25,711	2,476	-	-	-	28,187	0%	0%
	2013	35,000	3,150	-	-	-	38,150	0%	0%
D J Williams	2014	25,711	2,476	-	-	-	28,187	0%	0%
	2013	35,000	3,150	-	-	-	38,150	0%	0%
K L Field	2014	25,711	2,476	-	-	-	28,187	0%	0%
	2013	35,000	3,150	-	-	-	38,150	0%	0%
Executive director									
M G Doepel ¹	2014	275,000	25,438	-	6,162	-	306,600	0%	0%
	2013	275,000	24,750	-	5,527	-	305,277	0%	0%
Other key management personnel									
L M Daley ¹	2014	18,836	1,789	-	-	-	20,625	0%	0%
	2013	-	-	-	-	-	-	0%	0%
T A Robson	2014	106,764	-	-	-	-	106,764	0%	0%
	2013	95,788	-	-	-	-	95,788	0%	0%

The non-executive directors waived their fees for a period during the year whilst funding opportunities were considered.

* The Directors' Retirement Scheme, approved by a meeting of shareholders, was frozen in the year ended 30 June 2008 with no further provision being made.

¹ On 24 July 2014, Mr Doepel retired from the position of Managing Director and Ms Lynda Daley was appointed as Managing Director. On that same date Mr Doepel was appointed a Non-Executive Director of the Company. Mr Doepel resigned from the position of Non-Executive Director on 12 September 2014.

Table 2: Compensation options: Granted and vested during the year

Long term incentives are administered through participation in the Sipa Resources Employee Share Option Plan (the "ESOP"). The ESOP was last approved by members at the 25 November 2010 AGM in an effort to meet the conditions of the ASIC class order for an eligible scheme and for purposes of Listing Rule 7.1.

The ESOP provides for free options to be issued to Participants, as determined by the directors in their absolute discretion based on various factors including length of service and the contribution that the participant will have to the long term performance of the Company. In the event of an employee or key management personnel leaving the Company, the options held are forfeited, unless otherwise agreed by the Board. The expense recognised in profit and loss in relation to share-based payments is disclosed in Note 3(c).

The Board is of the view that the expiry date and exercise price of issued options is sufficient to align the goals of directors and executives with those of the shareholder to maximise shareholder wealth, and as such, has not set any performance conditions for the directors or the executives of the Company with the exception of continued service.

Directors Report

Table 2: Compensation options: Granted and vested during the year (Continued)

The Company prohibits key management personnel from entering into any arrangement which has the effect of limiting their exposure in relation to the risk inherent in issued options. The Company's Share Trading Policy governs when Sipa employees, directors, contractors, and consultants may deal in the Company's securities and the procedures that must be followed for such dealings. A copy of the policy is located at sipa.com.au.

No options have vested or were granted during the current or previous financial year.

Table 3: Value of options awarded, exercised and lapsed during the year

There were no options awarded or exercised during the current or previous year. There were no alterations to the terms and conditions of options awarded as remuneration since their award date.

Further details relating to options are set out below:

Shares provided on exercise of remuneration options

There were no shares provided on exercise of remuneration options during the financial year ended 30 June 2014.

Lapsed Options

There were no options which lapsed during the year.

Service Agreements

Compensation and other terms of employment for the Managing Director and key management personnel are formalised in service agreements. Each of these agreements provide for the provision of cash salary and participation, when eligible, in the Sipa Resources Limited Employee Option Plan. Other major provisions are set out below.

M G Doepel, Managing Director (Until retirement on 24 July 2014)

- Term of agreement, 1/12/10 – 1/12/13, and continuing monthly until retirement on 24 July 2014.
- Base salary of \$275,000 and \$25,437 superannuation
- Termination notice of 3 months by either the company or the Managing Director.
- Payment of termination benefit on early termination by the employer other than for gross misconduct equal to the annual remuneration package.

L M Daley, Exploration Manager (5/6/14 – 24/7/14), Managing Director (24/7/14 – Present)

- Term of agreement is continuing.
- Base salary of \$275,000 and \$18,783 superannuation
- Termination notice of 6 months by the company or 3 months by the Managing Director.
- Payment of termination benefit on early termination by the employer other than for gross misconduct equal to 6 months the annual remuneration package.
- Ms Daley may terminate the agreement by 1 months notice in the event she is demoted from her position without good cause, or is requested, without good cause to assume responsibilities or perform tasks not reasonably consistent with her position. In this instance, she will, subject to shareholder approval if necessary, be entitled to a payout of 1 years base salary.

T A Robson, Company Secretary

- Base salary of \$112 per hour
- Termination notice of 1 month by either party

Directors Report

Table 4: Share holdings of key management personnel (including nominees)

The numbers of shares in the company held during the financial year by each director of Sipa Resources Limited and other key management personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

2014	Balance at the start of the year	Received during the year on exercise of options	Acquisition pursuant to Entitlement Offer & Shortfall ^	Other changes during the year	Balance at the end of the year
Directors					
P I B Pearce	1,306,561	-	435,521	-	1,742,082
M G Doepel	5,174,514	-	5,714,286	-	10,888,800
D L Gooding	194,017	-	64,673	-	258,690
D J Williams	-	-	1,000,000	-	1,000,000
K L Field	-	-	750,000	-	750,000
Executives					
L M Daley	-	-	300,000	-	300,000
T A Robson	3,915,384	-		(819,266)	3,096,118

^ Relates to shares purchased by Directors at fair value through the entitlement offer and shortfall undertaken during the period, Directors were acting as shareholders and no shares were issued as compensation for services provided.

Table 5: Option holdings of key management personnel (including nominees)

30 June 2014	Balance at start of the year	Granted as remuneration	Options exercised	Acquisition pursuant to Entitlement Offer & Shortfall ^	Balance at the end of the year	Vested (Exercisable)	Unvested (Non-exercisable)
Directors							
P I B Pearce	-	-	-	435,521	435,521	435,521	-
M G Doepel	2,000,000	-	-	5,714,286	7,714,286	7,714,286	-
D L Gooding	-	-	-	64,673	64,673	64,673	-
D J Williams	-	-	-	1,000,000	1,000,000	1,000,000	-
K L Field	-	-	-	750,000	750,000	750,000	-
Executives							
L M Daley	-	-	-	300,000	300,000	300,000	-
T A Robson	1,000,000	-	-	-	1,000,000	1,000,000	-
Totals	3,000,000	-	-	7,724,708	11,264,480	11,264,480	-

^ Relates to free attaching options acquired by Directors at fair value through the entitlement offer and shortfall undertaken during the period, Directors were acting as shareholders and no options were issued as compensation for services provided.

Other transactions with key management personnel

Mr D J Williams, a director of the company, is a commercial counsel with the legal practice Williams and Hughes Pty Ltd which provides legal advice to the company. All transactions with Williams and Hughes are at competitive market rates and performed primarily by staff of Williams and Hughes Pty Ltd. The total services recognised as an expense for the year amounted to \$5,998 (2013: \$11,301).

This is the end of the Remuneration Report

Directors Report

DIRECTORS' ATTENDANCE AT MEETINGS

	Directors' Meetings	Audit Committee	Nomination and Compensation Committee	Continuous Disclosure Committee
Number of meetings held	11	2	-	-
Number of meetings attended				
P I B Pearce	11	N/A	-	N/A
M G Doepel	11	N/A	N/A	-
D L Gooding	11	2	N/A	N/A
D J Williams	10	1	N/A	N/A
K L Field	11	1 (As Alternate for Mr Williams)	-	-

LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

The lead auditor's independence declaration under Section 307c of the Corporations Act 2001 forms part of the Directors' Report and is set out on the following page.

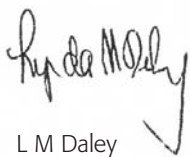
NON-AUDIT SERVICES

The following non-audit services were provided by the entity's auditor, Ernst & Young. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Ernst & Young received or are due to receive the following amounts for the provision of non-audit services:

Tax compliance services	\$19,989
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Signed in accordance with a resolution of the directors.



