Strong quarter for Sipa as it consolidates nickel & copper discoveries, strengthens board and prepares for accelerated exploration push in 2017

Best results received to date from nickel discovery in Uganda, collaborative targeting process with CSIRO underway at Paterson copper-gold discovery in WA

Highlights:

Kitgum Pader Base Metal Project – Uganda

- **Highly successful drilling campaign completed at the Akelikongo nickel-copper discovery**, with results including some of the best intercepts of semi-massive and disseminated mineralisation (holes AKD017 and AKCD006) as well as the highest individual assay intercepts seen from the project to date of up to **2.5% Ni and 2.4% Cu** (ASX 1 Dec 16**)**.

- **The presence of nickel and copper** sulphides of this tenor within a system of this scale and fertility is an important development which elevates and strengthens the potential of this system.

- **Results in 2016, in particular, the December quarter, validate the interpretation that the system is strengthening down-plunge** with the presence of strong semi-massive to matrix sulphide textures in the drill core indicating potential for a bigger magmatic sulphide pool down-plunge to the north-west.

- **Down-hole EM survey currently underway** to establish vectors to semi-massive and massive sulphide accumulations which are interpreted to lie down-plunge to the north.

Paterson North – Western Australia

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

- **Sipa to resume drilling in April 2017 to further evaluate the large copper-gold mineral system** at Obelisk, where reconnaissance drilling identified an extensive anomalous zone with >250ppm and gold values >20ppb over 4km with the mineralisation remaining open (ASX 5 Sept 16).

- **The high tenor of the widespread anomalism, together with high gold values up to 1.26g/t** and the presence of **significant copper, silver, molybdenum and tungsten**, is analogous to the metal associations other discoveries in the district, such as the Calibre and Magnum deposits (>1Moz gold and >100,000 tonnes copper) and the giant Telfer gold and copper deposit.

- **Collaborative study between Sipa and the CSIRO Discovery Research underway** using state-of the art TIMA SEM mineral analytical techniques. The study involves the integration and analysis of all existing datasets to assist with drill-hole targeting and to expedite discovery.

Corporate

- **Experienced Australian mining and exploration executive Tim Kennedy** appointed as non-executive Director, bringing additional geological, technical & commercial expertise that will be invaluable in progressing the Company's existing projects and identifying and evaluating new opportunities.

- **Cash position of $4.1M** putting Sipa in a strong position to pursue its planned activities in 2017.

Sipa Resources Limited (ASX: **SRI**) is pleased to report on an active and successful period of activity in the December 2016, which saw it make further important progress towards unlocking its emerging mineral discoveries in Uganda (nickel-copper) and Australia (copper-gold), while also commencing follow-up activities which have laid the foundations for an important period of exploration in 2017.

With a strong cash position of $4.1 million at Quarter-end, Sipa remains in an excellent position to execute its planned exploration activities in 2017 and advance its key projects to the next level.

Kitgum Pader Project, Uganda – Sipa 100%

During the quarter, Sipa completed a key follow-up drilling program at the emerging **Akelikongo nickel-copper discovery**, part of its Kitgum Pader Project in Northern Uganda.

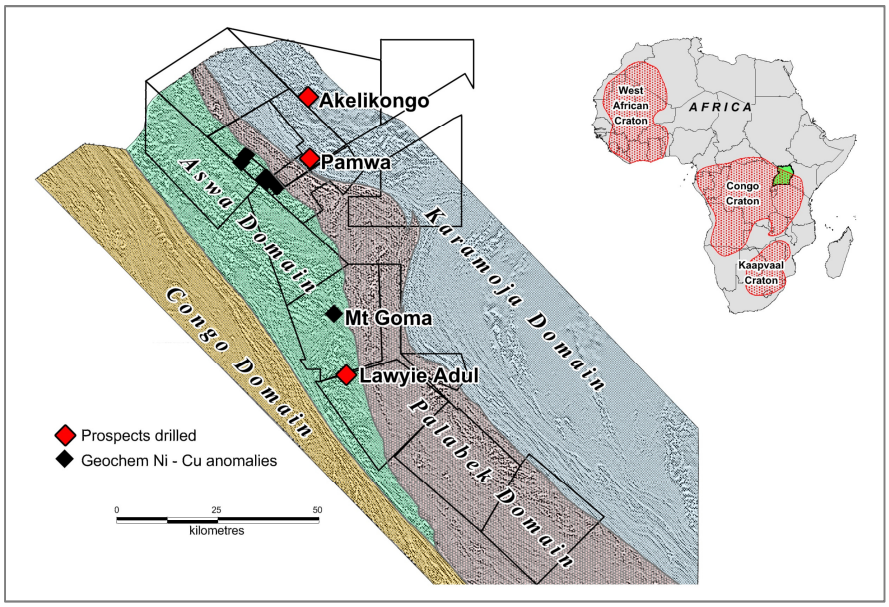

Figure 1 – Kitgum Pader Project, Uganda showing location of the Akelikongo nickel-copper and Pamwa base metal discoveries

