Sipa Resources Limited
ABN 26 009 448 980

4 December 2014

New priority nickel sulphide targets confirmed at Akelikongo.

Kitgum-Pader Project, Uganda

Highlights

- Fixed loop ground Electro Magnetic (EM) surveys have defined new priority drill targets at **Akelikongo** and along strike**.** Five discreet late time EM anomalies have been identified and these may represent a number of conductors that could be due to Nickel sulphide mineralisation.

- Once final modelling has been completed, higher priority conductors will be the focus of a limited diamond drill program planned to test the massive nickel potential at **Akelikongo.**

- The ongoing regional soil sampling program has identified the Akelikongo region as a potential Nickel-sulphide province extending for over 18 km.

- Ongoing infill soil sampling based on this geochemical work is helping to define further drilling targets for first pass RAB drilling.

- The gradient array IP survey at the Broken Hill Type **Pamwa** Zn-Pb Ag system has now commenced

Sipa Resources Limited is pleased to announce it has identified new, high priority nickel sulphide targets at its 100%-held Kitgum-Pader Project in Uganda. The new targets were defined from the fixed loop ground Electro-Magnetic Survey which has now been completed over the Akelikongo mineralised system and potential strike extensions.

Six fixed loop setups cover a total of three strike km of anomalous Ni-Cu-geochemistry and two loop setups cover a branch from this trend to the southwest (Figure 1).

Figure 1 shows the location of the anomalies from the late time channel 25 in relation to the drilled nickel sulphide mineralisation as marked by the red hatched region on the figure. Figure 2 shows the red hatched region as defined from previous drilling.