L M Daley

Managing Director

DATED 17 September 2014

Auditor's Independence Declaration to the Directors of SIPA Resources Limited

In relation to our audit of the financial report of SIPA Resources Limited for the financial year ended 30 June 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young



G Lotter
Partner

17 September 2014

Statement of Comprehensive Income

for the year ended 30 June 2014

		Consolidated	
	Note	2014 \$	2013 \$
Revenue	3	120,829	356,780
Other income	3	8,107	-
Exploration expenditure	3	(1,937,525)	(3,998,588)
Administrative expenses		(1,662,500)	(1,502,134)
Impairment loss on available for sale assets		-	(4,000)
Share of net loss of jointly controlled entity		(1,033,741)	(569,736)
Loss before income tax		(4,504,830)	(5,717,678)
Income tax expense	4	-	-
Net loss for the year		(4,504,830)	(5,717,678)
<i>Items that may subsequently be classified through profit and loss</i>			
Exchange differences arising on translation of foreign operations		30,285	(58,175)
Total comprehensive loss for the year		(4,474,545)	(5,775,853)
Loss per share (cents per share)			
- Basic loss per share for the year	15	(0.80)	(1.10)
- Diluted loss per share for the year	15	(0.80)	(1.10)

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Balance Sheet

as at 30 June 2014

		Consolidated	
	Note	2014 \$	2013 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5	4,013,814	3,811,327
Term deposits reserved for rehabilitation	6	162,368	200,368
Trade and other receivables	7	80,191	202,784
Prepayments		35,246	137,800
Total Current Assets		4,291,619	4,352,279
Non-Current Assets			
Available-for-sale financial assets	8	8,000	8,000
Investment in jointly controlled entity	21	112,865	68,405
Other financial assets	9	44,245	44,245
Property, plant and equipment	10	295,038	376,142
Total Non-Current Assets		460,148	496,792
TOTAL ASSETS		4,751,767	4,849,070
LIABILITIES			
Current Liabilities			
Trade and other payables	11	395,505	309,200
Provisions	12	571,184	641,994
Total Current Liabilities		966,689	951,194
Non-Current Liabilities			
Provisions	12	45,012	43,371
Total Non-Current Liabilities		45,012	43,371
TOTAL LIABILITIES		1,011,701	994,565
NET ASSETS		3,740,066	3,854,505
EQUITY			
Contributed equity	13	93,169,829	88,839,221
Equity benefits reserve		1,203,034	1,173,538
Foreign currency translation reserve		(27,890)	(58,175)
Accumulated losses		(90,604,907)	(86,100,079)
TOTAL EQUITY		3,740,066	3,854,505

The above Balance Sheet should be read in conjunction with the accompanying notes.

Cash Flow Statement

for the year ended 30 June 2014

		Consolidated	
	Note	2014 \$	2013 \$
Cash Flows From Operating Activities			
Payments to suppliers and employees		(1,595,257)	(1,445,935)
Expenditure on exploration interests		(2,002,696)	(5,338,070)
Reimbursement of exploration from other parties		274,450	1,124,596
Receipts from technical service revenue		27,043	114,138
Interest and other items of a similar nature received		93,786	303,542
Receipt of other miscellaneous		35,463	-
Net Cash used in operating activities	16	(3,167,211)	(5,241,729)
Cash Flows From Investing Activities			
Payment for purchases of property, plant and equipment		(10,491)	(106,504)
Proceeds received for sale of property, plant and equipment		30,000	-
Cash provided on maturity of term deposits		-	4,000,000
Cash released from term deposits reserved for rehabilitation		38,000	-
Disbursement to jointly controlled entity		(1,047,916)	(696,316)
Net cash provided by/(used in) investing activities		(990,407)	3,197,180
Cash Flows From Financing Activities			
Proceeds from issuance of shares		4,445,608	1,981,750
Share issue expenses		(85,503)	(45,567)
Net cash provided by financing activities		4,360,105	1,936,183
Net Increase/ (Decrease) In Cash And Cash Equivalents		202,487	(108,366)
Cash And Cash Equivalents At Beginning Of Year		3,811,327	3,919,693
Cash And Cash Equivalents At The End Of The Year	5	4,013,814	3,811,327

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

for the year ended 30 June 2014

CONSOLIDATED	Note	Issued capital \$	Accumulated losses \$	Equity benefits reserve \$	Foreign Currency Translation Reserve	Asset revaluation reserve \$	Total \$
At 30 June 2012		86,903,038	(80,382,401)	1,173,538	-	-	7,694,175
Loss for the year		-	(5,717,678)	-	-	-	(5,717,678)
Other comprehensive loss		-	-	-	(58,175)	-	(58,175)
Total comprehensive loss for the year		-	(5,717,678)	-	(58,175)	-	(5,775,853)
Shares issued	13	1,981,750	-	-	-	-	1,981,750
Cost of issuing shares	13	(45,567)	-	-	-	-	(45,567)
At 30 June 2013		88,839,221	(86,100,079)	1,173,538	(58,175)	-	3,854,505
Loss for the year		-	(4,504,830)	-	-	-	(4,504,830)
Other comprehensive profit/(loss)		-	-	-	30,285	-	30,285
Total comprehensive loss for the year		-	(4,504,830)	-	30,285	-	(4,474,545)
Shares issued	13	4,445,606	-	-	-	-	4,445,606
Cost of issuing shares	13	(114,998)	-	29,496	-	-	(85,502)
At 30 June 2014		93,169,829	(90,604,909)	1,203,034	(27,890)	-	3,740,064

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes

Notes to the Financial Statements

for the year ended 30 June 2014

1. CORPORATE INFORMATION

The financial report of Sipa Resources Limited for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of the directors on 17 September 2014.

Sipa Resources Limited is a for profit company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange. The nature of the operations and principal activities of the company are described in the Directors' report. The parent entity is Sipa Resources Limited.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has been prepared on a historical cost basis, except for available for sale financial assets that have been measured at fair value.

(b) Compliance statement

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(c) Going concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

At balance date the Group had cash and cash equivalents of \$4,013,814 (30 June 2013: \$3,811,327) and a net working capital surplus of \$3,324,930 (30 June 2013: \$3,401,085).

Whilst sufficient cash is available to meet general and administrative requirements, additional funding may be necessary for the Group to fulfil its proposed exploration program in the next 12 months.

At the date of this report, the directors are satisfied there are reasonable grounds to believe that the Group will be able to continue its planned exploration and evaluation activities and the Group will be able to meet its obligations as and when they fall due. The directors are confident that the Group will be able to raise additional capital if required.

Should the Group not achieve the matter set out above, there is uncertainty whether the Group would continue as a going concern and therefore whether it would realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial statements do not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

(d) New accounting standards and interpretations

Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year. From 1 July 2013 the Group has adopted all accounting Standards and Interpretations, mandatory for annual periods beginning on or before 1 July 2013, including:

Reference	Title
AASB 10	Consolidated Financial Statements AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 <i>Consolidated and Separate Financial Statements</i> dealing with the accounting for consolidated financial statements and UIG-112 Consolidation - Special Purpose Entities. The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. Consequential amendments were also made to this and other standards via AASB 2011-7 and AASB 2012-10.

Notes to the Financial Statements

for the year ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reference	Title
AASB 11	<p>Joint Arrangements</p> <p>AASB 11 replaces AASB 131 <i>Interests in Joint Ventures</i> and UIG-113 <i>Jointly- controlled Entities - Non-monetary Contributions by Ventures</i>.</p> <p>AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method.</p> <p>Consequential amendments were also made to this and other standards via AASB 2011-7, AASB 2010-10 and amendments to AASB 128. Amendments made by the IASB in May 2014 add guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business</p>
AASB 12	<p>Disclosure of Interests in Other Entities</p> <p>AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates, structured entities and subsidiaries with non-controlling interests.</p>
AASB 13	<p>Fair Value Measurement</p> <p>AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets.</p> <p>AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.</p> <p>Consequential amendments were also made to other standards via AASB 2011-8.</p>
AASB 119	<p>Employee Benefits</p> <p>The main change introduced by this standard is to revise the accounting for defined benefit plans. The amendment removes the options for accounting for the liability, and requires that the liabilities arising from such plans is recognised in full with actuarial gains and losses being recognised in other comprehensive income. It also revised the method of calculating the return on plan assets.</p> <p>The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date.</p> <p>Consequential amendments were also made to other standards via AASB 2011-10.</p>

Adoption of these standards and interpretations did not have any material effect on the financial position or performance of the Group.

The Group has not elected to early adopt any new standards or amendments.

