



## Major nickel program commences in Uganda with Rio Tinto as Paterson drilling advances in WA

### HIGHLIGHTS

#### Uganda, East Africa (nickel-copper)

- **US\$59M Earn-in and Joint Venture Agreement with Rio Tinto commenced**, with exploration activities underway following completion of the 3-month due diligence period.
- **The program is being managed by Sipa on behalf of Rio Tinto for the first 18 months.** Rio is earning an initial 51% interest in the project with the overall US\$59M Earn-in and Joint Venture Agreement extending over a period of up to 11 years.
- Detailed ground gravity and soil sampling underway with **diamond drilling commenced this month on key regional targets.**

#### North Paterson, WA (copper-gold)

- **Sipa's 80% equity interest in the project was achieved** during the quarter with the Company's joint venture partner Ming Gold electing to dilute its position.
- **29-hole, 3,462m reconnaissance Aircore/RC drilling program completed.**
- **Seven regional targets tested** including **Aranea, Asselli, Vela, NW Obelisk, Andromeda**, as well as four targets at and near the **Obelisk** Prospect.
- **Extensive new 2km long copper anomaly identified at Aranea** (19km north-west of Obelisk) with **associated gossanous ironstone** identified in hole PNA075. Assay results included:
  - 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** with holes PNA088, PNA090 and PNA091 returning:
  - PNA088 **3m @ 455ppm Cu from 111m** (EOH) including a peak copper assay **1m @ 958ppm**
  - PNA090 **8m @ 285ppm Cu from 81m**
  - PNA091 **8m @ 250ppm Cu from 87m** (EOH)
- At **Obelisk, diamond drilling was completed during the month** testing a prime target position as identified by magnetic and gradient array IP data and a new pole-dipole IP survey line. Processing of the core is underway with assays expected towards the end of November.
- 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 from the Sipa tenements**, 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.

### Corporate

- Tim Kennedy appointed as Chairman of the Company after Craig McGown advised his intention to step down due to his growing external work-load. Mr McGown remains on the board as a non-executive Director.
- Underwritten Share Purchase Plan to raise \$1.5M announced subsequent to Quarter-end to underpin current and upcoming exploration activities. The SPP is scheduled to close at 5pm (WST) on 2 November 2018.



## Kitgum Pader Base Metal Project, Uganda – Sipa 100%



*Figure 1: Kitgum Pader tenement location, Uganda.*

Rio Tinto has now commenced exploration on the Kitgum Pader Project following completion of the 3-month due diligence period. The program is being managed by Sipa on behalf of Rio Tinto for the first 18 months. Rio is earning an initial 51% interest in the project by expenditure of US\$12M within 5 years. They may earn a further 14% by expenditure of a further US\$15M within 3 years and a final 10% by expenditure of US\$30M or declaration of a JORC resource containing at least 250,000 tonnes of contained nickel or nickel equivalents within the final 3 year period. The current program includes the following activities:

- **Regional gravity surveying:** A program of detailed ground gravity surveying has been underway since mid-August. The surveys are designed to provide three-dimensional data to determine the nature, shape and plunge of intrusions believed to be related to geochemically anomalous soils. The results will assist in defining diamond drill targets to test for further intrusions that are fertile for nickel sulphides (in addition to the Akelikongo and Akelikongo West intrusions) within the overall land-holding.
- **Soil sampling:** Assessment of Sipa's extensive >70,000 pXRF soils database indicates that a number of anomalies remain open. In light of this information, additional tenements have been acquired with soil sampling to commence over these areas.
- **Diamond Drilling:** An initial program comprising 2,500m of diamond drilling is now underway, covering selected regional targets and potential extensions of the Akelikongo discovery. Drilling is scheduled to continue until the end of 2018. Drilling of regional targets will be undertaken to obtain further information on the ultramafic intrusives, specifically:
  - To target the best geometry based on geochemistry and geophysics (magnetics and gravity) to intersect potential nickel sulphides;
  - To drill as much of the ultramafic sequence as possible in order to complete geochemical studies aimed at understanding the fertility of each system; and
  - To better understand the evolution and chemistry of the systems and how they differ.