The program, which was designed to further delineate zones of massive and disseminated sulphides intersected earlier in 2015 and 2016, consisted of nine RC holes, six RC holes with diamond tails, and one diamond hole drilled from surface, for a total of 1,800m of drilling.

12 holes targeted the Akelikongo Ultramafic Complex with the remaining four holes testing additional targets in the immediate Akelikongo area.

Results from holes AKCD001 to AKCD004 and AKC15 and 16 are consistent with the Company's geological model with mineralisation located on the side walls of the system where intercepts of massive and disseminated sulphides are present.

In contrast, holes AKCD005, 006, AKD017 and previously drilled hole AKD006 are all located close to the most concentrated zone of magma flow within the base of the conduit. This zone corresponds to the embayment which was previously identified (ASX – 2 June 2016).

This thicker and better mineralised basal zone plunges shallowly to the north west and is continuous from AKD004 in the south for well over 300m to the north, where it is thickening and producing higher copper values in association with the strong matrix textured zones, as seen in hole AKD017 from 213.1m to 221.9m down-hole (refer to Figures 2 and 3).

Some more significant results from the program, from the both the matrix to semi-massive zones and the overlying thick disseminated zones include:

Matrix to semi-massive zones:

- **5.2m @ 0.98% Ni and 0.41% Cu** from 213.1m to 218.3m; and
- **0.8m @ 0.99% Ni and 1.59% Cu** from 221.1m (AKD017)
- **7m @ 1.04% Ni and 0.35% Cu** from 223m to 230m, including

  0.4m @ 2.47% Ni and 0.2% Cu from 228 (AKCD006)

Disseminated zones:

- **84.5m @ 0.42% Ni and 0.17% Cu** from 138m to 222.5m (AKD017)
- **38m @ 0.51% Ni and 0.17% Cu** from 194m to 232m (AKCD006)
- **38m @ 0.39% Ni and 0.13% Cu** from 2m to 40m, including

  4m @ 0.54% Ni and 0.16% Cu and 8m @ 0.5% Ni and 0.2% Cu (AKC015)
- **108m @ 0.24% Ni and 0.07% Cu** from 168m to 276m, including

  40m @ 0.31% Ni and 0.1% Cu (AKCD005)

