Copper-gold drilling resumes in the Paterson as Sipa identifies significant new nickel targets at Akelikongo

Strong start to the year with compelling progress achieved at both of Sipa's key projects in Australia and East Africa, laying the foundations for pivotal exploration programs in 2017

Highlights:

Kitgum Pader Base Metal Project – Uganda

- **Strong new off-hole down-hole transient electro-magnetic (DHTEM) conductors (up to 10,000 siemens)** identified at the **Akelikongo nickel-copper discovery**, building on the highly successful drilling campaign completed late last year.

- Interpretation of the DHTEM results indicates the **presence of three separate zones which can be correlated with potential massive sulphides.**

- **The identification of these three interpreted mineralisation trends correlating with the DHTEM conductors** is an important new development which elevates and strengthens the potential of this system.

- **The DHTEM also validates the Company's interpretation that the system is strengthening down-plunge** with the presence of strong semi-massive to matrix sulphide textures in the drill core (AKD017 and AKCD006) correlating with the strongest conductors.

- **The new conductor zones represent compelling follow-up drill targets** for mid- 2017, to be followed up after the current phase of drilling has been completed at the Paterson copper-gold project in Western Australia.

Paterson North – Western Australia

- **EIS co-funded drilling commenced in April 2017 to further evaluate the large copper-gold mineral system** at Obelisk and other targets, where reconnaissance drilling identified an extensive anomalous zone with >250ppm Cu (peak 0.4% Cu) and gold values >20ppb (peak 1.26 g/t Au) 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 **strongly anomalous 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.

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

Corporate

- **Cash position of $3.2M**, ensuring that Sipa remains in a strong position to execute its planned exploration activities in 2017 and to advance its key projects to the next level.

Kitgum Pader Base Metal Project, Uganda – Sipa 100%

During the quarter, Sipa completed down-hole transient electro-magnetic (DHTEM) surveys on recent diamond drill holes containing the best massive sulphide intercepts returned to date at the emerging **Akelikongo nickel-copper discovery**, part of its Kitgum Pader Base Metal Project in Northern Uganda.

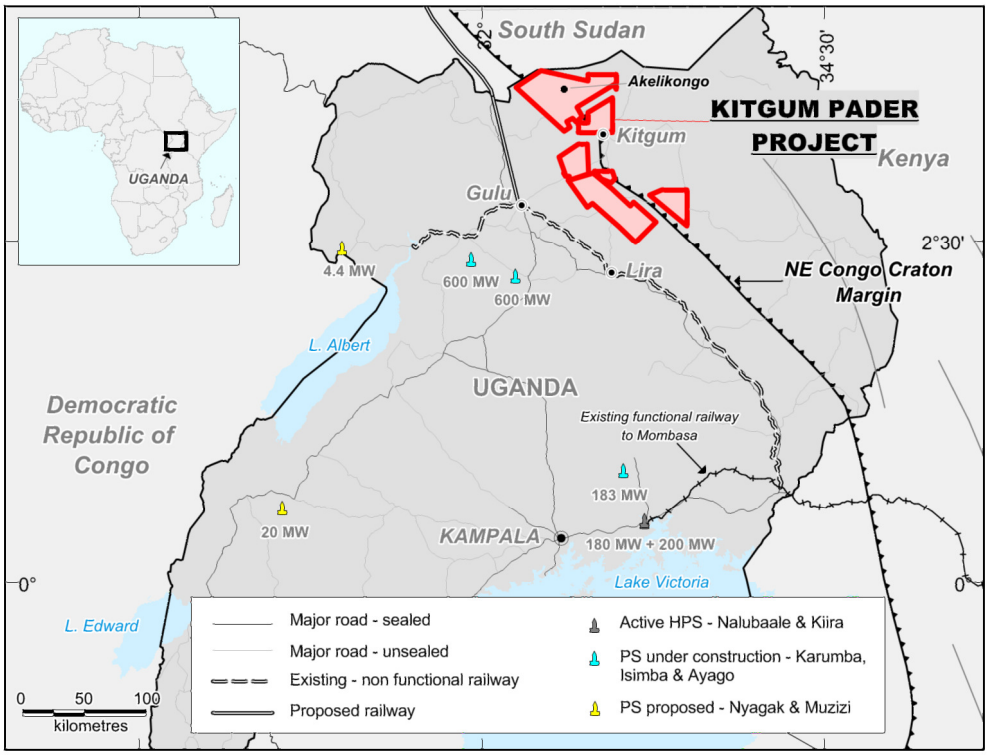

Figure 1 – Kitgum Pader Project, Uganda showing location of the Akelikongo nickel-copper discovery