Notes to the Financial Statements

for the year ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting Standards and Interpretations issued but not yet effective

Australian Accounting Standards and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ended 30 June 2014. The Group have assessed that these standards and interpretations should not have a material effect on the financial statements. These are outlined in the table below:

Reference	Title	Summary	Application date of standard*	Application date for Group*
AASB 2012-3	Amendments to Australian Accounting Standards - <i>Offsetting Financial Assets and Financial Liabilities</i>	AASB 2012-3 adds application guidance to AASB 132 <i>Financial Instruments: Presentation</i> to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.	1 January 2014	1 July 2014
Interpretation 21	<i>Levies</i>	This Interpretation confirms that a liability to pay a levy is only recognised when the activity that triggers the payment occurs. Applying the going concern assumption does not create a constructive obligation.	1 January 2014	1 July 2014
AASB 9	<i>Financial Instruments</i>	<p>On 24 July 2014 The IASB issued the final version of IFRS 9 which replaces IAS 39 and includes a logical model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.</p> <p>IFRS 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early application. The own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments.</p> <p>The final version of IFRS 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.</p> <p>The AASB is yet to issue the final version of AASB 9. A revised version of AASB 9 (AASB 2013-9) was issued in December 2013 which included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures.</p> <p>AASB 9 includes requirements for a simplified approach for classification and measurement of financial assets compared with the requirements of AASB 139.</p> <p>The main changes are described below.</p>	1 January 2018	1 July 2018

Notes to the Financial Statements

for the year ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reference	Title	Summary	Application date of standard*	Application date for Group*
		<p>a. Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.</p> <p>b. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.</p> <p>c. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.</p> <p>d. Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:</p> <ul style="list-style-type: none"> • The change attributable to changes in credit risk are presented in other comprehensive income (OCI). • The remaining change is presented in profit or loss. <p>AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss.</p> <p>Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E.</p>		
AASB 2013-3	<i>Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets</i>	AASB 2013-3 amends the disclosure requirements in AASB 136 Impairment of Assets. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal.	1 January 2014	1 July 2014

Notes to the Financial Statements

for the year ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reference	Title	Summary	Application date of standard*	Application date for Group*
AASB 2013-4	Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting [AASB 139]	AASB 2013-4 amends AASB 139 to permit the continuation of hedge accounting in specified circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations.	1 January 2014	1 July 2014
AASB 2013-5	Amendments to Australian Accounting Standards – Investment Entities [AASB 1, AASB 3, AASB 7, AASB 10, AASB 12, AASB 107, AASB 112, AASB 124, AASB 127, AASB 132, AASB 134 & AASB 139]	These amendments define an investment entity and require that, with limited exceptions, an investment entity does not consolidate its subsidiaries or apply AASB 3 <i>Business Combinations</i> when it obtains control of another entity. These amendments require an investment entity to measure unconsolidated subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. These amendments also introduce new disclosure requirements for investment entities to AASB 12 and AASB 127.	1 January 2014	1 July 2014
AASB 2014-1 Part A -Annual Improvements 2010–2012 Cycle	<i>Amendments to Australian Accounting Standards - Part A Annual Improvements to IFRSs 2010–2012 Cycle</i>	<p>AASB 2014-1 Part A: This standard sets out amendments to Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards (IFRSs) <i>Annual Improvements to IFRSs 2010–2012 Cycle</i> and <i>Annual Improvements to IFRSs 2011–2013 Cycle</i>.</p> <p>Annual Improvements to IFRSs 2010–2012 Cycle addresses the following items:</p> <ul style="list-style-type: none"> • AASB 2 - Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'. • AASB 3 - Clarifies the classification requirements for contingent consideration in a business combination by removing all references to AASB 137. • AASB 8 - Requires entities to disclose factors used to identify the entity's reportable segments when operating segments have been aggregated. An entity is also required to provide a reconciliation of total reportable segments' asset to the entity's total assets. • AASB 116 & AASB 138 - Clarifies that the determination of accumulated depreciation does not depend on the selection of the valuation technique and that it is calculated as the difference between the gross and net carrying amounts. • AASB 124 - Defines a management entity providing KMP services as a related party of the reporting entity. The amendments added an exemption from the detailed disclosure requirements in paragraph 17 of AASB 124 for KMP services provided by a management entity. Payments made to a management entity in respect of KMP services should be separately disclosed. 	1 July 2014	1 July 2014

Notes to the Financial Statements

for the year ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reference	Title	Summary	Application date of standard*	Application date for Group*
AASB 2014-1 Part A -Annual Improvements 2011–2013 Cycle	<i>Amendments to Australian Accounting Standards - Part A Annual Improvements to IFRSs 2011–2013 Cycle</i>	<p>Annual Improvements to IFRSs 2011–2013 Cycle addresses the following items:</p> <ul style="list-style-type: none"> AASB13 - Clarifies that the portfolio exception in paragraph 52 of AASB 13 applies to all contracts within the scope of AASB 139 or AASB 9, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132. AASB140 - Clarifies that judgment is needed to determine whether an acquisition of investment property is solely the acquisition of an investment property or whether it is the acquisition of a group of assets or a business combination in the scope of AASB 3 that includes an investment property. That judgment is based on guidance in AASB 3. 	1 July 2014	1 July 2014
AASB 1031	<i>Materiality</i>	<p>The revised AASB 1031 is an interim standard that cross-references to other Standards and the <i>Framework</i> (issued December 2013) that contain guidance on materiality.</p> <p>AASB 1031 will be withdrawn when references to AASB 1031 in all Standards and Interpretations have been removed.</p> <p>AASB 2014-1 Part C issued in June 2014 makes amendments to eight Australian Accounting Standards to delete their references to AASB 1031. The amendments are effective from 1 July 2014*.</p>	1 July 2014	1 July 2014
AASB 2013-9	Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments	<p>The Standard contains three main parts and makes amendments to a number Standards and Interpretations.</p> <p>Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards.</p> <p>Part C makes amendments to a number of Australian Accounting Standards, including incorporating Chapter 6 <i>Hedge Accounting</i> into AASB 9 <i>Financial Instruments</i>.</p>	^	^

Notes to the Financial Statements

for the year ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reference	Title	Summary	Application date of standard*	Application date for Group*
Amendments to IAS 16 and IAS 38****	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	<p>IAS 16 and IAS 38 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset.</p> <p>The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.</p> <p>The IASB also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.</p>	1 January 2016	1 July 2016
IFRS 15****	Revenue from Contracts with Customers	<p>IFRS 15 establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.</p> <p>IFRS 15 supersedes:</p> <ul style="list-style-type: none"> (a) IAS 11 Construction Contracts (b) IAS 18 Revenue (c) IFRIC 13 Customer Loyalty Programmes (d) IFRIC 15 Agreements for the Construction of Real Estate (e) IFRIC 18 Transfers of Assets from Customers (f) SIC-31 Revenue—Barter Transactions Involving Advertising Services <p>The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:</p> <ul style="list-style-type: none"> (a) Step 1: Identify the contract(s) with a customer (b) Step 2: Identify the performance obligations in the contract (c) Step 3: Determine the transaction price (d) Step 4: Allocate the transaction price to the performance obligations in the contract (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation <p>Early application of this standard is permitted.</p>	1 January 2017	1 July 2017

* Designates the beginning of the applicable annual reporting period unless otherwise stated.
 **** These IFRS amendments have not yet been adopted by the AASB. In order to claim compliance with IFRS, these amendments should be noted in the financial statements.

^ The application dates of AASB 2013-9 are as follows:
 Part B - periods beginning on or after 1 January 2014
 Part C - reporting periods beginning on or after 1 January 2015

Application date for the Group: period beginning 1 July 2014
 Application date for the Group: period beginning 1 July 2015

Notes to the Financial Statements

for the year ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Sipa Resources Limited (the "Company" or "parent entity") and its subsidiaries ("the Group" or "Sipa") as at 30 June each year.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Consolidated Entity's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

(d) Significant accounting judgements, estimates and assumptions

(i) Significant accounting judgements

In the process of applying the Group's accounting policies, management has made no judgements, apart from those involving estimations, which have a significant effect on the amounts recognised in the financial statements except as follows:

(ii) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Share-based payment transactions

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a binomial model, using the assumptions detailed in note 14.

(e) Revenue Recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest income

Revenue is recognised as the interest accrues (using the effective interest method, which is the method that exactly discounts estimated future cash receipts through the life of the financial asset) to the net carrying amount of the financial asset.

Notes to the Financial Statements

for the year ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Technical services revenue

Revenue from the provision of labour services is recognised in the month the service is provided.

(f) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Group as a lessee

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in the income statement.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Lease incentives are recognised in the income statement as an integral part of total lease expense.

