Compelling diamond drill target defined at Paterson North Project, WA

Strong IP chargeability zone correlating directly with near-surface copper mineralisation defines an outstanding target for imminent 1,500m diamond drill program

Paterson North Copper-Gold Project, Western Australia

- **Strong IP chargeability zone correlating directly with near-surface copper mineralisation** detected at the Obelisk prospect, at Sipa's **Paterson Copper-Gold Project** in WA.
- The data suggests that the **recent angled RC holes may have intersected strongly anomalous alteration which is related to and on the margins of a much larger copper and polymetallic mineralised system.**

  Assay results from this first round of deeper and targeted angled holes (ASX 19 June 2017) at Obelisk returned:

  PNA070 102m @ 0.09% Cu, 0.33ppm Ag, 6ppm Mo, 263ppm W (EOH) and

  PNA065 62m @ 0.09% Cu, 0.33ppm Ag, 13ppm Mo, 152ppm W (EOH)

- DDH1 Drilling contracted to **commence a 1,500m diamond drilling program in late-July**.
- **Sipa has now earned a 51% interest** in the Great Sandy Tenement, which contains the Obelisk anomaly, from Ming Gold Ltd and is now **well on the way to obtain the next 29% of equity**.

Akelikongo Nickel-Copper Project, Northern Uganda

- The recent geophysical review has identified **AMT (audio magneto tellurics) as a potentially effective detector of mineralised chonoliths** or pipes in similar geological settings. An AMT survey will therefore be undertaken to refine target prior to further drilling, planned for later this quarter.
- **3D modelling has been completed to depict the orientation and plunge** of the mineralised body. This has been shown to be a very effective tool for demonstrating that the system is open down-plunge and shows a second possible massive sulphide position within the pipe. The model can be found at the Company's website www.sipa.com.au Akelikongo 3D.

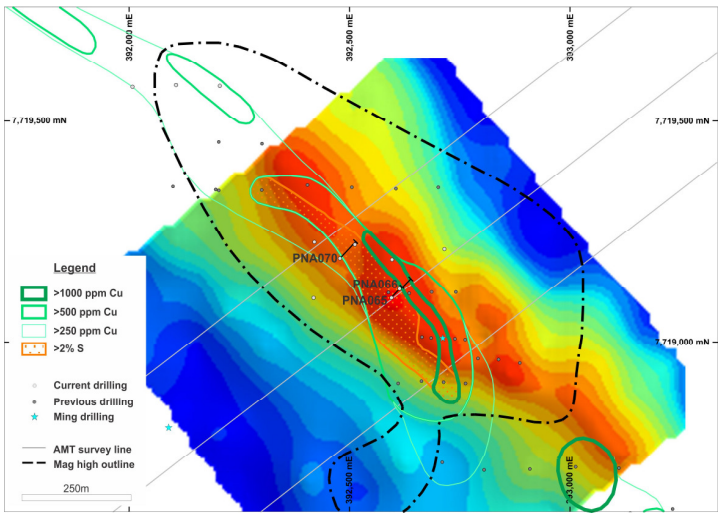

Figure 1. Obelisk drill plan, copper and magnetic high with IP chargeability, showing strong correlation with anomalous copper intersected at surface.