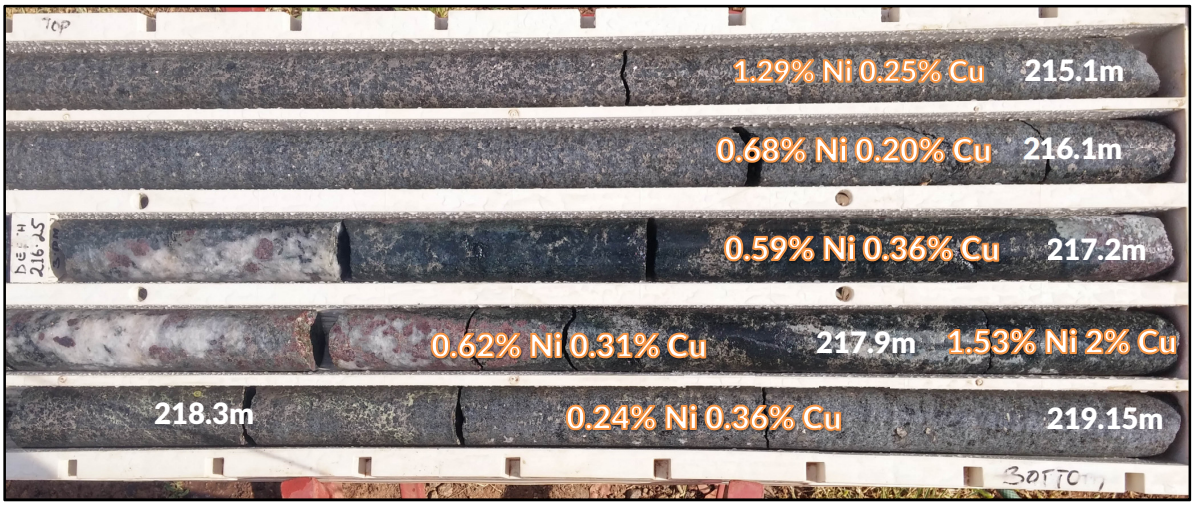

Figure 2 - Mineralised NQ core from AKD017 part of 5.2m interval from 213.1m to 218.3m showing matrix textured sulphides averaging 1% Ni and 0.41% Cu

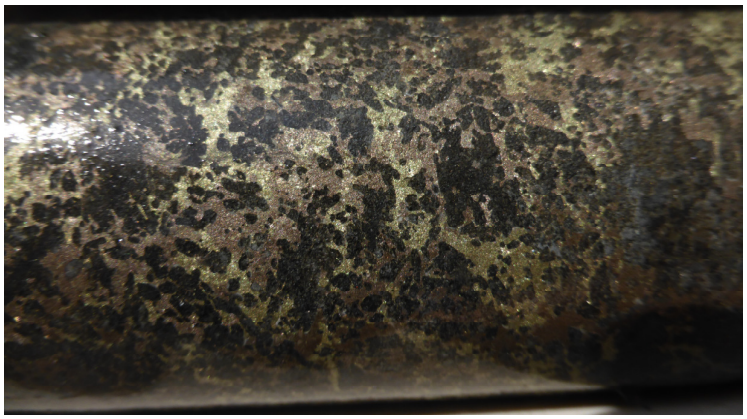

Figure 3 – Close-up of matrix textured sulphides in NQ core 218m AKD017 showing chalcopyrite (Cu), pyrrhotite (Fe) and pentlandite (Ni)

Gravity modelling of the Intrusive Complex indicates a mass of much denser material in this central position than has already been identified by drilling potentially indicating a greater accumulation of massive sulphides as the system plunges deeper to the north-west (see Figure 4).

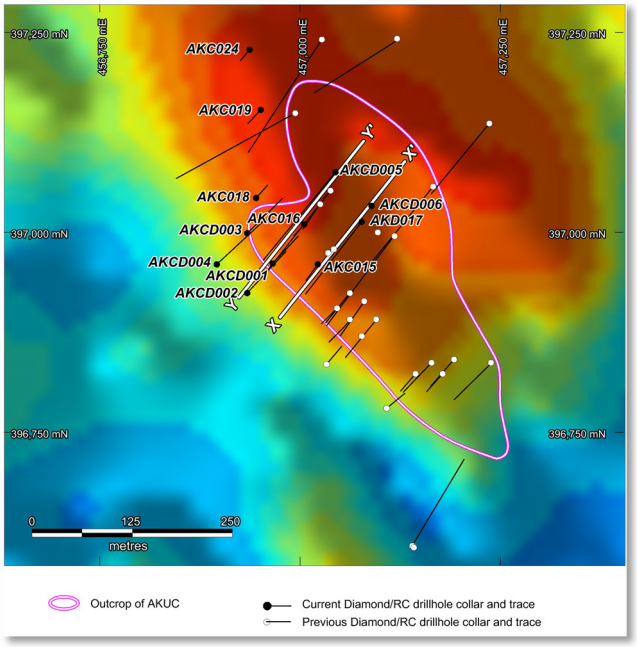

Figure 4 - Location Plan of Drill Holes on gravity image (section lines in white)

Figure 5 and 6 shows the interpreted sections x-x' and y-y' with section lines marked on Figure 3

