Deep drilling intersects IOCG-style alteration at Paterson North Project

Drilling intersects previously unobserved alteration and mineralisation style with main IP anomaly remaining untested; Airborne EM planned for early 2019

Highlights

- Results from the **recently completed 500m diamond hole** PND005 show that it has intersected **a style of oxidised alteration and mineralisation** which has not previously been observed at the **Obelisk Prospect**, at Sipa's Paterson North Copper-Gold Project. The alteration and mineralisation is similar in style to IOCG (iron-oxide-copper-gold) systems which is structurally controlled and spatially associated with red hematitised intrusions and quartz epidote veining, with peak assays of 84ppb gold and 1630 ppm copper from character sampling within this zone.

- The drillhole did not identify the source of the **IP pole-dipole chargeability anomaly** at Obelisk. Further Pole-Dipole IP will be necessary to provide sufficient 3D spatial resolution prior to further drill testing next year.

- A review of surface ionic leach sampling at Obelisk and Andromeda **shows the technique is detecting anomalous metals** which appear spatially related to known mineralisation beneath 70-100m of cover.

- **Airborne EM survey planned to commence in 2019** over key areas of Sipa's Paterson North Copper-Gold Project ahead of the resumption of drilling in the new field season. This will assist in defining new drill targets and refining existing ones including **Obelisk** and the newly-discovered copper zone at **Aranea**, 20km to the north-west.

- Sipa has recently been awarded a new EIS grant from the WA Government to co-fund the planned drilling of these targets. Sipa's successful EIS grant was the only one made for the Paterson Province in the current round of grants.

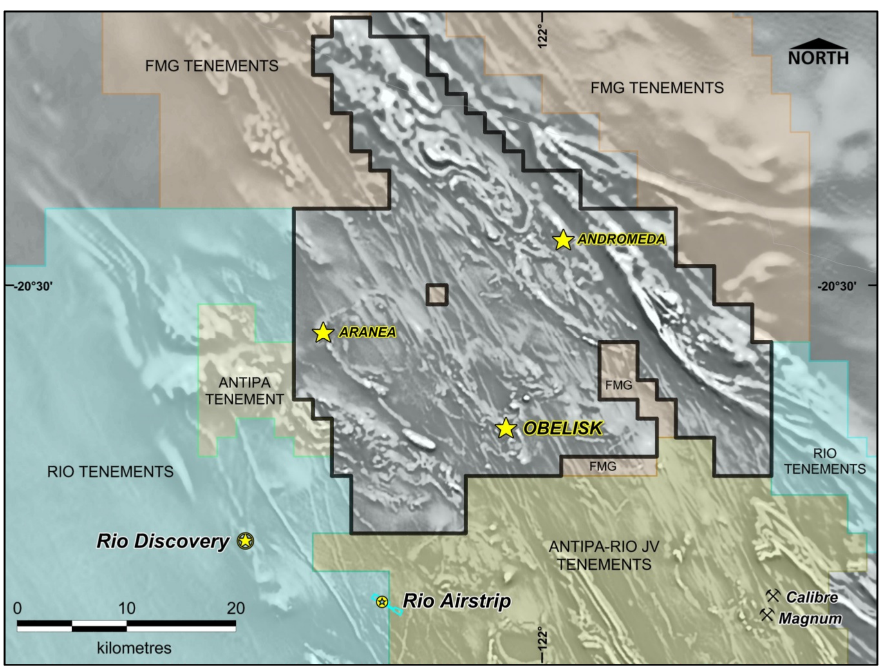

Figure 1: Paterson North magnetics RTP image showing prospect locations.

Commenting on the results, Sipa Resources Managing Director, Lynda Burnett, said: *"Coming on the back of our 2018 reconnaissance Aircore/RC campaign which successfully extended the mineralisation at Obelisk and defined a new copper zone at Aranea, the results of the deep diamond hole have added a significant and potentially exciting new dimension to our Paterson exploration program. The identification of a potential IOCG mineralisation style which is quite different to anything we've seen in the area before shows that the mineral system at Obelisk has strong zonation and is potentially even more complex and prospective than we thought previously.*

"Given its proximity to the reported Rio Tinto discovery just 10km from our tenement boundary and the potential scale of the discovery opportunities in this area, we are very much looking forward to the next phase of exploration – which will include an airborne EM survey commencing early next year before we get the drill rig back next field season. We are continuing to learn a huge amount technically and geologically with each successive drill campaign, and we are confident that we are getting closer each time to cracking the code."

