Paterson North: IP survey Confirms compelling Drill Target at Obelisk Ahead of Imminent Diamond Drilling Program

Pole-dipole IP surveying has returned strong chargeability responses in target area; Drill rig mobilising to site with drilling set to commence by the end of this week

Highlights

- 2018 field season activity continuing at the **Paterson North Copper-Gold Project** in WA following the recent successful reconnaissance Aircore/Reverse Circulation drill program which extended the **Obelisk** copper mineralisation to the south and discovered a new copper zone at **Aranea**, 20km north-west of Obelisk.
- **IP pole-dipole ground geophysical surveying** completed at **Obelisk** to refine the drill target in advance of diamond drilling.
- IP survey modelling has identified **two previously untested strong chargeable zones** which coincide with magnetic models and gradient IP anomalies previously identified as the prime untested target position. This position is 250m north-west of where RC and diamond drilling last year returned **102m @ 0.09% Cu** (PNA070) and **64.8m @ 0.1% Cu** (PND001) (ASX 19 June 2017 and 12 Oct 2017 respectively).
- The current diamond drilling at **Obelisk**, is subsidised by a WA Government co-funded EIS grant of up to $80,000. The drilling will consist of **at least one 500m deep diamond hole** to test the newly modelled peak geophysical response over the Obelisk mineral system.

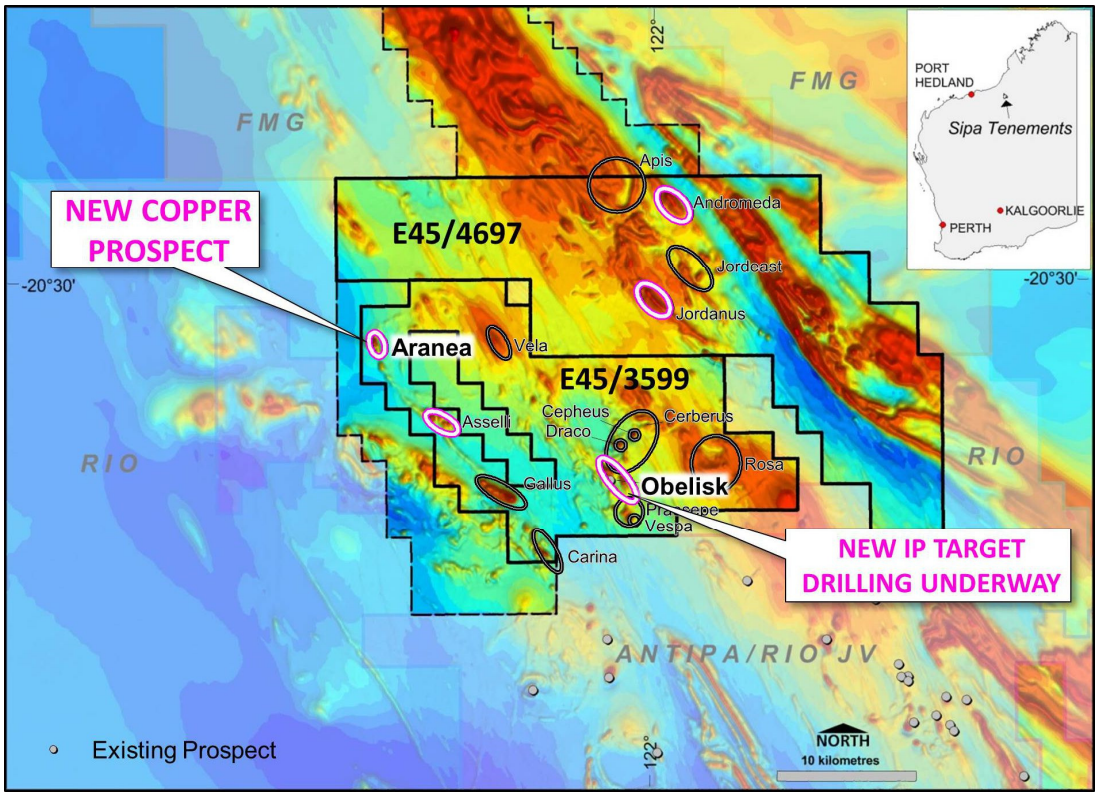

Figure 1: Paterson North magnetics RTP image showing prospect locations.

Further to its release of 27 September 2018, Sipa Resources Limited (ASX: SRI) is pleased to advise that it has refined and confirmed a compelling diamond drill target at the Obelisk discovery, part of its Paterson North Copper-Gold Project in the Paterson Province of northern Western Australia, following a successful ground geophysical survey.

