



Further exploration success at Paterson Project paves way for pivotal diamond drilling program

Compelling targets defined at Obelisk copper-gold anomaly; application of new techniques advances nickel targeting at Akelikongo, East Africa

Highlights:

Paterson North Copper-Gold Project – Western Australia

- Results from successful Aircore/RC drilling and ground geophysics continue to indicate the presence of a **large zoned copper and polymetallic mineralised system** at the Obelisk prospect.
- First-ever deeper angled RC holes drilled into the system indicate **strong continuity, alteration and mineralisation zonation**, consistent with an intrusion-related system. Results included:

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)

- Strong IP chargeability zone detected correlating directly with near-surface copper mineralisation**, defining a compelling diamond drill target.
- The planned 1,500m diamond drilling program** to test this target has encountered access delays and options are being investigated for a mid-late August commencement.
- 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 achieve the next 29% of equity**.

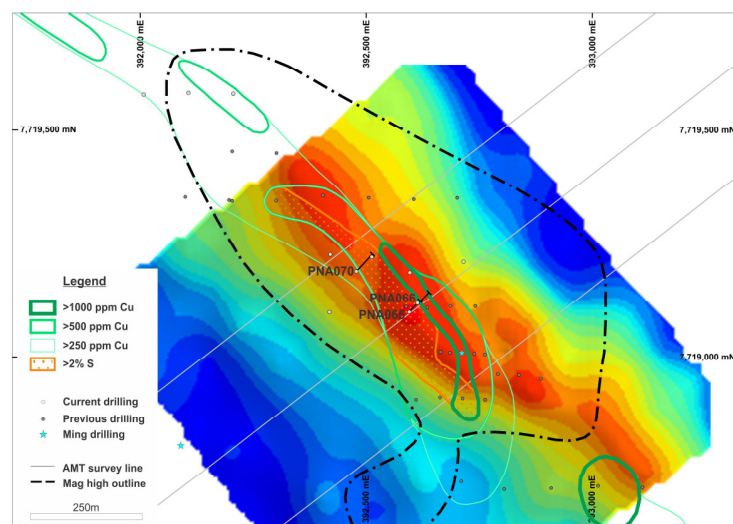


Figure 1: Obelisk Drill plan, copper and magnetic high with IP chargeability, showing strong correlation with copper zone intersected at Proterozoic bedrock interface

Kitgum Pader Base Metal Project – Uganda

- A review of geophysics and re-logging of drill core has resulted in a **new exploration understanding to assist targeting**, with an AMT (audio magneto tellurics) survey planned for the September quarter.
- 3D modelling completed to depict the orientation and plunge** of the mineralised body, demonstrating that the system is open down-plunge and highlighting a second possible massive sulphide position from down-hole EM plates within the chonolith pipe.



Paterson North Project, Western Australia

Sipa's Paterson North Project in the North West of Western Australia is in one of the most highly endowed yet under-explored mineral provinces in Australia. Included in the tenement package is 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).