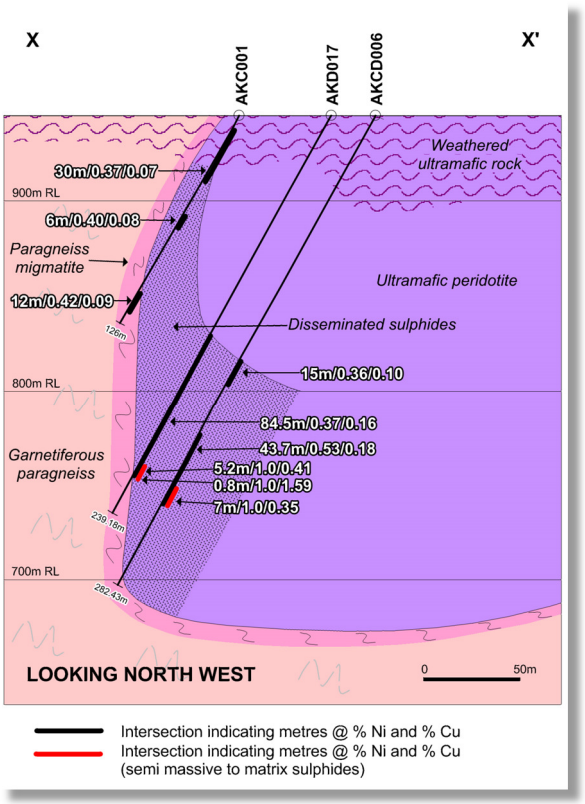

Figure 5 - Section x-x' containing AKD017 and AKCD006

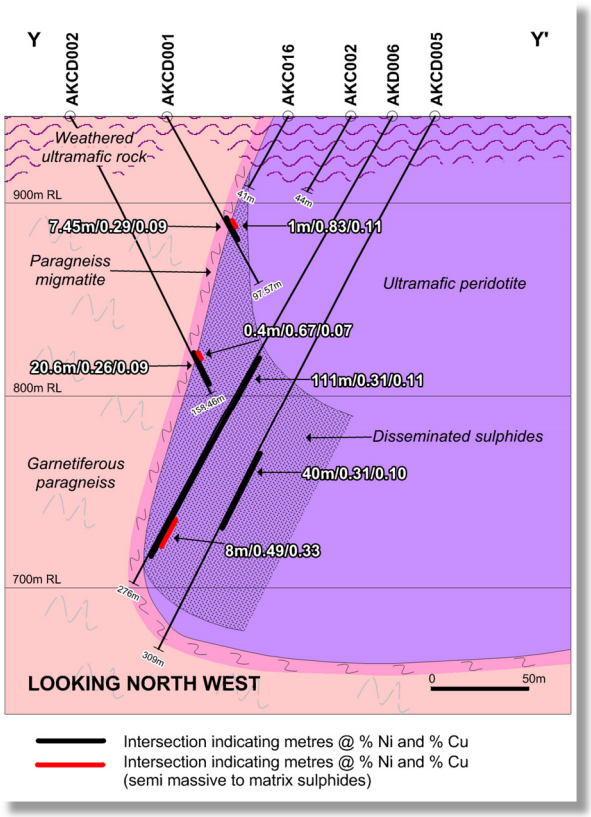

Figure 6 - Section y-y' containing AKD006 and AKCD 001,002 and 005

Paterson North Project, Western Australia

Sipa's Paterson North Project currently comprises two tenements: the Great Sandy tenement (E45/3599), where Sipa can earn up to an 80% interest for expenditure of $3 million over 4 years under a Farm-in and JV agreement with privately owned Ming Gold Limited (Ming), and Sipa's wholly owned Anketell tenement (E45/4697) granted in September 2016 (Figure 7).

