



September 2014 Quarterly ASX Report HIGHLIGHTS

Kitgum-Pader Basemetals & Gold Project

- During the quarter, laboratory results confirmed the discovery of **two potentially economic mineralised systems**.
- At **Pamwa** a Broken Hill Type Zinc (Zn) Lead (Pb) Silver (Ag) Cadmium (Cd) prospect was confirmed with intercepts of:

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. Refer ASX announcement dated 26 August 2014).

- At **Akelikongo** a Nickel (Ni) Copper (Cu) sulphide intrusive related system was discovered with intercepts of:

LMR022 **55m* at 0.52% Ni and 0.15% Cu** from 0 to EOH

LMR004 **46m* at 0.45% Ni and 0.15% Cu** from 0 to EOH

* These shallow holes all ended in Ni Cu sulphide mineralisation. (Refer ASX announcement dated 18 August 2014).

- Planning commenced for the Electro Magnetic (EM) and Induced Polarisation (IP) surveys scheduled to commence in early November.

Thaduna Copper Project

- RAB and Aircore drilling at Thaduna intersected and extended the length of Thaduna style structures at **Green Dragon Northeast**. Results include:

THR3713 **10m at 3.1% Cu** from 75m including **4m at 5.3% Cu** from 78m

- At **Enigma** a number of holes intersected northwest trending fault controlled mineralisation with intercepts of:

THR3706 **9m at 2.6% Cu** from 60m to EOH including **4m @ 5.5% Cu** from 60m

THR3702 **7m at 1.9% Cu** from 90m including **3m at 3.8% Cu** from 91m

The structural control of the mineralization intersected in these holes is in contrast to the **Enigma** blanket style already identified here, albeit still secondary copper.



Corporate

- Mr Paul Kiley was appointed to the board as a non executive Director during the quarter whilst Messrs Mike Doepel and David Williams, each of whom had contributed long and valued service to Sipa, tendered their resignations as non executive Directors.

Kitgum-Pader Basemetals & Gold Project 80% Sipa

Background

The Kitgum-Pader Basemetals & Gold Project comprises 15 exploration licences and one application, covering 6,490 square kilometres in central northern Uganda, East Africa (Figure 1). The Project arose 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 Sipa and Geocrust Pty Ltd (Geocrust). Geocrust is a private company established by the late Dr Nick Archibald.

During field reconnaissance in December 2011, Sipa and Geocrust recognised rocks strikingly similar to the 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 Pty Ltd, and SiGe's wholly owned subsidiary, Sipa Exploration Uganda Limited (SEUL), and the application for mineral tenements.

Fieldwork, consisting of geological mapping by Nick Archibald, and a comprehensive systematic soil sampling program, commenced in early 2013, and by mid October 2014, some 40,000 soil samples had been collected, along with geological mapping by Nick Archibald. The results of that fieldwork have led to the discovery of at least 13 geochemical anomalies across four different target types:

- Broken Hill-style Lead-Zinc-Silver,
- Thompson Belt style and Norilsk-style Nickel-Copper-Platinum Group Element; and
- Tropicana-style Orogenic Gold deposits.

There is no record that systematic mineral exploration has ever been conducted over this ground holding.

Results to date from both Akelikongo and Pamwa have verified the concepts established through significant interpretive collaboration with Steve Massey, Principal Geophysicist of Spinifex Geophysics, Dr Jon Hronsky, principal of Western Mining Services Pty Ltd, and Dr Nigel Brand, principal of Geochemical Services Pty Ltd.

The Kitgum-Pader Region is interpreted as forming 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 metasedimentary 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.