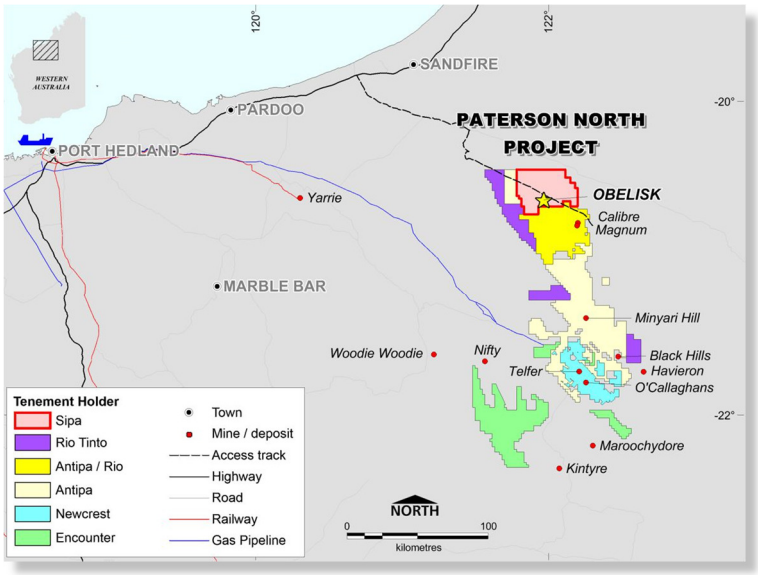

Figure 2. Location of Paterson North Tenements, Western Australia

Sipa Resources Limited (ASX: **SRI**) is pleased to advise that it has confirmed a compelling target at the emerging **Obelisk discovery**, part of its Paterson North Project in Western Australia after receiving highly encouraging results from a recently completed geophysical survey. This target is to be tested by a diamond drilling program planned to commence in late July.

The Induced Polarisation (IP) survey was designed to follow up the Company's successful reconnaissance drilling program in May, which saw it complete 3,244m of aircore and RC drilling in 15 holes across the 4km long Obelisk copper-gold anomaly.

Most of these holes (11 out of 15) ended in copper mineralisation in fresh bedrock, including three deeper angled RC holes. A further 12 holes were drilled to test regional targets.

The three angled holes intersected a **thick zone (up to 102m down-hole to the end-of-hole) of strongly anomalous >900ppm copper polymetallic mineralization in fresh bedrock (see ASX Release 19 June 2017).**

The ground geophysical surveys were completed last month by Zonge Engineering and Research Organization over the main part of the copper anomaly to test for the presence of massive sulphides, disseminated sulphides and controlling structures at depth below the near-surface copper mineralization.

Gradient array IP chargeability now shows an extensive anomaly with chargeabilities of 10ms and up to 15ms which is open to the north-west and south-east (see Figure 1). The IP has potentially detected a strike extensive zone of disseminated sulphides first detected in the reconnaissance drilling. The moving-loop EM did not detect any conductors consistent with massive sulphide bodies.

In addition, three Audio Magneto Telluric (AMT) lines were collected on lines 200m apart. The data are currently being processed but early indications are that this technique is highly effective in picking up structures to depth of 1300m and also contrasting conductive and resistive zones.

The quality of the data from the surveys is considered to be excellent, in part due to the exceptionally wet summer in the region with good sub-surface water levels allowing electrical connectivity through the surficial cover.

In addition to the geophysical surveys, all of the new bedrock drill chip samples from the May 2017 drilling program are currently being analysed by CSIRO, as part of the collaborative study into the characterization of mineralisation and geology. The study, which is part-funded through the Australian Government Innovation Connections Entrepreneurs' Program ($50k) and CSIRO contributions in kind, continues to improve the geological model and refine targets. The TIMA work continues to show strong alteration and zonation related to mineralisation, and indications are that further targets will be developed as a result of the increasingly detailed bank of knowledge being developed at Obelisk.

The combined data has provided robust drill targets for the upcoming diamond core program to be conducted by DDH1 drilling, which is planned to commence in approximately two weeks.

Sipa has now informed its joint venture partner, Ming Gold Ltd, that Sipa has now earned a 51% interest in the Great Sandy Tenement which contains the Obelisk discovery by expenditure of $1 million on exploration, and will continue to sole-fund to earn up to an 80% interest by the expenditure of a further $2 million within the next 36 months.

Sipa's Managing Director, Lynda Burnett, said the Company was highly encouraged by the data from the geophysical surveys, which provided strong support for the targeting of its upcoming drilling program.

"The scale and strength of the chargeability anomaly, combined with its excellent correlation with the near-surface copper mineralization, makes this IP feature a compelling drill target," she said.

"We are still processing data from the AMT survey but we expect that this will assist us from a structural perspective in refining the locations of the diamond drill holes.

"This is an exciting time for Sipa as we gather further evidence of what we hope is a very significant new mineralized system in the Paterson Province."

Forward program

Diamond core drilling of up to 1500m by DDH1 Drilling is expected to commence within two weeks. The holes will test a number of priority targets generated from the integrated 3D model of the area using drilling geochemistry, TIMA alteration and mineral data, remote aerial data such as magnetics and the ground geophysical data.

At the Akelikongo nickel-copper discovery in Northern Uganda, the Company's ongoing geophysical review has identified AMT (audio magneto tellurics) as an effective detector of mineralised ultramafic chonoliths in similar geological setting, with the ability to detect features well over 1000m below surface. This technique has been used successfully at the Jacomynspan nickel deposit in South Africa. A survey will now be undertaken to complement Ground EM and Downhole EM data before drilling planned for later in the quarter.