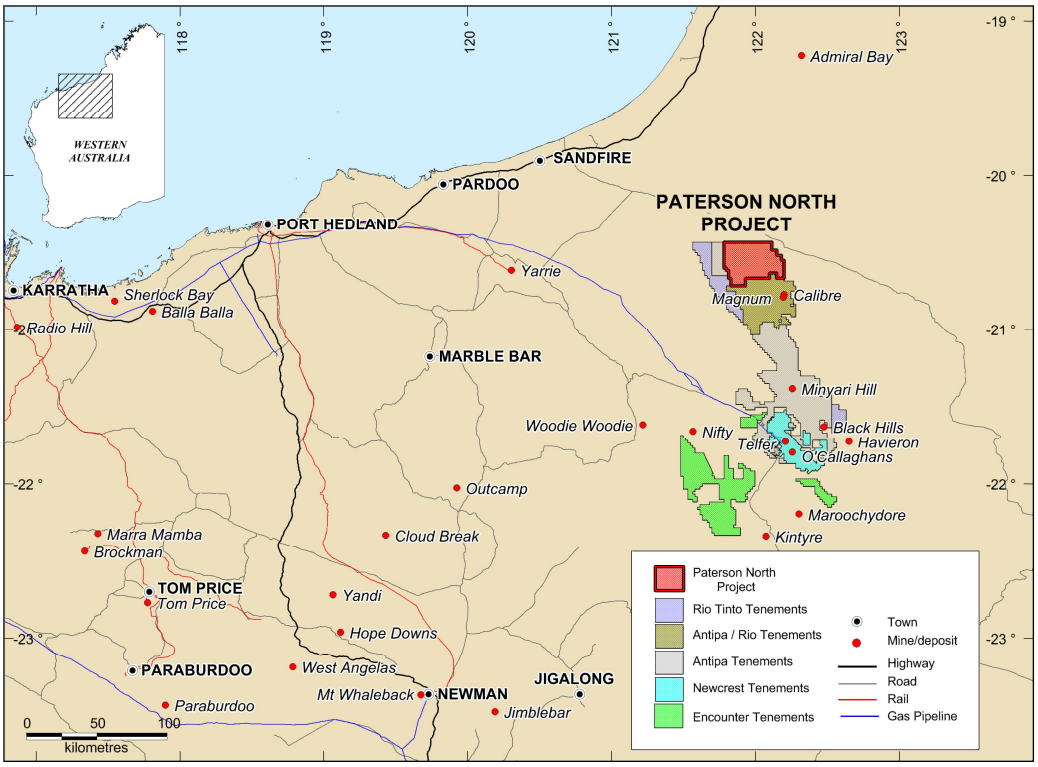

Figure 7 – Paterson Project location in Western Australia

EL45/3599 (Sipa earning up to 80%)

The Company's maiden 4,500m aircore drill program in August 2016 successfully delineated an extensive 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. During the quarter, final results were received.

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 (see Figure 8 and 9). Summary assays included:

- ***4m at 0.42g/t Au*** *from 85m in PNA007; and*
- ***7m at 0.28g/t Ag and 0.29% Cu*** *from 78m in PNA009*
- ***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*
- ***7m at 0.26g/t Ag and 0.13% Cu*** *from 86m in PNA018*
- ***3m at 0.16g/t Ag and 0.24% Cu*** *from 80m in PNA024*
- ***6m at 0.25g/t Ag and 0.10% Cu*** *from 107m PNA035*

