Sipa to advance promising nickel, copper-gold discoveries with accelerated exploration push in 2017

2017 field exploration kicks off with geophysics and detailed gravity at Akelikongo nickel-copper discovery and innovative targeting exercise underway in the Paterson

Highlights

- 2017 off to a strong start for Sipa Resources with **field exploration activities already underway at the Akelikongo nickel-copper discovery in Uganda** and a comprehensive plan in place to advance both its Ugandan and Australian projects to the next level.

- Company well-funded for upcoming exploration with $4.1M in cash at the end of the December 2016 Quarter.

Nickel-Copper – Akelikongo, Uganda

- **Down-hole electro-magnetic (EM) survey underway testing up to 10 diamond drill-holes** completed last year. Together with a ground magnetic program, these geophysical surveys will help to define the extent of conductive massive sulphides intersected in drilling and also detect new off-hole conductors for further drill testing.

- **In-fill soil sampling programs have also commenced** to complete full coverage of the Akelikongo gravity anomaly to potentially identify additional sulphide positions.

- This new phase of work will facilitate planning of follow-up drilling scheduled for Q2 2017 to further define and extend the massive and disseminated nickel - copper sulphide drill intersections returned in 2016.

Copper-Gold – Paterson North Project, Australia

- **Collaborative study between Sipa and the CSIRO Discovery Research Team** underway using state-of-the-art TIMA SEM[1] mineral analytical techniques. The study involves the integration and analysis of all existing datasets, including those collected in the two previous drilling programs, to assist with drill-hole targeting and expedite discovery.

- **Heritage surveys planned for March prior to re-commencing drilling in April 2017**, subject to favourable field access conditions. Next phase of drilling designed to further evaluate the large copper-gold mineral system discovered at Obelisk last year.

- Both the drilling and collaborative study with CSIRO are co-funded with:

  - Up to $150,000 in co-funding confirmed through the WA Government EIS scheme for exploration targets at the Obelisk copper-gold discovery

  - A grant of $50,000 from the Australian Government Department of Industry Innovation and Science, undertaken through the Innovations Connection stream of the Entrepreneurs Program. In addition CSIRO contributions in kind have also been secured. Sipa's portion of the study amounts to some $50,000 before any potential tax deductions for Research and Development.

[1] (TIMA) Tescan Integrated Mineral Analyser (SEM) Scanning Electron Microscope

Sipa Resources Limited (ASX: **SRI**) is pleased to advise that its 2017 exploration programs are already well underway as it embarks on a new phase of exploration designed to advance its promising nickel and copper-gold discoveries in Africa and Australia to the next stage.

With a strong cash balance of $4.1 million at the end of the December Quarter, the Company is well placed to execute its exploration strategy for both its Ugandan and Australian projects.

Down-hole geophysical surveys are underway at the **Akelikongo nickel-copper project** in Uganda to define possible accumulations of conductive sulphides for follow-up drilling, planned to commence next quarter, while an innovative targeting exercise is underway at the **Paterson North copper-gold project** in Western Australia ahead of the next phase of drilling, planned to commence in April 2017.

Sipa's Managing Director, Lynda Burnett, said 2017 was set to be a pivotal year in the continued evaluation and advancement of both its emerging discoveries.

"Sipa is fortunate in having not one but two potentially Tier-1 mineral systems in its portfolio, each with the potential to deliver enormous value for shareholders if we can demonstrate the presence of commercially and economically significant accumulations of metal," she said.

"In both cases, we made significant progress in 2016 in advancing our technical and geological understanding. At Akelikongo, the combination of down-hole EM and detailed ground magnetics now underway will help us to refine targets for the next stage of drilling.

"In the case of Paterson North, we have defined a very large mineral system with high potential to host a Tier-1 copper-gold deposit. We are now working closely with the CSIRO in a collaborative project which applies some of the very latest thinking, technologies and skill-sets in greenfields exploration to help us fast-track the exploration and discovery process.

"The next key stage for this project will be the definition of follow-up drill targets and the resumption of drilling in April, something we are all looking forward to with great anticipation."