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 Australia, Sipa has a Farm-in and Joint Venture Agreement with Ming Gold at the Paterson North Copper Gold Project in the Paterson Province of North West Western Australia, where extensive primary copper gold silver molybdenum and tungsten mineralisation was intersected at the Obelisk prospect in primary bedrock. The project is in an intrusion related geological setting similar to other deposits in the Paterson and those in the Tintina and Tombstone Provinces of Alaska and the Yukon.

The Company's maiden drill program in August 2016 successfully delineated a major copper plus gold, silver, molybdenum and tungsten 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 an 800 by 200m long zone where highly anomalous copper (greater than 500ppm Cu) and gold results up to 1.26g/t Au were returned. This represents an outstanding target for follow-up exploration.

The Paterson Province is a globally recognized, strongly endowed and highly prospective mineral belt for gold and copper including the plus 25Moz world-class Telfer gold and copper deposits, the Magnum and Calibre gold and copper deposits, the Nifty copper and Kintyre uranium deposits and the O'Callaghans skarn hosted tungsten deposit.

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, exhibiting strong similarities to major intrusive hosted nickel orebodies such as Nova, Raglan and Voisey's Bay.

At Akelikongo, Sipa has delineated intrusive-hosted chonolith style nickel-copper sulphide mineralisation which is outcropping and plunges shallowly to the north-west for a distance of at least 500m and open to the northwest. More recently, in December 2016 strong zones of up to 7m of semi-massive sulphide interpreted to dip shallowly to the northwest were intersected with strong off-hole conductors associated with them. These intercepts occur beneath large thicknesses over 100m of disseminated nickel and copper sulphide.

The information in this report that relates to Exploration Results is based on, and fairly represents, information and supporting documentation compiled by Ms Lynda Burnett, who is a Member of The Australasian Institute of Mining and Metallurgy. Ms Burnett is a full-time employee of Sipa Resources Limited. Ms Burnett has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which she is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Ms Burnett consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

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JORC Code, 2012 Edition – Table 1 report template

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. • Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. • Aspects of the determination of mineralisation that are Material to the Public Report. • In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.	• See Drill sampling techniques (for drilling)
Drilling techniques	• Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).	• 3.5 Inch Aircore drilling to refusal followed by face sampling hammer RC Drilling to end of Hole.
Drill sample recovery	• Method of recording and assessing core and chip sample recoveries and results assessed. • Measures taken to maximise sample recovery and ensure representative nature of the samples. • Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	• The recovery was very high, and the samples were dry and of high quality, with only rare occurrences of wet samples.
Logging	• Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource	• Logging was conducted on all holes using a digital quantitative and qualitative logging system to a level

Criteria	JORC Code explanation	Commentary
	estimation, mining studies and metallurgical studies. • Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. • The total length and percentage of the relevant intersections logged.	of detail which would support a mineral resource estimation.
Sub-sampling techniques and sample preparation	• If core, whether cut or sawn and whether quarter, half or all core taken. • If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. • For all sample types, the nature, quality and appropriateness of the sample preparation technique. • Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. • Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. • Whether sample sizes are appropriate to the grain size of the material being sampled.	• Each dry sample was collected in a bucket and laid on the ground in lines of ten. . • The one sample was sieved for pXRF analysis on site and one chip sample taken for geological records. • Samples of Proterozoic bedrock were taken using a spear and composited up to 4m depending on information gathered from the onsite XRF. These samples were sent to the assay laboratory Samples prep in the lab consists of a single stage mix and grind.

Criteria	JORC Code explanation	Commentary
Quality of assay data and laboratory tests	• The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. • For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. • Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.	• Multielement assaying was done via a commercial laboratory using a four Acid digest as a total technique with and ICP-AES finish and 30g Fire Assay for Au with ICP finish • Lab Standards were analysed every 30 samples • For onsite analysis an Olympus Innov-X Delta Premium portable XRF analyzer was used with a Rhenium anode in soil and mines mode at a tube voltage of 40kV and a tube power of 200µA. The resolution is around 156eV @ 40000cps. The detector area is 30mm2 SDD2. A power source of Lithium ion batteries is used. The element range is from P (Z15 to U (Z92). A cycle time of 45 seconds Soil Mode was used and beam times were 15 seconds. • Selected high samples were analysed in Mineplus Mode. A propylene3 window was used. Standards are used at the beginning and end of each day to calibrate the instrument. • Raw pXRF data are stored separately to Lab data in the relational database.
Verification of sampling and assaying	• The verification of significant intersections by either independent or alternative company personnel. • The use of twinned holes. • Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. • Discuss any adjustment to assay data.	• This is an early drill test into a newly identified prospect. No verification has been completed yet. • Twinned holes are not undertaken • Data entry is checked by Perth Based Data Management Consultant • Assays have not been adjusted • The data is audited and verified and then stored in a SQL relational data base.
Location of data points	• Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.	• Drill holes have been located via hand held GPS.