Akelikongo is Sipa's flagship discovery in Uganda. During 2015 and 2016, geochemistry, 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 triggers sulphur saturation and the formation of nickel-copper sulphide mineralisation.

At Akelikongo, the conduit essentially sub-crops with an intense nickel and copper anomaly in residual soil. In-fill soil samples have now confirmed the circular pipe-like geometry of the shallowly plunging intrusive complex. This anomaly has a surface footprint of about 300m by 300m which has been traced by drilling for up to 1km and remains open in all directions.

The best intercepts to date include:

- Semi-massive zones of up to **7m @ 1.04% Ni and 0.35% Cu** from AKCD006 and **5.2m @ 0.98% Ni and 0.41% Cu** in AKD017 (ASX Release 1 December 2016); and

- Disseminated zones of up to **113m @ 0.36% Ni and 0.11% Cu** in AKC003 from 2m below surface (ASX Release 2 June 2016).

Nickel tenor (% Ni in 100% massive sulphide) in the massive zones averages 5-6% and ranges up to 15% in the disseminated zones.

The recent DHTEM survey shows the presence of substantial off-hole conductors (of up to 10,000 siemens conductance) related to the down-plunge extension of the semi-massive sulphide intercepts of AKD017 and AKCD006 reported in December 2016, amongst a number of other conductors.

These data, combined with previous surveys, confirm that several moderate-to-high conductance (up to 10,000 siemens) plate models are aligned along a northwest-southeast trend correlating with the magnetic and gravity models.

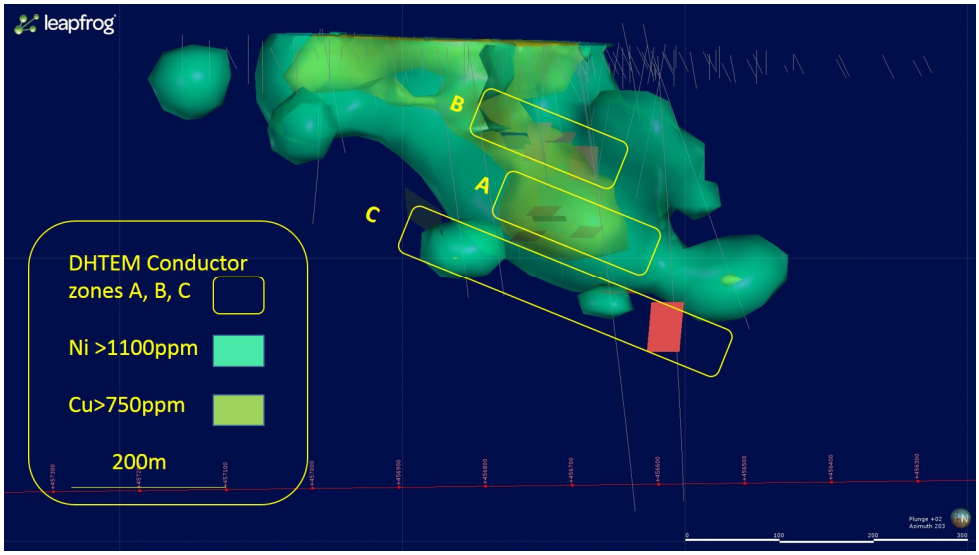

Figure 2 – Akelikongo leapfrog model showing nickel and copper modelled shells with interpreted DHTEM conductive zones A (at western base of chonolith) B (on western footwall of chonolith and C (at central base of chonolith). View is looking to the south east with body plunging to the north-west.

