Paterson North Copper-Gold Project – Drilling Update

Preparations underway for deep diamond drilling at Obelisk; Aircore/RC drilling completed across seven regional targets – laboratory assays received

Highlights:

- 29-hole, 3,462m reconnaissance Aircore/RC drilling program completed at Sipa's **Paterson North Copper-Gold Project**, WA and **all laboratory assay results** have been received.
- Drilling tested seven regional targets including **Aranea, Asselli, Vela, NW Obelisk, Andromeda**, as well as four targets at and near the **Obelisk** Prospect.
- The drilling has successfully identified a **new copper anomaly at Aranea** (19km north west of Obelisk) extending over 2km with **associated gossanous ironstone** identified in hole PNA075.
- Results at Aranea returned in PNA079 and PNA075:

  PNA079 28m @ 274ppm Cu from 92m (EOH) including peak copper assay 3m @700ppm

  PNA075 15m @ 314ppm Cu from 121m (EOH) including peak copper assay 1m @488ppm
- Further **strong copper anomalism** identified south of **Obelisk** returned in PNA088 PNA090 and PNA091

  PNA088 3m @455ppm Cu from 111m (EOH) including peak copper assay 1m @ 958ppm

  PNA090 8m @ 285ppm Cu from 81m

  PNA091 8m @ 250ppm Cu from 87m (EOH)
- At **Obelisk**, a **diamond drill rig is expected to arrive in the second half of September** to test the prime target position as identified by magnetic and IP modelling.
- This target is located ~250m north-west of where RC and diamond drilling last year returned broad intercepts of 102m @ 0.09% Cu (PNA070) and 64.8m @ 0.1% Cu (PND001) (ASX releases of 19 June 2017 and 12 Oct 2017 respectively).
- Interest in the Paterson North district continues to grow with **exploration tenements now pegged all the way to the coast, with** Rio Tinto and FMG the largest holders (Figure 1). Sipa's ground-holding is now surrounded on all sides by Rio Tinto and FMG.

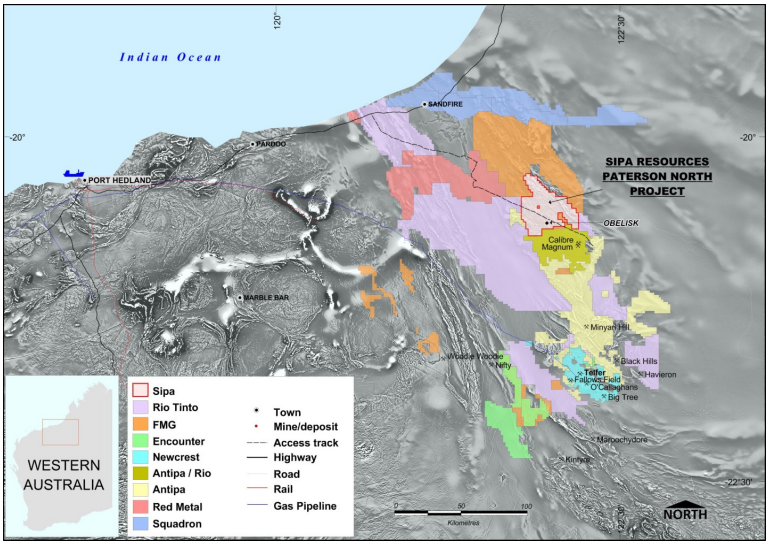

Figure 1: Paterson North Project Location showing access and major tenement holders

