



Sipa Resources Limited

SIPA RESOURCES LIMITED

ABN 26 009 448 980

**INTERIM REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2021**



CORPORATE DIRECTORY

Directors

Craig McGown *Non-Executive Chairman*
Pip Darvall *Managing Director*
John Forwood *Non-Executive Director*

Company Secretary

Ben Donovan

Stock Exchange Listing

Australian Securities Exchange
ASX Code - **SRI**

Bankers

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Auditor

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DIRECTORS' REPORT

The Company presents its interim financial report for the consolidated entity consisting of Sipa Resources Limited (**Company, Sipa** or **SRI**) and the entities it controls (**Consolidated Entity** or **Group**) for the half-year ended 31 December 2021.

DIRECTORS

The following persons were Directors who held office during the half-year and up to the date of signing this report, unless otherwise stated are:

Mr Craig McGown	Non-Executive Chairman – transitioned from Non-Executive Director on 1 September 2021
Mr Pip Darvall	Managing Director
Mr Tim Kennedy	Non-Executive Director – resigned 28 February 2022. Transitioned from Non-Executive Chairman on 1 September 2021
Mr John Forwood	Non-Executive Director

PRINCIPAL ACTIVITIES

The principal activities of the Group during the half-year were to explore mineral tenements in Australia and Uganda.

DIVIDENDS

No dividends have been declared, provided for, or paid in respect of the half-year ended 31 December 2021 (31 December 2020: Nil).

FINANCIAL SUMMARY

The Group made a net loss after tax of \$1,545,261 for the financial half-year ended 31 December 2021 (31 December 2020: loss \$1,528,850). At 31 December 2021, the Group had net assets of \$4,657,977 (30 June 2021: \$4,550,073) and cash assets of \$3,876,753 (30 June 2021: \$3,612,807).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The significant changes in the state of affairs of the Consolidated Entity during the financial period and to the date of this report are set out in the review of operations below.

REVIEW OF OPERATIONS

Sipa is an Australian-based exploration company focused on the discovery of gold and base metal deposits predominantly within Western Australia. Sipa aims to identify and secure positions in under-explored mineral provinces with the potential to host significant mineral deposits. During the period the Group continued with a range of exploration activities on its mineral tenements within Australia.

In Australia, Sipa is progressing the Paterson North Copper-Gold Project in the Paterson Province of Western Australia in partnership with Rio Tinto Exploration. The Province is a strongly endowed and highly prospective mineral belt hosting the world-class Telfer gold and copper deposits, Nifty copper deposit and the O'Callaghans tungsten deposit. During the period Sipa, as Manager, completed exploration activities at the project including a large-scale gradient array IP survey, drill targeting and engagement of suitable contractors in preparation for a busy year of exploration in 2022.

Several drill programs were completed during the period at the Murchison Project and at Warralong; while the Wolfe Basin Project located in the Kimberley region was tested by further geophysical work that returned compelling chargeability targets for future drill testing.

The 100%-owned Uganda Base Metals Project has been on care and maintenance since the termination of the Earn-in and Joint Venture Agreement (JVA) with Rio Tinto Mining & Exploration Limited (Rio Tinto) on 30 April 2020.

DIRECTORS' REPORT

Corporate

Capital Raising

In September 2021, Sipa completed a \$1.5M share placement. 25,502,540 shares were issued at a price of \$0.059 per share.

Board restructure

On 30 August 2021, the Company advised that Craig McGown would resume his role as Independent Non-Executive Chairman and Tim Kennedy would step into the role of Non-Executive Director, effective 1 September 2021.

MATTERS SUBSEQUENT TO THE END OF THE HALF YEAR

Subsequent to period end:

- On 23 February 2022 the Company announced the staged sale of its Uganda Base Metals Project to Blencowe Resources Plc.
- On 28 February 2022, Non-Executive Director Timothy Kennedy, resigned.
- Exploration drilling at Skeleton Rocks had been completed.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not impacted financially on the Company up to 31 December 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date.

The situation is rapidly evolving and is dependent on measures imposed by the Australian Government and other countries, such as vaccinations, maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other material matters have occurred subsequent to the end of the financial period which requires reporting on other than those which have been noted above or reported to ASX.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

In general terms the review of operations of the Group gives an indication of likely developments and the expected results of the operations. In the opinion of the Directors, disclosure of any further information would be likely to result in unreasonable prejudice to the Group.