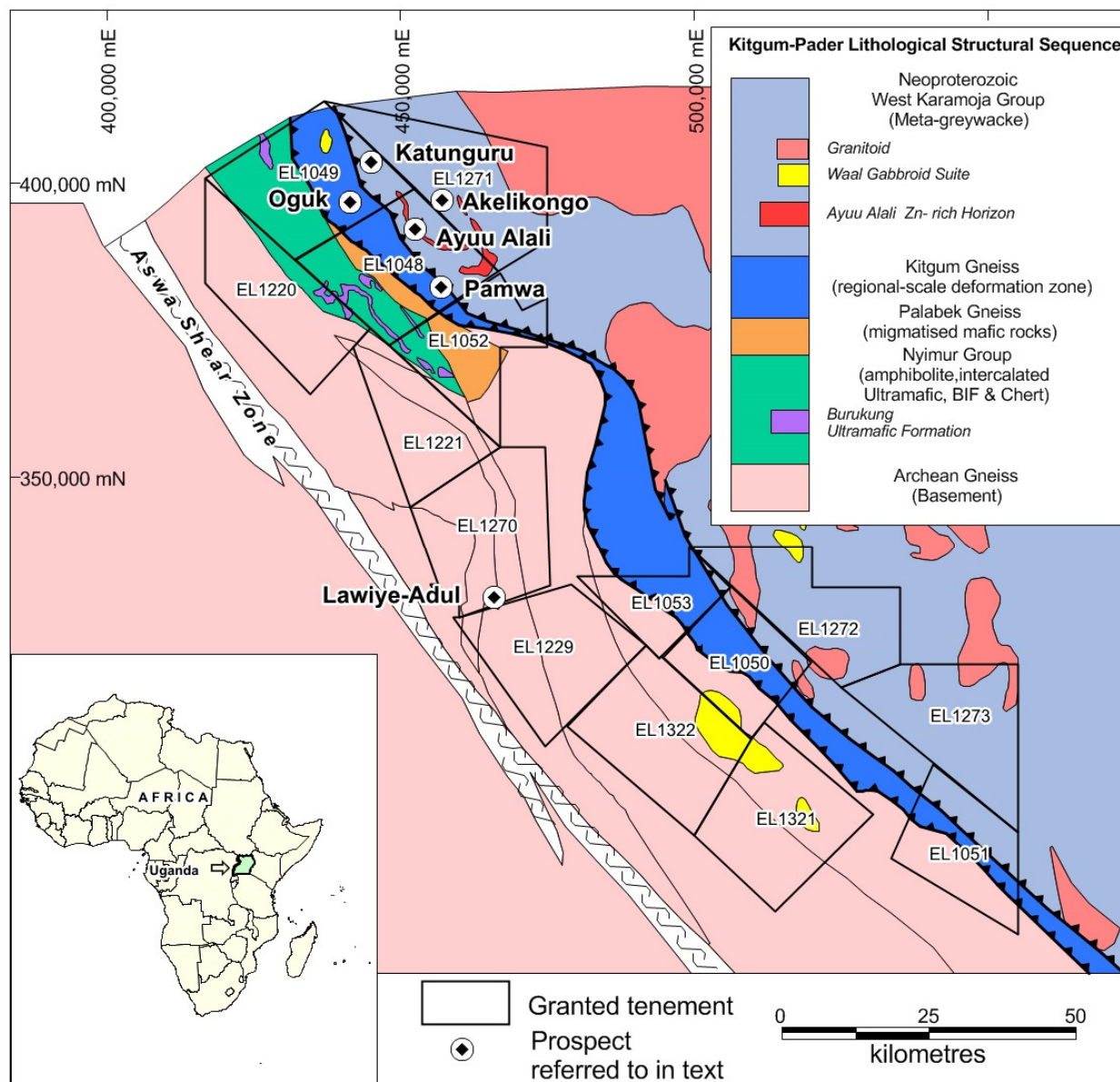


Figure 1 Tectonostratigraphy by Dr Hronsky with tenement and prospect locations

Quarterly Activities - Zinc

The massive regional soil sampling program conducted during 2013 identified numerous geochemical anomalies including a strong Zn, Pb, Cd, Ag 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. Dr Nick Archibald recognised for his expertise in continental to mine scale metallogenic understanding and importantly, completed a two year postdoctoral study at Broken Hill and later consulted to Pasminco on Broken Hill.



The **Pamwa** Zn, Pb, Ag & Cd soil anomaly was drilled during July and resulted in the discovery of a Broken Hill Type Zn Pb, Cd, Ag mineralised system. The strongest intercept **was 5m at 2% Zn, 0.23% Pb, 2.4ppm Ag and 97ppm Cd** from 20m to 25m at the end of the hole. This intercept is located within a wider Zn, Pb, Ag, Cd anomalous zone defined by a 1000ppm Zn contour and an even larger 1000ppm Manganese (Mn) anomalous zone defined as the "geological host sequence" (Figure 2).

A total of 26 shallow vertical scout RC and RAB holes over a nominal 200m by 100m grid were drilled at Pamwa for a total of 724m averaging 28m depth with a maximum depth of 61m (Figure 2).