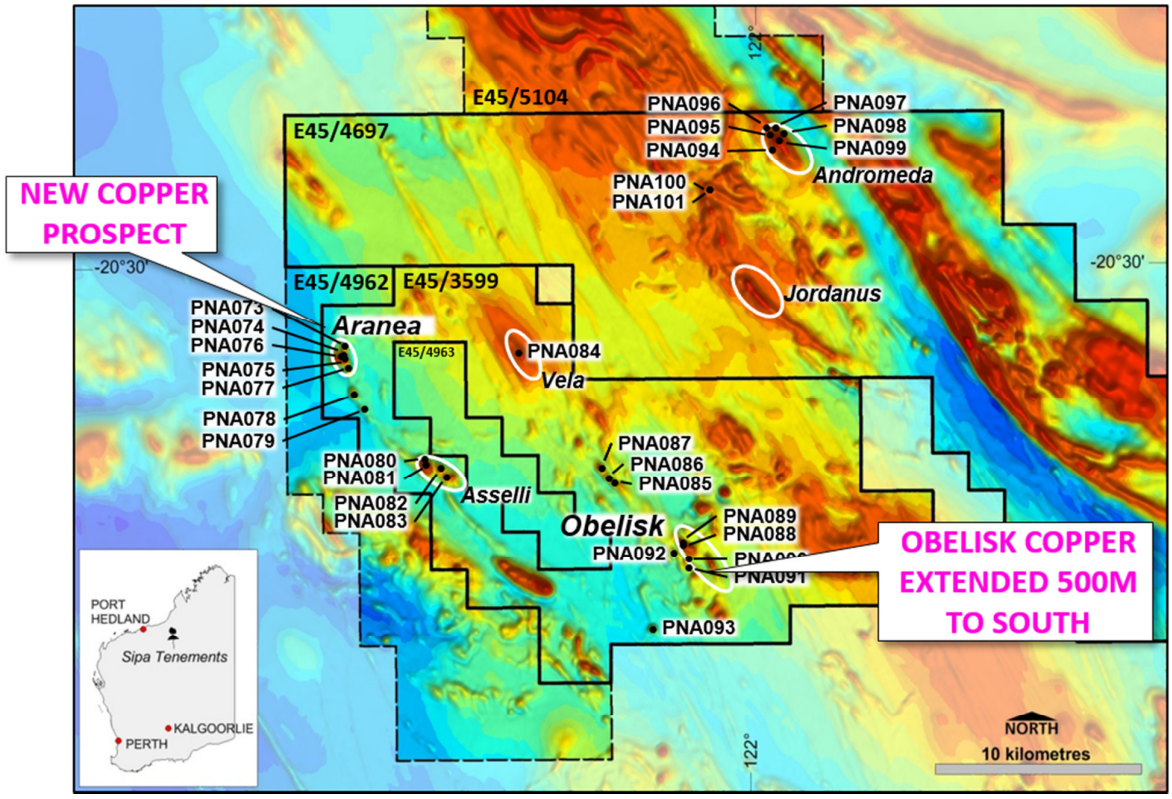

Figure 2. Aircore/RC drilling plan on RTP magnetic image.

Sipa Resources Limited (ASX: **SRI**) is pleased to advise that it continues to make strong progress with the 2018 exploration field season at its **Paterson North Copper-Gold Project** in WA (Figures 1 and 2) with the initial phase of reconnaissance drilling completed and deep diamond drilling set to commence later this month at the high-priority **Obelisk** target

A 29-hole Aircore/RC drilling program comprising a total of 3,462m has been completed, testing a total of seven regional targets including **Aranea, Asselli, Vela, NW Obelisk, Andromeda** as well as four targets located at and near the Obelisk Prospect. The purpose of this initial reconnaissance program was to test a variety of geophysical targets for evidence of mineralisation (see Figure 2). All laboratory assay results have now been received.

The priority targets were identified from 3D magnetics inversion, gravity and ground and airborne electromagnetics. At the **Andromeda** target, an IP gradient-array survey was completed prior to drilling to refine the target.

At **Aranea**, drill-hole PNA075 intersected 1 metre of gossanous ironstone assaying 488ppm Cu in the weathered Proterozoic rocks and strong biotite-chlorite alteration of mafic dolerite and gneiss in the fresh Proterozoic rocks.

Drill holes PNA075, PNA077, and PNA79 returned thick and strong anomalous copper mineralisation (Table 1). Peak copper in drill hole PNA077 reached 700ppm over 3m from 96m. These intersections are similar to early intersections into the Obelisk Prospect and together with the gossanous ironstone may indicate the presence of another sulphide mineralised system outside the Obelisk Prospect.