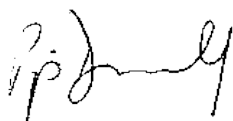
AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out in this interim report.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the *Corporations Act 2001*.

On behalf of the Directors.

Signed in accordance with a resolution of the Directors



Pip Darvall

Managing Director

Perth

15 March 2022

DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF SIPA RESOURCES LIMITED

As lead auditor for the review of Sipa Resources Limited for the half-year ended 31 December 2021,

I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Sipa Resources Limited and the entities it controlled during the period.



Glyn O'Brien

Director

BDO Audit (WA) Pty Ltd

Perth, 15 March 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 31 December 2021

	Notes	31 December 2021 \$	31 December 2020 \$
Other income			
Interest income	1	109	8,348
Other income	1	142,655	279,670
Expenses:			
Exploration and tenement expenses	2	(953,270)	(908,645)
Financial assets gain/(loss)	2	-	(285,481)
Depreciation expense		(33,735)	(37,962)
Share based payments expense	9	(192,157)	(13,465)
Administrative expenses	2	(481,666)	(559,795)
Foreign exchange (loss)/gain	2	(27,197)	(11,520)
Profit/(loss) before income tax expense		(1,545,261)	(1,528,850)
Income tax expense		-	-
Profit/(loss) attributable to the owners of the Company		(1,545,261)	(1,528,850)
Other comprehensive income/(loss):			
<i>Items that may be reclassified to profit or loss</i>			
Exchange difference on translation of foreign operations		3,603	-
Other comprehensive income/(loss) for the period, net of tax		3,603	-
Total comprehensive income/(loss) for period attributable to owners of Sipa Resources Limited		(1,541,658)	(1,528,850)
Basic and diluted (loss)/earnings per share (cents per share)		(0.83)	(0.9)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	31 December 2021 \$	30 June 2021 \$
Current Assets			
Cash and cash equivalents	4	3,876,753	3,612,807
Other receivables	5	222,381	498,575
Total Current Assets		4,099,134	4,111,382
Non-Current Assets			
Exploration and evaluation	6	704,008	731,038
Other financial assets		2,000	2,000
Plant and equipment		82,595	94,301
Total Non-Current Assets		788,603	827,339
Total Assets		4,887,737	4,938,721
Current Liabilities			
Trade and other payables		179,071	102,863
Deferred JV contributions	7	-	226,927
Provisions		33,613	25,501
Lease liability		17,076	33,357
Total Current Liabilities		229,760	388,648
Total Liabilities		229,760	388,648
Net Assets		4,657,977	4,550,073
Equity			
Contributed equity	8	115,111,999	113,654,594
Reserves		1,665,800	1,470,040
Accumulated losses		(112,119,822)	(110,574,561)
Total Equity		4,657,977	4,550,073

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2021

	Issued Capital \$	Accumulated Losses \$	Equity benefits reserve \$	Foreign Currency Translation Reserve \$	Total \$
Balance at 1 July 2020	111,004,480	(108,206,810)	1,435,596	9,103	4,242,369
Loss for the half-year	-	(1,528,850)	-	-	(1,528,850)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the half year	-	(1,528,850)	-	-	(1,528,850)
Shares issued	2,580,001	-	-	-	2,580,001
Share issue costs	(89,887)	-	-	-	(89,887)
Share based payments	60,000	-	13,465	-	73,465
Balance at 31 December 2020	113,554,594	(109,735,660)	1,449,061	9,103	5,227,098
Balance at 1 July 2021	113,654,594	(110,574,561)	1,461,174	8,866	4,550,073
Loss for the half-year	-	(1,545,261)	-	-	(1,545,261)
Other comprehensive income	-	-	-	3,603	3,603
Total comprehensive loss for the half year	-	(1,545,261)	-	3,603	(1,541,658)
Shares issued	1,504,650	-	-	-	1,504,650
Share issue costs	(47,245)	-	-	-	(47,245)
Share based payments	-	-	192,157	-	192,157
Balance at 31 December 2021	115,111,999	(112,119,822)	1,653,331	12,469	4,657,977