(g) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

(h) Term deposits reserved for rehabilitation

Term deposits reserved for rehabilitation, classified as other receivables short to medium term-term deposits with an original maturity of three to twelve months or less.

Bankwest has given a guarantee to the Department of Minerals and Energy in respect of performance bonds totalling \$162,238 for which the bank has a lien on an equivalent amount of the company's term deposits.

(i) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less any allowance for uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment. Bad debts are written off when identified.

(j) Derecognition of financial instruments

The derecognition of a financial instrument takes place when the Group no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

(k) Impairment of Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless that asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash generating unit is considered impaired and is written down to its recoverable amount.

Notes to the Financial Statements

for the year ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Impairment of Assets (continued)

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in the income statement unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(l) Interest in a jointly controlled asset

The Group has an interest in a joint venture that is a jointly controlled asset. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. A jointly controlled asset involves use of assets and other resources of the venturers rather than establishment of a separate entity. The Group recognises its interest in the jointly controlled asset by recognising the assets that it controls and the liabilities that it incurs. The Group also recognises the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the jointly controlled asset.

(m) Interest in a joint venture

The Group has an interest in a joint venture, which is a jointly controlled entity, whereby the venturers have a contractual arrangement that establishes joint control over the economic activities of the entity. The agreement requires unanimous agreement for financial and operating decisions among the venturers. The Group recognises its interest in the joint venture using the equity method. Under the equity method, the investment in the joint venture is carried on the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the joint venture. The statement of comprehensive income reflects the Group's share of the results of operations of the joint venture. When there has been a change recognised directly in equity of the joint venture, the group recognises its share of and changes and discloses this, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture is eliminated to the extent of the interest in the joint venture. The Group's share of profit or loss of the joint venture is shown on the face of the statement of comprehensive income. This is the profit or loss attributable to equity holders of the joint venture and, therefore, is profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture. The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

(n) Foreign currency translation

The Group's consolidated financial report is presented in Australian Dollars, which is also the parent company's functional currency. Each entity in the Group and its joint venture determines its own functional currency and items included in the financial statements of each entity is measured using that functional currency. The assets and liabilities of foreign operations are translated into Australian Dollars at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

Notes to the Financial Statements

for the year ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, or interest in joint ventures and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilised except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries or interest in joint venture, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax liabilities relate to the same taxable entity and the same taxation authority.

(p) GST

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Notes to the Financial Statements

for the year ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Plant and Equipment

Plant and equipment is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

- Plant and equipment 2 – 15 years

The assets residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end.

Derecognition

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is derecognised.

(r) Exploration and Evaluation

Exploration and evaluation expenditure incurred by or on behalf of the consolidated entity is accumulated separately for each prospect area.

The consolidated entity has a policy of writing off all exploration expenditure in the financial year in which it is incurred, unless its recoupment out of revenue to be derived from the successful development of the prospect, or from sale of that prospect, is assured beyond reasonable doubt.

(s) Investments and other financial assets

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets, as appropriate. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss on initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Gains or losses on investments held for trading are recognised in the income statement.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the three preceding categories. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in the income statement.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument that is substantially the same, and discounted cash flow analysis.

Notes to the Financial Statements

for the year ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Impairment of financial assets

The Group assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

(i) Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on held-to-maturity investments or loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (ie the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in income statement.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(ii) Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

(iii) Available-for-sale investments

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the income statement. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. A significant or prolong decline in market value is considered as objective evidence. Reversals of impairment losses for debt instruments are reversed through the income statement if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

(u) Trade and Other Payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(v) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Notes to the Financial Statements

for the year ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Employee Benefits

Provision is made for amounts expected to be paid to employees of the Group in respect of their entitlement to annual leave and long service leave arising from services rendered by employees to the reporting date. Employee benefits due to be settled within one year arising from wage and salaries and annual leave have been measured at the amounts due to be paid when the liabilities are expected to be settled and included in provisions. Long service leave entitlements payable later than one year have been measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. Under the terms of the Directors' Retirement Scheme (applicable to non-executive directors only), approved by a meeting of shareholders, provision has been made for the retirement or loss of office of eligible non-executive Directors of Sipra Resources Limited. The amount payable under the Scheme is equal to one year's remuneration for each three years of completed service as a director of the Company up to a maximum benefit of 3 years remuneration.

(x) Share-based payment transactions

The Group provides benefits to employees (including directors) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions'). Equity-settled transactions with employees and directors are administered through the Sipra Resources Employee Share Option Plan which was approved by shareholders.

The cost of these equity-settled transactions with participants is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a binomial model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Sipra Resources Limited ('market conditions').

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled (other than for reason of forfeiture), it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(y) Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Notes to the Financial Statements

for the year ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(z) Earnings Per Share

Basic EPS is calculated as net profit/loss attributable to members, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit/loss attributable to members, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

3. REVENUES AND EXPENSES

	Consolidated	
	2014 \$	2013 \$
Revenue and Expenses		
(a) Revenue		
Technical service revenue	27,043	114,138
Interest revenue	93,786	242,642
	<u>120,829</u>	<u>356,780</u>
(b) Other income		
Other	8,107	-
	<u>8,107</u>	<u>-</u>
(c) Other expenses		
<i>Exploration expenditure</i>		
Gross exploration expenditure	2,188,209	5,093,687
Less: exploration recouped from other parties	(250,684)	(1,095,099)
	<u>1,937,525</u>	<u>3,998,588</u>
<i>Employee benefits expense</i>		
Wages and salaries	1,421,204	1,483,365
Superannuation	132,146	136,800
Provision for annual leave	68,995	78,339
Provision for long service leave	(13,483)	20,560
Workers compensation insurance	6,137	6,817
	<u>1,614,999</u>	<u>1,725,881</u>
Employee benefits expense included in:		
Exploration expenditure	995,565	1,151,683
Administrative expenses	619,434	574,198
	<u>1,614,999</u>	<u>1,725,881</u>
Depreciation of plant and equipment	61,282	60,661
Rental expenses on operating lease	173,338	155,151

Notes to the Financial Statements

for the year ended 30 June 2014

4. INCOME TAX

	Consolidated	
	2014 \$	2013 \$
(a) Major components of income tax expense for the years ended 30 June 2014 and 2013 are:		
Income Statement		
<i>Current income tax</i>		
Current income tax benefit	-	-
Under/over provision	-	-
<i>Deferred income tax</i>		
Relating to origination and reversal of temporary differences	-	-
Deferred tax assets not recognised	-	-
Income tax expense reported in income statement	-	-
(b) A reconciliation of income tax expense applicable to accounting loss before income tax at the statutory income tax rate to income tax expense at the Group's effective income tax rate for the years ended 30 June 2014 and 2013 is as follows:		
Accounting loss before tax	(4,504,830)	(5,775,853)
At statutory income tax rate of 30% (2013: 30%)	(1,351,449)	(1,732,757)
Non-deductible items	574,695	591,373
Other deductible amounts not recognised	(35,435)	(30,466)
Under/overprovision in prior year	(189,554)	1,479
Unrecognised/(recognised) deferred tax assets	1,001,743	1,170,371
Income tax expense reported in income statement	-	-

Notes to the Financial Statements

for the year ended 30 June 2014

4. INCOME TAX (continued)

	Balance Sheet		Profit or Loss	
	2014	2013	2014	2013
	\$	\$	\$	\$
(c) Deferred income tax				
Deferred income tax at 30 June relates to the following:				
CONSOLIDATED				
Deferred tax liabilities				
Other	(3,882)	(4,070)	188	18,270
	<u>(3,882)</u>	<u>(4,070)</u>		
Deferred tax assets				
Provision for employee entitlements	128,567	149,318	(20,751)	14,049
Superannuation provision	5,558	10,608	(5,050)	6,334
Accruals	10,500	10,500	-	750
Carried forward losses	11,211,864	10,184,508	1,027,356	1,130,968
	<u>11,356,489</u>	<u>10,354,934</u>		
Unrecognised deferred tax assets	(11,352,607)	(10,350,864)	(1,001,743)	(1,170,371)
	<u>3,882</u>	<u>4,070</u>		
Net deferred tax asset	-	-		
Deferred tax expense			-	-
			<u>-</u>	<u>-</u>
			Consolidated	
			2014	2013
			\$	\$
Deferred Tax Assets on the Tax losses not recognised			11,211,864	10,184,508

Directors do not believe it is appropriate to regard realisation of the deferred tax asset as probable as at 30 June 2014. These benefits will only be obtained if:

- (i) the Consolidated Entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deduction for the loss to be realised;
- (ii) the Consolidated Entity continues to comply with the conditions for the deductibility imposed by law; and
- (iii) no changes in tax legislation adversely affect the Consolidated Entity in realising the benefit from the deduction for the loss.