In the **Obelisk** area, further drilling to the south of the main **Obelisk** copper trend has highlighted further copper anomalism as well as within the main **Obelisk** anomaly (see Figure 4). The peak copper

assay of 958ppm in PNA088 may indicate that the envelope of >1000ppm copper extends further to the northwest than depicted in Figure 4. Thick intersections of anomalous copper (>250ppm) in drill holes PNA090 and PNA091 extend the previous >250ppm copper contour for another 550m to the south.

The drilling at **Aranea, Asselli, Vela, NW Obelisk** is eligible for a WA government EIS co-funded drilling grant of up to $150,000.

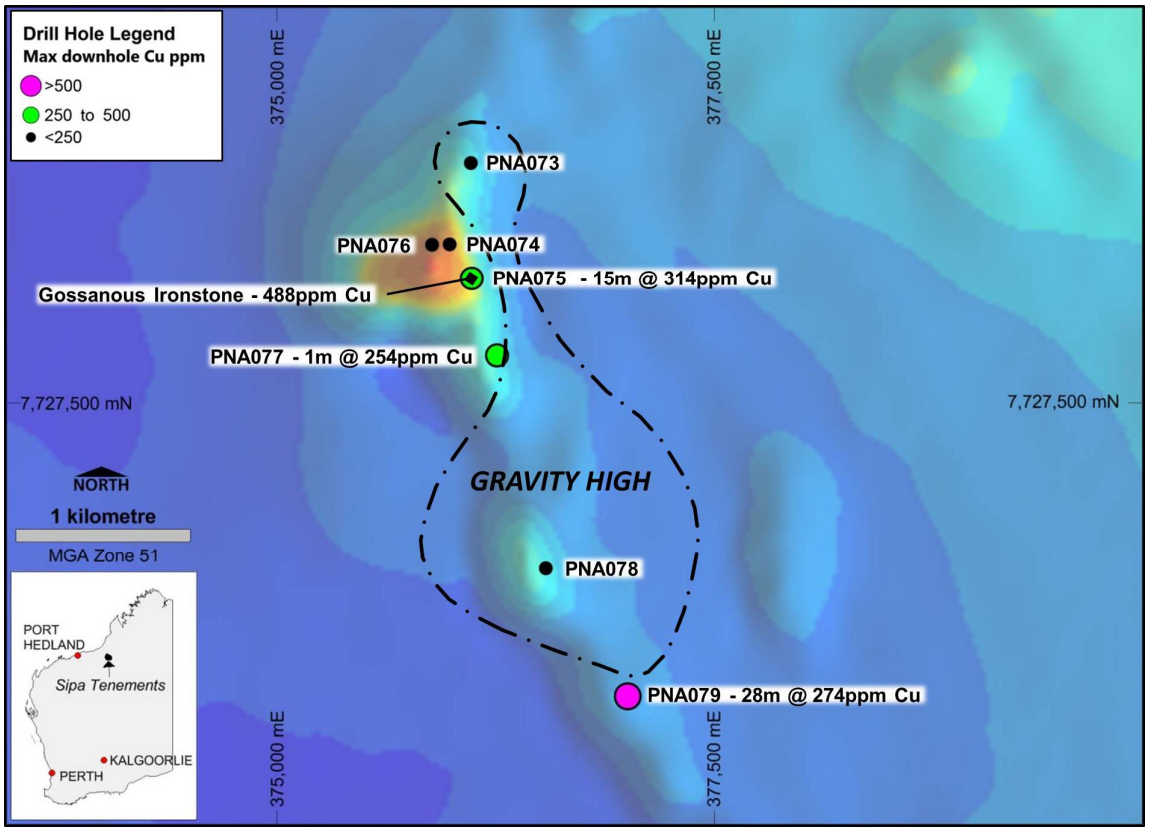

Figure 3: Anomalous copper trend at Aranea over 2km. Gossanous ironstone in PNA075.