Sipa Resources Limited (ASX: **SRI**) is pleased to advise that recently completed deep diamond drilling at the Obelisk prospect, part of its Paterson North Copper-Gold Project in the Paterson Province of northern Western Australia, has intersected a style of alteration and mineralisation which has not previously been observed at the project and which is considered to be similar in style to large-scale iron-oxide copper-gold (IOCG) mineral systems.

The diamond drill hole was designed to test a chargeability anomaly identified in a single line pole-dipole IP survey. The anomaly was located east of the main IP gradient anomaly which has been the subject of previous drilling and shown to be associated with copper mineralisation.

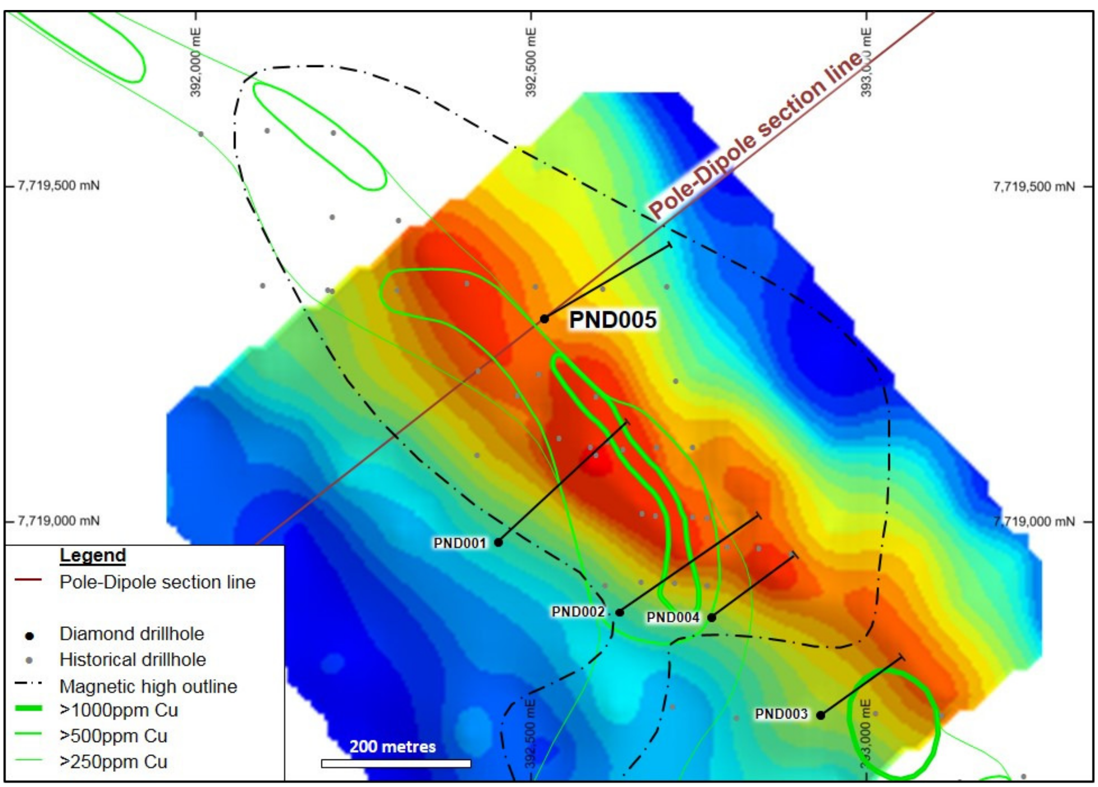

Figure 2: IP gradient array chargeability with the Pole-Dipole section and drill-hole shown. Copper contours represent average values within Proterozoic bedrock.