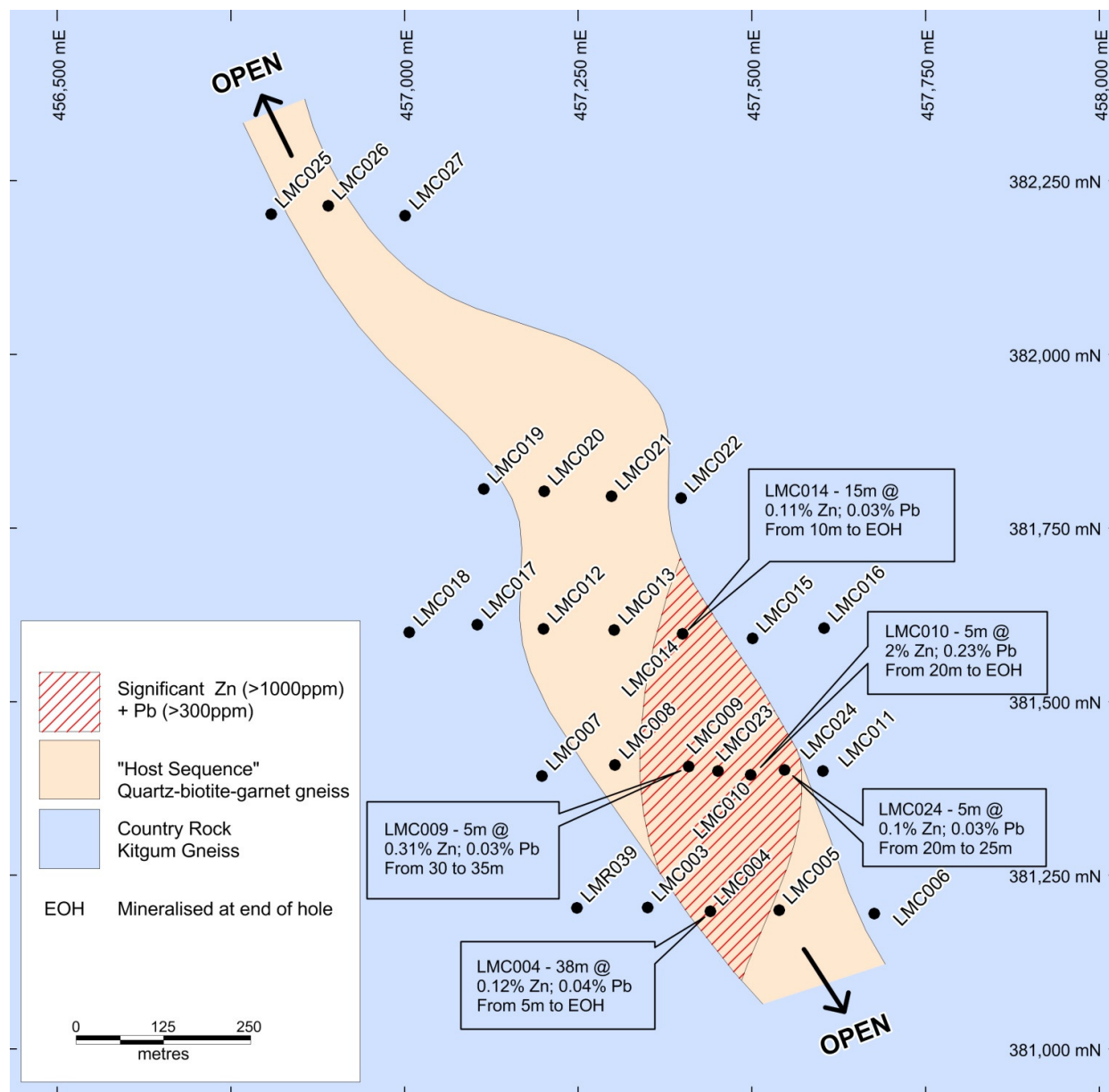


Figure 2 Plan of Pamwa Drilling showing location of Zinc Lead anomalous drilling results



The host sequence to the mineralisation has a north-northwesterly trend and extends for over a kilometre. The mineralisation occurs in both weathered and fresh quartz-biotite schist extending over 600m with garnet characterised in both footwall and hanging wall sediments. The regional tectonostratigraphy dips moderately to the north east (striking northwest) oblique to the mineralisation indicating the mineralisation is structurally controlled.

The laboratory data shows a strong association between Zn-Pb-Cd-Mn a characteristic element suite of Broken Hill style of mineralisation. The sulphides present in LMC010 also show the association with Ag. The drilling conducted so far is very shallow and hence there are limitations with our understanding of the complex geology and element interaction. However, the drilling has clearly indicated that **Pamwa** is a Broken Hill Type Zn-Pb mineralised system.

At **Ayuu Alali** one regional line was drilled, results were weakly anomalous in Zn but given the limited nature of the test, not conclusive given the extensive size of the anomalous area.

Major mining houses have scoured the world for decades in an attempt to discover the next Broken Hill Type Deposit. Sipa has demonstrated that such world class deposits could be discovered at **Pamwa** and within the extensive Zn rich **Ayuu Alali** soil horizons defined by soil sampling during 2013. These horizons contain many of the characteristics described as being typically associated with Broken Hill type SEDEX deposits, via local geochemical associations, geological observations, and the broader interpreted tectonostratigraphic setting of a rifted reactivated mobile belt of probable lower to mid Proterozoic age.

Quarterly Activities - Nickel

Akelikongo is one of the standout Ni-Cu-PGE soil anomalies identified to date. The element association and shape of the anomaly led Dr Hronsky to interpret this as a possible "chonolith" being a fertile host within a mafic-ultramafic intrusive complex.

At **Akelikongo**, the first pass RAB drilling results confirmed a mineralized Nickel Copper sulphide system, related to an ultramafic intrusive complex, has been identified with almost all intersections open to the depth of drilling.

The most significant intercepts from composite sampling returned:

- LMR002 **38m at 0.27% Ni** from 0 to EOH including 8m at 0.43% Ni from 30m to EOH
- LMR003 **46m at 0.45% Ni and 0.15% Cu** from 0 to EOH
- LMR004 **58m at 0.25% Ni** from 0 to EOH
- LMR009 **40m at 0.20% Ni** from 0 to EOH
- LMR022 **55m at 0.52% Ni and 0.15% Cu** from 0 to EOH
- LMR023 **33m at 0.24% Ni** from 0 to EOH
- LMR036 **24m at 0.29% Ni** from 0 including **11m @0.41% Ni** from 9 to 20m
- LMR038 **49m at 0.20% Ni** from 0 to EOH
- LMC002 **59m at 0.22% Ni** from 0m



A recent petrological report by Dick England describes and confirms the ultramafic intrusive host rocks (from drill holes LMR002 to 4) to the mineralisation with the fresh sulphides being confirmed as pyrrhotite and pentlandite which host the nickel and minor chalcopyrite hosting the copper. These are the typical nickel and copper sulphides known in intrusive related nickel sulphide systems

