



\$12M+ FARM IN WITH RIO TINTO EXPLORATION ON PATERSON NORTH PROJECT

- Farm-in and Joint Venture Agreement signed with Rio Tinto Exploration Pty Ltd (RTX or Rio Tinto) for Sipa's Paterson North Copper-Gold Project in the Paterson province of Western Australia:
 - Minimum exploration commitment of \$3M
 - Further \$3M to earn 55% (\$6M total) and additional \$6M to earn 70% (\$12M total)
 - RTX to subscribe for \$250,000 placement of Sipa shares
- Final earn-in stage for RTX to earn 80% requires RTX to continue sole funding to the earlier of definition of a JORC Mineral Resource having an in-situ value of A\$1Bn or completion of an "Order of Magnitude" study.

Sipa Resources Limited (ASX: SRI) (Sipa or the Company) is pleased to announce that it has signed a Farm-in and Joint Venture Agreement (FJVA) with RTX, a wholly-owned subsidiary of global miner Rio Tinto Limited, pursuant to which RTX can earn an interest in Sipa's Paterson North Copper-Gold Project located in the Paterson Province of Western Australia (Figure 1).

The FJVA will allow Sipa to accelerate exploration activities through increased expenditure and benefit from the technical expertise of RTX and potential operational synergies with RTX's other activities in the Paterson region, including at the Winu copper and gold discovery 10 km west of the Paterson North Project. RTX will contribute expertise and funding while Sipa will manage exploration activities in the initial stage of the farm-in.

Commenting on the agreement, Sipa's Managing Director, Pip Darvall, said:

"Attracting a global major such as Rio Tinto to farm-in to the Paterson North 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. Furthermore, it strengthens our relationship with RTX and endorses the technical capabilities of the Sipa team.

"Sipa has been progressing exploration on its large ground-holding in the Northern Paterson province since 2016, resulting in the discovery of a significant copper-rich polymetallic mineral system at Obelisk.

"We look forward to working with RTX and making further progress at Paterson North, while enabling Sipa to progress work on our 100% owned projects including Warralong and Wolfe Basin".

Hartleys Limited acted as corporate adviser to Sipa in relation to the transaction.

KEY TERMS OF THE EARN-IN AND JOINT VENTURE AGREEMENT

The FJVA with RTX encompasses Sipa's entire Paterson North Project tenement package, including the tenements within Sipa's Great Sandy Joint Venture with Ming Gold Pty Ltd (Ming Gold) in which Sipa has earned an 89% interest (together, the Project).

Key terms of the FJVA with RTX are summarised below:

- Minimum expenditure commitment of A\$3 million on the Project within the first 2.5 years, including at least 4,000m of drilling. The work programme is expected to principally comprise a combination of ground geophysics and drilling to generate, refine and test target areas of interest, with several key target areas already identified. Details of the programme for this field season will be announced when finalised.
- Following satisfaction of the minimum expenditure commitment, RTX has the option to sole fund a three-stage earn-in comprising:



- A further A\$3 million of exploration expenditure to earn an initial 55% interest in the Project, representing total expenditure, including the minimum commitment amount, of A\$6 million (Stage 1) required within 4.5 years. Once Stage 1 is completed a Joint Venture will be formed;
- Following completion of Stage 1, RTX will have the right to earn a further 15% interest in the Project (i.e. to 70% total interest), by sole funding an additional A\$6 million of exploration expenditure within a further 3-year period, representing total expenditure of A\$12 million (Stage 2);
- Following completion of Stage 2, RTX will have the right to earn an additional 10% interest in the Project (i.e. to an 80% total interest) by sole funding exploration expenditure to the earlier of:
 - Definition of total JORC Mineral Resources on the Project with an in-situ value equivalent of at least A\$1 billion; or
 - Completion of an Order of Magnitude study in respect of mineral deposit(s) defined on the tenements, being an initial study that defines the extent and critical parameters of a Mineral deposit and the potential for development of a mining operation in relation to such Mineral deposit. (Stage 3).
- The FJVA is conditional on Ming Gold agreeing to certain matters in relation to the FJVA in so far as they pertain to the existing Great Sandy Joint Venture tenements, including waiving its rights of first refusal in relation to transfers of interests in those tenements.
- After the Joint Venture in relation to the Project is formed and RTX is no longer sole funding, the parties will be responsible for contributing to Joint Venture expenditure in proportion to their participating interest or otherwise be subject to industry standard dilution of their interest. If a party's Joint Venture interest falls below 7.5%, the other party can elect to buyout the interest at independently determined fair market value or the interest otherwise converts to a net smelter royalty of 0.5% on the first 5 years after first commercial production (in respect of E45/3599, E45/4697, E45/5335 and E45/5336) and 1.0% on the first 10 years after first commercial production (in respect of E45/5337).
- RTX will also subscribe to A\$250,000 worth of Sipa shares @ A\$0.10 per share, representing a 14% premium to the 10-day volume weighted average price. The Company will use its existing capacity under Listing Rule 7.1 to complete the placement, settlement of which is expected to occur within around a month after the FJVA becomes unconditional.