Uganda

Akelikongo is Sipa's flagship discovery in Uganda. During 2015 and 2016, drilling and geophysics defined a sizeable body of nickel-copper sulphide mineralisation which has strong similarities to other globally significant intrusive related magmatic nickel copper sulphide systems such as Nova-Bollinger (14mt @2.3% Ni and 0.9% Cu), Voisey's Bay (141mt @1.6% Ni and 0.8% Cu), and Raglan (30mt @3.4% Ni and 0.9% Cu),

The key elements of these systems are a plunging magma channel or conduit with a high magma fluid flux which then interacts with the country rock during emplacement to form a mixing zone, which is typically where massive sulphide mineralisation has accumulated.

At Akelikongo, the conduit essentially sub-crops with an intense nickel and copper anomaly in residual soil. This anomaly has a surface footprint of about 300m by 300m that has so far be traced in the drilling for about 500m. Gravity modelling indicates that the conduit extends significantly further north than Sipa's current northern most hole, AKD007.

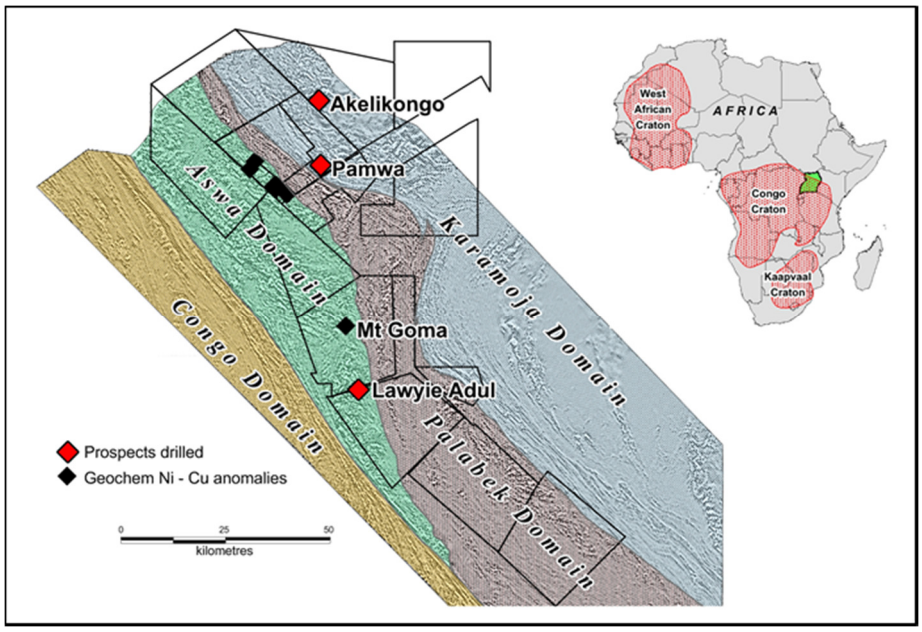

Figure 1 – Ugandan tenements and main prospects located on North East Congo Craton Margin