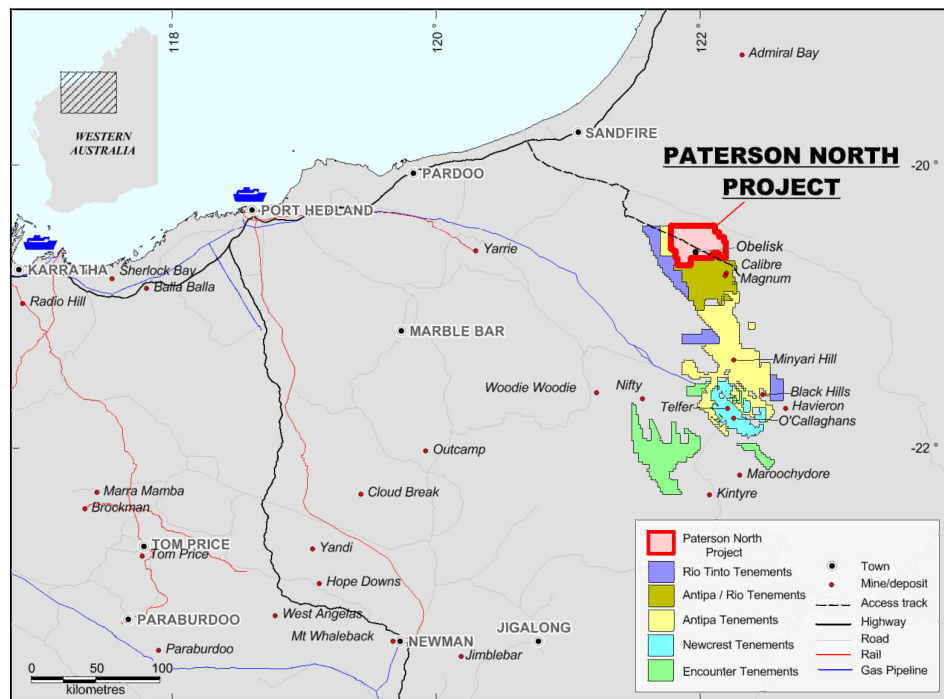


Figure 2: Paterson Project location in Western Australia

EL45/3599 (Sipa earning up to 80%)

During the quarter, a large work program was completed comprising heritage surveys, 3,244m of Aircore and RC drilling, and ground geophysics. This work was sufficient to meet the initial expenditure commitments required for Sipa to earn its initial 51% interest in the Great Sandy Tenement, which contains the Obelisk discovery. Sipa will continue to sole-fund to earn up to an 80% interest by spending a further \$2 million within the next 36 months.

The 3,244m drilling program included 15 holes drilled over the 4km long Obelisk copper-gold anomaly, with most (11 out of 15) ending in copper mineralisation in fresh bedrock. Three deeper angled RC holes were drilled to test deeper into the bedrock.

These three angled holes intersected a thick zone (up to 102m down-hole to the end-of-hole) of 0.1% copper and anomalous polymetallic (Au, Ag, Mo and W) mineralisation.

Assay intervals for these first targeted angled RC holes into Obelisk returned:

- **62m @ 0.09% Cu**, 0.33ppm Ag, 13ppm Mo, and 152ppm W from 131 to 193m(EOH) including **46m @ 0.12% Cu**, 0.4ppm Ag, 16ppm Mo, 178ppm W from PNA065 (Figure 3);
- **37m @ 0.06% Cu**, 0.25ppmAg from 156 to 193 (EOH) from PNA066 (Figure 3); and
- **102m @ 0.09% Cu**, 0.33ppm Ag, 6ppm Mo, 263ppm W (EOH), including **12m @ 0.19% Cu**, 0.41ppm Ag, 10ppm Mo, 640ppm W from PNA070 (Figure 4).