Drilling at Akelikongo is also planned to investigate both the geometry of the down-plunge position of the mineralisation and the eastern margin of the intrusive complex. The south-western footwall has been the focus of drilling to date with only four holes drilled away from this zone, all of which have been angled to the south-west. A number of untested off-hole DHEM (down-hole electromagnetic) plates remain to be tested as well as potential target areas arising from new information gained from the AMT (audio magneto telluric) lines collected in early 2018.

The objective of the first two holes will be to target features that have geophysical responses both in the AMT, DHEM and gravity to begin to understand the geometry of the mineralisation and investigate continuation of the sulphides.

Drilling will continue into 2019 with work planned to coincide with the most amenable dry season field conditions.

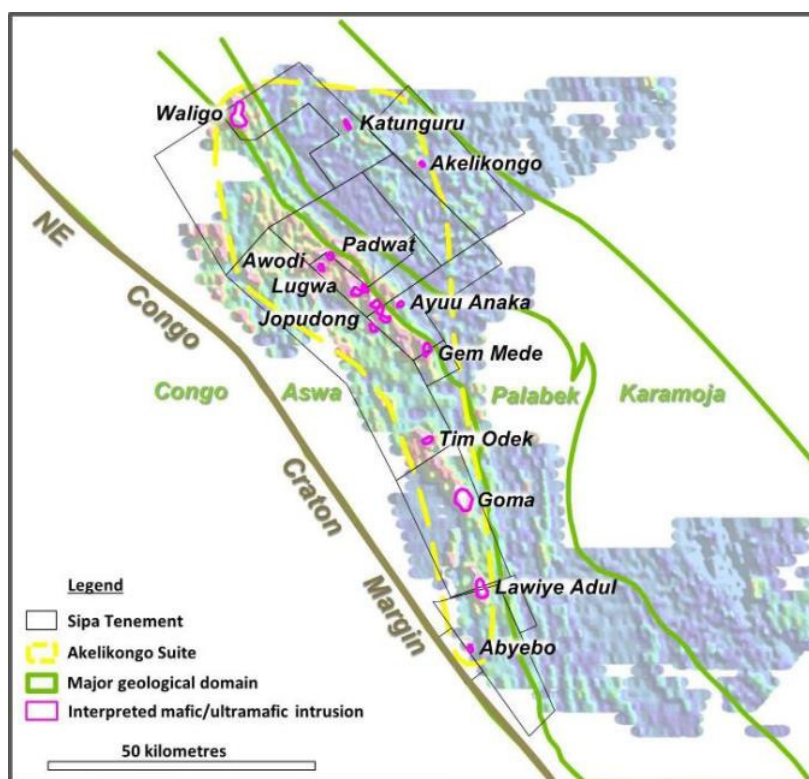


Figure 2: Kitum Pader Project, Uganda showing location of the Akelikongo nickel-copper discovery and regional prospects with new “Akelikongo Suite” intrusions highlighted.