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2021

	Notes	31 December 2021 \$	31 December 2020 \$
Cash flows from operating activities			
Payments for exploration and evaluation expenditure		(2,131,647)	(1,339,309)
Receipt from Rio Tinto Exploration Earn In and JV agreement		1,250,000	400,000
Receipt from Buru Energy Joint Venture at Barbwire Terrace		193,806	-
Payments to suppliers, consultants and employees		(464,162)	(572,772)
Interest received		109	10,066
Incentives and subsidies		-	229,800
Net cash used in operating activities		(1,151,894)	(1,272,115)
Cash flows from investing activities			
Proceeds from the sale of royalties		-	524,865
Payments for property, plant, and equipment		(24,000)	(967)
Cash invested in security deposits		-	19,920
Net cash from/(used) in investing activities		(24,000)	543,818
Cash flows from financing activities			
Proceeds from new issues of shares		1,504,650	2,580,001
Share issue costs		(47,245)	(89,887)
Lease expenses		(17,565)	(19,653)
Net cash provided by financing activities		1,439,840	2,470,461
Net increase/(decrease) in cash held		263,946	1,742,165
Cash and cash equivalents at the beginning of the period		3,612,807	2,378,083
Effect of exchange rates on cash holdings in foreign currencies		-	(11,521)
Cash and cash equivalents at the end of the period	4	3,876,753	4,108,727

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2021

1 REVENUE AND OTHER INCOME

	31 December 2021 \$	31 December 2020 \$
Finance income		
Interest income	109	8,348
Other income		
Management fee income	142,655	49,870
WA State Exploration Incentive Grant	-	30,520
Cashflow boost payments ⁽¹⁾	-	197,000
Other income	-	2,280
Total other income	142,655	279,670
Total revenue and other income	142,764	288,018

1 Cash flow boost payments are delivered as credits in the activity statements and equivalent to the amount withheld from wages paid to employees from March to September 2020.

2 EXPENDITURE

	Note	31 December 2021 \$	31 December 2020 \$
Exploration and tenement expenses			
Australian tenements		2,281,566	1,224,333
Less: exploration expenditure funded by JV parties		(1,381,947)	(382,337)
Uganda tenements		53,651	66,649
Total exploration and tenement expenses		953,270	908,645
Share-based payments expense			
Options	9	192,157	13,465
Total share-based payments expense		192,157	13,465
Administrative expense			
Corporate costs		160,198	173,552
Marketing costs		28,106	33,499
Office costs		21,716	39,699
Personnel costs ⁽¹⁾		271,646	313,045
Total administrative expense		481,666	559,795

1 A portion of the personnel costs relating to field activities have been included within Exploration and tenement expenditure.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2021

2 EXPENDITURE (continued)

	31 December 2021 \$	31 December 2020 \$
Loss on financial assets	-	285,481
Foreign exchange loss	27,197	11,521

A reconciliation of employee benefits expense is as follows:

	31 December 2021 \$	31 December 2020 \$
Employee benefits expense		
Wages and salaries	363,552	458,994
Superannuation	32,997	37,885
Provision for leave	8,113	(26,519)
Other costs	52,623	2,817
Total employee benefits expense	457,285	473,177
Employee benefits included in		
Exploration and tenement expenses	185,691	160,132
Administrative expenses	271,594	313,045
	457,285	473,177

3 OPERATING SEGMENTS

Management has determined that the Group has two reportable segments, being exploration activities in Australia and activities in Uganda. This determination is based on the internal reports that are reviewed and used by the Board (chief operating decision maker) in assessing performance and determining the allocation of resources. As the Group is focused on exploration, the Board monitors the Group based on actual versus budgeted exploration expenditure incurred by area. This internal reporting framework is the most relevant to assist the Board with making decisions regarding the Group and its ongoing exploration activities, while also taking into consideration the results of exploration work that has been performed to date.