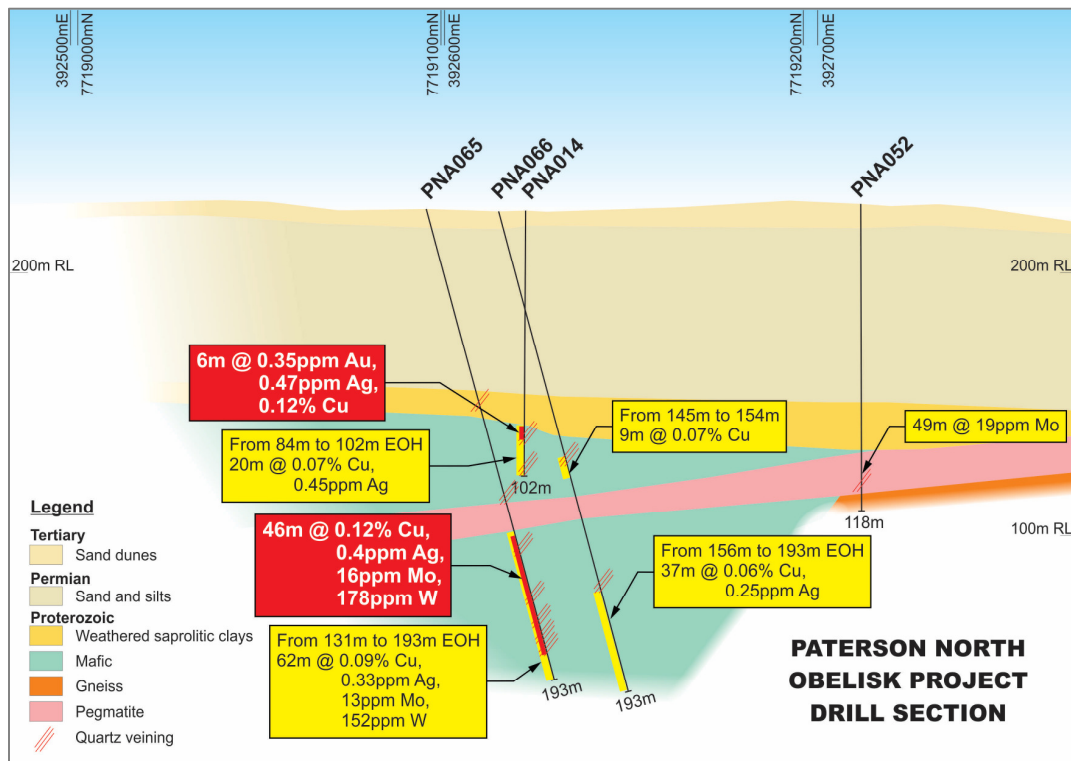


Figure 3: Obelisk Drill section PNA065 and PNA066

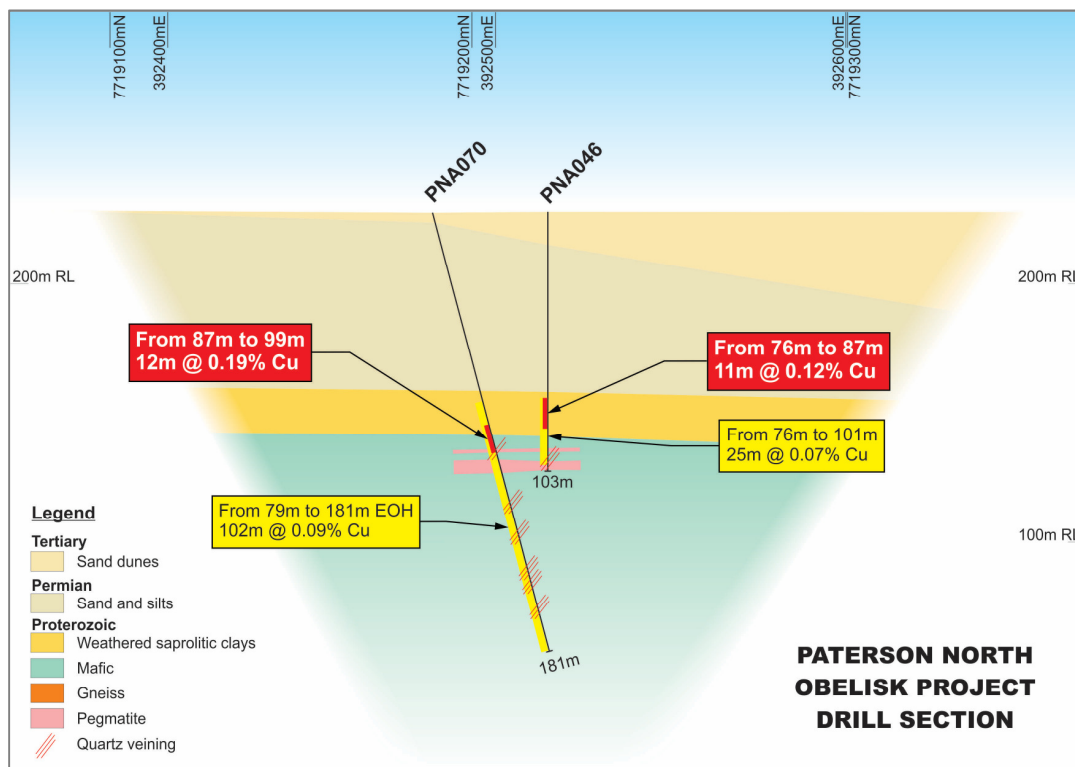


Figure 4: Obelisk Drill section PNA070 and PNA046

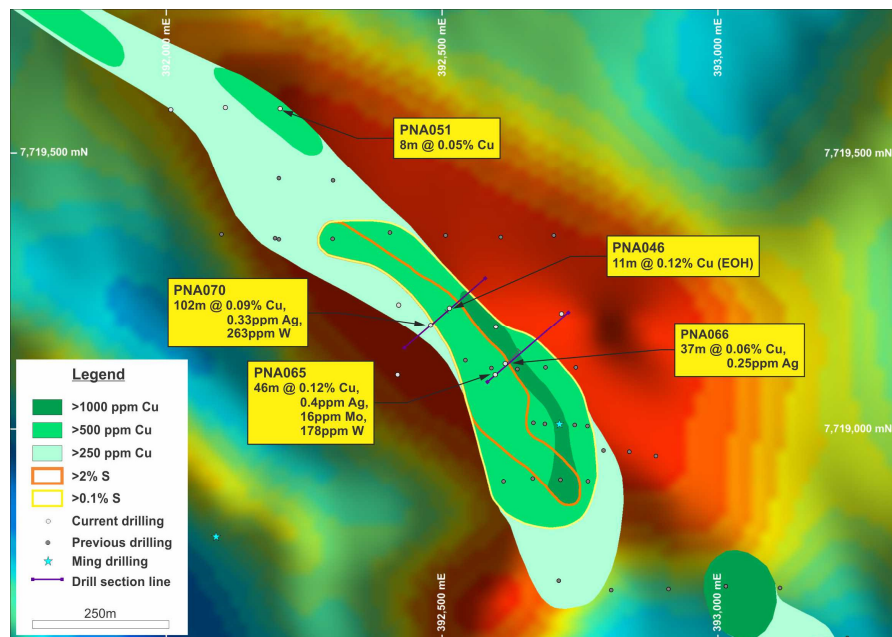


Figure 5: Obelisk Drill plan with Copper and Sulphur contours on RTP magnetic image

Together with anomalous results for other vertical reconnaissance holes, the drilling has defined a priority 800m by 200m wide copper zone at Obelisk which is also coincident with a strong gravity and magnetic anomaly and IP anomaly.

The presence of strongly anomalous bedrock copper mineralisation in 14 out of the 27 completed drill-holes is considered to be a highly significant development, indicating the presence of a large and zoned polymetallic intrusive-related mineral system.