## Paterson North Project, Western Australia

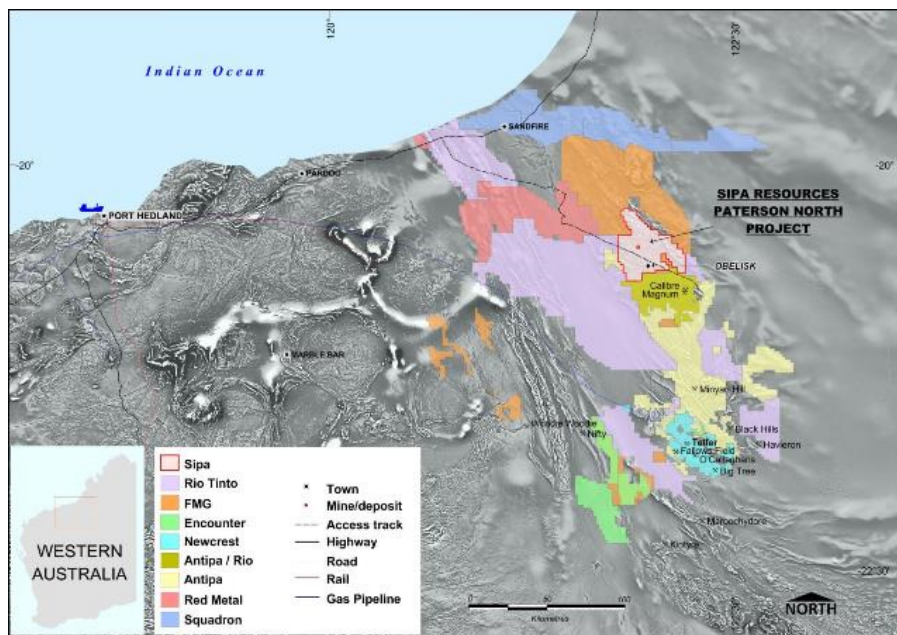


Figure 3: Paterson North Project Location showing access and major tenement holders.

Sipa made strong progress during the quarter at the Paterson North Copper-Gold Project (Figure 3) with reconnaissance drilling completed and deep diamond drilling commencing in mid-October at the high-priority Obelisk target.

A 29-hole Aircore/RC drilling program comprising a total of 3,462m was 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 4).

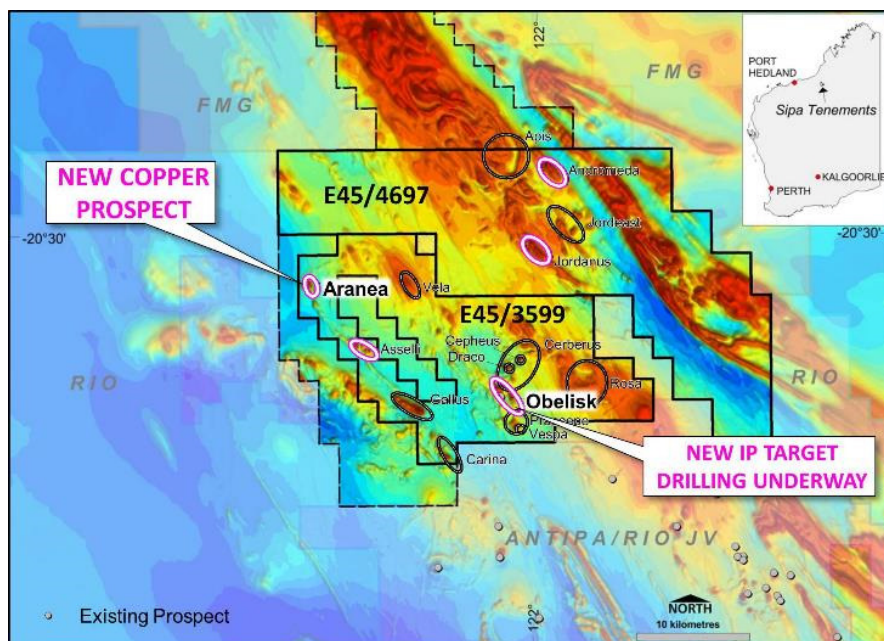


Figure 4: Paterson North magnetics RTP image showing prospect locations.





All laboratory assay results on the Aircore/RC program have 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 to refine the target prior to drilling.

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 and PNA079 returned thick (to End of Hole) anomalous copper mineralisation (Figure 5).

Peak copper in drill hole PNA079 reached 700ppm Cu over 3m from 96m. These intersections are similar to the 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.