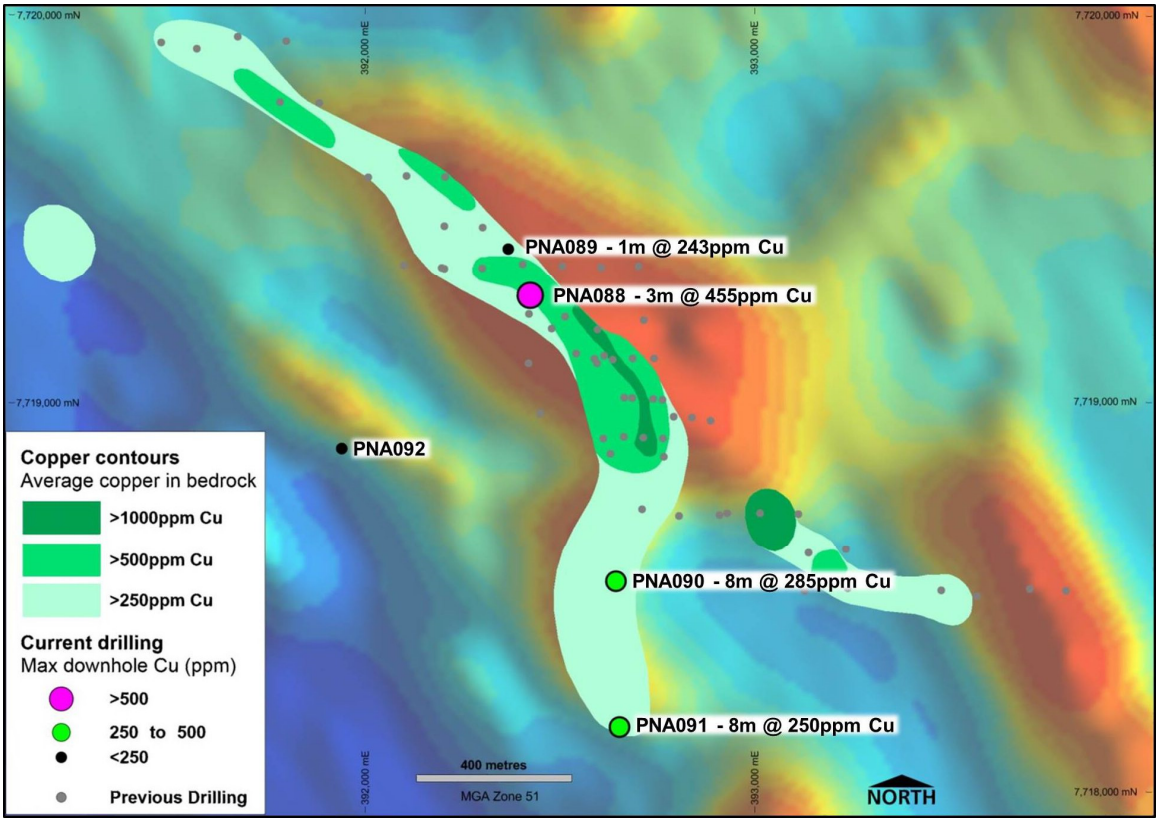

Figure 4: Obelisk Area Reconnaissance Drilling copper anomalism shown.

Obelisk Prospect – Plan Forward

Drilling undertaken by Sipa during the 2016 and 2017 field seasons, defined a large >4km copper-plus-polymetallic system at **Obelisk**. The prospect is a co-incident magnetic IP and gravity feature which was initially targeted and drilled by Ming Gold in 2015.

A review and re-modelling of the IP data shows that the calculated metal factor (concentration of metals) is strongest in the north-west of the area drilled and correlates with the surface projection of a new magnetic model.

Figure 5 below shows the untested area corresponding to the peak of the magnetic model and IP targets. The target also lies immediately below Aircore holes PNA018 and 19, which returned bedrock interface samples up to 1,300ppm copper and 90ppb gold.