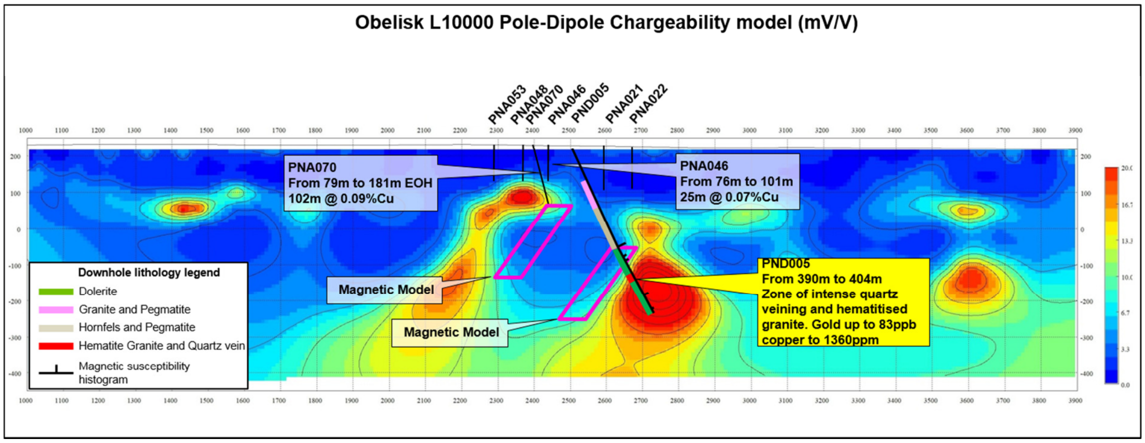

Figure 3: Pole-Dipole chargeability model section showing north-eastern deeper (about 400m below surface), stronger chargeable zone (30mV/V) drilled by PND005 and a south-western shallower (about 140m below surface) and slightly weaker chargeable zone (21mV/V).

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 with no depth information.

Figure 3 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 a slightly weaker chargeable zone (21mV/V).

The shallower chargeable zone in the south-west corresponds to that detected on the IP gradient array survey conducted earlier in the year. The zone between the two chargeable anomalies is highly resistive and has been interpreted to represent either a granitic intrusion or a zone of strong silicification. The two modelled magnetic plates (marked in pink on Figure 3) are located at the contact between the chargeable zones and the central resistive zone.

Two drill holes, PNA070 and PNA046, located about 60m off-section and completed prior to the Pole-Dipole survey, 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 (refer to ASX 19 June 2017).

Prior to the newly-completed diamond drill hole PND005, the deeper and stronger chargeable anomaly had not been tested by any drilling.

PND005 intersected granite and pegmatite from 96m to 174m down-hole before advancing into a zone of abundant pegmatitic dykes intruding fine-grained and hornfelsed metasediment and minor gneisses from 174m to 298m down-hole. The hole then intersected dolerite from 298m with very minor pegmatitic and granitic dykes to the end of hole at 510.5m. Table 1.

Hole Number	**Hole Type**	**Prospect**	**Grid_ID**	**East**	**North**	**RL**	**Total Depth (m)**	**Dip degrees**
PND005	Diamond	Obelisk	MGA94_51	392516	7719304	220	510.5	-60

A zone of intensely hematite altered, red and oxidized granitic dykes and grey quartz veins was intersected between 390m and 404m at the edge of the IP anomaly (section shown in Figure 3). The red granitic dykes are locally brecciated with red granitic clasts and a dark grey quartz matrix which contains fine chalcopyrite grains adjacent to the red granitic clasts (Figure 4).

Although the drillhole did not contain any significant reportable intercepts, character sampling for specific geological features of interest returned maximum copper and gold assays from this part of the hole, of 1630ppm copper and 83 ppb gold.