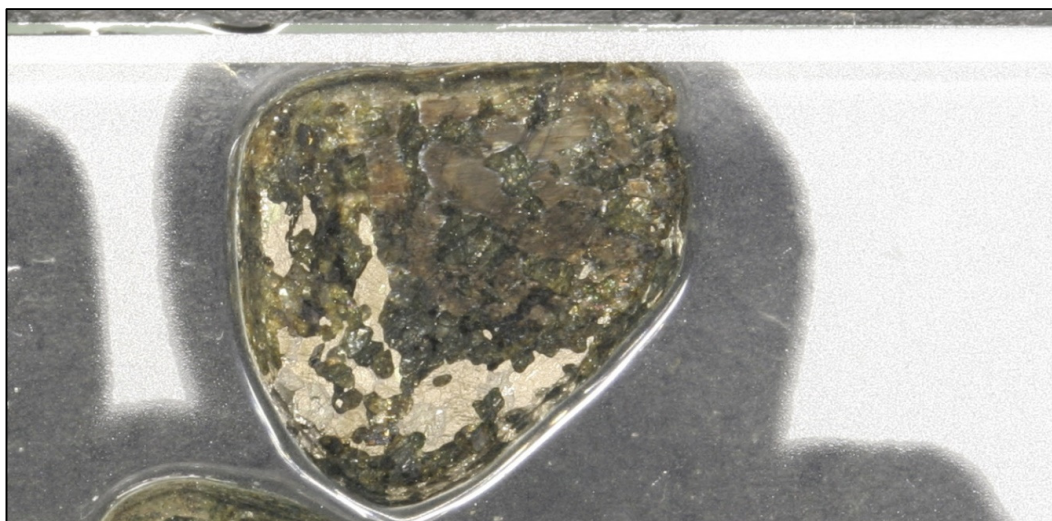
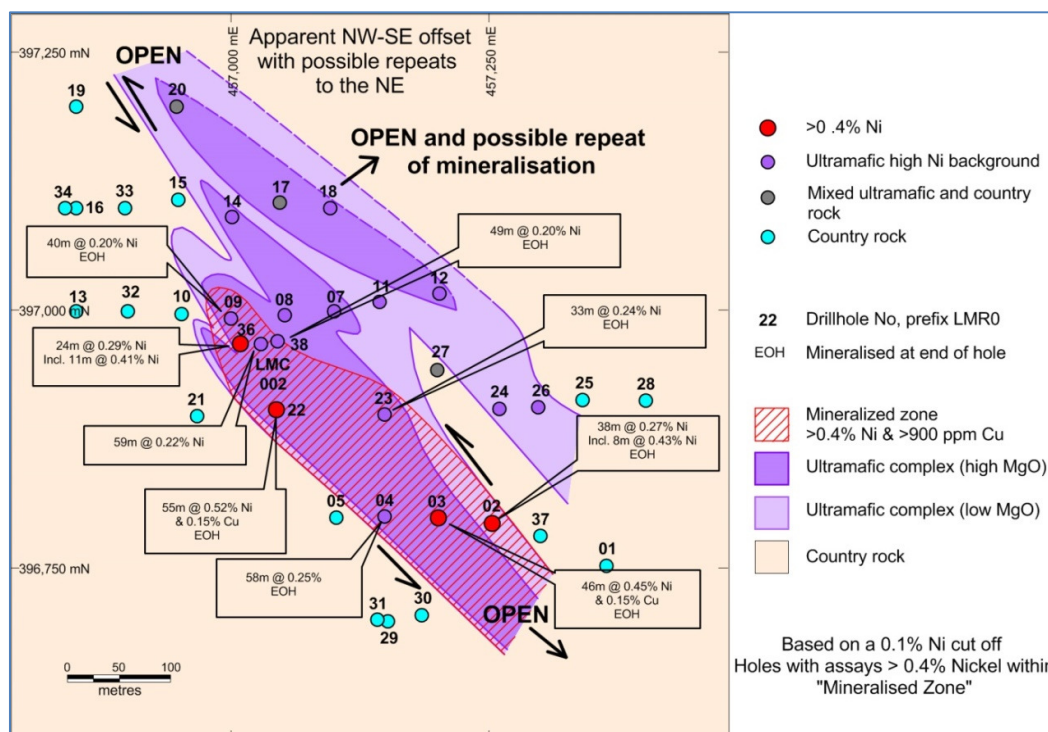


Figure 3. Photo above is of a polished chip mount from LMR002 38m showing partly recrystallised olivine melagabbro with interstitial magmatic sulphides pyrrhotite and pentlandite. Height of photo is 13mm.

The mineralized zone shown in Figure 4 below is open to the south and at depth.



At **Lawiye-Adul** in the West Pader area, some 70km to the south of the Akelikongo and Pamwa prospects, a soil anomaly with nickel in soil XRF values over 3,000ppm and copper values over 150ppm over 2km in length was identified during July and drilled in August. (Refer ASX announcement dated 29 September 2014).

Six shallow RAB holes on an east west line spaced 100m apart, were drilled with results were consistent with surface enrichment due to lateritization of an ultramafic host rock. Figures 5 and 6 shows the location of the drilling in relation to the nickel and copper in soil anomalies

Results include:

PDR001 **12m at 0.84% Ni** from surface to end of hole.

PDR002 **15m at 0.59% Ni** from surface to end of hole.

PDR003 **12m at 0.39% Ni** from surface to end of hole.

PDR004 **27m at 0.31% Ni** from surface to end of hole.

PDR005 **24m at 0.44% Ni** from surface to end of hole.

PDR006 **22m at 0.61% Ni** from surface to end of hole; including **12m at 0.9%** from 7-19m

PDR001 and PDR006 represent strong lateritic enrichment with grades approaching 1% in the top few metres and show potential for enriched nickel laterites to occur. The other holes ended in weathered chlorite serpentine schist with little enrichment.