Zone A on the western basal contact of the chonolith contains conductors interpreted from DHTEM surveys in holes AKD005 (3,000 Siemens conductance), AKD017 and AKCD006 (10,230 Siemens) and AKD006 (6,270 Siemens). The conductance of two of the modelled conductors is high, and is consistent with massive sulphides in this geologic setting. This interpreted increase in conductance moving north from AKD005 may indicate a down-plunge trend toward stronger mineralization (greater sulphide abundance) within the chonolith.

Zone A is associated with the best semi-massive to massive intercepts drilled to date, being 5-7 m @ 1% Ni in holes AKCD006 and AKD0017. The northernmost hole, AKD007, was blocked and was therefore unavailable for DHTEM surveying. Due to the importance of the down-plunge extension of Zone A proximal to AKD007, further efforts will be made to remove the obstruction and complete the DHTEM survey.

The upper western zone (B) contains conductors interpreted from DHTEM surveys in holes AKD005 (1,000 Siemens conductance), AKD017 (9,800 Siemens) and AKD006 (5,000 Siemens). This zone is associated with the embayment extending back to surface to the south-east and contains results such as 10m @ 1% Ni and 0.22% Cu intersected in AKCD004.

A potential new mineralized trend (Zone C) is defined by a conductor detected up-plunge from AKD014 and another strong conductor detected down-plunge from hole AKD016 to the north. Re-processing of the ground gravity data also shows a strong correlation of residual gravity highs with known mineralisation in the A and B position with a suggestion that C may also show a gravity signature associated with the DHEM conductive zone (see Figure 3). A further zone D is detected in this data which has not been drill tested.