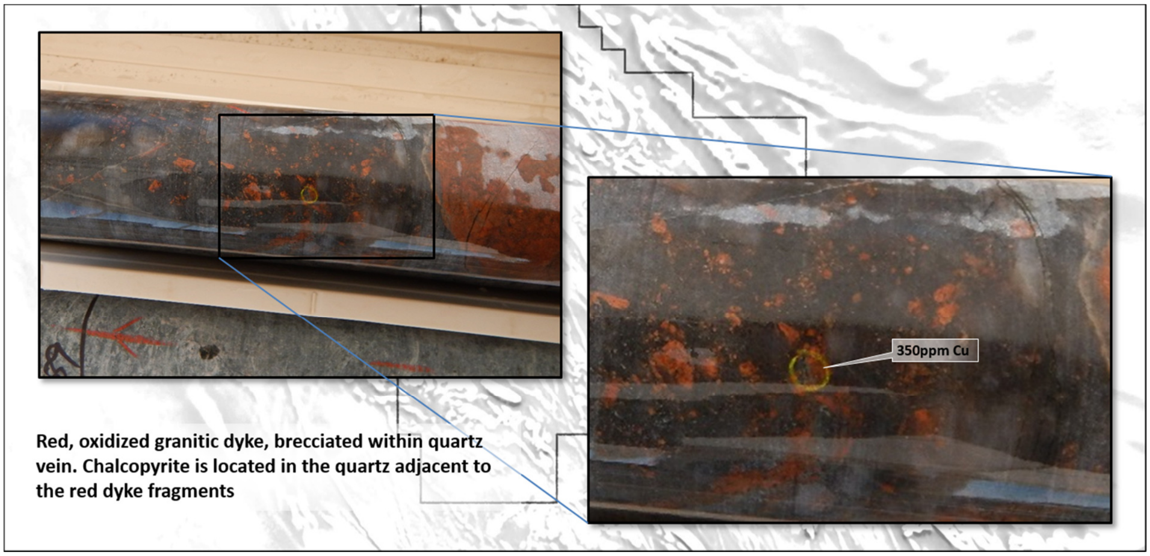

Figure 4: Close up of a zone of intensely hematite altered, red and oxidized granitic dykes and grey quartz veins. Chalcopyrite is located in the quartz adjacent to the red dyke fragments.

This style of alteration, which has similarities to IOCG systems, has not been observed in previous drilling by Sipa and contrasts with the mineralisation intersected in earlier drilling which is associated with biotite, quartz, pyrite, pyrrhotite and chalcopyrite.

These two distinct styles of alteration and associated mineralisation suggests that Obelisk is a complex zoned system. Complexity and zonation of oxidized and reduced mineralisation is regarded as an indicator of enhanced prospectivity as change in oxidation state often leads to precipitation of mineralisation.

The large IP anomaly which was the target of PND005 was not been explained by the drill hole. Further Pole-Dipole IP will be necessary to provide sufficient 3D spatial resolution prior to further drill testing.

Ionic Leach Sampling

Ionic leach assaying is a powerful assaying technique designed for surface samples and is able to detect very low amounts of elements in the soils. The technique is being widely trialed in the exploration industry with reported success in detecting anomalous metallic element signals through transported cover. It is possible that such techniques will revolutionise geochemical exploration under transported post mineral cover.

Following an initial orientation low level ionic leach sampling line over Obelisk in 2017, a further three programs totalling around 200 samples have been collected and assayed from the Obelisk and Andromeda prospects. Results show anomalism in a number of elements, including copper, which appear reasonably associated with drilled bedrock mineralisation at both Obelisk and Andromeda, around 20km north-west of Obelisk.

At Obelisk, a north-west trending copper zone adjacent to the drilled copper anomaly is present. It remains a distinct possibility that the area which is not anomalous is due to regolith impact and additional sand dune dilution of the samples (Figure 5). Other anomalous elements which are coincident with the anomaly are As, Ba, Ce, Li, Nd, Pb, Se, Sm, Th U and Zn.

Importantly, the soil copper anomaly is largely untested by drilling and where tested by recent aircore drilling corresponded to bedrock copper mineralisation in drill holes PNA090 and PNA091 (refer to ASX announcement of 14 Sep 2018).