	Australia \$	Uganda \$	Other \$	Total \$
For the half year ended 31 December 2021				
Other income	142,655	-	109	142,764
Reportable segment loss	(729,934)	(80,681)	(734,646)	(1,545,261)
Reportable segment assets ⁽¹⁾	328,594	578,569	3,980,575	4,887,738
Reportable segment liabilities	(113,144)	(6,081)	(110,535)	(229,760)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2021

3 OPERATING SEGMENTS (continued)

	Australia \$	Uganda \$	Other \$	Total \$
For the half year ended 31 December 2020				
Other income	288,018	-	-	288,018
Reportable segment loss	(838,027)	(68,082)	(622,741)	(1,528,850)
For the year ended 30 June 2021				
Reportable segment assets	651,322	630,000	3,657,399	4,938,721
Reportable segment liabilities	(226,927)	(799)	(160,922)	(388,648)

4 CASH AND CASH EQUIVALENTS

	31 December 2021 \$	30 June 2021 \$
Cash at bank	3,837,320	3,573,374
Short-term deposits	39,433	39,433
	3,876,753	3,612,807

5 OTHER RECEIVABLES

	31 December 2021 \$	30 June 2021 \$
Other receivables	52,147	32,368
Joint Venture contributions	111,214	440,000
Prepayments	59,020	26,207
	222,381	498,575

The Group has no impairments to other receivables or has receivables that are past due but not impaired.

Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value.

6 EXPLORATION AND EVALUATION ASSETS

	31 December 2021 \$	30 June 2021 \$
Opening balance	731,038	581,038
Acquisition of Garden Gully project	-	150,000
Movement in foreign exchange	(27,030)	-
Closing balance	704,008	731,038

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2021

7 JOINT VENTURES

The Company is a party to a number of unincorporated exploration joint ventures. The following is a list of unincorporated exploration joint ventures under which the Company has diluted and may yet dilute its original interest:

Name of Joint Venture and Project	31 December 2021 Interest %	30 June 2021 Interest %
Earning In at Paterson North	92%- 100% ⁽¹⁾	90% - 100% ⁽¹⁾
Joint Venture at Barbwire Terrace	50% ⁽²⁾	-

1 Rio Tinto earning into the project. Ming Gold diluting out of tenements E45/3599, E45/4697, E45/5335 and E45/5336.

2 Buru earned a 50 per cent interest in Sipa's tenement by funding the first \$250,000 of on-ground activities.

As at 31 December 2021, the above listed joint ventures are not joint arrangements under the accounting standards as the joint venture partners do not have collective and joint control. The Company therefore accounts for the interest in the joint ventures in accordance with the relevant accounting standards and not under AASB 11 Joint Arrangements. All exploration and evaluation expenditure is expensed to Statement of Profit or Loss and Other Comprehensive Income as incurred. Contributed funds received from other joint venture partners are deducted from exploration expenditure when cash is received or the right to receive payment is established.

Joint Venture at Paterson North

In August 2020, Sipa announced a Farm in and JV agreement with Rio Tinto Exploration at the Paterson North Copper Gold Project in Western Australia. As at 31 December 2021, \$86,734 is recorded as a receivable.

	31 December 2021 \$	30 June 2021 \$
Opening balance	177,883	-
Contributions received	850,000	1,204,950
Joint Venture expenditure	(1,114,617)	(1,027,067)
	(86,734)	177,883

Joint Venture at Barbwire Terrace

In September 2020, Sipa announced it had entered into an alliance with Buru Energy to progress mineral exploration at the Barbwire Terrace project immediately southeast of Buru's own Canning Basin oil and gas leases. During the period Buru earned a 50 per cent interest in Sipa's tenement by funding the first \$250,000 of on-ground activities. As at 31 December 2021, \$24,480 is recorded as a receivable.

	31 December 2021 \$	30 June 2021 \$
Opening balance	49,044	-
Contributions received	193,806	84,319
Joint Venture expenditure	(267,330)	(35,275)
	(24,480)	49,044

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2021

8 ISSUED CAPITAL

(a) Issued capital

	31 December 2021 Shares	30 June 2021 Shares	31 December 2021 \$	30 June 2021 \$
Fully paid	205,024,803	179,522,263	115,111,999	113,654,594

Movements in ordinary share capital during the current and prior financial period are as follows:

Details	Date	Number of shares	Issue price/share \$	\$
Balance at 1 July 2021		179,522,263		113,654,594
Placement	28-Sep-21	24,655,084	0.059	1,454,650
Placement	29-Nov-21	847,456	0.059	50,000
Less: Share issue costs				(47,245)
Balance at 31 December 2021		205,024,803		115,111,999

9 SHARE-BASED PAYMENTS

Share-based payment transactions are recognised at fair value in accordance with AASB 2.