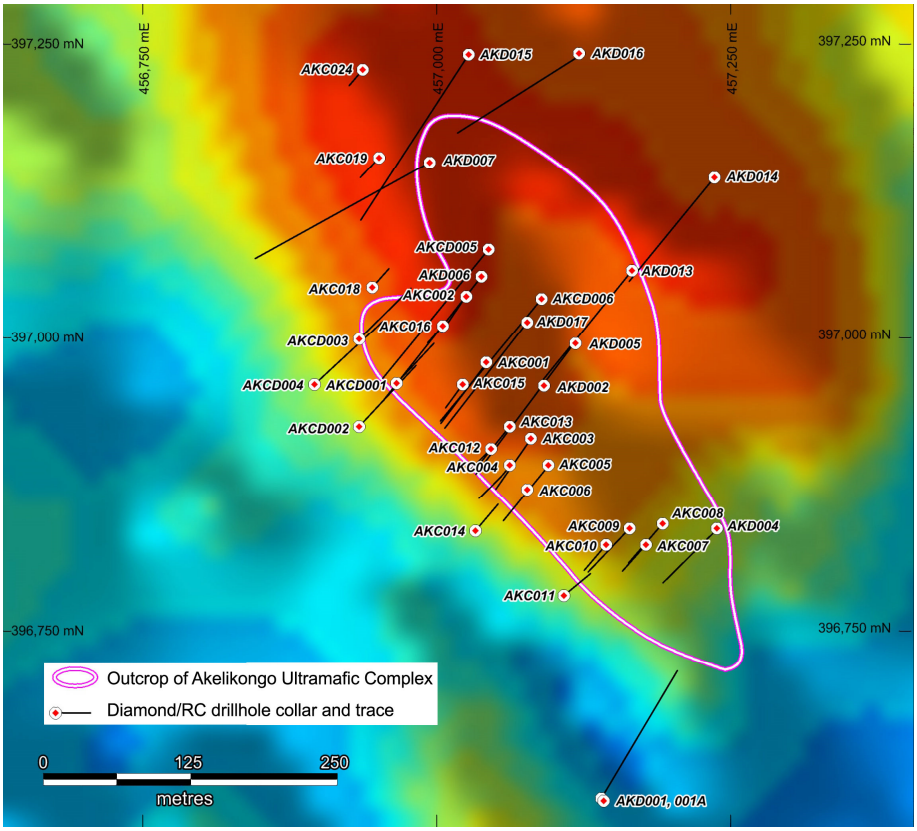

Figure 2 – Ground gravity and diamond and RC drill-hole locations

Figure 2 shows diamond and RC drill-holes completed to date over the ground gravity image (the intrusion or conduit is represented by the red to orange colours), which shows the body continuing to plunge to the north-west.

The best intercepts to date include:

- Semi massive zones of up to 7m @1.04% Ni and 0.35% Cu from AKCD006 (ASX Release 1 December 2016);
- Disseminated zones of up to 113m @ 0.36% Ni and 0.11% Cu in AKC003 from 2 m below surface (ASX Release 2 June 2016); and

Ni tenor in massive zones averages 5-6% and ranges up to 15% in disseminated zones.

The ground magnetic survey currently will be conducted on 50m spaced lines sampling continuously over an area of a 2km by 2km over the interpreted intrusion. The magnetic data should continue to improve the geological interpretation and assist in detecting possible zones of more fractionated massive sulphides (Copper plus Platinum Group Elements).

The down-hole EM will survey holes from the last three programs for a total of up to 10 drill-holes.

The EM data to be collected is designed to further define the extents and direction of massive sulphides identified in the drilling to date and also to define further off-hole conductors.

The results of both the ground magnetic survey and down-hole EM survey are expected towards the end of February and will assist targeting for the next drilling phase, which is planned for the second quarter of the year.

Australia

Paterson North EL 45/3599

Sipa is earning up to an 80% interest in Ming Gold's Paterson North Copper-Gold Project (see Figure 3 below) by spending $3 million on exploration over 4 years. Sipa has a 100% interest in a highly prospective adjoining tenement to the north.

The Paterson Province is an emerging region in north-west Western Australia where several Tier-1 discoveries (Telfer copper-gold, Nifty copper, O'Callaghans tungsten and Kintyre uranium) have been made. All discoveries to date have been made in areas of outcrop. Much of this highly prospective province is under varying thickness of cover and has yet to be effectively explored. Sipa believes the province will continue to deliver significant discoveries by applying state-of-the-art technologies (such as innovative drilling, quantitative mineral analysis and integration of geophysics) in covered areas.

After a successful maiden drill program in August 2016 where Sipa confirmed over 4km of highly anomalous mineralisation (Cu>250ppm and Au>20ppb) in reconnaissance aircore/RC drilling, a detailed geological and quantitative mineral mapping project in collaboration with CSIRO has commenced.

The collaborative research study with the CSIRO Discovery Research Team uses the (TIMA) Tescan Integrated Mineral Analyser (SEM) Scanning Electron Microscope as its key breakthrough technology, coupled with integrated geological interpretation of in-house and publically available bedrock geology and geophysics.