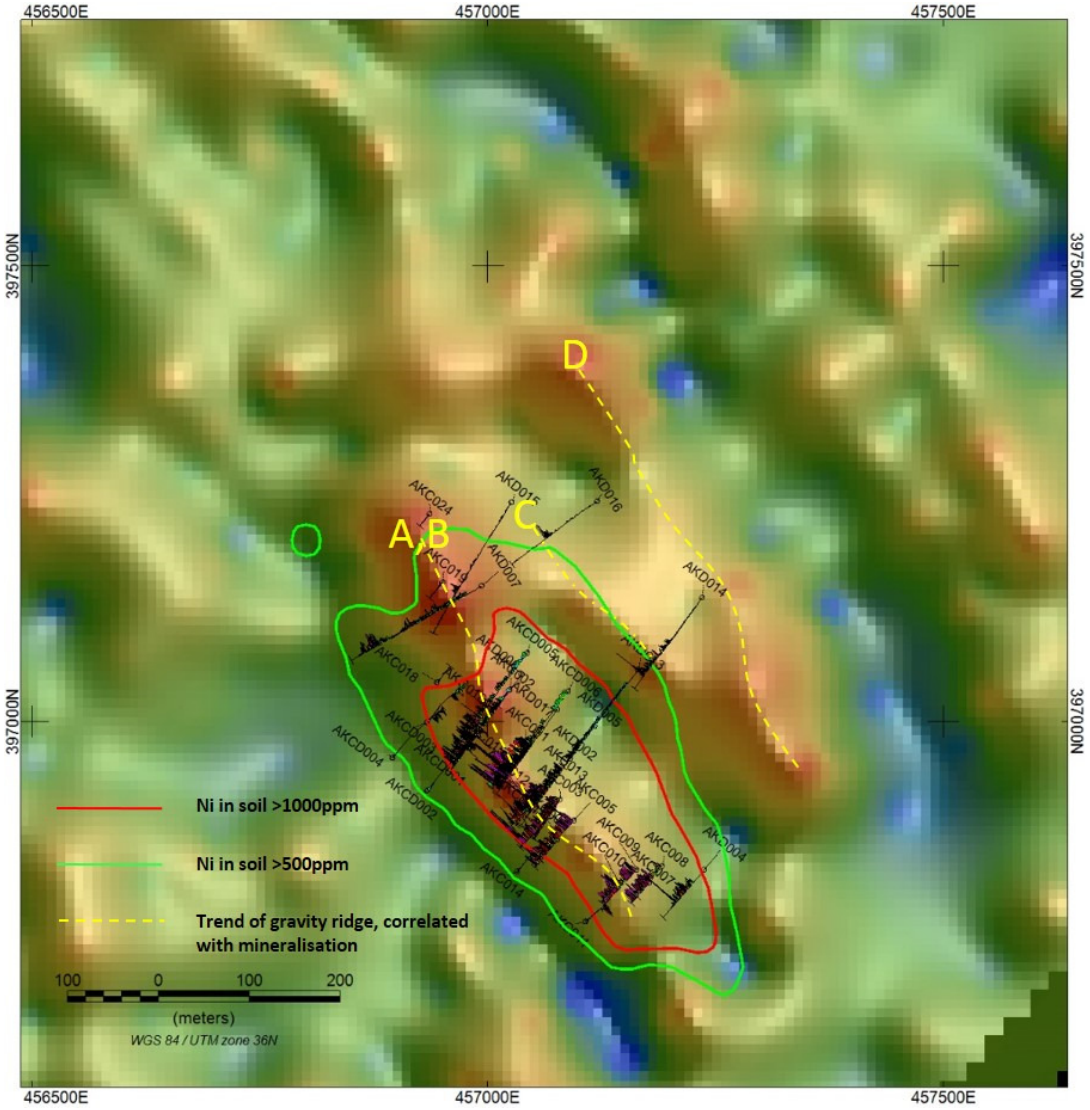

Figure 3 – First vertical derivative of the residual Bouguer gravity anomaly, covering the area of the main intrusive complex. Drill-hole traces with profiles of nickel assays are shown. Anomalies of interest are marked A, B C and D. These anomalies are the same and labelled the same as those detected in the DHTEM

Results from a review of the geophysics including the DHTEM by David Johnson of Zion Geophysics identified the potential to extend the radius of investigation of the DHTEM method by employing a higher-powered transmitter in future surveys. Improving the signal-to-noise ratio of the data in this way allows anomalies with lower amplitudes from more distant conductors to be detected by the system. High-powered transmitters have played a key role in several recent nickel sulphide discoveries, notably the Moran orebody at Kambalda.

Further detailed petrophysical measurements of the drill core including Koenigsberger Ratios and conductivity are currently underway. These data will be used to finesse the magnetic and DHTEM modelling and targeting of future drilling.

Forward Plan

Following review of the geophysics, forward modelling of economic targets is underway to optimize a further ground EM survey to guide follow-up drilling programs. Integration of the petrophysical measurements into the targeting models will help reduce the uncertainty of the models and better define the drilling targets planned for mid-2017.

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.

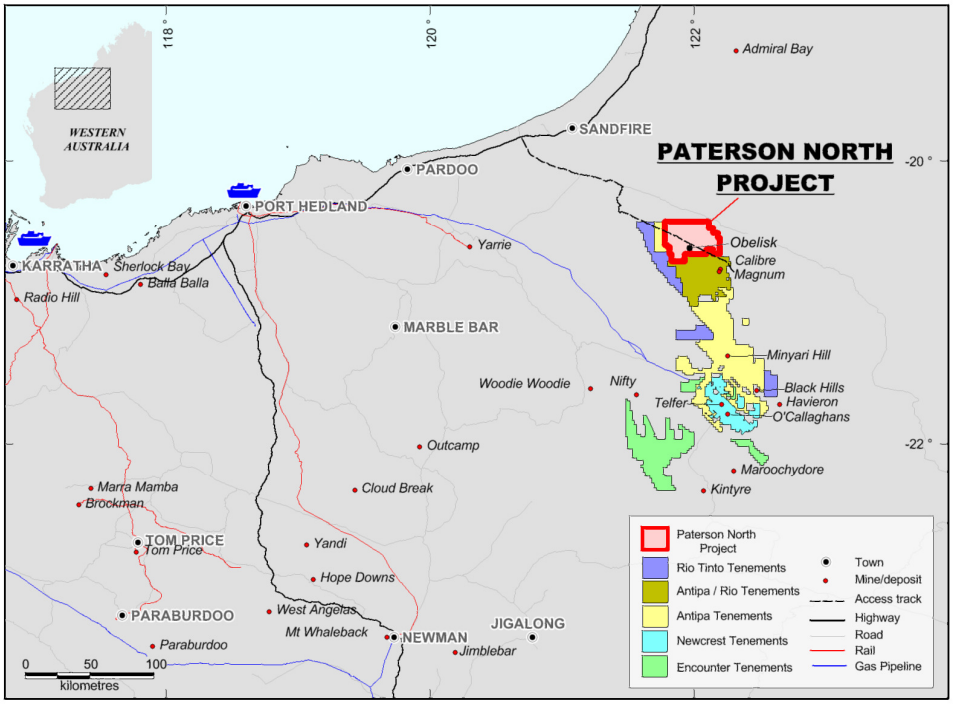

Figure 4 – Paterson Project location in Western Australia

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.