Diamond drilling to test the target is expected to commence imminently, with mobilisation of a diamond rig now underway and drilling expected to begin by the end of this week.

IP ground geophysics consisting of pole-dipole Induced Polarisation (IP) surveying has been completed at Obelisk and the final models received. The survey was designed to further assist with optimising the location of the diamond drilling.

The Obelisk prospect is a co-incident magnetic, IP and gravity high feature. Aircore/Reverse Circulation and diamond drill testing of the prospect by Sipa in 2016 and 2017 defined a large >4km copper-plus-polymetallic system.

The target area has now been covered with detailed ground gravity, gradient-array IP and reconnaissance Aircore/RC drilling which successfully defined the initial bedrock target.

In 2017, three RC drill holes and four deep diamond holes were completed with broad bedrock copper results returned including **102m @ 0.09% Cu** in PNA070 and **64.8m @ 0.1% Cu** in PND001 (see ASX 19 June 2017 and 12 Oct 2017).

In addition, high-grade vein-hosted mineralisation returned narrow intersections of gold grading up to 22g/t Au and copper grading up to 4.6% Cu.

Previously, a review and re-modelling of the gradient array IP data indicated that the calculated metal factor is strongest in the north-west of the area drilled in 2017 and correlates with the surface projection of a new magnetic model (see ASX 27 September 2018).

Figure 2 shows the untested area corresponding to the peak of the magnetic model and IP targets and the location of the pole-dipole IP survey.

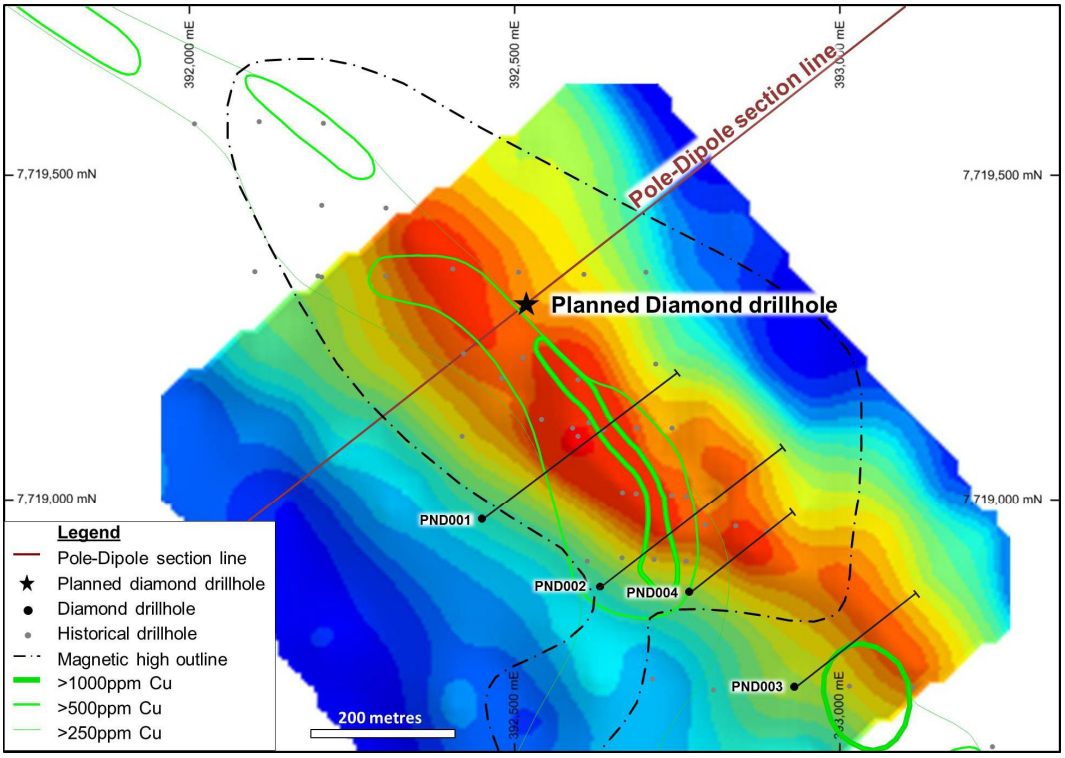

Figure 2: IP gradient array chargeability with the new Pole-Dipole section and planned drill-hole shown. Copper contours represent average values within Proterozoic bedrock.