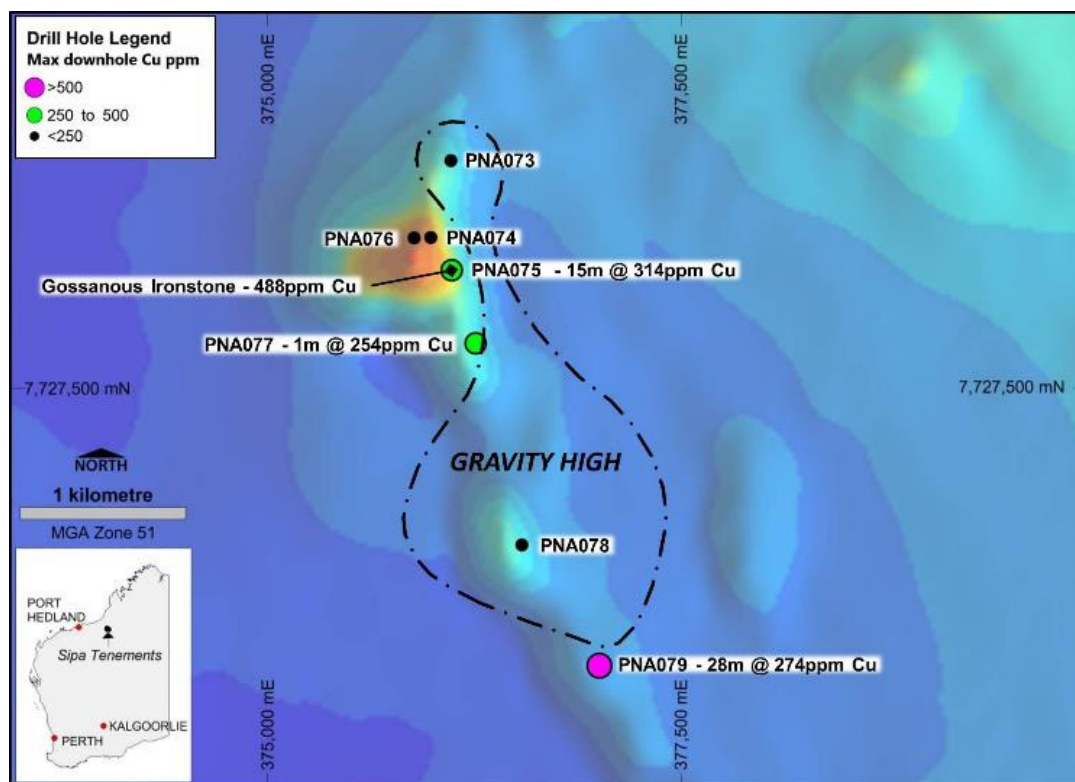


Figure 5: Anomalous copper trend at Aranea over 2km. RTP Magnetic image.  
Gossanous ironstone in PNA075.

Further drilling in the Obelisk area has highlighted further copper anomalism within the known anomaly as well extensions to the south. (see Figure 6).

The peak copper assay of 958ppm in PNA088 may indicate that the envelope of >1000ppm copper extends further to the north-west than currently depicted in Figure 6. Thick intersections of anomalous copper (>250ppm) in drill holes PNA090 and PNA091 extend the previous >250ppm copper contour for another 550m to the south.

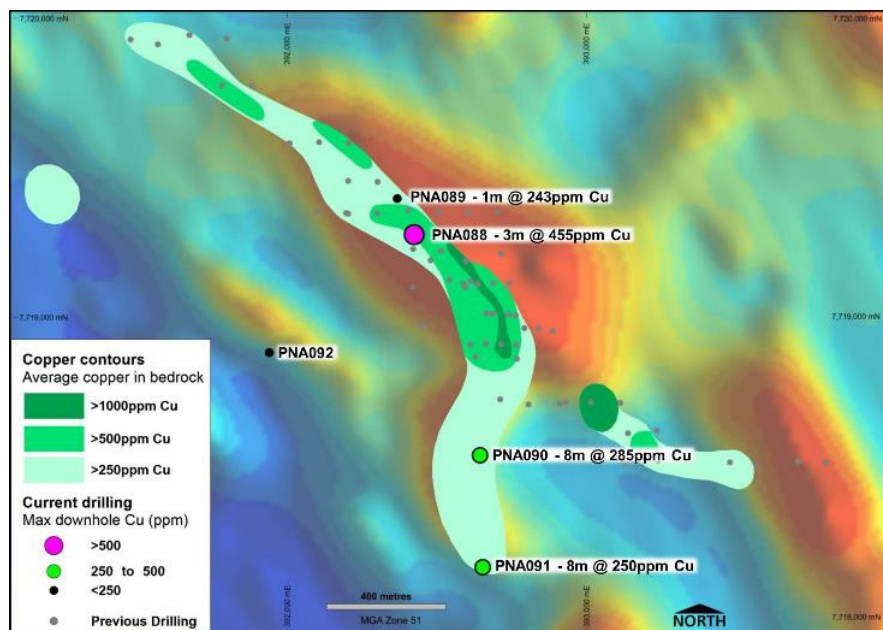


Figure 6: Obelisk Area, copper anomalism in reconnaissance drilling shown on RTP Magnetic image.