Authorised for release by the Board of Sipa Resources Limited. For more information please contact:

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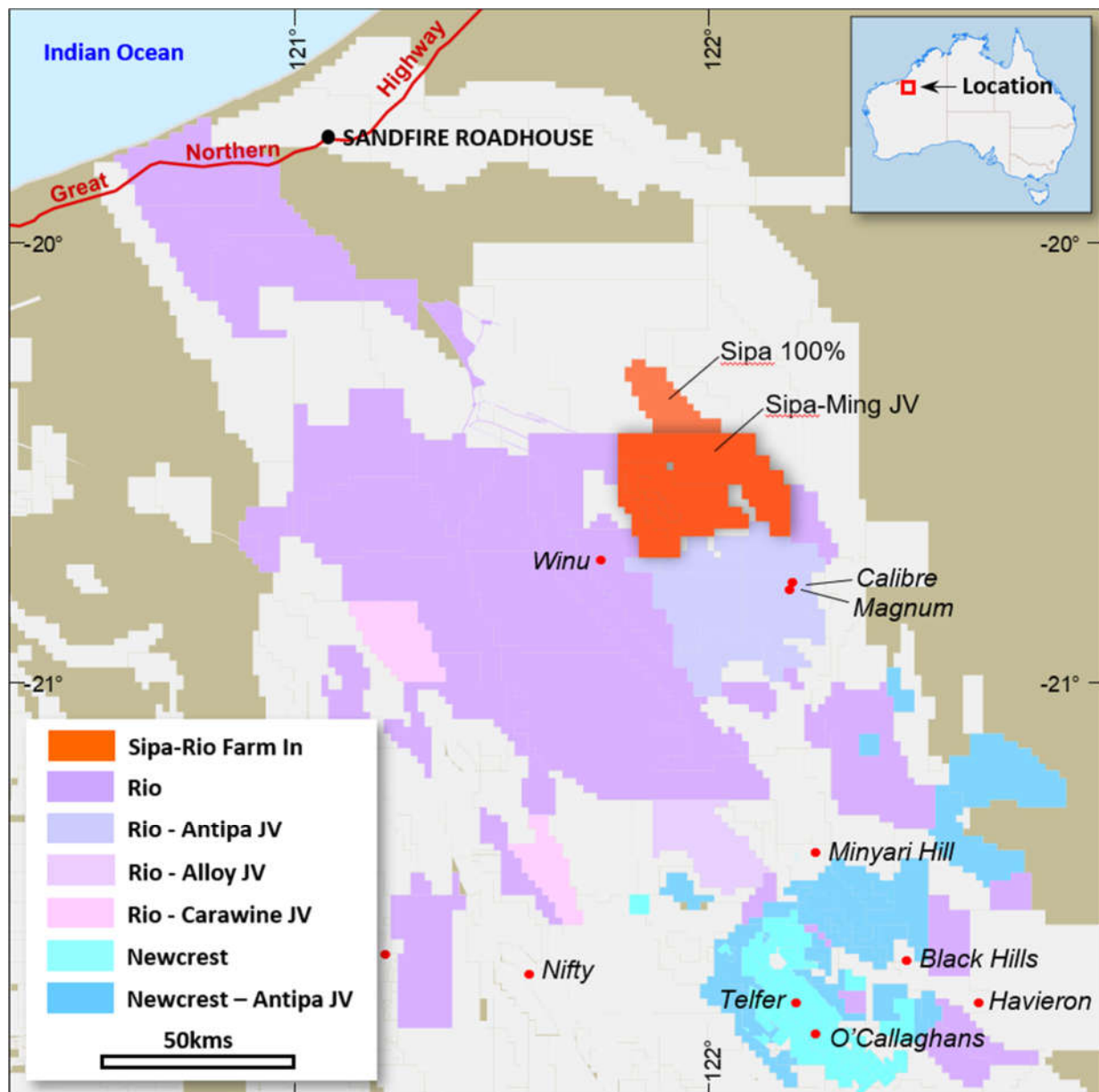