Pole-dipole IP geophysics provides depth information on anomalous domains along a 2D section – in contrast to gradient array IP, which produces only a map of anomalous zones.

Figure 3 below shows the chargeability section of the pole-dipole survey. It contains two anomalous zones, a deeper, stronger chargeable zone in the north-east (about 400m below surface with a chargeable response of 30mV/V) and a shallower zone in the south-west (about 140m below surface) with slightly weaker chargeable zone (21mV/V).

The shallower chargeable zone in the south-west corresponds to that detected on the IP gradient array survey. The zone between the two chargeable anomalies is not chargeable and highly resistive and is interpreted to represent either a granitic intrusion or a zone of strong silicification. The two modelled magnetic plates marked in pink (Figure 3) are concentrically between the chargeable zones and the central non-chargeable zone.

Two drill holes, PNA070 and PNA046 about 60m off-section, recorded intersections of 102m @ 0.09% Cu and 25m @ 0.07% respectively, but did not intersect the shallow chargeable anomaly in the south-west, as seen in Figure 3. The deeper and stronger chargeable anomaly has not been tested by any drill-holes.

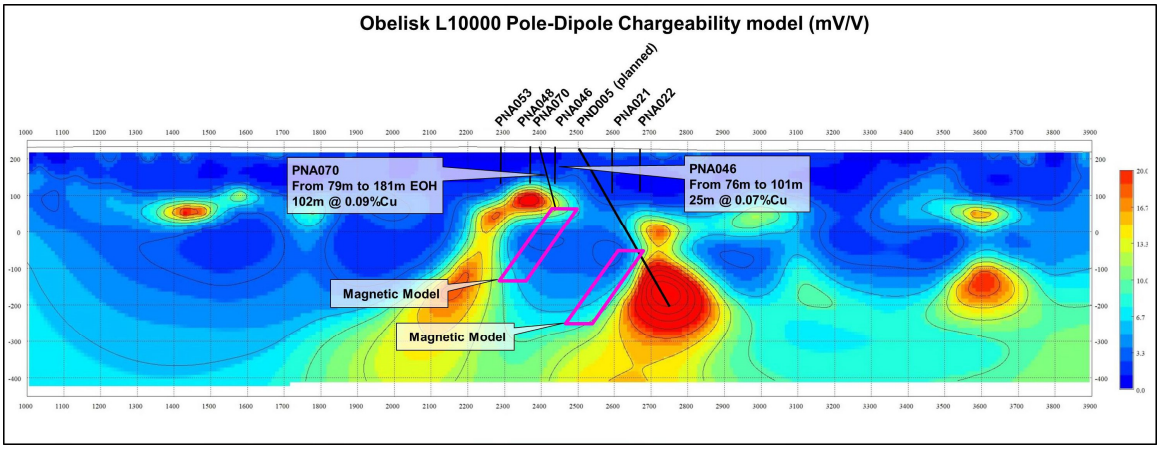

Figure 3: Pole-Dipole chargeability model section showing north-eastern deeper (about 400m below surface), stronger chargeable zone (30mV/V) to be drilled by PND005 and a southwestern shallower (about 140m below surface) and slightly weaker chargeable zone (21mV/V).

Diamond drilling will initially test the deeper and stronger chargeable target with a 500m deep hole which will also intersect one of the modelled magnetic plates about 200m north-west of the previous diamond drilling. The diamond drilling is supported with an EIS co-funded drilling grant up to the value of $80,000.

Background Information

The North Paterson province 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.

Since entering a Farm-In and Joint Venture with Ming Gold Ltd in June 2016, Sipa has successfully progressed exploration on its large ground-holding, resulting in the discovery of a significant copper-rich polymetallic mineral system at Obelisk.

Broad bedrock zones have been confirmed over more than 4km at greater than 0.05% copper including discrete higher-grade gold-copper zones. In addition, Sipa has now identified a new copper anomaly co-incident with modelled magnetic alteration and a gravity high called Aranea with bedrock grades averaging in excess of 250ppm copper over an area of over 2km of strike.

Sipa has now earned its 80% equity in the project with Ming Gold electing not to contribute further funds. Their interest will dilute to a royalty using dilution provisions within the Farm-In and Joint Venture agreement.

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 of exploration expenditure and make US$2M in cash payments to earn up to a 75% interest the project.

In Australia, Sipa has an 80% interest in Joint Venture 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 information in this report that relates to Exploration Results was previously reported in the ASX announcement dated 20 October 2017, 12 October 2017, 19 June 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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