The remainder of the holes (12) tested either CSIRO-generated targets or geophysical targets with two demonstrating copper anomalism (Figure 6).

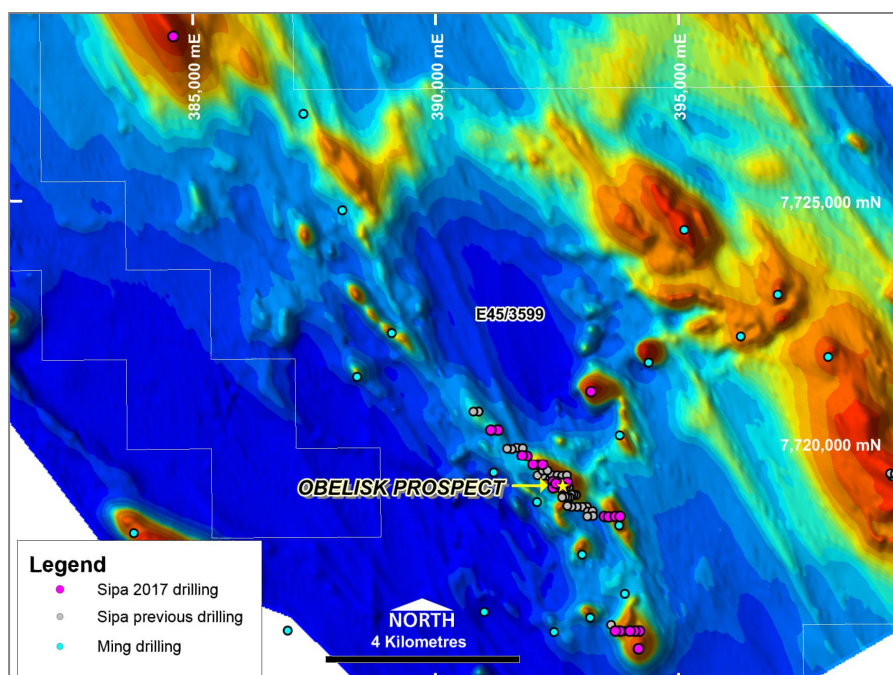


Figure 6: Magnetics RTP and drilling showing previous and new drilling



Ground geophysical surveys were also completed during the quarter by Zonge Engineering and Research Organization over the main part of the Obelisk copper anomaly to test for the presence of massive sulphides, disseminated sulphides and controlling structures at depth below the highly anomalous near-surface copper mineralisation.