Figure 1 Paterson North Project tenements subject to the Rio Tinto Farm In

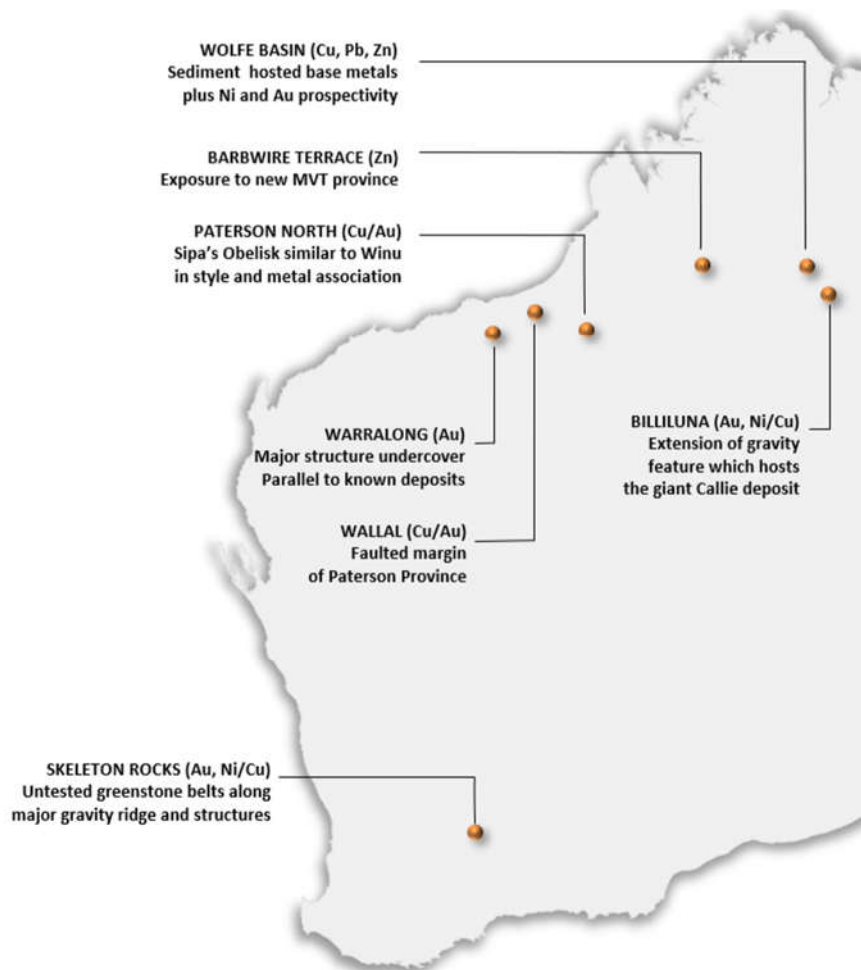


About Sipa

Sipa Resources Limited (ASX: SRI) is an Australian-based exploration company focused on the discovery of gold and base metal deposits. In addition to the Paterson North Copper-Gold Project the Company has generated a number of early stage projects in Western Australia prospective for gold and base metals which are currently being systematically advanced through the initial stages of exploration.

At Wolfe Basin extensive base metal anomalism and gossans have provided several targets for drill testing along a prospective horizon over 40km long. The Warralong project is prospective for intrusion hosted gold along a major structure in the north Pilbara region in a 'look-alike' structural setting to recent discoveries in the district.

The 100%-owned Uganda Base Metals Project contains an intrusive-hosted Ni-Cu sulphide discovery with significant scale potential. Sipa is currently in discussions with several parties to fund further exploration at this project.



Sipa's Project Locations in Australia