Tax Consolidation

The Company and its 100% owned subsidiaries formed a tax consolidated group effective 1 July 2003. The head entity of the tax consolidated group is Sipa Resources Limited. The Sipa group currently does not intend to enter into a Tax Sharing or Tax Funding Agreement. The group allocation method is used to allocate any tax expense incurred.

Notes to the Financial Statements

for the year ended 30 June 2014

	Consolidated	
	2014 \$	2013 \$
5. CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	526,182	461,695
Short-term deposits	3,487,632	3,349,632
	<u>4,013,814</u>	<u>3,811,327</u>

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The carrying value approximates fair value.

6. TERM DEPOSITS RESERVED FOR REHABILITATION

Term deposits reserved for rehabilitation	162,368	200,368
	<u>162,368</u>	<u>200,368</u>

Bankwest has given a guarantee to the Department of Minerals and Energy in respect of performance bonds totalling \$162,368 for which the bank has a lien on an equivalent amount of the company's term deposits. The amount represents guarantees provided by Bankwest in support of exploration program of works.

7. TRADE AND OTHER RECEIVABLES

Trade receivables (a)	-	23,766
Interest receivable (b)	12,941	13,568
Other receivables (c)	67,250	165,450
	<u>80,191</u>	<u>202,784</u>

(a) Trade receivables represent receivables due from other entities for exploration being conducted by the Group on behalf of the entities or reimbursement of expenses. They are non-interest bearing and due in 30 days. An allowance for doubtful debts is made when there is objective evidence that a trade receivable is impaired. No such allowance has been recognised as an expense for the current or previous year.

(b) Interest receivable represents interest due on the Group's term deposits.

(c) Other receivables are non-interest bearing and due in 30 days generally. An allowance for doubtful debts is made when there is objective evidence that a receivable is impaired. No such allowance has been recognised as an expense for the current or previous year.

8. AVAILABLE-FOR-SALE FINANCIAL INVESTMENTS

At fair value

Shares in listed entities (a),(b)	8,000	8,000
	<u>8,000</u>	<u>8,000</u>

(a) The fair value of listed available for sale investments has been determined directly by reference to published price quotations in an active market and classified as Level 1.

(b) During the current year, nil was recognised in the profit and loss due to no movement in share price.

Notes to the Financial Statements

for the year ended 30 June 2014

	Consolidated	
	2014	2013
	\$	\$
9. OTHER FINANCIAL ASSETS		
Security deposits (a)	44,245	44,245
	<u>44,245</u>	<u>44,245</u>

(a) The terms and conditions of the security deposits are non-interest bearing and refundable upon completion of performance obligations associated with completion of the lease term.

10. PLANT AND EQUIPMENT

At beginning of the year, net of accumulated depreciation	376,142	330,299
Additions	10,491	106,504
Disposals	(30,313)	-
Depreciation expense	(61,282)	(60,661)
At end of the year, net of accumulated depreciation	<u>295,038</u>	<u>376,142</u>
At end of year		
Cost	955,489	992,660
Accumulated depreciation	(660,451)	(616,518)
Net book value at end of year	<u>295,038</u>	<u>376,142</u>

11. TRADE AND OTHER PAYABLES (CURRENT)

Trade payables – unsecured	226,004	126,955
Accrued expenses	169,501	182,245
	<u>395,505</u>	<u>309,200</u>

Trade and other payables and accrued expenses are non-interest bearing and are usually settled in 30 days.

Notes to the Financial Statements

for the year ended 30 June 2014

12. PROVISIONS

	Annual Leave	Long Service Leave	Directors Retirement Benefit (a)	Total
<i>Consolidated</i>				
At 1 July 2013	115,641	271,391	298,333	685,365
Arising during the year	68,995	12,081	-	81,076
Utilised during the year	(75,058)	(75,187)	-	(150,245)
Balance at 30 June 2014	109,578	208,285	298,333	616,196
Current 2014	109,578	163,273	298,333	571,184
Non-Current 2014	-	45,012	-	45,012
	109,578	208,285	298,333	616,196
Current 2013	115,641	228,020	298,333	641,994
Non-Current 2013	-	43,371	-	43,371
	115,641	271,391	298,333	685,365

Under the terms of the Directors' Retirement Scheme, approved by a meeting of shareholders, provision has been made for the retirement or loss of office of eligible non-executive Directors of Sipra Resources Limited. There is currently no anticipated date for payment but a constructive obligation exists. The Directors resolved to freeze the scheme with no further provisions being made, in the financial year ended 30 June 2008, or subsequently.

	Consolidated	
	2014	2013
	\$	\$

13. CONTRIBUTED EQUITY AND RESERVES

(a) Ordinary shares

Issued and fully paid shares	93,169,829	88,839,221
------------------------------	------------	------------

	2014		2013	
Movements in shares on issue	No	\$	No	\$
Balance at beginning of year	481,565,015	88,839,221	455,141,681	86,903,038
Placement to sophisticated investors	-	-	26,423,334	1,981,750
Placement pursuant to Entitlement Offer and Shortfall	127,010,160	4,445,356	-	-
Pursuant to exercise of listed options	3,334	250	-	-
Less transaction costs	-	(114,998)	-	(45,567)
Balance at end of financial year	608,578,509	93,169,829	481,565,015	88,839,221

On 24 March 2014 the Company lodged a prospectus to undertake a non-renounceable entitlement issue to eligible shareholders of up to approximately 160,521,671 fully paid ordinary shares (**Shares**) at an issue price of \$0.035 per Share on the basis of 1 Share for every 3 Shares held on the record date of 2 April 2014 and 160,521,671 options (**Options**) on the basis of 1 free attaching Option for every Share issued with each Option having an exercise price of \$0.075 and expiring on 5 November 2015 to raise funds to undertake exploration programs over the Company's 80% interest in the Kitgum – Pader precious and base metals project in Uganda, undertake exploration activities associated with the Company's Thaduna copper project, to meet the expenses of the entitlement issue, and general working capital.

Notes to the Financial Statements

for the year ended 30 June 2014

13. CONTRIBUTED EQUITY AND RESERVES (continued)

Through the take-up of the entitlement issue and shortfall, 127,010,160 Shares and 127,010,160 Options were issued to raise total proceeds of \$4,445,356. In addition 7,000,000 Options were issued to Blue Ocean Equities Pty Limited for service related to the management of the shortfall under the Entitlement Issue.

During the year ended 30 June 2013, Sipa made a placement of 26,423,334 fully paid ordinary shares at 7.5 cents each and 13,211,669 Options each having an exercise price of 15 cents and expiry of 4 April 2015 to raise total proceeds of \$1,981,750 to sophisticated investors, most of whom were existing shareholders of the Company.

Ordinary shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up of the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number and amounts paid up on shares held. On a show of hands one vote for every registered shareholder and on a poll, one vote for each share held by a registered shareholder.

Share Options

Options Issued Year ended 30 June 2014

Through the take-up of the entitlement issue and shortfall outlined in Note 13(a), 134,010,160 Options were issued with each Option having an exercise price of \$0.075 and expiring on 5 November 2015.

Options Issued Year ended 30 June 2013

During the year ended 30 June 2013, Sipa made a placement of 26,423,334 fully paid ordinary shares at 7.5 cents each and 13,211,669 Options each having an exercise price of 15 cents and expiry of 4 April 2015 to raise total proceeds of \$1,981,750 to sophisticated investors, most of whom were existing shareholders of the Company.

Dividends

There were no dividends paid or proposed during the year ended 30 June 2014 (2013: Nil). The amount of franking credits available to the Company at 30 June 2014 is Nil (2013: Nil).

(b) Equity benefits reserve

This reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration. Refer to Note 14 for further detail of the plan.

(c) Asset revaluation reserve

This reserve records fair value changes on available-for-sale investments.

Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so as to maintain a strong capital base sufficient to maintain future exploration and development of its projects. In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets to increase cash. The Group's focus has been to raise sufficient funds through equity to fund exploration and evaluation activities. The Group monitors capital on the basis of the gearing ratio, however there are no external borrowings as at balance date.