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 zone of disseminated sulphides which may have been partially detected in the reconnaissance drilling. The moving-loop EM did not detect any 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.

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 gold and 100,000t copper 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.

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 2015, 2016 and now 2017 drilling programs and collected quantitative petrological data. An early outcome shows that mineral species such as the titanium group of minerals can be 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%

Information was received during the quarter that all new funding applications for the Western Australian Government Exploration Incentive Scheme (EIS) co-funded drilling scheme would be put on hold pending the new Labor Government's delayed budget, which is now expected in September.

Drilling is planned to test the domal feature identified but the scope of the drilling is likely to include additional focus on targets identified from previous drilling in and around Obelisk. The domal 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.

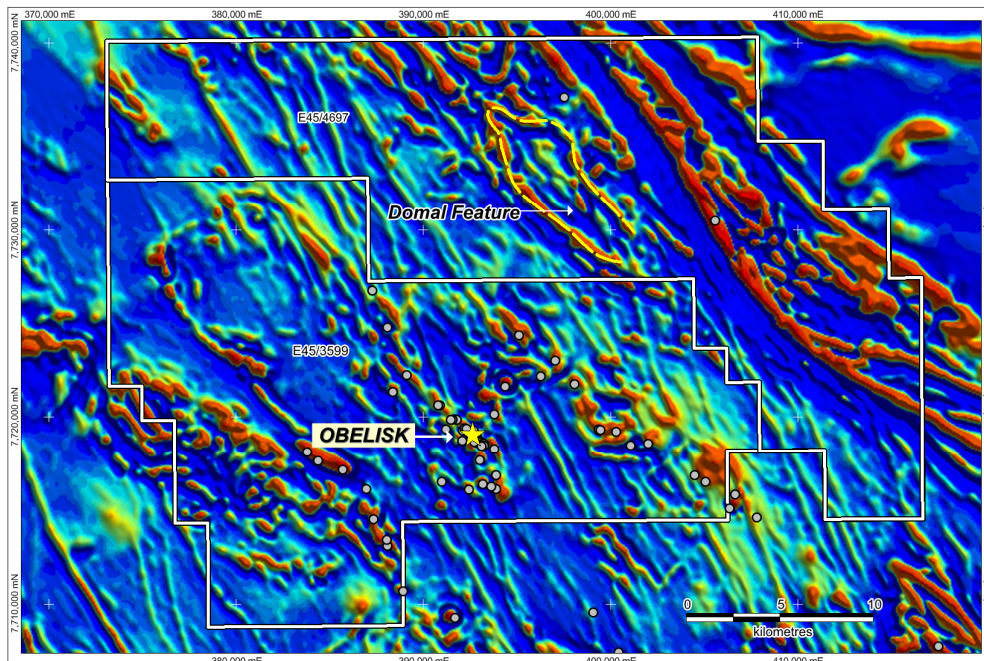


Figure 7: Aeromagnetic image covering Sipa's North Paterson Tenements showing the domal feature to be drill tested for structurally controlled "Telfer look-alike" mineralisation on EL45/4697



Kitgum Pader Base Metal Project, Uganda – Sipa 100%

Akelikongo is Sipa's flagship discovery in Uganda, and forms part of its Kitgum Pader Base Metal Project in the country's north (Figure 8).

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).