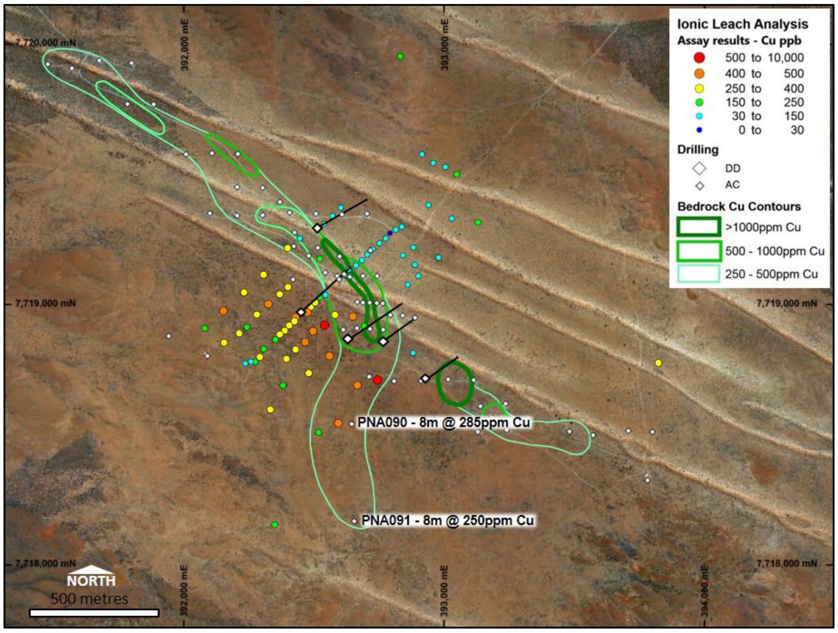

Figure 5: Ionic leach surface sampling results on topographic image with location of Proterozoic bedrock copper anomalism shown as copper contours at Obelisk.

At Andromeda, an area which returned anomalous nickel from a single sample point has been confirmed by follow-up sampling as a multi-point nickel, copper and cobalt anomaly.

Drill hole (AKRC001) completed by previous explorers is located around 200m to the north-west of the soil anomaly (Figure 6) and the bottom-of-hole sample is anomalous in nickel, copper and PGEs.

The soil anomaly is subtle but, given the proximity of the anomalous drill-hole AKRC001, is considered to likely reflect bedrock mineralisation (see Figure 6). Other anomalous elements are Ba and Ce.

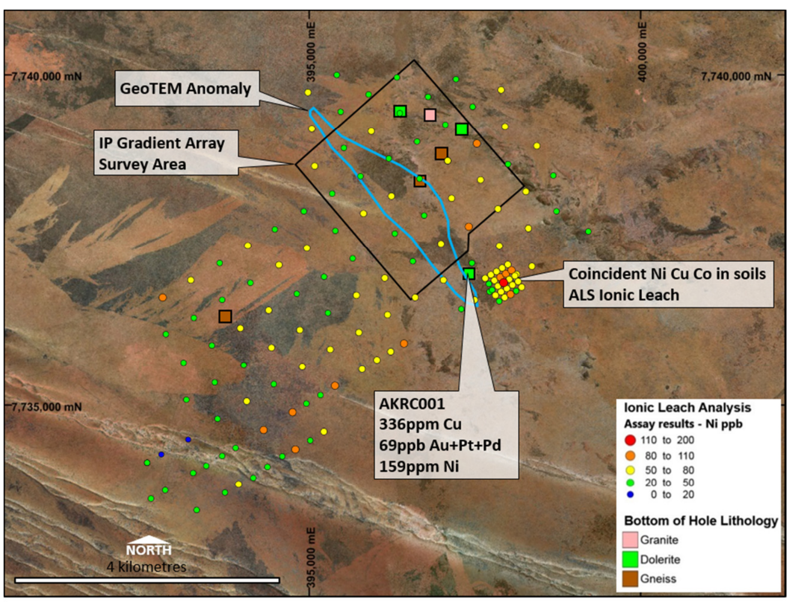

Figure 6: Ionic leach surface sampling nickel results on topographic image with location of RC hole AKRC001, BHP geoTEM anomaly and IP gradient array survey at Andromeda.

Plan Forward

Extensive work on the drill core is being undertaken to understand the geological context, geochemistry and geophysical aspects of the deep diamond hole with a view to resolving the nature of this apparent zoned system.

The results of the hole have increased the complexity of the system by adding a further style of alteration and copper mineralisation. A further Pole-Dipole IP survey is currently being planned.