Diamond drill testing of this target will include at least one 500m deep hole to test further along strike of the combined magnetic/gradient array IP target, north-west of the 2017 drill holes (area shown as blue rectangle).

The diamond drill rig is expected to arrive on site in the second half of September. The diamond drilling is subsidized with an EIS co-funded drilling grant up to the value of $80,000.

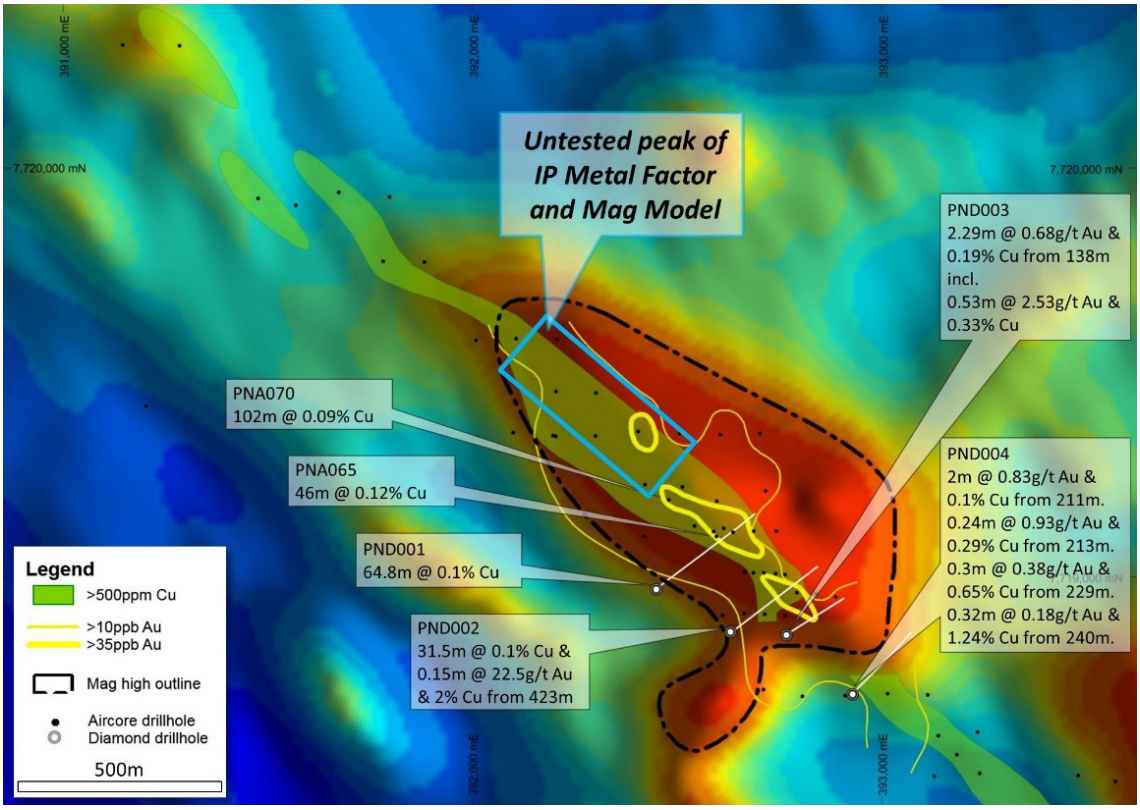

Figure 5 Obelisk Magnetics with new target area shown in blue box

Hole number	Hole Type	Prospect	Grid_ID	East	North	RL	Max Depth	Comments
PNA073	AC	Aranea	MGA94_51	376110	7728874	230	142	
PNA074	AC	Aranea	MGA94_51	375990	7728407	229	134	
PNA075	AC	Aranea	MGA94_51	376112	7728223	222	136	
PNA076	AC	Aranea	MGA94_51	375887	7728405	224	166	
PNA077	AC	Aranea	MGA94_51	376258	7727780	220	117	
PNA078	AC	Aranea	MGA94_51	376540	7726551	226	126	
PNA079	AC	Asselli	MGA94_51	377008	7725830	219	120	
PNA080	AC	Asselli	MGA94_51	379872	7723348	218	97	
PNA081	AC	Asselli	MGA94_51	380026	7723161	217	96	
PNA082	AC	Asselli	MGA94_51	380660	7722945	222	97	
PNA083	AC	Asselli	MGA94_51	380988	7722475	225	109	
PNA084	AC	Vela	MGA94_51	384476	7728514	218	114	ABANDONED before Proterozoic
PNA085	AC	NW Obelisk	MGA94_51	389099	7722237	222	96	
PNA086	AC	NW Obelisk	MGA94_51	388797	7722468	223	94	

Hole number	Hole Type	Prospect	Grid_ID	East	North	RL	Max Depth	Comments
PNA087	AC	NW Obelisk	MGA94_51	388443	7722922	235	109	
PNA088	AC	Obelisk	MGA94_51	392424	7719279	227	116	
PNA089	AC	Obelisk	MGA94_51	392368	7719395	229	103	
PNA090	AC	Obelisk	MGA94_51	392643	7718543	229	95	
PNA091	AC	Obelisk	MGA94_51	392653	7718170	232	95	
PNA092	AC	Regional	MGA94_51	391941	7718881	223	94	
PNA093	AC	Regional	MGA94_51	390897	7715198	224	84	
PNA094	AC	Andromeda	MGA94_51	396662	7738402	189	138	
PNA095	AC	Andromeda	MGA94_51	396566	7739077	187	134	ABANDONED before Proterozoic
PNA096	AC	Andromeda	MGA94_51	396369	7739459	188	156	
PNA097	AC	Andromeda	MGA94_51	396814	7739459	189	149	
PNA098	AC	Andromeda	MGA94_51	397292	7739189	191	150	
PNA099	AC	Andromeda	MGA94_51	396988	7738815	190	157	
PNA100	AC	Jordanus	MGA94_51	393708	7736354	173	114	ABANDONED before Proterozoic
PNA101	AC	Jordanus	MGA94_51	393729	7736358	173	124	

Table 1: Drill-hole collar locations and depth

Hole	From	To	Interval	Cu (ppm)	Cu (ppm)
				average	peak
PNA075	121	136	15	314	488
PNA077	112	113	1	254	254