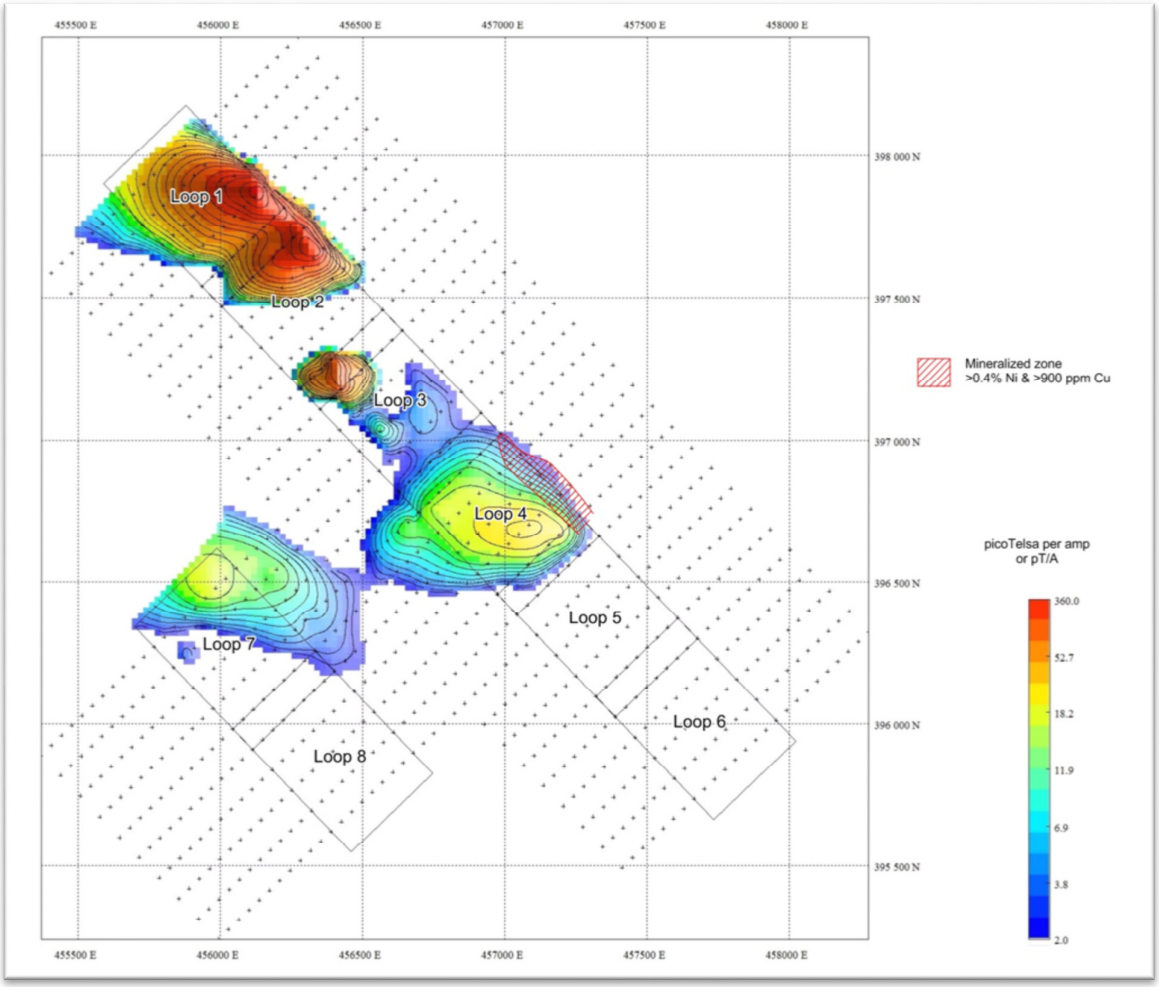

Figure 1 Plan of EM Channel 25. Red Hatched region is from Figure 2 showing EM conductor at Akelikongo and up to 1km to the North West.

Preliminary modelling on the loop 4 anomaly indicates the conductive body is located 200m below the surface and on the western side of the known Nickel sulphide mineralisation.

In addition, preliminary modelling on the strongest north western most anomalies associated with loops 1 and 2, indicates there are multiple conductive sources present. Some are relatively shallow and some are modelling deep below the surface.

To date the main findings are:

1) There are a number of late time EM anomalies which may represent discreet mineralised zones at depth
2) Priority targets for drilling will be determined once the modelling has been completed.

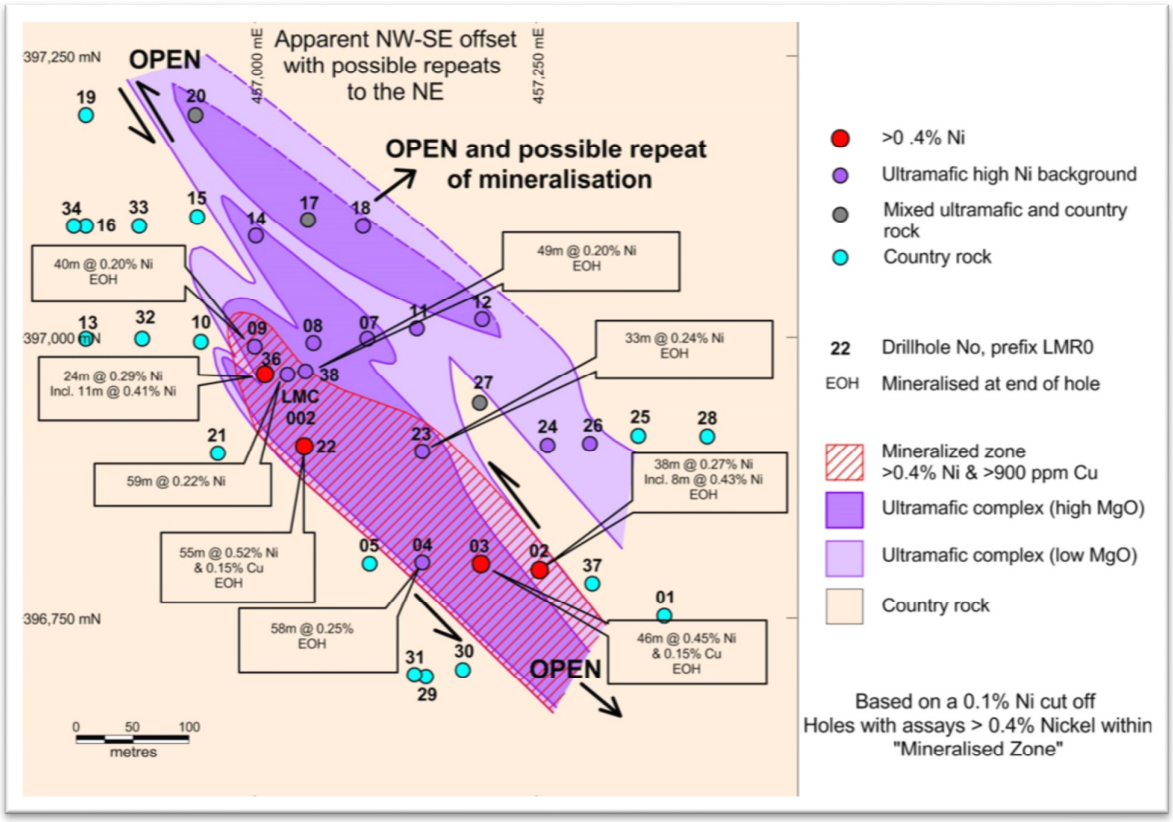

Figure 2 Akelikongo drilling plan with Laboratory results.
Stippled area (Red Hatched Region) highlights NiCuS mineralised zone