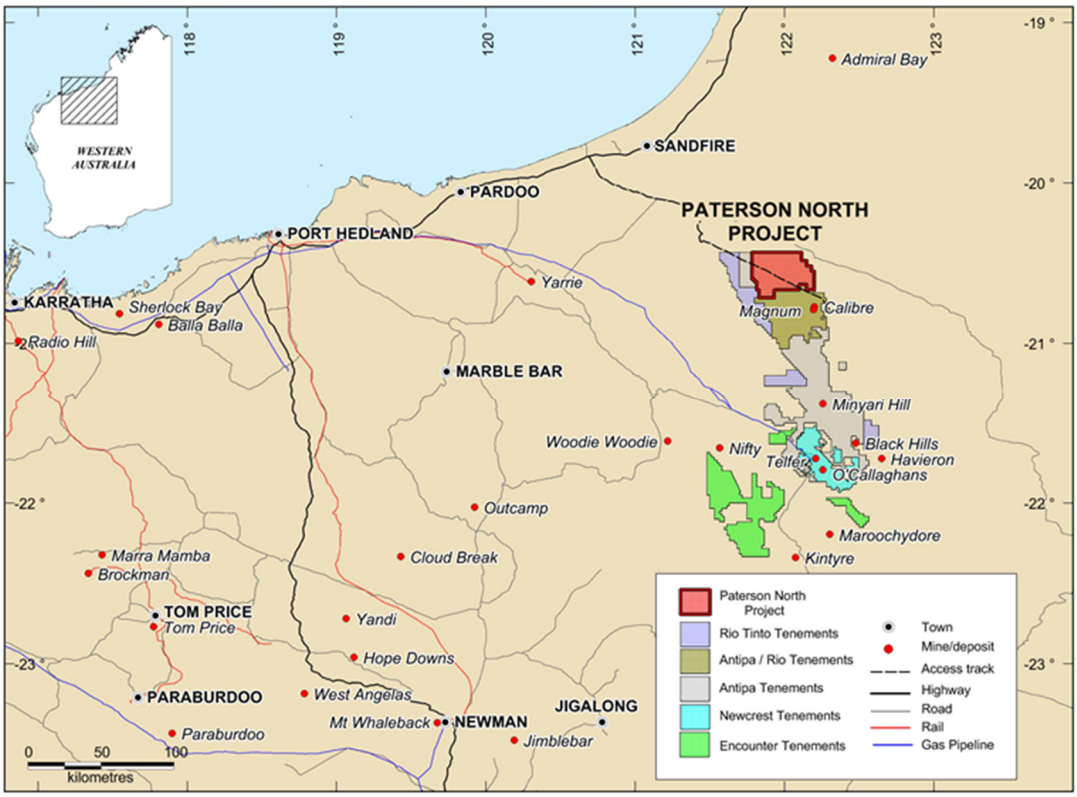

Figure 3 – Paterson North Project location

An initial pilot study using chip tray samples from Ming Gold's drilling has been completed and early indication shows that mineral species such as the titanium group of minerals can been quantitatively identified and texturally analyzed to determine areas of stronger alteration related to mineralisation.

Due to the large number and spatial distribution of the samples, it will enable 3D dimensional mapping of a range of important geochemical indicators, which should provide clear vectors to potentially economic mineralisation.

Figure 4 below shows the resultant scans from a meter of drill chips analyzed through the scanner and shows the distribution of minerals in the sample.