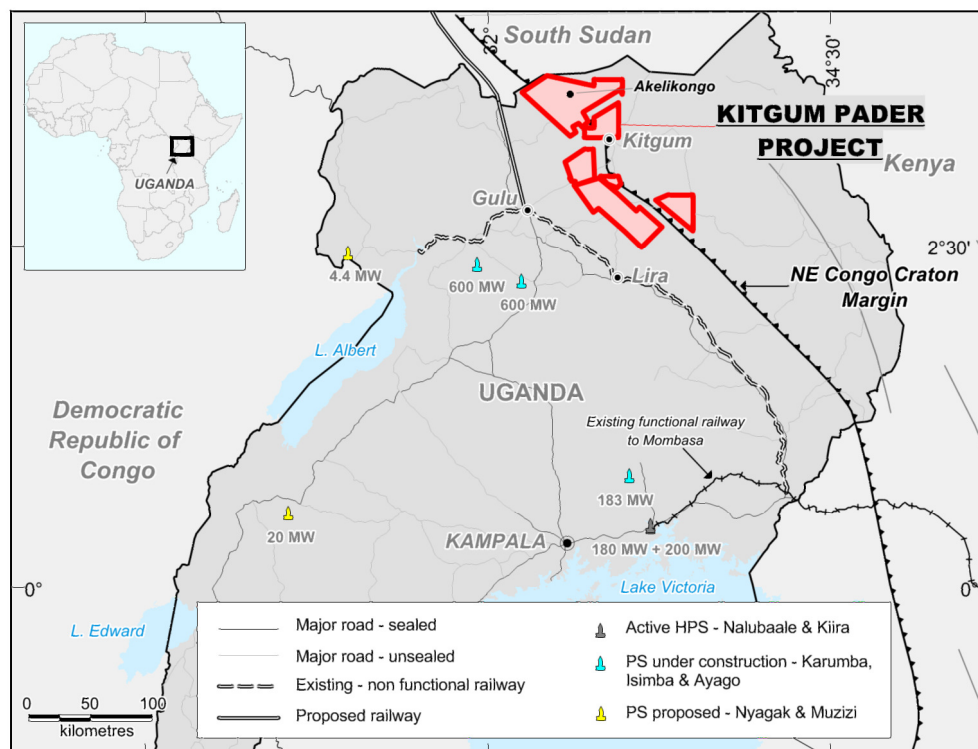


Figure 8 – Kitgum Pader Project, Uganda showing location of the Akelikongo nickel-copper discovery

During the quarter, a review of geophysics continued with a view to determining an ongoing effective exploration strategy and to develop a 3D model of the emerging Akelikongo discovery.

The review identified the potential to use AMT (audio magneto tellurics) as an effective detector of mineralised chonoliths in similar geological settings, with the ability to detect features well over 1,000m below surface. This technique has been used successfully at the Jacomynspan nickel deposit in South Africa. A survey will now be undertaken to complement previous ground EM and down-hole EM data before drilling planned for the current 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.

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 outcrops 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.

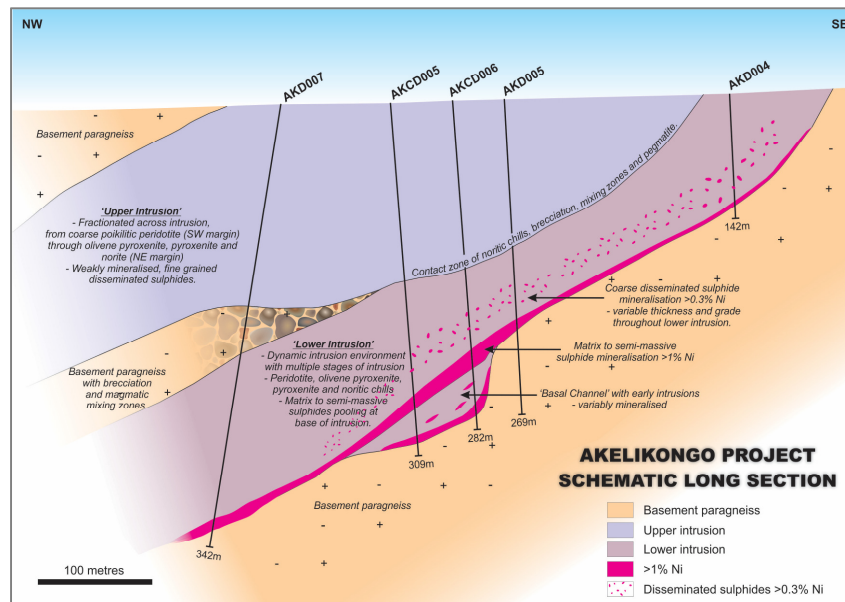


Figure 9: Akelikongo schematic long section. New interpretation shows upper and lower intrusion with basal channels has assisted in better targeting for drilling.