Management manages shareholder equity \$3,740,066 (2013: \$3,854,505) as capital. There were no changes in the Group's approach to capital management during the year. Risk management policies and procedures are established with regular monitoring and reporting.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Notes to the Financial Statements

for the year ended 30 June 2014

14. SHARE BASED PAYMENT PLANS

Sipa Resources Employee Share Option Plan/Employee Incentive Option Scheme

Long term incentives are administered through the Sipa Resources Employee Share Option Plan. The ESOP provides for free options to be issued to Participants, as determined by the directors in their absolute discretion based on various factors including length of service and the contribution that the participant will have to the long term performance of the Company. In the event of an employee or key management personnel leaving the Company, the options held are forfeited, unless otherwise agreed by the Board. The expenses recognised in the income statement in relation to share-based payments is disclosed in Note 3(c).

(i) Options outstanding and movements in share options during the year

2014

Grant date	Expiry date	Exercise price	Balance at start of year	Issued during year	Lapsed/ cancelled during year	Balance at end of year	Exercisable at end of year
30/9/10	29/9/14	17.5 cents	7,250,000	-	-	7,250,000	7,250,000
25/11/10	24/11/14	21 cents	2,000,000	-	-	2,000,000	2,000,000
11/11/11	10/11/13	20 cents	1,000,000	-	(1,000,000)	-	-
			10,250,000	-	(1,000,000)	9,250,000	9,250,000

2013

Grant date	Expiry date	Exercise price	Balance at start of year	Issued during year	Lapsed/ cancelled during year	Balance at end of year	Exercisable at end of year
18/12/07	17/12/12	13.75 cents	1,500,000	-	(1,500,000)	-	-
30/9/10	29/9/14	17.5 cents	7,250,000	-	-	7,250,000	7,250,000
25/11/10	24/11/14	21 cents	2,000,000	-	-	2,000,000	2,000,000
11/11/11	10/11/13	20 cents	1,000,000	-	-	1,000,000	1,000,000
			11,750,000	-	(1,500,000)	10,250,000	10,250,000

(ii) Options exercised

No options were exercised during the financial years ended 30 June 2014 and 30 June 2013.

(iii) Weighted average remaining contractual life

The weighted average remaining contractual life for the share options outstanding as at 30 June 2014 is 0.30 years (2013: 1.50 years).

(iv) Service Conditions

All service conditions have been met for outstanding options as at 30 June 2014.

Notes to the Financial Statements

for the year ended 30 June 2014

15. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing the net loss for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net loss attributable to ordinary equity holders of the Company adjusted for the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	Consolidated	
	2014	2013
Net loss attributable to the ordinary equity holders of the Company	(4,474,545)	(5,775,853)
Weighted average number of ordinary shares before Entitlement Offer	493,884,352	461,230,467
Adjustment for dilutive effects of Entitlement Offer	65,913,553	63,130,290
Effect of dilution:		
Share Options	-	-
Weighted average number of ordinary shares adjusted for dilution	559,797,905	524,360,757

The 156,468,496 options (2013: 23,461,670) are considered to be potential ordinary shares and have not been included in the determination of diluted earnings per share as they are anti-dilutive for the periods presented. Details relating to the options are set out in Notes 13 and 14.

16. RECONCILIATION OF LOSS TO NET CASH FLOWS FROM OPERATIONS

Net Loss	(4,504,830)	(5,717,678)
Depreciation of plant and equipment	61,282	60,662
Loss on disposal of fixed assets	313	-
Loss on write-down of available for sale financial assets	-	4,000
Share of net loss of jointly controlled entity	1,033,741	569,736
Changes in assets and liabilities		
Decrease in trade and other receivables	122,593	50,818
Decrease in prepayments	102,554	18,794
(Decrease)/increase in provisions	(69,169)	46,831
Increase/(decrease) in trade and other payables	86,305	(274,892)
Net cash flow used in operating activities	(3,167,211)	(5,241,729)

Notes to the Financial Statements

for the year ended 30 June 2014

17. RELATED PARTY DISCLOSURE

The consolidated financial statements include the financial statements of Sipa Resources Limited and the subsidiaries listed in the following table:

Name	Country of Incorporation	Equity Interest	
		2014 %	2013 %
Sipa Gold Limited	Australia	100	100
Sipa Resources (1987) Limited	Australia	100	100
Sipa Exploration NL	Australia	100	100
Sipa Management Pty Ltd	Australia	100	100
Sipa – Gaia NL	Australia	100	100
Ashling Resources NL	Australia	100	100
Topjest Pty Limited	Australia	100	100
Sipa –Wysol Pty Ltd	Australia	100	100
Sipa East Africa Pty Ltd	Australia	100	100
SiGe East Africa Pty Ltd	Australia	80	80
Sipa Exploration Uganda Limited	Uganda	80	80
Sipa Resources Tanzania Limited	Tanzania	80	80

The wholly-owned group includes the ultimate parent entity in the wholly-owned group, Sipa Resources Limited and wholly owned controlled entities.

18. KEY MANAGEMENT PERSONNEL DISCLOSURES

Directors		Executives	
P I Pearce	Chairman (non-executive)	L Daley	Exploration Manager ¹ (5 June–24 July 2014)
M Doepel	Managing Director ¹ (executive)	T Robson	Company Secretary
D Williams	Director (non-executive)		
D Gooding	Director (non-executive)		
K Field	Director (non-executive)		

¹ On 24 July 2014, Mr Doepel retired from the position of Managing Director and Ms Lynda Daley was appointed as Managing Director. On that same date Mr Doepel was appointed a Non-Executive Director of the Company. On 12 September 2014, Mr Doepel resigned from the position of Non-Executive Director.

Notes to the Financial Statements

for the year ended 30 June 2014

18. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

	Consolidated	
	2014	2013
	\$	\$
Compensation by Category: Key management personnel		
Short-term employee benefits	535,389	567,855
Post employment benefits	39,993	41,263
Other long term benefits	6,162	5,527
	<u>581,544</u>	<u>614,645</u>

Other transactions with key management personnel

Mr D J Williams, a director of the company, is a commercial counsel with the legal practice Williams and Hughes Pty Ltd which provides legal advice to the company. All transactions with Williams and Hughes are at competitive market rates and performed primarily by staff of Williams and Hughes Pty Ltd. The total services recognised as an expense for the year amounted to \$5,998 (2013: \$11,301). No amounts remained outstanding as at 30 June 2014.

19. COMMITMENTS FOR EXPENDITURE

(a) Operating Lease – Group as Lessee

The Company has obligations under the terms of the lease of its office premises for a term of 5 years, plus a further 5 year option, from and including 1st day of June 2006. The option was exercised in May 2011 and expires in May 2016. Lease payments are payable in advance by 12 equal monthly instalments due on the 1st day of each month. Under the lease agreement the lessee provides for a rent review based on CPI each anniversary date.

	Consolidated	
	2014	2013
	\$	\$
Due not later than one year	168,503	164,393
Due later than one year and not later than five years	158,323	326,731
	<u>326,826</u>	<u>491,124</u>

(b) Exploration Expenditure Commitments

The consolidated entity has minimum statutory commitments as conditions of tenure of certain mining tenements. In addition it has commitments to perform and expend funds towards retaining an interest in formalised agreements with partners. If all existing areas of interest were maintained on the terms in place at 30 June 2014, the Directors estimate the minimum expenditure commitment for the ensuing twelve months to be \$4,499,800 (2013: \$1,550,500). However the Directors consider that the actual commitment is likely to be less as these commitments are reduced continuously for such items as exemption applications to the Department of Industry and Resources, withdrawal from tenements, and other farm-out transactions. In any event these expenditures do not represent genuine commitments as the ground can always be surrendered in lieu of payment of commitments. This estimate may be varied as a result of the granting of applications for exemption.

(c) Commitment to Controlled Entities

The Company has advised its controlled entities that it will continue to provide funds to meet those entities' working capital requirements for at least the next twelve months.

(d) Remuneration Commitments

A remuneration commitment arises for Mr Doepel in the event of early termination of his employment contract other than for gross misconduct equal to the annual remuneration package. Mr Doepel's current annual remuneration package is \$299,750. The contract expired on 1 December 2013. On 24 July 2014, Mr Doepel retired from the position of Managing Director. On that same date Mr Doepel was appointed a Non-Executive Director of the Company, no amount was payable due to early termination during the current period.