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 include:

- ***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*

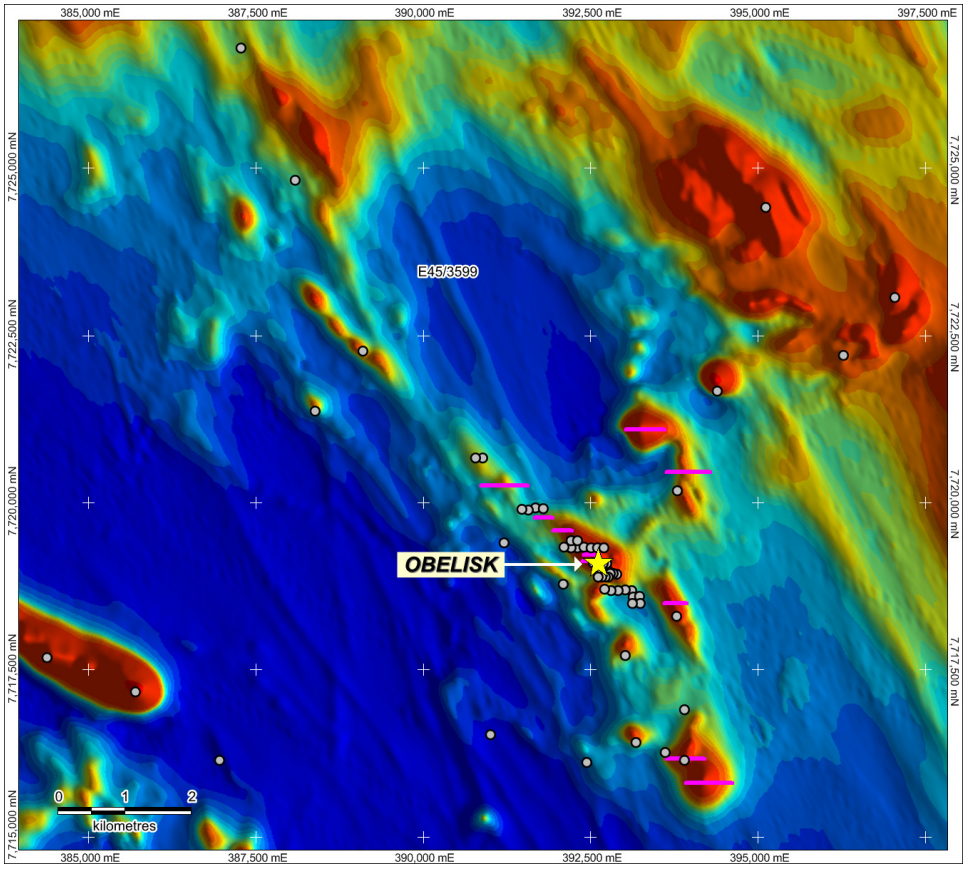

Figure 5 – Magnetics RTP and drilling showing planned drill lines in pink.

Drilling is currently underway with plans to further define the Obelisk anomaly and test other geophysical targets. The plan above (Figure 5) shows the magnetic image reduced to the pole with previous drilling and current planned drill lines shown in pink.

The tenor of the anomalism identified so far 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 magnetic high feature associated with Obelisk is interpreted to be magnetite alteration associated with the Cu-Au-Ag-Mo-W mineralisation.

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.

The collaborative research study underway with the CSIRO Discovery Research Team using the (TIMA) Tescan Integrated Mineral Analyser (SEM) Scanning Electron Microscope as its key breakthrough technology, coupled with an integrated geological interpretation is assisting drill-hole targeting.