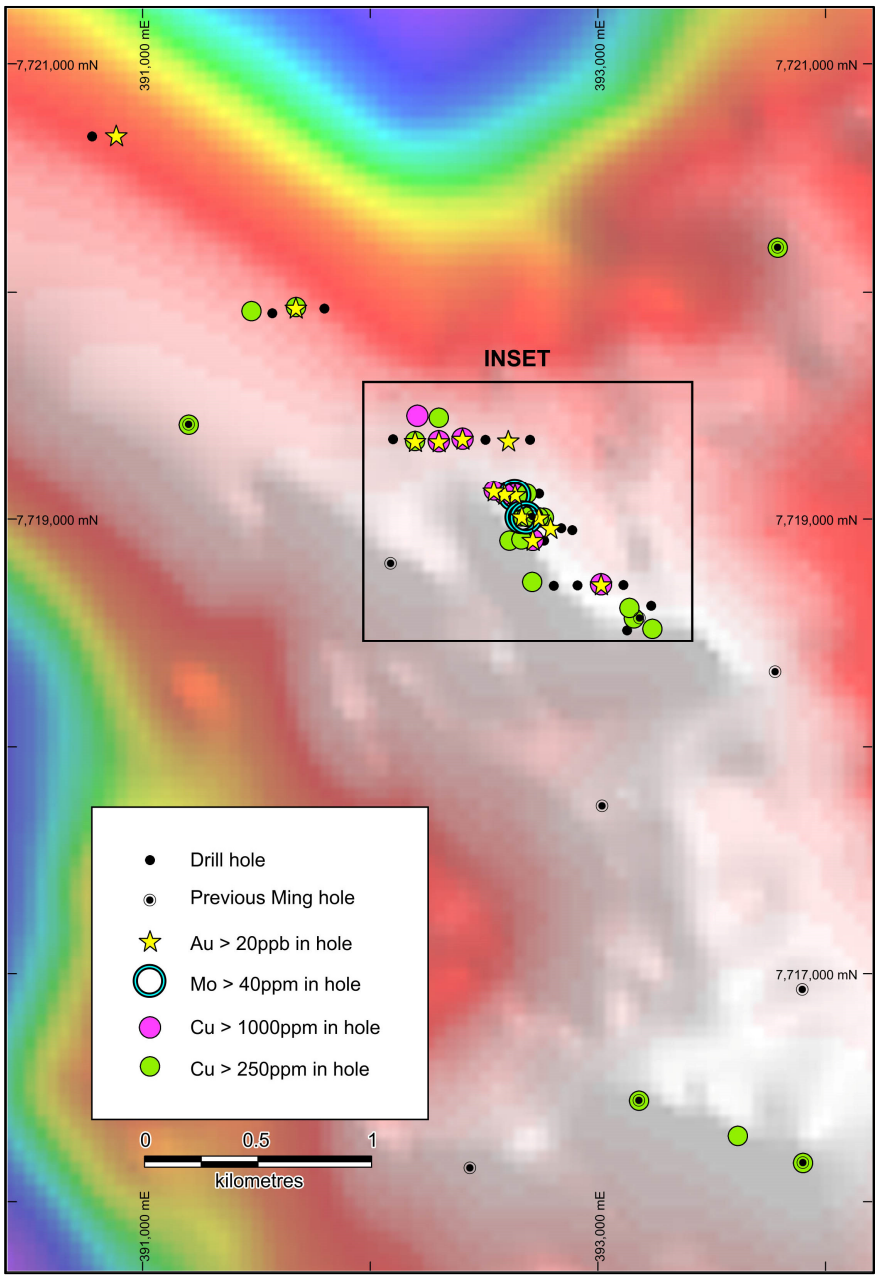

Figure 8 – Plan view of anomalous geochemistry in drill-holes at Obelisk, gravity image as backdrop

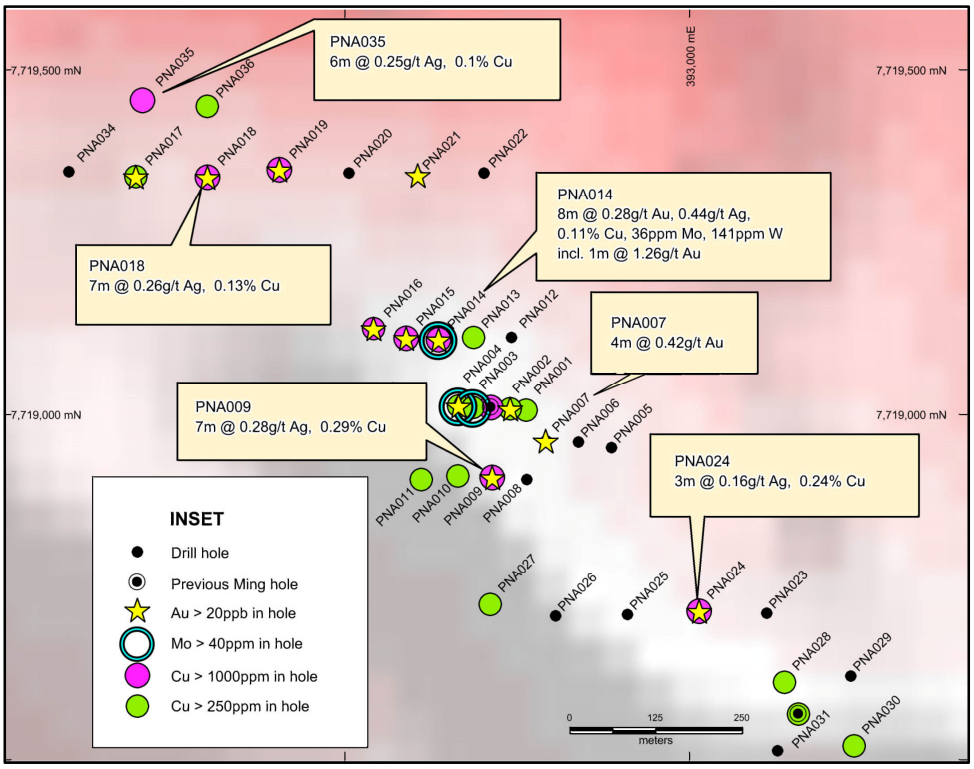

Figure 9 (inset) - Anomalous Aircore/RC holes over gravity image

The tenor of the anomalism and the metal association is similar to that which led to the discovery of other significant deposits in the region including the >1Moz Calibre and Magnum deposits, highlighting the potential for a significant new mineral discovery.

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.

A detailed geological and quantitative mineral mapping project in collaboration with CSIRO has now 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.