Notes to the Financial Statements

for the year ended 30 June 2014

20. INTERESTS IN JOINTLY CONTROLLED ASSETS

The consolidated entity has an interest in the following Jointly Controlled Asset's:

Joint Venture	Principal Activities	Percentage Interest	
		2014	2013
Mortlock River JV	Gold/Copper Exploration	49%	49%
Panorama	Copper/Zinc Exploration	0%	40%
Woodline Comet Utopia JV	Gold/Base Metal Exploration	0%	70%
SiGe East Africa Pty Ltd (1)	Base Metal Exploration	80%	80%

All of the above joint operations are for the purposes of exploration activities and holding of tenement interests.

(1) Refer note 21.

21. INVESTMENT IN JOINT VENTURE

During the previous financial year the Group obtained an 80% interest in the issued share capital of SIGE East Africa Pty Ltd, a company involved in exploration activities in Uganda, which it jointly controls.

SIGE East Africa Pty Ltd is a private entity that is not listed on any public exchange. The following table illustrates the summarised financial information of the Group's investment in SIGE East Africa Pty Ltd:

Inception to date reconciliation:

Net investment in SIGE East Africa Pty Ltd	1,744,232
Share of losses	(1,603,477)
Foreign currency translation reserve	(27,890)
Carrying value	112,865
Movement in carrying value of investment:	
Investment as at 1 July 2013	68,405
Current period disbursements	1,047,916
Share of current year losses	(1,033,741)
Foreign currency translation reserve	30,285
Carrying value at 30 June 2014	112,865

The carrying value of the investment is represented by the Group's share of the fair value of jointly controlled entity's net recoverable assets.

Notes to the Financial Statements

for the year ended 30 June 2014

21. INVESTMENT IN JOINT VENTURE (continued)

An extract of the Joint Venture's balance sheet at 30 June 2014 is presented below:

	In AUD\$	
	2014 \$	2013 \$
Cash and cash equivalents	54,463	85,507
Other assets	12,450	2,205
Property, Plant & Equipment	81,158	45,542
Total Assets	148,071	133,254
Payables	(6,990)	(11,387)
Total Payables	(6,990)	(11,387)
Net Assets	141,081	121,867

(1) The loan has no repayment terms and bears no interest.

The joint venture has no contingent liabilities or capital commitments as at 30 June 2014.

22. SEGMENT INFORMATION

For management purposes, the Company is organised into one main operating segment, which involves mining exploration for gold and other minerals. All of the Company's activities are interrelated, and discrete financial information is reported to the Board (Chief Operating Decision Makers) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Company as a whole.

All of the Company's revenues are derived in Australia and all of the Company's non current assets are located in Australia. Technical services revenue is derived from one customer.

23. FINANCIAL RISK MANAGEMENT

Overview

This note presents information about the Company's and Group's exposure to credit, liquidity and market risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Company and the Group does not use any form of derivatives as it is not at a level of exposure that requires the use of derivatives to hedge its exposure. Exposure limits are reviewed by management on a continuous basis. The group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the group through regular reviews of the risks.

Notes to the Financial Statements

for the year ended 30 June 2014

23. FINANCIAL RISK MANAGEMENT (continued)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's cash and cash equivalents and trade and other receivables.

Cash and cash equivalents (including term deposits reserved for rehabilitation)

The Group limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have an acceptable credit rating. Cash is held with recognised financial institutions with AA credit rating.

Trade and other receivables

As the Group operates primarily in exploration activities, its trade receivables are limited to receivables from joint arrangement parties. The Group chooses to partner only with reputable partners and therefore reduces the exposure to credit risk in relation to trade receivables. At the balance sheet date there were no significant concentrations of credit risk.

Other receivables consist primarily of GST refundable from the ATO and interest due on the Group's term deposits. Given the acceptable credit ratings of both parties, management does not expect any either party to fail to meet its obligations.

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	Consolidated	
	2014	2013
	\$	\$
Cash and cash equivalents	4,013,814	3,811,327
Term deposits reserved for rehabilitation	162,368	200,368
Trade and other receivables	80,191	202,784
Other financial assets	44,245	44,245
	4,300,618	4,258,724

Impairment losses

None of the Group's other receivables are past due (2013: nil).

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate cash reserves from funds raised in the market and by continuously monitoring forecast and actual cash flows. The Group does not have any external borrowings.

The Company does anticipate a need to raise additional capital in the next 12 months to meet forecast operational and exploration activities. The decision on how the Company will raise future capital will depend on market conditions existing at that time.

Notes to the Financial Statements

for the year ended 30 June 2014

23. FINANCIAL RISK MANAGEMENT (continued)

The following are the contractual maturities of financial liabilities, including estimated interest payments (undiscounted) and excluding the impact of netting agreements:

Consolidated

30 June 2014	Carrying amount	Contractual cash flows	6 mths or less
Trade and other payables	395,505	395,505	395,505
	395,505	395,505	395,505
30 June 2013			
Trade and other payables	263,737	263,737	263,737
	263,737	263,737	263,737

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group and the Company is not exposed to significant currency risk as at balance sheet date the Group and the Company holds no financial assets or liabilities which are exposed to foreign currency risk.

Interest rate risk

The Group is exposed to interest rate risk (primarily on its cash and cash equivalents), which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest-bearing financial instruments. The Group does not use derivatives to mitigate these exposures.

The Group adopts a policy of ensuring that as far as possible it maintains excess cash and cash equivalents in short term deposit at interest rates maturing over 90 day rolling periods.

Profile

At the reporting date the Group had the following mix of financial assets held at Australian Fixed and Floating interest rates. There were no financial liabilities exposed to interest rate risk.

	Consolidated	
	2014 \$	2013 \$
Floating rate instruments		
Cash and cash equivalents	4,013,814	3,811,327
	4,013,814	3,811,327
Fixed rate instruments – No interest rate risk		
Term deposits reserved for rehabilitation	162,368	200,368
	162,368	200,368

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, Therefore a change in interest rates for financial instruments with short term maturity at the reporting date would not affect the carrying amount or profit or loss.

Notes to the Financial Statements

for the year ended 30 June 2014

23. FINANCIAL RISK MANAGEMENT (continued)

Cash flow sensitivity analysis for variable rate instruments

The Group's exposure to variable rate instruments is in cash and cash equivalents. A 100 basis point favourable and unfavourable change in interest rates will affect comprehensive income by \$2,426 and \$(2,426) (2013 \$3,200 and \$(3,200)) respectively.

Fair values

Fair values versus carrying amounts

Due to their short term nature, the carrying amounts of financial assets and liabilities approximate fair value.

Other Market Price Risk

Other Equity price risk is the risk that the value of the instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

Investments are managed on an individual basis and material buy and sell decisions are approved by the Board of Directors. The primary goal of the Group's investment strategy is to maximise investment returns.

The Group's investments are solely in equity instruments. These instruments are classified as available-for-sale and carried at fair value with fair value changes recognised directly in equity, unless they are impaired, until derecognised.

The following table details the breakdown of the investment assets and liabilities held by the Group:

	Consolidated	
	2014	2013
	\$	\$
Shares in listed entities	8,000	8,000
	<u>8,000</u>	<u>8,000</u>

Sensitivity analysis

The Group's Available-For-Sale investments are listed on the Australian Stock Exchange. A 12.7% increase in stock prices at 30 June 2014 would have increased equity by \$1,016 (2013: \$906); an equal change in the opposite direction would have increased the net loss by the same amount. 12.7% is representative of the fluctuation of the ASX All Ordinaries Index for the period 1 July 2013 to 30 June 2014 (2013:11.36%)

Commodity Price Risk

The Group operates primarily in the exploration and evaluation phase and accordingly the Group's financial assets and liabilities are subject to minimal commodity price risk.

25. AUDITORS' REMUNERATION

The auditor of Sipa Resources Limited is Ernst & Young.

Amounts received or due and receivable by Ernst & Young for:

- an audit or review of the financial report of the entity and any other entity in the consolidated entity	53,560	55,455
- other services in relation to the entity and any other entity in the consolidated entity		
- tax compliance	19,989	37,798
	<u>73,549</u>	<u>93,253</u>

There were no payments made or due to any other audit firms other than Ernst & Young for any audit or other accounting service.