The total movement arising from share-based payment transactions recognised during the period were as follows:

	Note	31 December 2021 \$	30 June 2021 \$
As part of share-based payment reserve:			
Options issued to directors and advisors	9(a)	192,157	25,578
As part of administration expense			
Shares issued –Corporate advisory		-	60,000
As part of exploration and evaluation expenditure			
Shares issued – Acquisition of Garden Gully project		-	100,000
		192,157	185,578

During the period the Group had the following share-based payments:

(a) Share options

The Sipa Resources Limited share options are used to reward Executive Directors, Employees, Consultants and Vendors for their performance and to align their remuneration with the creation of shareholder wealth through the performance requirements attached to the options. The Company's Option Plan was approved and adopted by shareholders on 18 November 2021. Options are granted at the discretion of the Board and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

The options are not listed and carry no dividend or voting right. Upon exercise, each option is convertible into one ordinary share to rank pari passu in all respects with the Company's existing fully paid ordinary shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2021

9 SHARE-BASED PAYMENTS (continued)

Set out below are summaries of options granted:

	31 December 2021	
	Average exercise price per option	Number of options
Opening balance	\$0.227	4,202,918
Granted during the period	\$0.154	10,600,000
Exercised during the period	-	-
Forfeited/Lapsed	\$0.917	(493,751)
Closing balance	\$0.149	14,309,167
Vested and exercisable	\$0.148	12,309,167

Grant date	Expiry date	Exercise price	31 December	30 June
			2021	2021
			Number of options	Number of options
(i) 1-Sep-16	31-Aug-21	\$1.32	-	162,500
(ii) 19-Dec-16	18-Dec-21	\$0.72	-	331,251
(iii) 25-Nov-19	24-Nov-23	\$0.13	750,000	750,000
(iv) 25-Nov-19	31-Jan-23	\$0.15	2,000,000	2,000,000
(v) 19-Nov-20	18-Nov-23	\$0.102	459,167	459,167
(vi) 21-Apr-21	19-Apr-24	\$0.110	500,000	500,000
(vii) 18-Nov-21 ⁽¹⁾	29-Nov-25	various	10,600,000	-
			14,309,167	4,202,918
Weighted average remaining contractual life of options outstanding at the end of the period:			3.29 years	1.82 years

¹ Options granted to Key Management Personnel on 18 November 2021 were approved at the Company's Annual General Meeting.

Key performance milestones of the options which have been granted during the period ended 31 December 2021 were as follows:

Grant date	Exercise price	Number	Performance milestones	Performance period
18-Nov-21	\$0.093	2,150,000	None	-
18-Nov-21	\$0.093	500,000	Vest subject to pre-determined performance hurdles ⁽¹⁾	Sep 21 – Aug 22
18-Nov-21	\$0.134	2,150,000	None	-
18-Nov-21	\$0.134	500,000	Vest subject to pre-determined performance hurdles ⁽¹⁾	Sep 22 – Aug 23
18-Nov-21	\$0.174	2,150,000	None	-
18-Nov-21	\$0.174	500,000	Vest subject to pre-determined performance hurdles ⁽¹⁾	Sep 23 – Aug 24
18-Nov-21	\$0.214	2,150,000	None	-
18-Nov-21	\$0.214	500,000	Vest subject to pre-determined performance hurdles ⁽¹⁾	Sep 24 – Aug 25

¹ The performance hurdles are designed to optimise the Company's performance against its strategic plan, with threshold levels representing meaningful progress against the Company's objectives. The threshold levels are suitably stretched to be consistent with the objectives of the Plan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2021

9 SHARE-BASED PAYMENTS (continued)

The performance hurdles for KMP in place for the current period are outlined below.