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

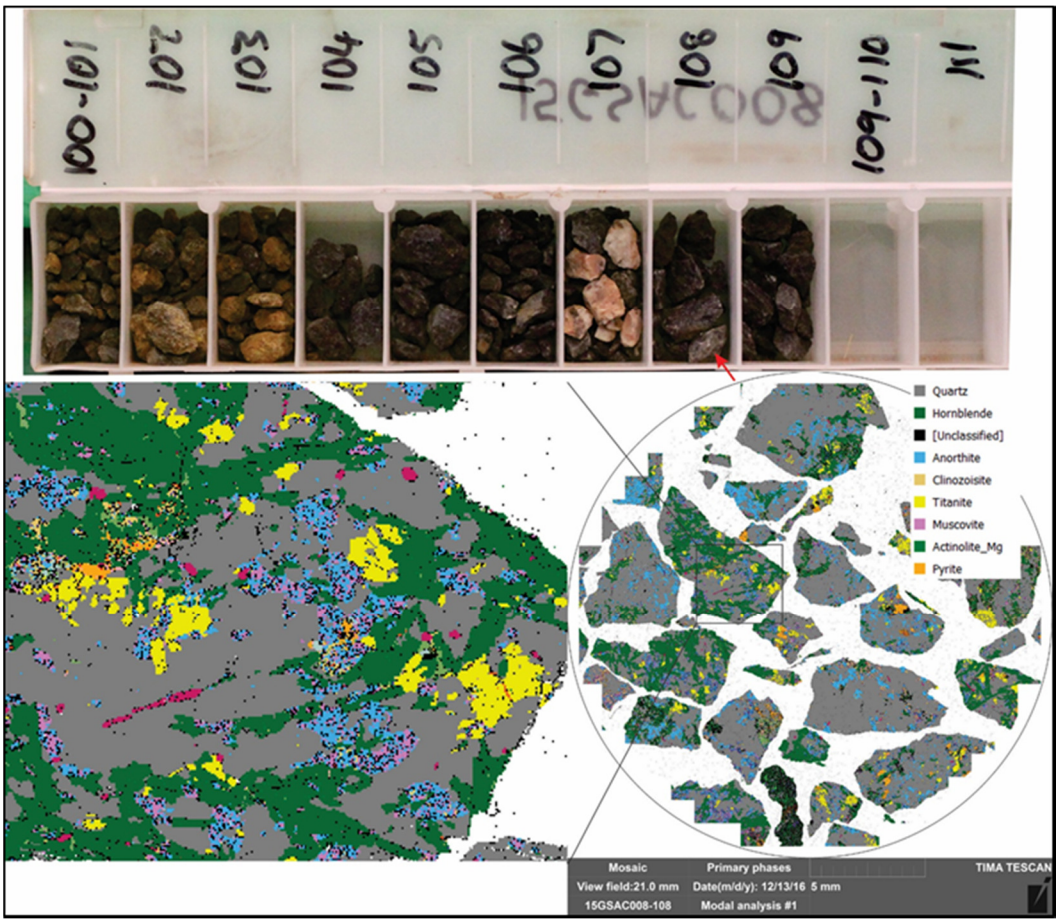

Figure 10 – Results from TIMA scan showing identified mineral species and textural relationships (Diagram courtesy of CSIRO)

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 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 – Sipa 100%

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 11 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.