### Obelisk Prospect diamond drilling

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.

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 7 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 7) are concentric 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 7.

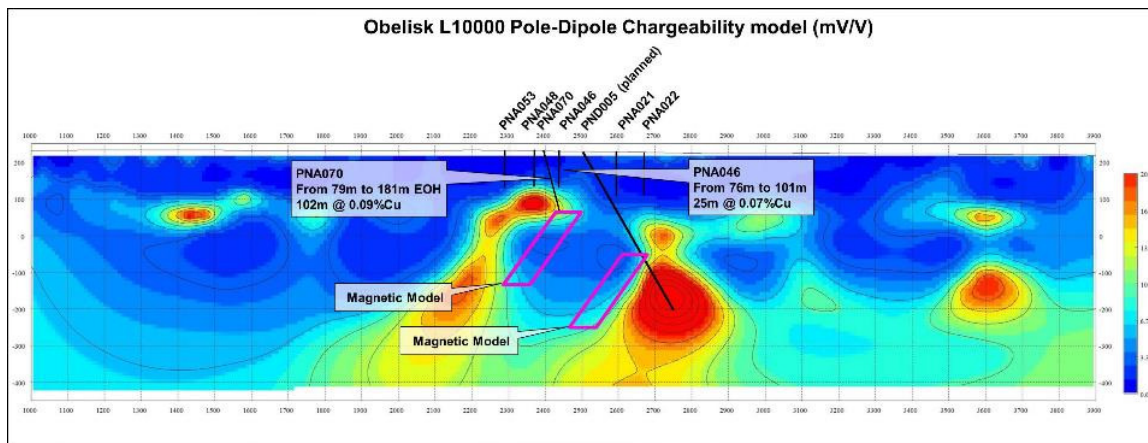


Figure 7: Pole-Dipole chargeability model section showing north-eastern deeper (about 400m below surface), stronger chargeable zone (30mV/V) the target of PND005 and a south-western shallower (about 140m below surface) and slightly weaker chargeable zone (21mV/V).

Diamond drilling was conducted during the month to test the deeper and stronger chargeable target with a 500m deep hole which was also designed to intersect one of the modelled magnetic plates about 200m north-west of the previous diamond drilling. Processing of the core is underway with assays expected towards the end of November.

The diamond drilling was supported with an EIS co-funded drilling grant up to the value of \$80,000.