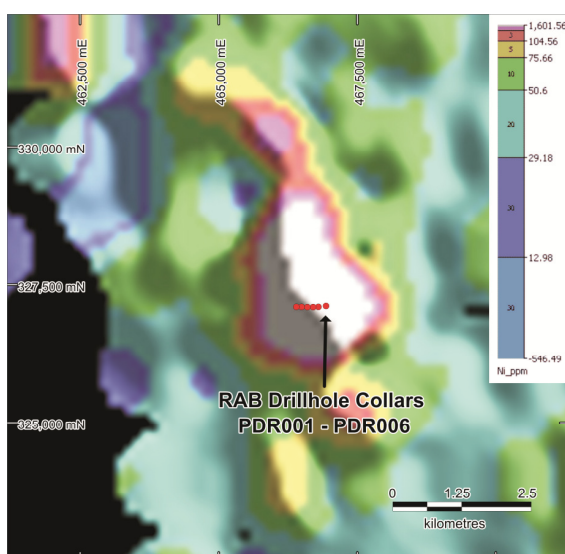


Figure 5: Lawiye-Adul Ni Image

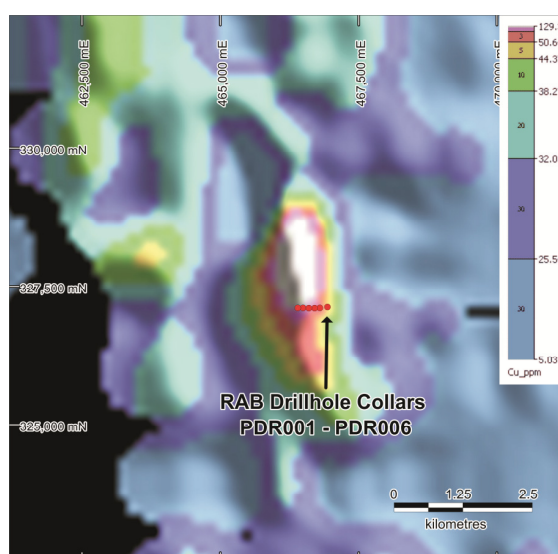


Figure 6: Lawiye-Adul Cu Image

Lateritic nickel enrichment occurs as a result of intensive tropical weathering of olivine-rich ultramafic rocks such as dunite, peridotite and komatiite and their serpentinized derivatives, serpentinite which consist largely of the magnesium silicate serpentine and contains approximately 0.3% nickel. This initial nickel content is strongly enriched in the course of lateritization.



Gold

Drilling of two lines, spaced 2km apart with 100m spaced holes, at the **Oguk** (formerly named Abwoc-Beel) orogenic Au As Bi anomaly was completed with pyrite and quartz were intersected in three holes with some of the sulphide interpreted to be arsenian pyrite or arsenopyrite. No anomalous gold was returned, however the system is strongly anomalous in arsenic.

By mid October a total of more than 40,000 soil samples had been collected and is ongoing. The ongoing soil sampling has resulted in the definition of numerous targets worthy of drilling and was the technique that defined the now drilled anomalies at Pamwa and Akelikongo. The samples are assayed at our onsite XRF laboratory with strict QA/QA and calibration checks with commercial assay laboratories.

Planned Exploration Program

The soil survey program is ongoing, however a number of additional programs are about to commence.

A stream sediment survey will commence in November to effectively screen for gold in particular and other indicator minerals via heavy mineral concentrate collection and analysis.

A geophysical team from Botswana has been contracted to commence IP and EM surveys over **Pamwa** and at **Akelikongo**. The aim of these programs will be to define the 3D geometry of conductive and potentially mineralised sulphides so as to efficiently define targets for deeper drilling with a diamond rig. The survey gear is currently enroute to the project.

It is planned that further RAB drilling will recommence following improvement of weather conditions.

Preliminary work for continued mapping of key areas and to further understand the tectonostratigraphy commenced during the quarter. The field mapping will be undertaken in early January to take advantage of the better outcrop exposures due to crops having been harvested and many areas burned off. Due to the abundance of outcrop, mapping is a key tool to understanding the geological and possible economic significant of the already identified prospects and will undoubtedly lead to further identification of others



Thaduna Copper Project (100% Sipa)

Background

The 100% owned Thaduna Project covers 936 square kilometres located in the Palaeoproterozoic intracratonic Yerrida rift basin, between the northern margin of the Archaean Yilgarn Craton and the southern margin of the Archaean Marymia granite-greenstone dome in the Gasgoyne Region of Western Australia. Sipa has been exploring at Thaduna for a number of years based on the premise that the Paleoproterozoic rocks of the Yerrida Sedimentary Basin are prospective for very large copper (and other base metal) deposits of broadly the Mt Isa (Queensland) or Nifty (WA) styles, or even the Central African Copper Belt (Zambia and DRC) styles. The project tenements contain the historic Rooney and Ricci Lee copper mines and surround two other historic mines – Thaduna and Green Dragon, both currently being explored by a JV between Sandfire Resources NL and Ventnor Resources Limited. Sipa has always been of the view that these old copper mines may be part of the “smoke” indicating the potential for major deposits in the region.

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

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

Current Program

Drilling of three deep diamond holes, (Figure 7) was conducted during the campaign in June and July 2014 to test three separate targets. All three diamond holes intersected the copper enriched “blanket”, however were unsuccessful in intersecting possible primary structures interpreted to be feeders to the secondary mineralisation. (Refer ASX announcement dated 31 July 2014).