The study has analysed hundreds of chip trays from both 2015 and 2016 drilling programs and collected quantitative petrological data. An early outcome 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.

The data is also providing the basis for a paragenetic framework (a geological history of events) and geology alteration and mineralisation which will assist future targeting.

EL 45/4697 Anketell – Sipa 100%

At Anketell, a Western Australian Government Exploration Incentive Scheme (EIS) co-funded drilling application was made during the quarter. If granted, the funds will be applied to testing the domal feature shown on Figure 6. This feature identified in the regional aeromagnetic data appears similar to domes related to mineralisation in the southern parts of the Paterson Province such as Telfer and Thompsons Dome.

Prior to drilling, a ground gravity survey will also be undertaken to better map the geology over this unexplored tenement.

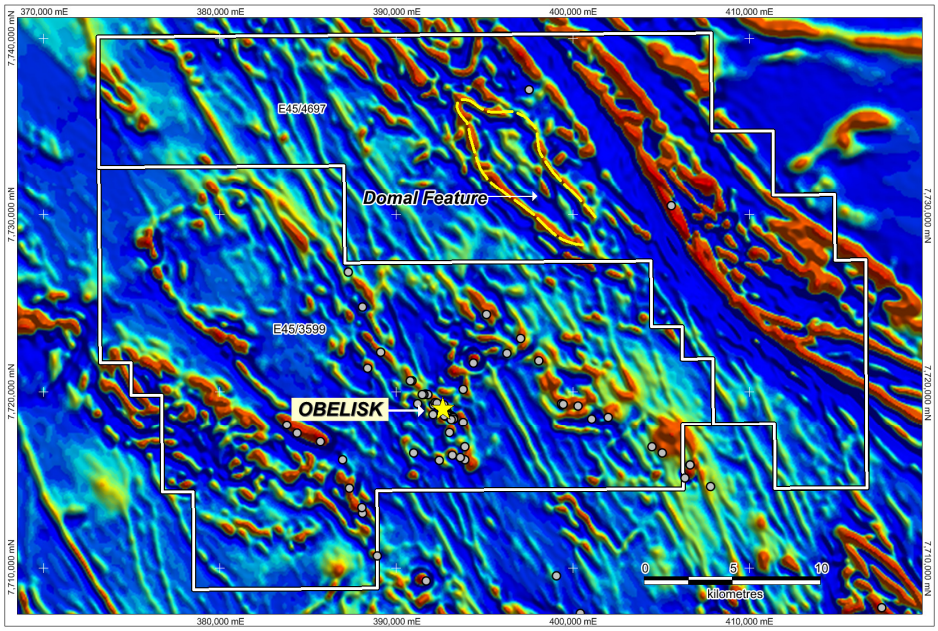

Figure 6 – Aeromagnetic image covering Sipa's North Paterson Tenements showing the domal feature to be drill tested for structurally controlled "Telfer lookalike" mineralisation on EL45/4697

Corporate

Cash position of $3.2M, ensuring that Sipa remains in a strong position to execute its planned exploration activities in 2017 and to advance its key projects to the next level.

Forward Plan

Uganda

Following review of the geophysics, forward modelling of economic targets is underway to optimize a further ground EM survey to guide follow-up drilling programs. Integration of the petrophysical measurements into the targeting models will help reduce the uncertainty of the models and better define the drilling targets planned for mid-2017.

Paterson North

Drilling is expected to continue until mid-May providing further definition of the large Obelisk anomaly. Other magnetic targets are also being tested, together with targets generated from the TIMA mineral alteration mapping. Assay results from the drilling are expected from early June.

Continued work on the collaborative study with CSIRO will involve the further collection of TIMA maps and the integration of all data to form a consistent geological framework and understanding of the source of the polymetallic mineralisation. Ground gravity collected on the Anketell tenement will assist with geological interpretation and drill planning for later in 2017.

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 22 February 2017, 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.

For more information:
Lynda Burnett
Managing Director
Sipa Resources Limited
+61 (0) 8 9388 1551
info@sipa.com.au

Media Inquiries:
Nicholas Read
Read Corporate
+61 (0) 8 9388 1474
nicholas@readcorporate.com.au