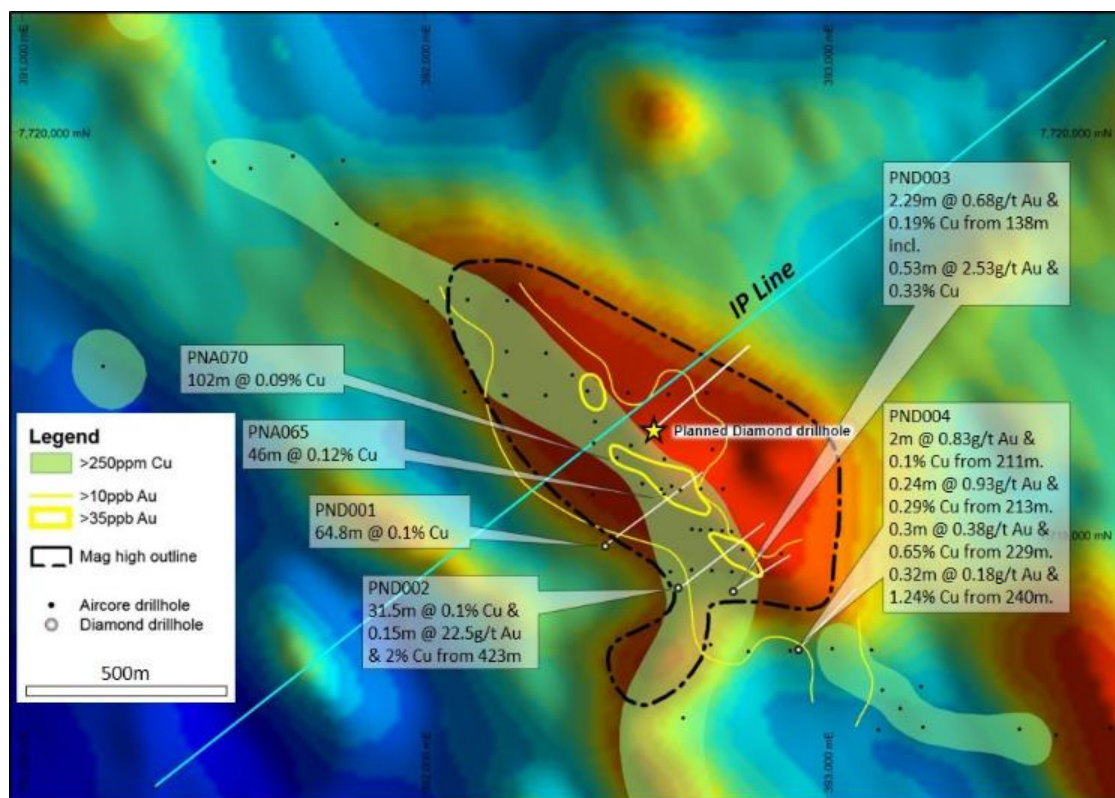


Figure 8 Obelisk Magnetics with current drill-hole shown as planned.





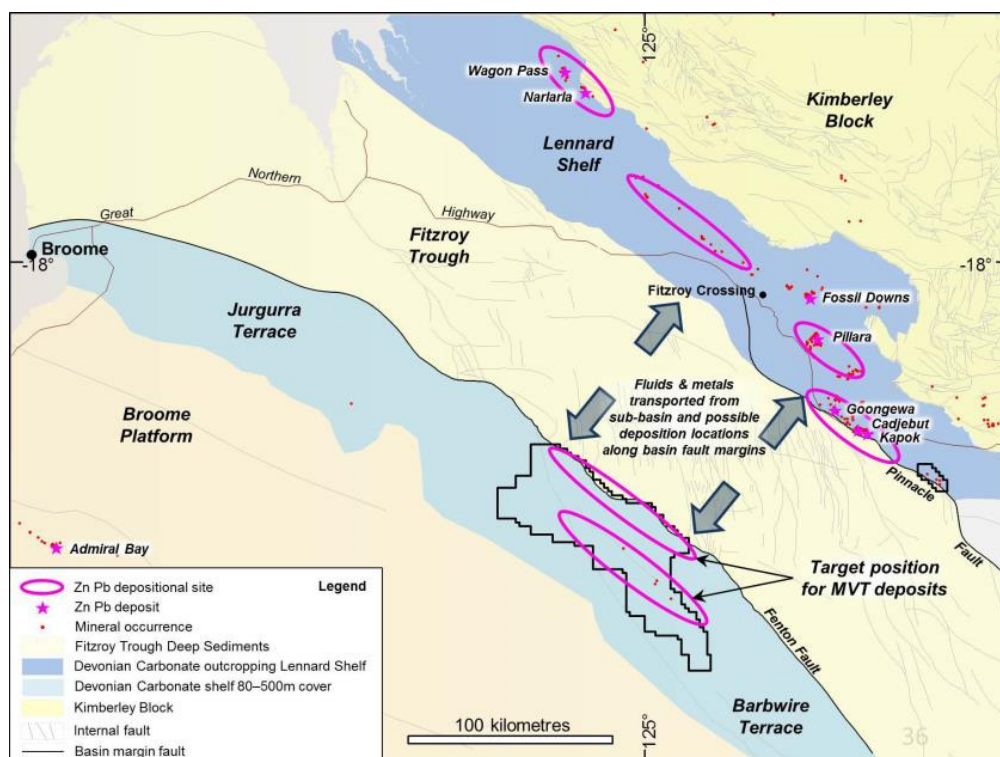
## Forward Program

Following receipt of assays from the current drilling, a complete review of all activities in 2018 will be conducted. This includes analysis of information gleaned from the recent accurate location of intense drilling activities by Rio Tinto less than 10km from Sipa's western boundary.

Plans for first quarter 2019 include the flying of an extensive airborne EM survey. Airborne EM has been used to delineate new targets in 2017 and 2018 in the North Paterson and reportedly was a key dataset in determining drilling targeted in 2018 by Rio.