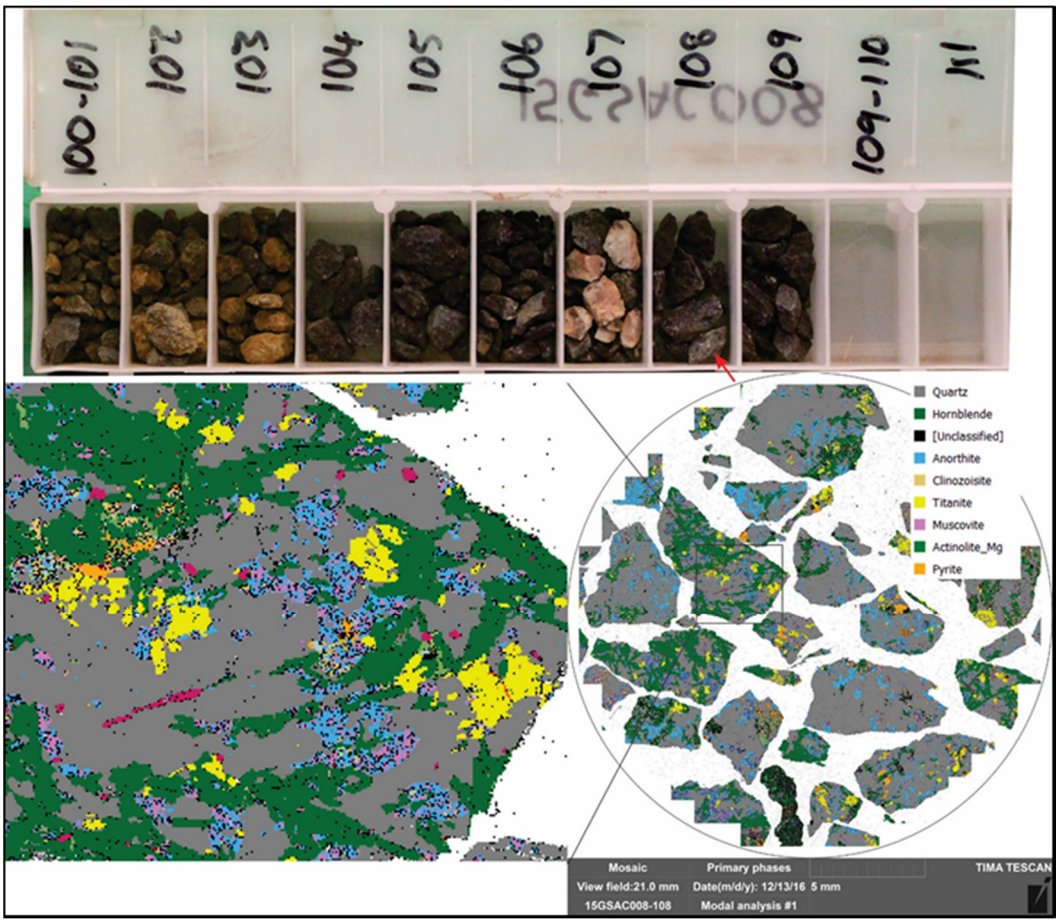

Figure 4 – Results from TIMA scan showing identified mineral species and textural relationships (Diagram courtesy of CSIRO)

Systematic collection, analysis and interpretation of this data will be used to assist in drill-hole targeting for the upcoming drill program in April.

Planning for the upcoming drill program is well underway with heritage surveys planned immediately prior to the drilling, which is scheduled for April. The drilling will be co-funded up to an additional $150,000 through the Western Australian Government Exploration Incentive Scheme (EIS).

The collaborative study is also partly funded through a grant of $50,000 from the Australian Government Department of Industry Innovation and Science, undertaken through the Innovations Connection stream of the Entrepreneurs Program and funding from CSIRO contributions in-kind. Sipa's portion of the study amounts to some $50,000 before any potential tax deductions for Research and Development.

Paterson North EL 45/4976

A second Paterson North tenement called Anketell (Sipa 100%) was granted in September 2016. The collaborative geological interpretation underway with CSIRO includes this newly granted tenement.

A particularly interesting domal feature shown on Figure 6 has been identified in the regional aeromagnetic data on this tenement which appears similar to domes related to mineralisation in the southern parts of the Paterson Province such as Telfer and Thompsons Dome.

Sipa is planning an aircore/RC reconnaissance drill program to test this domal feature later in the year.