PNA079	92	120	28	274	700
PNA088	111	114	3	455	958
PNA089	102	103	1	243	243
PNA090	81	89	8	285	300
PNA091	87	95	8	250	264

Table 2. Drill-hole significant copper assays

About Sipa

Sipa Resources Limited (ASX: SRI) is an Australian-based exploration company aiming to discover 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 an intrusive-hosted nickel-copper sulphide discovery at Akelikongo, one of the most significant recent nickel sulphide discoveries globally.

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 polymetallic intrusive related mineralisation was intersected at the Obelisk prospect.

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 North Paterson is increasingly emerging as one of the most active and prospective new exploration frontiers in Australia, with active exploration programs underway by major mining companies such as Rio Tinto and Newcrest and a number of junior exploration companies including Sipa, Antipa Minerals and Encounter Resources. In addition, FMG has recently joined the search with tenements pegged immediately to the north-west and east of Sipa's ground-holdings.

This high level of activity, combined with recent reports of exploration success in the district, highlight its world-class potential and under-explored nature.

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 and on Exploration Licence E45/4697 held 100% by Sipa. Sipa has earned an 80% interest in tenement E45/3599 by exploration expenditure up to $3million • At this time the tenements are believed to be in good 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.

Criteria	JORC Code explanation	Commentary
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: o easting and northing of the drill hole collar o elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar o dip and azimuth of the hole o down hole length and interception depth o hole length. • If the exclusion of this information is justified on the basis that the 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.	• Reported in Text
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	• All assay results have been reported.

Criteria	JORC Code explanation	Commentary
	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.	
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.
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.	
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