An airborne EM survey is also planned for 2019 to cover key areas of Sipa's extensive tenement holding. It is understood that airborne EM played a significant part in Rio Tinto's rumoured Weenoo discovery, located 10km to the west of Sipa's land-holdings.

Follow-up ionic leach sampling is planned to confirm and test the extent of anomalism defined to date.

Background Information

The North Paterson province is increasingly emerging as one of the most active and prospective new exploration frontiers in Australia, with exploration programs underway by major mining companies such as Rio Tinto, FMG, and Newcrest and a number of junior exploration companies including Sipa, Antipa Minerals and Encounter Resources (under agreement with IGO). In recent weeks, Greatland Gold have announced some of the most spectacular exploration results to come out of Australia with the drilling of quartz carbonate breccia hosted copper and gold mineralisation at Havieron, 45km east of Telfer.

This high level of activity, combined with recent reports of exploration success by Rio Tinto at Weenoo 10km west of Sipa's tenements, 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.

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 in Proterozoic bedrock.

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.

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 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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Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
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).	• Drilling pre-collared with 5 1/2 inch rock roller reducing to 4 ¼ inch mud rotary until hard rock was encountered. • The diamond rig entered the pre-collar at 96m drilling around 66m of HQ3 core to provide hole stability and then reducing to NQ2 for the remainder of the drilling. • Core was oriented using Reflex ActII RD Rapid Descent Orientation and hole orientation was surveyed using a Reflex Easy Gyro tool.
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.	• Precollar samples of dune material and Permian cover were not sampled. • Drill core length is measured against the drillers blocks and recovery ascertained
Logging	• Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource 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.	• Logging was conducted on the drill hole using a digital quantitative and qualitative logging system to a level 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	• Drillcore samples were cut in half using a core saw with one half going to the laboratory. The entire sample is crushed and split at the laboratory

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Criteria	JORC Code explanation	Commentary
	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.	
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.	• Multi-element assaying is 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. Ore grade analysis was completed on samples above the threshold for the above techniques. • Lab Standards were analysed every 30 samples • For onsite analysis an Olympus Innov-X Delta Premium portable XRF analyzer is 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 are analysed in Mineplus Mode. A propylene3 window was used. Standards are used at the beginning and end of each day to calibrate the instrument.

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Criteria	JORC Code explanation	Commentary
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. • Specification of the grid system used. • Quality and adequacy of topographic control.	• Drill holes have been located via hand held GPS. • The grid system used is MGA Zone 51 (GDA94)
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.	• Too 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 the laboratory in Perth.
Audits or reviews	• The results of any audits or reviews of sampling techniques and data.	• no reviews have been undertaken as yet.

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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 (20%) and Sipa Exploration NL (80%) in Joint Venture. Ming Gold is not contributing and has elected to dilute as per the provisions of the agreement • At this time the tenement is 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.
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, O' Callaghans Magnum, Calibre are analogues for the mineralisation encountered in this drill program

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Criteria	JORC Code explanation	Commentary
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: ○ easting and northing of the drill hole collar ○ elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar ○ dip and azimuth of the hole ○ down hole length and interception depth ○ 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.	• See table 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 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.	• Assay interval averages were calculated as weighted averages constrained by geological significance. Individual high grades are uncut and reported separately. No cut-off grades or minimum intervals are applied. • The following criteria was used to report assay results; • The drillhole did not contain any significant reportable intercepts greater than 1000ppm copper and 50ppb gold however, the hole was character sampled using geological criteria.
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').	• All assay intervals reported are down hole intervals as the true width is not fully understood.

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Criteria	JORC Code explanation	Commentary
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 geologically significant results are reported in the text and diagrams.
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.	• All significant material is reported in the text and diagrams • Soil samples for Ionic Leach analysis have been taken from about 20cm below the surface using a plastic shovel and 200g have been bagged in plastic zip lock bags with the location recorded using a handheld GPS. The samples have been transported to the laboratory by Sipa personnel and have been analysed by the Ionic Leach method which uses a static sodium cyanide leach with chelating agents ammonium chloride, citric acid and EDTA with the leachant buffered at pH 8.5. The leach was analysed using Inductively Couple Plasma – Mass Spectrometry (ICP-MS)
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