Criteria	JORC Code explanation	Commentary
	• Specification of the grid system used. • Quality and adequacy of topographic control.	
Data spacing and distribution	• Data spacing for reporting of Exploration Results. • Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. • Whether sample compositing has been applied.	• No Mineral Resource or Ore Reserve Estimation has been calculated
Orientation of data in relation to geological structure	• Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. • If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	• To early to comment on. This is an initial drilling program
Sample security	• The measures taken to ensure sample security.	• Drill samples are accompanied by a Sipa employee to a freight company who freights the samples to the laboratory in Perth on consignment.
Audits or reviews	• The results of any audits or reviews of sampling techniques and data.	• no reviews have been undertaken as yet.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. • The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	• The results reported in this Announcement are on granted Exploration Licence E45/3599 held by Ming Gold Ltd. Sipa is earning equity in this tenement by exploration expenditure up to $3million over 4 years after which a joint venture with Sipa holding 80% and Ming holding 20% will be formed. • At this time the tenement is believed to be in good

Criteria	JORC Code explanation	Commentary
		standing. There are no known impediments to obtain a license to operate, other than those set out by statutory requirements which have not yet been applied for.
Exploration done by other parties	• Acknowledgment and appraisal of exploration by other parties.	• The only previous mineral exploration activity conducted was 31 reconnaissance Aircore holes by Ming Gold Ltd in 2015.
Geology	• Deposit type, geological setting and style of mineralisation.	• The geology is interpreted using magnetic and gravity geophysical data as the entire area is covered by around 6m of dune sand and then up to 100m of Permian Paterson Formation sands and siltstones. Below this the geology interpreted from geophysics is considered similar to that along strike to the south east where folded sediments of the Yeneena Group are intruded by a series of basic to felsic intrusions. Some of these intrusions are considered to be directly responsible for mineralisation in the district. • Many of the deposits are polymetallic with Mo,W Au Cu Ag being a common metal association an association which is also understood to represent intrusion related mineralisation. Telfer, OCallaghans Magnum, Calibre are analogues for the mineralisation encountered in this drill program
Drill hole Information	• A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: ○ easting and northing of the drill hole collar ○ elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar ○ dip and azimuth of the hole ○ down hole length and interception depth ○ hole length. • If the exclusion of this information is justified on the basis that the	• Reported in Text

Criteria	JORC Code explanation	Commentary
	information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	
Data aggregation methods	• In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated. • Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. • The assumptions used for any reporting of metal equivalent values should be clearly stated.	• All assay results have been reported.
Relationship between mineralisation widths and intercept lengths	• These relationships are particularly important in the reporting of Exploration Results. • If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. • If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').	• The orientation of the mineralisation is unknown
Diagrams	• Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	• Reported in Text.
Balanced reporting	• Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	• All drill assay results relating to extractable elements are reported.

Criteria	JORC Code explanation	Commentary
Other substantive exploration data	• Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	**P Nth. GPX Surveys JORC**

Survey Type		
Electromagnetics		
Moving Loop	3 Lines	
Line Spacing	200m	
Station Spacing	100m	
Frequency	1-2Hz	
Transmitter	Zonge	
Receiver	Smart EM 24	
Audiomagneto Tellurics (AMT)		
AMT TM_TE mode	3 Lines	
Line Spacing	200m	
Station Spacing	100m	
Frequency	10,000Hz-1Hz	
Receiver	GDP32	
Induced Polarisation (IP)		
Gradient Array	11 Lines	
Line Spacing	100m	
Station-Dipole Spacing	100m	
Time Domain	2 Sec. on-off	
Transmitter	ZeroTEM(ZT-30)	
Receiver	GDP32	

Criteria	JORC Code explanation	Commentary
Further work	• The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling). • Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	• As reported in the text