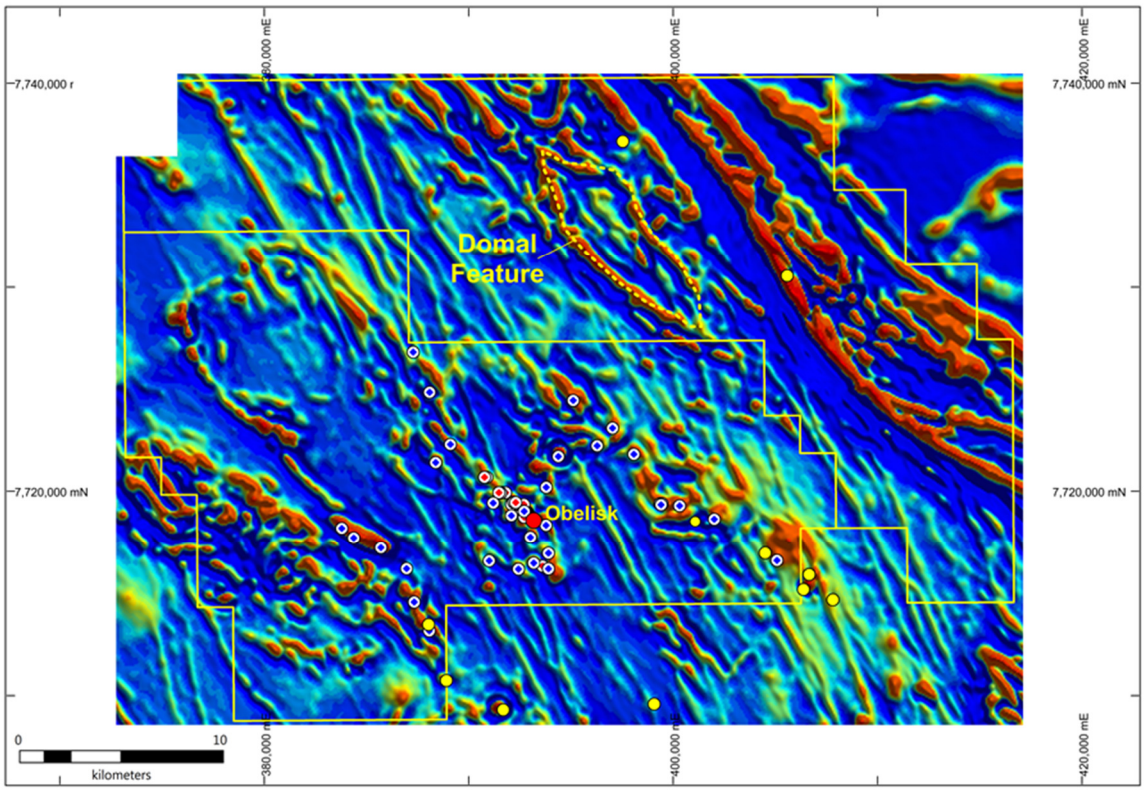

Figure 11 – Aeromagnetic image covering Sipa's North Paterson Tenements showing the domal feature to be drill tested for structurally controlled "Telfer lookalike" mineralisation

Corporate

In December, the Board announced the appointment of highly experienced Australian mining and exploration executive Tim Kennedy to its board as an independent non-executive Director.

The appointment further strengthens the Sipa board, bringing additional geological, technical and commercial expertise that will be invaluable both in progressing the Company's emerging copper-gold and nickel discoveries in Australia and Africa and identifying and evaluating new project opportunities.

Mr Kennedy is a geologist with a successful 30-year career in the mining industry, including extensive involvement in the exploration, feasibility and development of gold, nickel, Platinum Group Elements (PGE's), base metals and uranium projects throughout Australia.

As Exploration Manager for Independence Group NL (IGO) for 11 years between 2004 and 2016 during which time IGO grew from being a junior explorer to a multi commodity mining company, Mr Kennedy played a key role as part of the team that represented IGO on the exploration steering committee during the multi-million ounce Tropicana, Havana and Boston Shaker discoveries, the discovery of the Rosie magmatic nickel sulphide deposit; and the discovery of the Bibra orogenic gold deposit.

Prior to that, he a number of senior positions with global miner Anglo American, including as Exploration Manager – Australia, Principal Geologist/Team Leader – Australia and Principal Geologist. During this period he worked as part of the team that discovered the Myrtle zinc deposit in northern Australia.

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.

Forward Plan

Uganda

A ground magnetic survey is currently underway collecting data on 50m spaced lines, sampling continuously over an area of a 2km by 2km over the interpreted intrusion. The magnetic data will enable compilation of an improved geological interpretation and assist in detecting possible zones of more fractionated massive sulphides (Copper plus Platinum Group Elements).

In addition down hole Electro-Magnetics (EM) will survey holes from the last three drill programs for a total of up to 10 drill-holes.

The EM data to be collected is designed to further define the extents 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.

In addition in-fill soils are currently underway at Akelikongo and other nickel soil targets including Mt Goma.

Paterson North

Work on the collaborative study with CSIRO with the systematic collection, analysis and interpretation of all the data 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).

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 nickel sulphide discoveries globally for 2015.

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. Drilling in 2016 has validated the interpretation that the system is strengthening down plunge.

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 adjacent to Rio/Antipa's Magnum and Citadel Gold/Copper project. The Company's maiden drilling program at the Obelisk prospect was completed in September 2016 with encouraging results.

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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