Strategic objectives	Performance measure	Weight
Capital Management	Cost effective assessment and acquisition of projects meeting strategic thresholds	10%
	Efficient de-risking of Company projects via cost effective exploration	30%
	Minimise holding costs and maintain cash reserves while retaining access to upside for projects that may be divested	20%
Business Operations	Efficient and Effective business operations and capital raising where required to support Key Strategic Objectives	40%

The fair value of options issued is measured by reference to the value of the goods or services received. The fair value of services received in return for share options granted to Directors and Employees and Consultants is measured by reference to the fair value of options granted. The fair value of services received by advisors could not be reliably measured and is therefore measured by reference to the fair value of the equity instruments granted. The estimate of the fair value of the services is measured based on a Black-Scholes option valuation methodology. The life of the options including early exercise options is built into the option model. The fair value of the options are expensed over the expected vesting period.

The model inputs for options granted during the period included:

Series	Exercise price	Expiry (years)	Options granted	Expected volatility ⁽¹⁾	Dividend yield	Risk free interest rate ⁽²⁾	Option value
(vii)	\$0.093	4.0	2,650,000	80%	0%	0.97%	\$0.025
(vii)	\$0.134	4.0	2,650,000	80%	0%	0.97%	\$0.021
(vii)	\$0.174	4.0	2,650,000	80%	0%	0.97%	\$0.018
(vii)	\$0.214	4.0	2,650,000	80%	0%	0.97%	\$0.016

1 The expected price volatility is based on historical volatility (based on the remaining life of the option), adjusted for any expected changes to future volatility due to publicly available information.

2 Risk free rate of securities with comparable terms to maturity.

The total expense arising from options issued during the reporting period as part of share-based payments expense was as follows:

	31 December 2021 \$	30 June 2021 \$
Share-based payments expense		
Options issued to Directors and employees	192,157	25,578
	192,157	25,578

10 DIVIDENDS

No dividends have been declared or paid for the period ended 31 December 2021 (31 December 2020: nil).

11 CONTINGENCIES

There have been no changes to contingent assets or liabilities since the last annual reporting date, 30 June 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2021

12 COMMITMENTS

There have been no changes to commitments since the last annual reporting date, 30 June 2021.

13 RELATED PARTY TRANSACTIONS

Share-based payments

During the half-year the following options were granted on 29 November 2021:

- Mr Craig McGown was granted 1,000,000 options;
- Mr Pip Darvall was granted 8,000,000 options;
- Mr Tim Kennedy was granted 800,000 options;
- Mr John Forwood was granted 800,000 options.

Details of the valuation pertaining to the above-mentioned equity instruments are set out in Note 9.

Transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. The directors participated in the capital raising undertaken in September 2021 and the issue of these shares was approved by shareholders on 18 November 2021. There have been no other changes to related party transactions since the last annual reporting date, 30 June 2021.

14 EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to half-year end:

- On 23 February 2022 the Company announced the sale of its Uganda Base Metals Project to Blencowe Resources Plc.
- On 28 February 2022, Non-Executive Director Timothy Kennedy, resigned.
- First exploration program at Skeleton Rocks successfully completed.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not impacted financially on the Company up to 31 December 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date.

The situation is rapidly evolving and is dependent on measures imposed by the Australian Government and other countries, such as vaccinations, maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other material matters have occurred subsequent to the end of the half-year which requires reporting on other than those which have been noted above or reported to ASX.

15 BASIS OF PREPARATION AND ACCOUNTING POLICIES

This consolidated interim financial report for the half-year reporting period ended 31 December 2021 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Act 2001*.

This consolidated interim financial report does not include all the notes of the type normally included in an annual financial report and therefore cannot be expected to provide a full understanding of financial performance, financial position and financing and investing activities of the consolidated entity as full year financial statements. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by Sipa Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

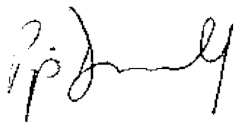
The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

DIRECTORS' DECLARATION

In the Directors' opinion:

1. the financial statements, and accompanying notes set out above, are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (b) give a true and fair view of the Consolidated Entity's financial position as at 31 December 2021 and its performance for the half-year ended on that date.
2. there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable;

This declaration is made in accordance with a resolution of the Board of Directors.



Pip Darvall

Managing Director

Perth

15 March 2022

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Sipa Resources Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Sipa Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'Glyn O'Brien', with a long horizontal stroke extending to the right.

Glyn O'Brien

Director

Perth, 15 March 2022