Notes to the Financial Statements

for the year ended 30 June 2014

26. CONTINGENT ASSETS AND LIABILITIES

During the year ended 30 June 2013 the Panorama Exploration Project Joint Operation partners (Sipa 40% - CBH Resources Limited 60%) sold the Kangaroo Caves Mining Lease (ML45/587) to Venturex Resources Limited (Venturex), for the consideration of \$2 per dry tonne of all ore mined and treated by Venturex. No contingent asset has been recognised as it is not probable at 30 June 2014 economic benefits will be received by the company.

During the year ended 30 June 2011, Sipa sold its 100% interest in the Ashburton Gold Project to Northern Star Resources Limited. Under the terms of the agreement, Northern Star will pay Sipa a 1.75% gross royalty on all gold production from the tenements, except the Merlin tenements, which will earn a 0.75% gross royalty on all gold production from the Merlin tenements. No contingent asset has been recognised as it is not probable at 30 June 2014 economic benefits will be received by the company.

27. INFORMATION RELATING TO SIPA RESOURCES LIMITED

	2014 \$	2013 \$
Current assets	3,411,216	3,311,506
Total assets	3,419,227	3,319,517
Current liabilities	-	-
Total liabilities	-	-
Retained earnings	(90,953,637)	(86,693,242)
Total equity	3,419,227	3,319,518
Loss of the parent entity	4,260,395	6,250,358
Total comprehensive loss of the parent entity	4,260,395	6,250,358
Details of any guarantees entered into by the parent entity in relation to the debts of its subsidiaries	NIL	NIL
Details of any contingent liabilities of the parent entity	NIL	NIL
Details of any contractual commitments by the parent entity for the acquisition of property, plant or equipment	NIL	NIL

28. EVENTS SUBSEQUENT TO BALANCE DATE

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years, except for as follows:

On 24 July 2014, Mr Doepel retired from the position of Managing Director and Ms Lynda Daley was appointed as Managing Director. On that same date Mr Doepel was appointed a Non-Executive Director of the Company. On 12 September 2014, Mr Doepel resigned from the position of Non-Executive Director.

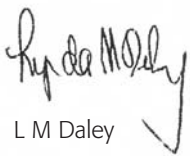
Directors' Declaration

In accordance with a resolution of the directors of Sipa Resources Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;
- (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2; and
- (c) subject to the matters described in note 2(c), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (d) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2014

On behalf of the Board



L M Daley

Managing Director

PERTH, WESTERN AUSTRALIA

DATED 17 September 2014

Independent auditor's report to the members of SIPA Resources Limited

Report on the financial report

We have audited the accompanying financial report of SIPA Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Opinion

In our opinion:

- a. the financial report of SIPA Resources Limited is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2(c) in the financial report which describes the principal conditions that raise doubt about the consolidated entity's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the remuneration report

We have audited the Remuneration Report included in pages 26 to 38 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of SIPA Resources Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young



G Lotter

Partner

Perth

17 September 2014

Additional Statutory Information

The following information is provided in accordance with the listing requirements of the ASX Limited. All information is current as of 15 September 2014 unless otherwise noted.

Top Holders Ordinary Shares

Rank	Name	Shares	% of Shares
1.	Rodiv Nsw P/L <Rodiv Pension Fund A/C>	31,518,297	5.18
2.	J P Morgan Nominees Australia Limited	25,557,254	4.20
3.	Mr Terrence William Kahler + Mrs Suzanne Kahler <Kahler Super Fund A/C>	21,200,001	3.48
4.	Mr Terence William Kahler + Mrs Suzanne Kahler <Kahler Super Fund A/C>	12,500,000	2.05
5.	Citicorp Nominees Pty Limited	9,223,272	1.52
6.	Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	8,482,590	1.39
7.	National Nominees Limited	7,431,637	1.22
8.	Michael Glen Doepel	6,899,352	1.13
9.	Mr Laurence Charles Kirk	6,500,000	1.07
10.	Mr Terrence William Kahler + Mrs Suzanne Kahler <Kahler Family Super Fund A/C>	5,099,999	0.84
11.	Mr Bruce Lankshear <Lankshear S/F A/C>	4,950,000	0.81
12.	Fnl Investments Pty Ltd <Superannuation Fund A/C>	4,796,634	0.79
13.	Mr Cecil Gary John King + Mrs Susan Lorraine King <The Cgj & Sl King S/F A/C>	4,500,000	0.74
14.	Wythenshawe Pty Ltd	4,500,000	0.74
15.	Basin Beach Investments Pty Ltd	4,400,000	0.72
16.	Ron Stanley Holdings Pty Ltd	4,000,000	0.66
17.	Mr Michael Glen Doepel + Mrs Deirdre Ann Doepel <Doepel Super Fund A/C>	3,989,448	0.66
18.	Melselina Pty Ltd <Melselina Super Fund A/C>	3,916,667	0.64
19.	Megaloconomos Pty Ltd <Megaloconomos S/F A/C>	3,729,063	0.61
20.	Hsbc Custody Nominees (Australia) Limited	3,382,166	0.56
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES		176,576,380	29.01
Total Remaining Holders Balance		432,001,691	70.99

(a) The 20 largest Shareholders hold 26.3% of the issued capital of the Company.

Additional Statutory Information

Top Holders Listed Options

Rank	Name	Options	% of Options
1.	J P Morgan Nominees Australia Limited	24,518,336	18.30
2.	Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	8,482,590	6.33
3.	Pershing Australia Nominees Pty Ltd <Blue Ocean Equities A/C>	7,000,000	5.22
4.	National Nominees Limited	5,606,583	4.18
5.	Rodiv Nsw P/L <Rodiv Pension Fund A/C>	5,000,000	3.73
6.	Mr Laurence Charles Kirk	4,000,000	2.98
7.	Lumaroo Pty Ltd <Laurence Kirk S/F A/C>	4,000,000	2.98
8.	Mr Michael Glen Doepel + Mrs Deirdre Ann Doepel <Doepel Super Fund A/C>	3,989,448	2.98
9.	T S & J D Nominees Pty Ltd	3,346,667	2.50
10.	Nordana Pty Ltd	3,000,000	2.24
11.	Fnl Investments Pty Ltd <Superannuation Fund A/C>	2,417,603	1.80
12.	Mr Simon Robert Evans + Mrs Kathryn Margaret Evans <Kamiyacho Super Fund A/C>	2,000,000	1.49
13.	Jacqueline Kay Pty Ltd <Paul Chalmers Super Fund A/C>	2,000,000	1.49
14.	Tectonex Geoconsultants Pty Ltd <Etheridge Super Fund A/C>	2,000,000	1.49
15.	Mr Timothy McDonnell	1,920,000	1.43
16.	Melselina Pty Ltd <Melselina Super Fund A/C>	1,916,667	1.43
17.	Michael Glen Doepel	1,724,838	1.29
18.	Big Island Research Pty Ltd	1,500,000	1.12
19.	Dean Property Team Asset Pty Ltd	1,500,000	1.12
20.	Mr Michael Jeremy Thomas Stokes	1,309,369	0.98
Totals: Top 20 Holders Of Listed Options Expiring On 05/11/2015 @ \$0.075		87,232,101	65.10
Total Remaining Holders Balance		46,774,725	34.90

(b) The names of substantial shareholders who have notified the company in accordance with section 671B of the Corporations Act 2001 are:

Mr Terrence William Kahler + Mrs Suzanne Kahler <Kahler Super Fund A/C>	39,116,923	8.12
Acorn Capital Limited	38,285,716	6.49
Rodiv NSW P/L <Rodiv Pension Fund A/C>	22,764,209	5.001

Additional Statutory Information

(c) Distribution of shareholder's holdings

ORDINARY SHARES HELD	SHAREHOLDERS
1 - 1,000	260
1,001 - 5,000	247
5,001 - 10,000	532
10,001 - 100,000	1,901
100,001 - and over	875
	<hr/>
	3,815

There are 702 Shareholders who hold less than a marketable price.

(c) Stock Exchange listing.

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the ASX Limited.

(d) Income tax

Sipa Resources Limited is taxed as a public company.

(e) Voting rights

On show of hands one vote for every registered shareholder and on a poll, one vote for each share held by a registered shareholder.

Statement of Mining Tenements

Statement of Mining Tenements – 30 September 2014

PROJECTS	LOCATION	TENEMENTS	INTEREST
THADUNA	WESTERN AUSTRALIA	E52/1673-1674, E52/1858, E52/2356-2357, E52/2405	100%
KITGUM-PADER	UGANDA	1048, 1049, 1050, 1051, 1052, 1053, 1221, 1220, 1229, 1270, 1271, 1273, 1321, 1322 and application TN 2019	80%

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