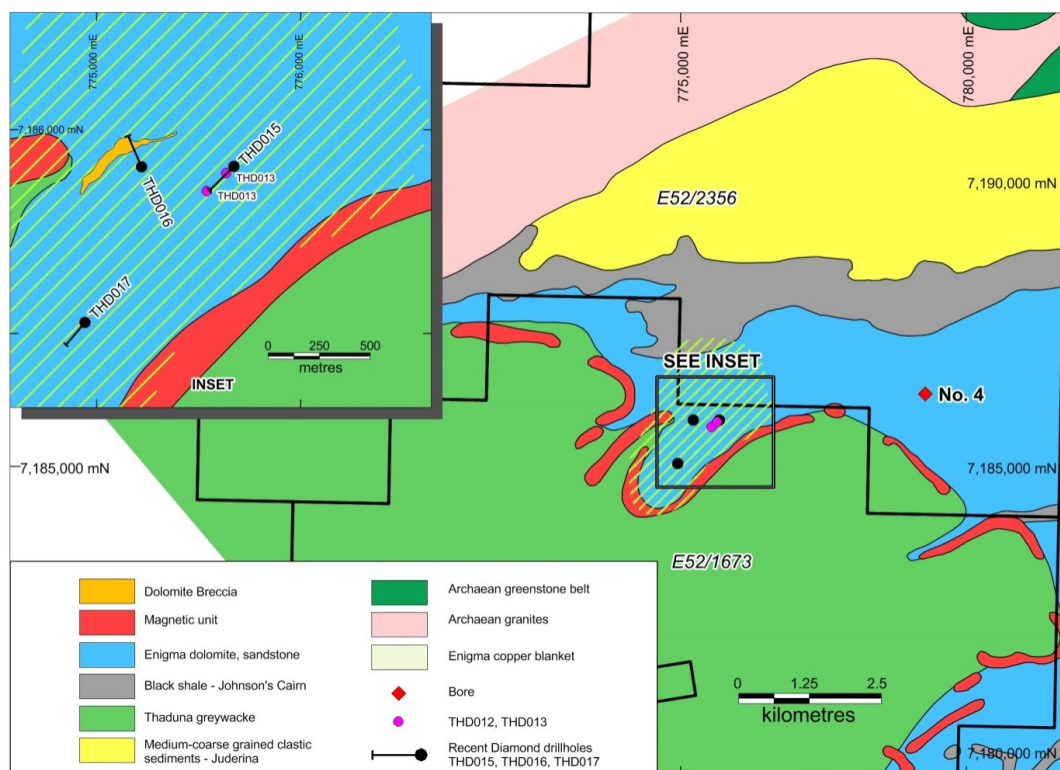


Figure 7 Location of diamond drillholes on Interpreted Geological Map of Thaduna

RAB and Aircore Drilling

A RAB and Aircore drill program was designed to test the northern and southern basin margin for copper mineralization and follow up anomalies from previous RAB/Aircore drilling. In total, 125 RAB holes were drilled for 998m and 77 Aircore holes were drilled for 5,626m. (Refer ASX announcement dated 20 October 2014).

The **Green Dragon Northeast** anomaly which had previously contained intersections like 21m @ 0.8% Cu (refer ASX 26 April 2012), was tested by four angled Aircore lines. Visible copper carbonate, chalcocite mineralization and quartz veining was detected down dip and along strike, extending the known length of the mineralized fault to 400m. The results are better than any previously drilled at **Green Dragon Northeast**.

Results include

- THR3713 **10m at 3.1% Cu** from 75 to 85m including **4m at 5.3% Cu** from 78m.
- THR3715 **38m at 0.3% Cu** from 1m including **2m at 1.1% Cu** from 4m
- THR3743 **19m at 0.5% Cu** from 0m including **6m at 1% Cu** from 2m
- THR3716 **6m at 0.7% Cu** from 71m including **2m at 1.8% Cu** from 71m

The copper mineralization is open to the southwest and the northeast. Figure 8 show a section through the mineralized zone.

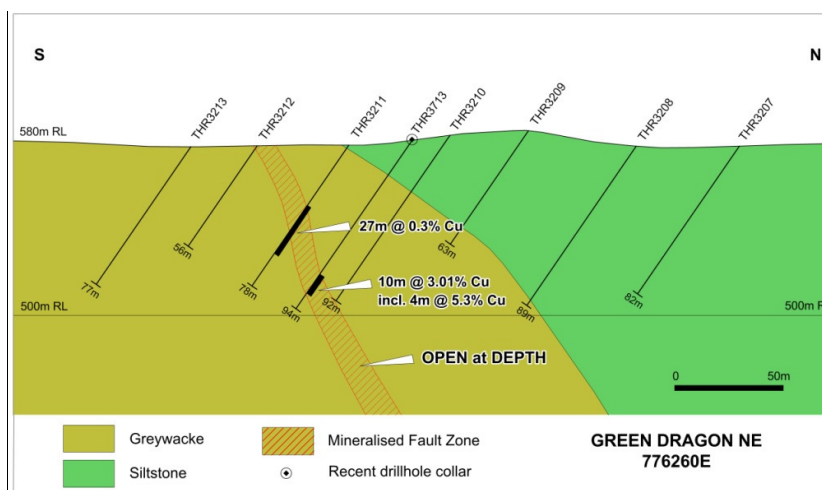


Figure 8 Green Dragon Northeast Section 776260E

At the **Enigma Prospect**, fourteen Aircore holes were drilled. (Figure 9)