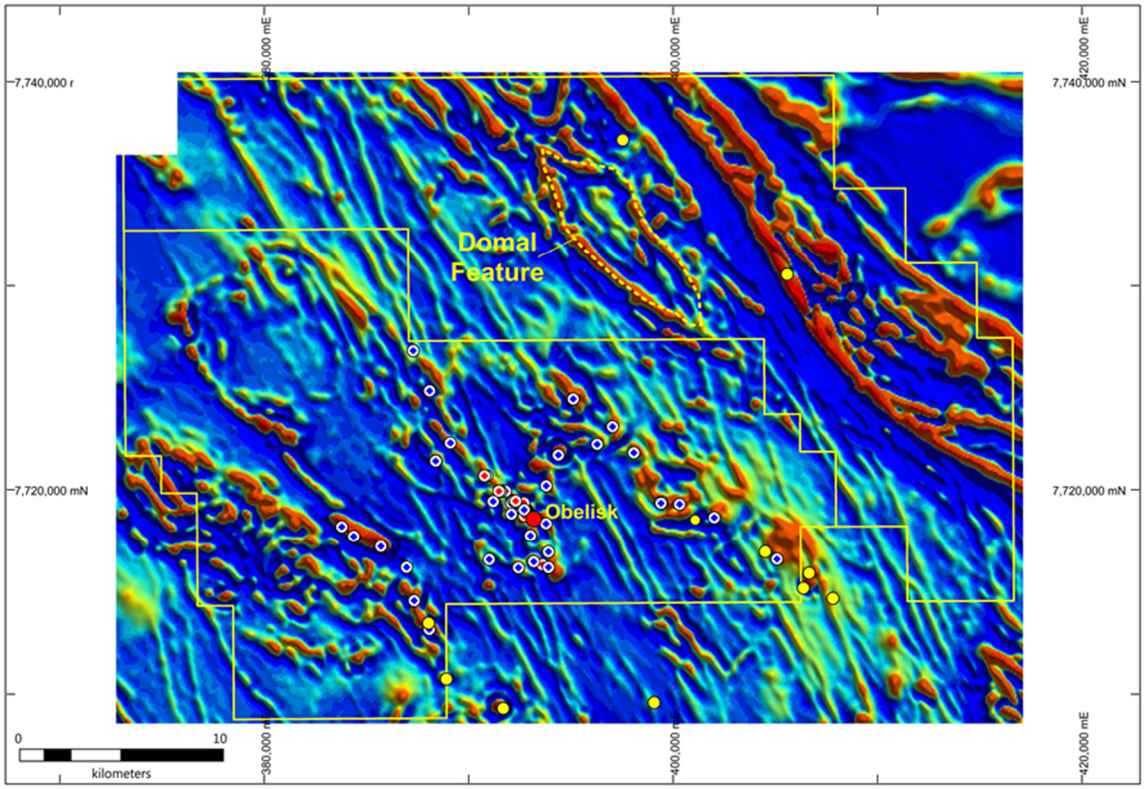

Figure 5 – Aeromagnetic image covering Sipa's North Paterson Tenements showing the domal feature to be drill tested for structurally controlled "Telfer lookalike" mineralisation

About Sipa

Sipa Resources Limited (ASX: SRI) is an Australian-based exploration company which is targeting the discovery of significant new gold-copper and base metal deposits in established and emerging mineral provinces with world-class potential.

In Northern Uganda, the 100%-owned Kitgum-Pader Base Metals Project contains two new mineral discoveries, Akelikongo nickel-copper and Pamwa lead-zinc-silver, both made by Sipa during 2014 and 2015.

The intrusive hosted Nickel-Copper sulphide mineralisation at Akelikongo is one of the most significant recent nickel sulphide discoveries globally. At Akelikongo, Sipa has delineated an intrusive-hosted chonolith nickel-copper sulphide system which is outcropping and plunges shallowly to the north-west for a distance of at least 500m and open to the north- west.

In Australia, Sipa has a Farm-in and Joint Venture Agreement with Ming Gold at the Paterson North Project in the Paterson Province of North West Western Australia, where extensive primary copper anomalism was intersected at the Obelisk prospect in primary bedrock to Rio/Antipa's Magnum Citadel Project.

The Company's maiden drill program in August 2016 successfully delineated a major gold-copper mineral system over a 4km strike length at the Obelisk prospect, within the Great Sandy Tenement. The drilling

confirmed that the anomaly is continuously developed over the entire strike length, including a 1.5km long zone where strongly anomalous copper and gold results were returned. This represents an outstanding target for follow-up exploration.

Of the 45 holes, **26 returned strongly anomalous copper values of >250ppm and gold values of >20ppb**. The strongest results of >1000ppm or 0.1% Cu returned over more than 1.5km with gold values up to 1.26g/t Summary assays from the August program (ASX Release 5 September) included:

- ***4m at 0.42g/t Au*** *from 85m in PNA007; and*
- ***8m at 0.28g/t Au, 0.44g/t Ag, 0.11% Cu 36ppm Mo and 141ppm W,*** *from 86m including* ***1m at 1.26g/t Au*** *from 89m in PNA014*

The Paterson Province is a globally recognized, strongly endowed and highly prospective mineral belt for gold and copper including the plus world-class Telfer deposits, Antipa Minerals' Magnum and Calibre gold and copper deposits, the Nifty copper and Kintyre uranium deposits and the O'Callaghans skarn hosted tungsten deposit.

The information in this report that relates to Exploration Results was previously reported in the ASX announcement dated 1 December 2016, 5 September 2016 and 2 June 2016, . The Company is not aware of any new information or data that materially affects the information included in that relevant market announcement.

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