Following the airborne EM, follow up ground geophysics and drilling is planned. Application for an EIS grant to test copper targets such as Aranea and Obelisk south has been submitted to the GSWA.

## Barbwire Terrace



*Figure 9: Location and Geology of Devonian Carbonate hosted zinc-lead mineralisation, Lennard Shelf deposits with prospective Barbwire Terrace tenements.*

Subsequent to the end of the quarter, the Company secured Exploration Licence Applications (ELA's) covering a total area of 3,824km across the Barbwire Terrace, a structurally high platform within the Canning Basin containing known MVT-style zinc and lead mineralisation within prospective carbonate stratigraphy.

The project represents a district-scale exploration opportunity for large-scale discoveries in a commodity with favourable market fundamentals, and therefore complements its existing Kitgum Pader Nickel-Copper Project in Uganda (joint ventured with Rio Tinto) and its Paterson North Copper-Gold Project in the Paterson Province of WA.

The newly-secured Barbwire Terrace Project contains similar carbonate sequences to those of the highly mineralised Lennard Shelf, a premier global MVT zinc-lead province, with both areas forming opposing and parallel margins of the Fitzroy Trough (Figure 9).





A second project, known as Bohemia, is located 25km to the south-east along the Lennard Shelf deposit strike trend.

The Barbwire Terrace Project is located about 150km south-west of Fitzroy Crossing and 120km south-west of Cadjebut, a world-class zinc-lead deposit of the Lennard Shelf which was mined by BHP in the 1980's and 1990s.

The Canning Basin has known zinc-lead deposit endowment in the Lennard Shelf region with a pre-development mineral inventory of 40.6Mt at 7.9% Zn and 3.1% Pb in the Lennard Shelf deposits, (Cadjebut, Pillara and others along the trend) and 170Mt at 4.1% Zn and 2.7% Pb at Admiral Bay, another MVT-type carbonate-hosted deposit originally discovered in 1981 by oil explorers.

The prospective carbonate stratigraphy at Barbwire Terrace is covered by later Permian and Jurassic sediments ranging in thickness from 85m to over 300m and is outlined in gravity surveys. Limited historical mineral exploration and more extensive petroleum exploration, including a large amount of seismic survey data not available to previous mineral explorers, provides an extensive dataset to compile for target modelling to support Sipa's objective of discovering a major new beltscale zinc-lead mineral field.

The Company's exploration strategy is guided from information on deposit styles and mineralisation controls known elsewhere in the Canning Basin.

Advances in the quality of regional datasets (particularly gravity data) and in exploration tools available since zinc-lead exploration was last undertaken on the Barbwire Terrace in the 1990's (data integration methodologies, 3D modelling, advances in IP and gravity surveys) provide the opportunity for new discoveries to be made in this prospective belt.

The acquisition of the project is entirely consistent with Sipa's strategy of being a first mover and mineral discoverer in highly prospective mineral belts.

## **Corporate**

Subsequent to the end of the quarter, Sipa announced a capital raising comprising an underwritten Share Purchase Plan (SPP) to raise \$1.5 million to progress current and upcoming copper-gold exploration activities in Western Australia (ASX announcement, 8 October 2018). The SPP will allow all eligible Sipa shareholders the opportunity to purchase up to A\$15,000 worth of new fully-paid ordinary shares in Sipa (New Shares) at a 20% discount to the volume weighted average market price of the Company's fully paid ordinary shares (Shares), calculated over the last five days on which sales in the Shares are recorded before the day on which New Shares are issued. The SPP is scheduled to close at 5pm (WST) on 2 November 2018.

During the quarter, highly experienced mining and exploration executive Tim Kennedy was appointed as Chairman after Craig McGown advised his intention to step down due to his growing external work-load and commitments. Mr McGown remains on the board as a non-executive Director.

## **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% equity position 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 and at Aranea.

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.

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## Competent Persons Statement

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.