Best results include:

- THR3706 **9m at 2.6% Cu** from 60m to EOH including **4m @ 5.5% Cu** from 60m
- THR3702 **7m at 1.9% Cu** from 90m including **3m at 3.8% Cu** from 91m
- THR3708 **27m at 0.4% Cu** from 72m

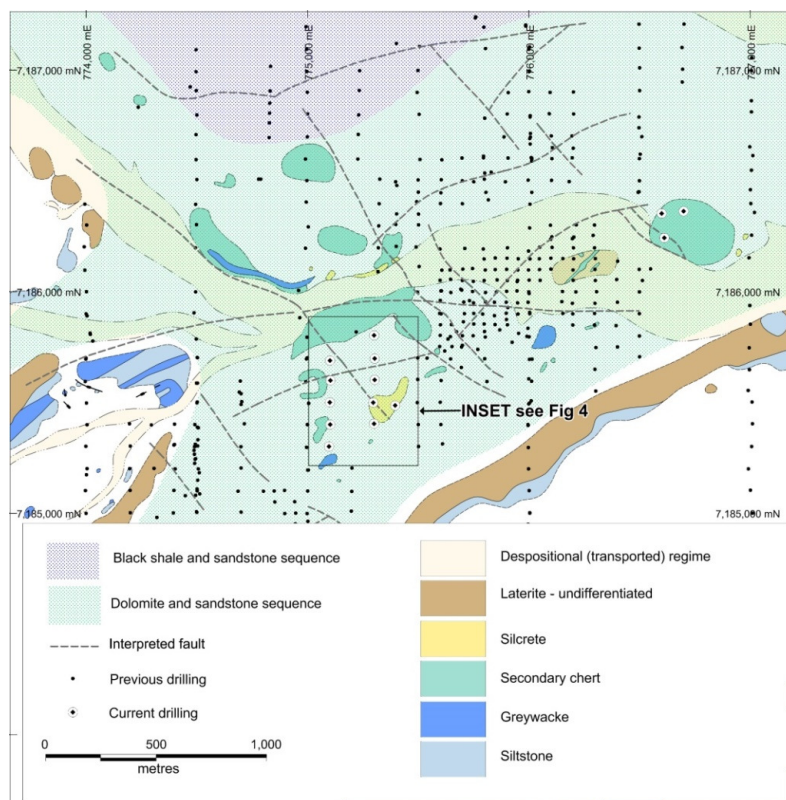
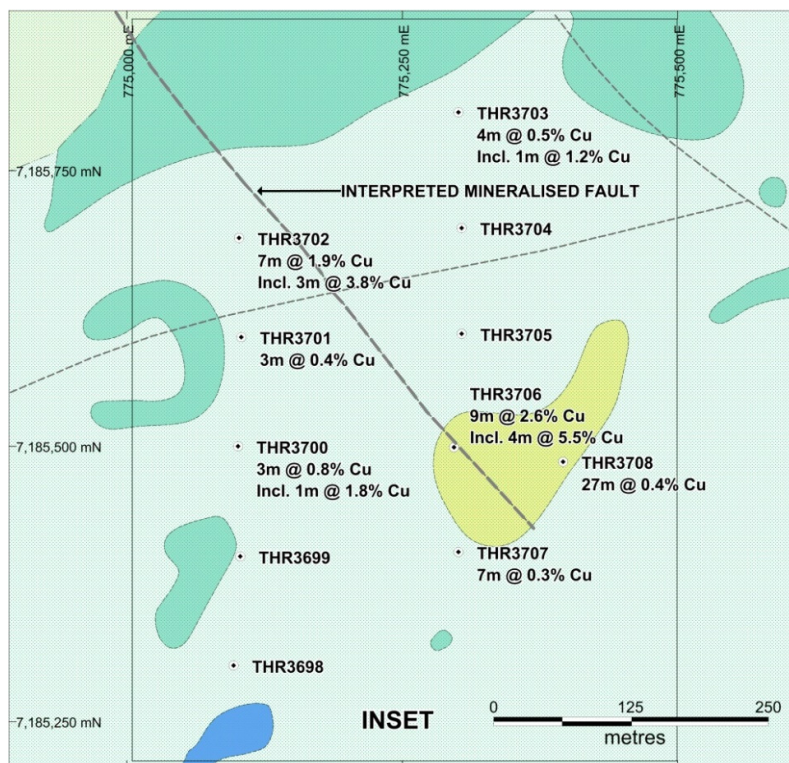


Figure 9 Location of Enigma Drilling and Surface geology



The holes are spatially coincident with the edge of a late channel VTEM conductor and at the edge of a steeply dipping fault as identified in AMT line 10,000N (Refer ASX announcement 16 January 2014). It is interpreted that THR3702, THR3706 and THR3708 have intersected a mineralized, northwest trending fault. These results are important as they indicate a steeper structural control to the mineralization rather than the possibly exotic supergene horizontal blanket style already identified at Enigma. All other drill holes appear to have intersected the Enigma copper blanket style mineralization (10).