The best intercepts from drilling to date include (see Figure 9):

Semi-massive zones of up to **7m @ 1.04% Ni and 0.35% Cu** from AKCD006 within a larger intercept of **38m @ 0.51% Ni and 0.17% Cu** and

5.2m @ 0.98% Ni and 0.41% Cu in AKD017 within a larger intercept of **84.5m @ 0.42% Ni and 0.17% Cu** (ASX Release 1 December 2016);

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

The recent DHEM surveys show 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.

The 3d model clearly shows the relationship between the drilling, mineralisation and the DHEM conductors showing the body is open down plunge and that a second parallel zone of semi-massive sulphide mineralisation is emerging (Figure 10).

This model, which is interactive online, is located on Sipa's website www.sipa.com.au and then accessing the Akelikongo 3D button on the home page.

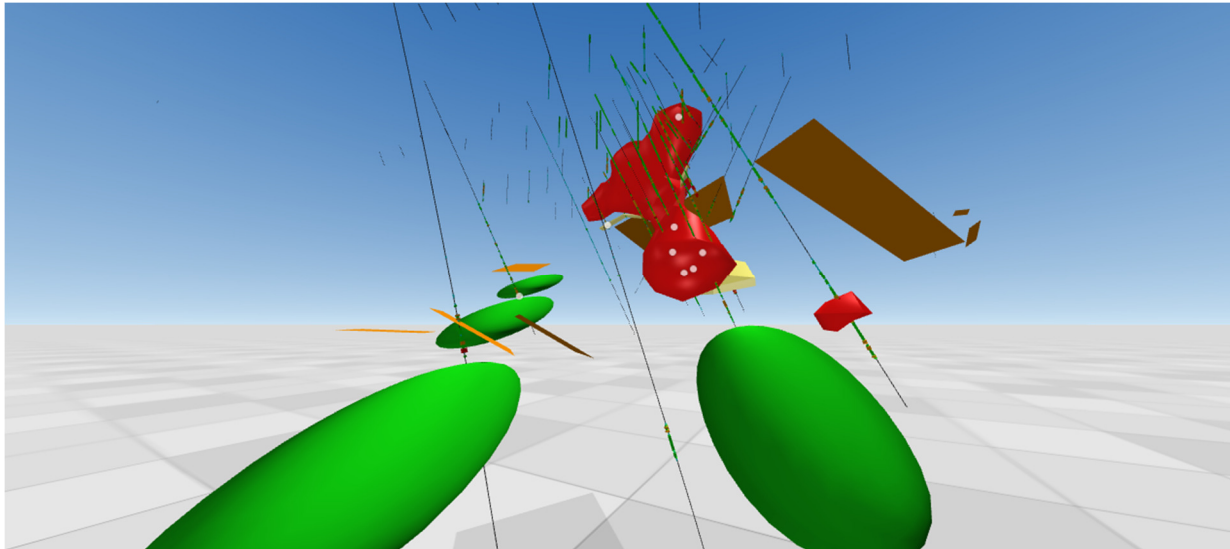


Figure 10: Target zones shown in green down plunge of Akelikongo mineralisation (shown in red) which remains open

Corporate

The Company's cash position at the end of the Quarter was \$2.3 million, sufficient to underpin ongoing exploration activities including the current drilling program at the Paterson North Project.

Forward Plan

Paterson North

Following the highly successful ground geophysics conducted in June, a diamond drilling program is currently being planned for up to 1500m of core into the Obelisk target. The drilling will give a definitive picture of the mineralisation style and, importantly, the orientation of mineralising structures. Access delays have hindered this process with drilling now expected to commence in mid-late August.

Continued work on the collaborative study with CSIRO will involve the further collection of TIMA maps and the integration of all data including the diamond drill data to form a consistent geological framework and understanding of the source and style of the polymetallic mineralisation.

Ground gravity collected on the Anketell tenement will assist with geological interpretation and drill planning for later in 2017.

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 is now planned before drilling later in the current quarter.

For some time the Company has suspected that the mineralised pipe at Akelikongo is located close to holes AKD003 and AKD012, around 700m to the north of the known mineralisation due to the presence of anomalous nickel and PGE's in the sulphides with the gneiss. This may be due to element leakage from the mineralised pipe below along a fault. The AMT survey would likely detect the pipe in this area and further down-plunge.



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, 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.

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.

The information in this report that relates to Exploration Results was previously reported in the ASX announcement dated 11 July 2017, 19 June, 2017, 24 May 2017, 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.

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