Various information in this report which relates to Exploration Results reported within is extracted from the following previously released reports:

- 14 September 2018 Paterson North Update Assay Results
- 28 March 2018 New drill targets highlighted in recently completed geophysical modelling
- 21 February 2018 Potential for Large scale Ni sulphide province confirmed at Akelikongo
- 30 November 2017 Gravity identifies compelling new targets – Paterson North
- 20 October 2017 Further High-Grade Vein Hosted Gold-Copper at Obelisk
- 12 October 2017 Initial Assays Confirm Large Bedrock Mineral System
- 22 September 2017 Progress Report – Update on 2<sup>nd</sup> Diamond Hole
- 18 September 2017 Paterson North Drilling Update
- 19 June 2017 Paterson North Assays Confirm Large Copper System
- 24 May 2017 Initial Results Expand Potential of Paterson North
- 22 February 2017 Progress Report – Akelikongo Geophysics Results
- 1 December 2016 Akelikongo Final Assays Discovery Continues to Grow
- 17 November 2016 Strong Nickel and Copper hits up to 2.4% Nickel and 2% Copper
- 22 April 2015 Progress Report - Akelikongo

All of the above reports are available to view of [www.sipa.com.au](http://www.sipa.com.au) and [www.asx.com.au](http://www.asx.com.au). The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement





### APPENDIX – ASX LISTING RULE 5.3.3

#### Mining Tenements Acquired during Quarter:

Tenement reference	Project	Nature of interest	Beneficial Interest at beginning of quarter	Beneficial Interest at end of quarter
EL1803	Kitgum-Pader	Granted	0%	100%
EL1804	Kitgum-Pader	Granted	0%	100%
EL1805	Kitgum-Pader	Granted	0%	100%
EL04/2555	Barbwire Terrace	Application	0%	100%
EL04/2556	Barbwire Terrace	Application	0%	100%
EL04/2558	Barbwire Terrace	Application	0%	100%
EL04/2559	Barbwire Terrace	Application	0%	100%
EL45/5330	Barbwire Terrace	Application	0%	100%
EL45/5335	Paterson North	Application	0%	100%
EL45/5336	Paterson North	Application	0%	100%
EL45/5337	Paterson North	Application	0%	100%

#### Mining Tenements Disposed during this Period:

Tenement reference	Project	Nature of interest	Beneficial Interest at beginning of quarter	Beneficial Interest at end of quarter
E45/5104	Paterson North	Application	100%	0%
E45/4962	Paterson North	Application	100%	0%
E45/4963	Paterson North	Application	100%	0%

#### Mining Tenements Held at End of Quarter:

Tenement reference	Project	Nature of interest	Beneficial Interest at beginning of quarter	Beneficial Interest at end of quarter
EL 1048	Kitgum-Pader	Granted	100%	100%
EL 1049	Kitgum-Pader	Granted	100%	100%
EL 1229	Kitgum-Pader	Granted	100%	100%
EL 1270	Kitgum-Pader	Granted	100%	100%
EL 1271	Kitgum-Pader	Granted	100%	100%
EL 1590	Kitgum-Pader	Granted	100%	100%
EL1801	Kitgum-Pader	Granted	100%	100%
EL1829	Kitgum-Pader	Granted	100%	100%
EL1800	Kitgum-Pader	Granted	100%	100%
TN2767	Kitgum-Pader	Application	100%	100%
E45/4697	Paterson North	Granted	100%	100%
E45/3599*	Paterson North	Granted (Farm In)	51%*	80%
EL45/5335	Paterson North	Application	0%	100%
EL45/5336	Paterson North	Application	0%	100%
EL45/5337	Paterson North	Application	0%	100%



### Summary of Royalties

Project	Party	Summary Terms
Sulphur Springs (Currently under Scoping Study)	Venturex Resources	\$2 each tonne of ore from the Sulphur Springs Tenements processed to produce zinc concentrate up to \$3.7M; Project currently under scoping study by Venturex.
Panorama (Kangaroo Caves Deposit)	Venturex Resources	40% holder of uncapped royalty equivalent to \$2 per dry metric tonne of all ore mined and processed Project currently under scoping study by Venturex.
Enigma Copper (Thaduna)	Sandfire Resources NL	1.0% of the Net Smelter Return
Ashburton	Northern Star Resources Limited	1.75% Gross Royalty on all gold production from the Tenements, excluding the first 250,000 ounces of gold produced, and the Merlin Tenements;  0.75% Gross Royalty on all gold production from the Merlin tenements, excluding the first 250,000 ounces of gold produced