10 Detailed Location and Geology of area within Enigma where drillholes intersected mineralized structure

Earlier in the year visible malachite and azurite associated with graphite was observed at **No 4 Bore** (Figure 7) following the cleaning out of the bore by the pastoralist. A total of 9 Aircore holes for 547 metres were drilled on north south oriented drill lines 150m either side of the bore. All holes intersected the Enigma dolomite and sandstone sequence. Two holes intersected a strongly ferruginised dolomite to the west and northwest of the bore. The best intersection came from THR3739 which contained 0.14% Cu from 65 to 70m.



AMT Survey

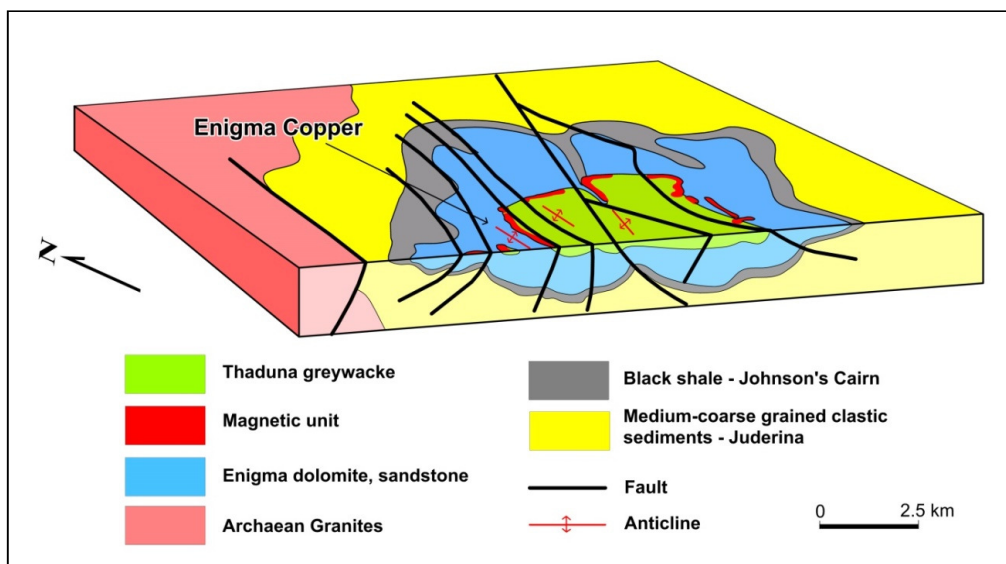


Figure 11 3D Geological Interpretation Thaduna Project Area

Interpretation of black shale in cross section and faults in 11 above have been directly inferred from previous AMT Data

An AMT survey was completed at the Thaduna Project on 9 sections for 32 line kilometres in August 2014. Preliminary processed data have been received with the final processed data still being awaited. The AMT survey was designed to infill AMT survey lines collected in late 2013 (refer ASX 16 January 2014), which successfully constrained the 3D architecture, to better delineate conductive structures.

The new AMT survey successfully mapped a thrust fault at the northwestern side and a steep structure at the southeastern side of the **Enigma** secondary copper blanket. Importantly, the conductivity changes along both structures with the AMT survey mapping hot spots in conductivity along both structures. The higher conductivity zones are interpreted to be caused by higher carbon or sulphide contents or both. The AMT section, which was collected at **No 4 Bore** identified a moderately to steeply dipping conductive structure.

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

Down Hole EM

Down hole EM was conducted on all of the recent diamond holes THD015, 016 and 017 (refer ASX 31 July 2014). No off hole conductors were detected.

Planned Program

Further interpretation is planned once all the AMT data has been processed which may help to target any future drilling.



Corporate

During the period Mr Mike Doepel and Mr David Williams tendered their resignations as non executive Directors and Mr Paul Kiley was appointed to the board as a non-executive director.

30 October 2014

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**APPENDIX – ASX LISTING RULE 5.3.3****Mining Tenements Acquired during Quarter:**

Tenement reference	Project	Nature of interest	Beneficial Interest at beginning of quarter	Beneficial Interest at end of quarter
TN2019	Uganda	Granted	Nil	80%

Mining Tenements Surrendered during this Period:

There were no tenements surrendered during the period.

Mining Tenements Held at End of Quarter:

Tenement reference	Project	Nature of interest	Beneficial Interest at beginning of quarter	Beneficial Interest at end of quarter
E52/1673	Thaduna	Granted	100%	100%
E52/1674	Thaduna	Granted	100%	100%
E52/1858	Thaduna	Granted	100%	100%
E52/2356	Thaduna	Granted	100%	100%
E52/2357	Thaduna	Granted	100%	100%
E52/2405	Thaduna	Granted	100%	100%
EL 1048	Uganda	Granted	80%	80%
EL 1049	Uganda	Granted	80%	80%
EL 1050	Uganda	Granted	80%	80%
EL 1051	Uganda	Granted	80%	80%
EL 1052	Uganda	Granted	80%	80%
EL 1053	Uganda	Granted	80%	80%
EL 1220	Uganda	Granted	80%	80%
EL 1221	Uganda	Granted	80%	80%
EL1229	Uganda	Granted	80%	80%
EL 1270	Uganda	Granted	80%	80%
EL 1271	Uganda	Granted	80%	80%
EL 1272	Uganda	Granted	80%	80%
EL 1273	Uganda	Granted	80%	80%
EL 1321	Uganda	Granted	80%	80%
EL 1322	Uganda	Granted	80%	80%
TN 2019	Uganda	Application	NIL	80%