



Landmark Farm-in and JV Agreement with Rio Tinto on Kitgum-Pader Base Metals Project in Uganda now unconditional

HIGHLIGHTS

- Rio Tinto has advised that due diligence has been completed and the Farm-in and JV Agreement has now commenced on Sipa's Kitgum-Pader Base Metals Project in Northern Uganda, including the Akelikongo nickel-copper discovery.
- Under the terms of the agreement, Rio Tinto has the option to **earn up to a 75% interest in the project** by incurring **US\$57M** of exploration expenditure in the following stages and amounts:
 - *US\$12M of exploration expenditure within 5 years including a minimum commitment of US\$2.0M to earn 51% (Stage 1);*
 - *Additional US\$15M of exploration expenditure within a further 3-year period to earn a 65% interest (Stage 2); and*
 - *Additional US\$30M of exploration expenditure or declaration of a JORC resource containing at least 250,000 tonnes of contained nickel or nickel equivalents within a further 3-year period to earn a 75% interest (Stage 3).*
- In addition Rio Tinto will make cash payments totalling US\$2M to Sipa comprising: US\$0.25M (now received and forming part of the project expenditure), US\$0.25M after 18 months and US\$1.5M if it elects to start Stage 2 (earn-in to 65%)..
- Exploration has commenced with multi-element laboratory assaying of over 1000 soil samples over up to 14 identified nickel-bearing mafic to ultramafic intrusions followed by detailed ground gravity surveying scheduled to commence this month.

Sipa Resources Limited (ASX: SRI) (**Sipa** or the **Company**) is pleased to announce that the landmark Earn-in and Joint Venture Agreement (JVA) with Rio Tinto Mining & Exploration Limited (Rio Tinto), a wholly-owned subsidiary of global miner Rio Tinto Plc, to acquire an interest in its Kitgum Pader Base Metals Project located in Northern Uganda (Figure 1) has commenced.

The JVA will allow Sipa to accelerate nickel-copper exploration activities within the broader Kitgum Pader Project area, while also continuing to evaluate the Akelikongo discovery – which continues to emerge as one of the more significant magmatic nickel-copper discoveries to be made globally in the last few years.

Rio Tinto will contribute expertise and funding while Sipa will continue to manage exploration activities in the initial stages of the joint venture, leveraging off its extensive technical and logistical experience operating in Uganda. Rio Tinto has committed to a minimum of US\$2M on exploration within the first 18 months.

Commenting on the agreement, Sipa's Managing Director, Lynda Burnett, said:

"This is a company-defining transaction for Sipa which vindicates our long-term focus on pursuing opportunities to discover new world-class base metal and gold-copper deposits within emerging mineral provinces with Tier-1 potential.

"Attracting a global major such as Rio Tinto to farm-in to the Kitgum Pader Project reflects both the enormous potential of the ground and the quality of the work which the Sipa exploration team has completed over the past five years.

"Sipa discovered both the Akelikongo nickel-copper system and the Pamwa lead-zinc-silver prospect in 2014 and 2015, and has made excellent progress since then despite the inevitable budgetary constraints which face a junior exploration company. The intrusive-hosted, chonolith style mineralisation at Akelikongo has so far been defined over a strike length of at least 500m and remains open, with recent drilling having returned some significant thick zones of disseminated and semi-massive nickel sulphide mineralisation. The mineralisation exhibits



strong similarities to some of the world's great intrusive-hosted nickel orebodies, such as Nova, Raglan and Voisey's Bay.

"The recent application of new geochemical and geophysical techniques has allowed us to further define and understand Akelikongo and surrounds. At the same time, our team has now proven that the Kitgum Pader Project contains multiple intrusive complexes that exhibit genetic similarities to Akelikongo, highlighting belt-scale nickel discovery potential.

"It is these attributes which make the project one of the most exciting greenfields nickel discoveries in recent years, and we are delighted that Rio Tinto have recognized this potential and will be funding the next stage of exploration."



Figure 1 Kitgum Pader tenement location, Uganda.

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 sulphide 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 north-west. 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 up 113m of disseminated nickel sulphide >0.25% Ni and



copper sulphide >0.1% Cu, with intercepts of 84.5m @ 0.37% Ni and 0.16% Cu (AKD017) and 43.7m @ 0.53% Ni and 0.18% Cu (AKCD006) including 7m @ 1.04% Ni, 0.35% Cu 0.05% Co. (ASX Release 1 December 2016 Table 1.)

In May 2018 Sipa announced a Landmark Farm-in and JV Agreement with Rio Tinto to underpin accelerated nickel-copper exploration at the Kitgum Pader Base Metals Project in Northern Uganda in which Rio Tinto can fund up to US\$57M (A\$75M) of exploration expenditure and make US\$2M in cash payments to earn up to a 75% interest the project.

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. Drilling in late 2017 has further defined the strong hydrothermal alteration and importantly the presence of gold up to 22g/t Au and 2% copper in narrow, high-grade veins showing that the system has strong similarities to others in the district.

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

The information in this report that relates to Exploration Results was previously reported in the ASX announcement dated 20 October 2017, 12 October 2017, 1 December 2016, and 5 September 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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