In addition to the EM data, prospectivity analysis of multi-element soil data in the vicinity of Akelikongo indicates that a field or a district of nickel copper mineralised intrusive systems may be present. (Figures 3 and 4)

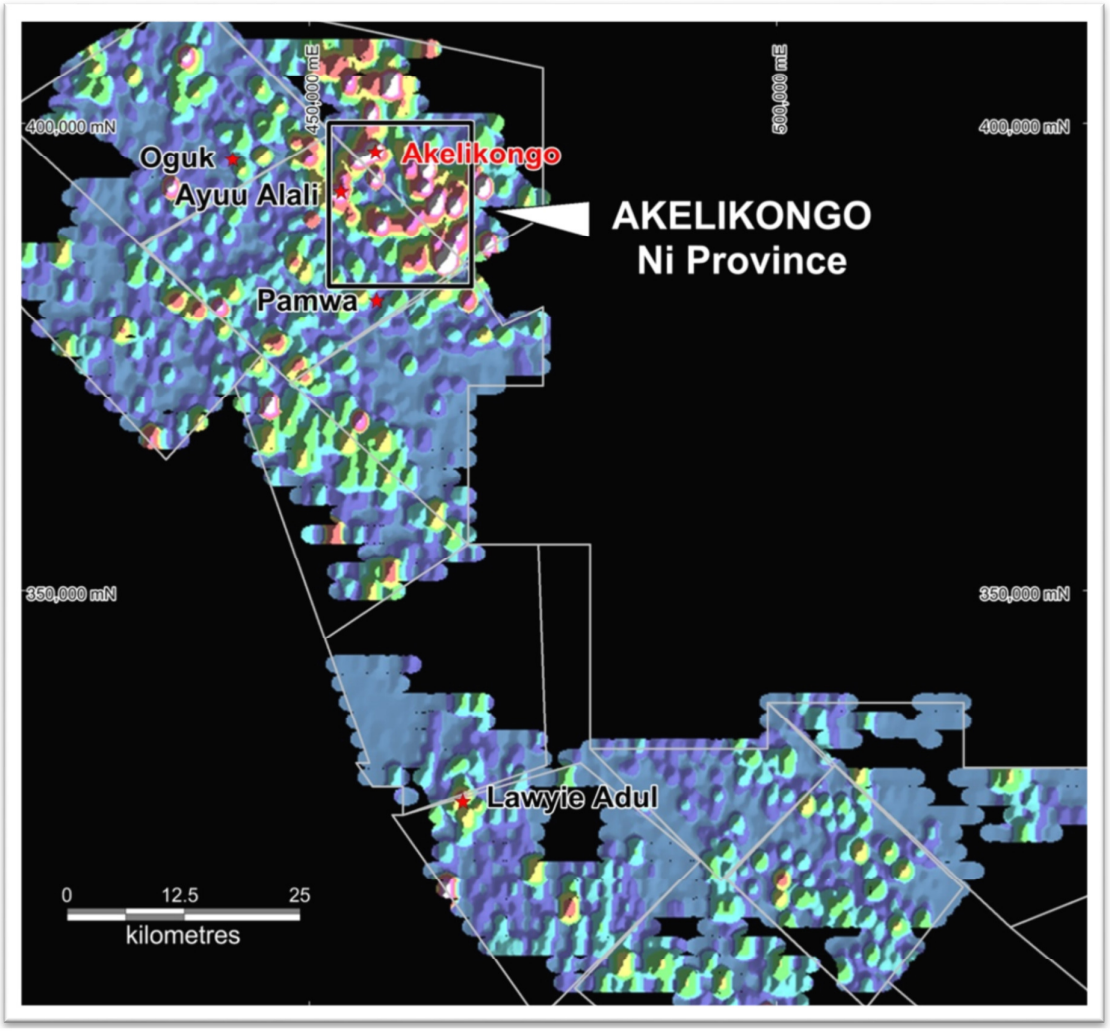

Figure 3 Regional Ni-sulphide Prospectivity Map highlighting the significance of the Akelikongo Ni province

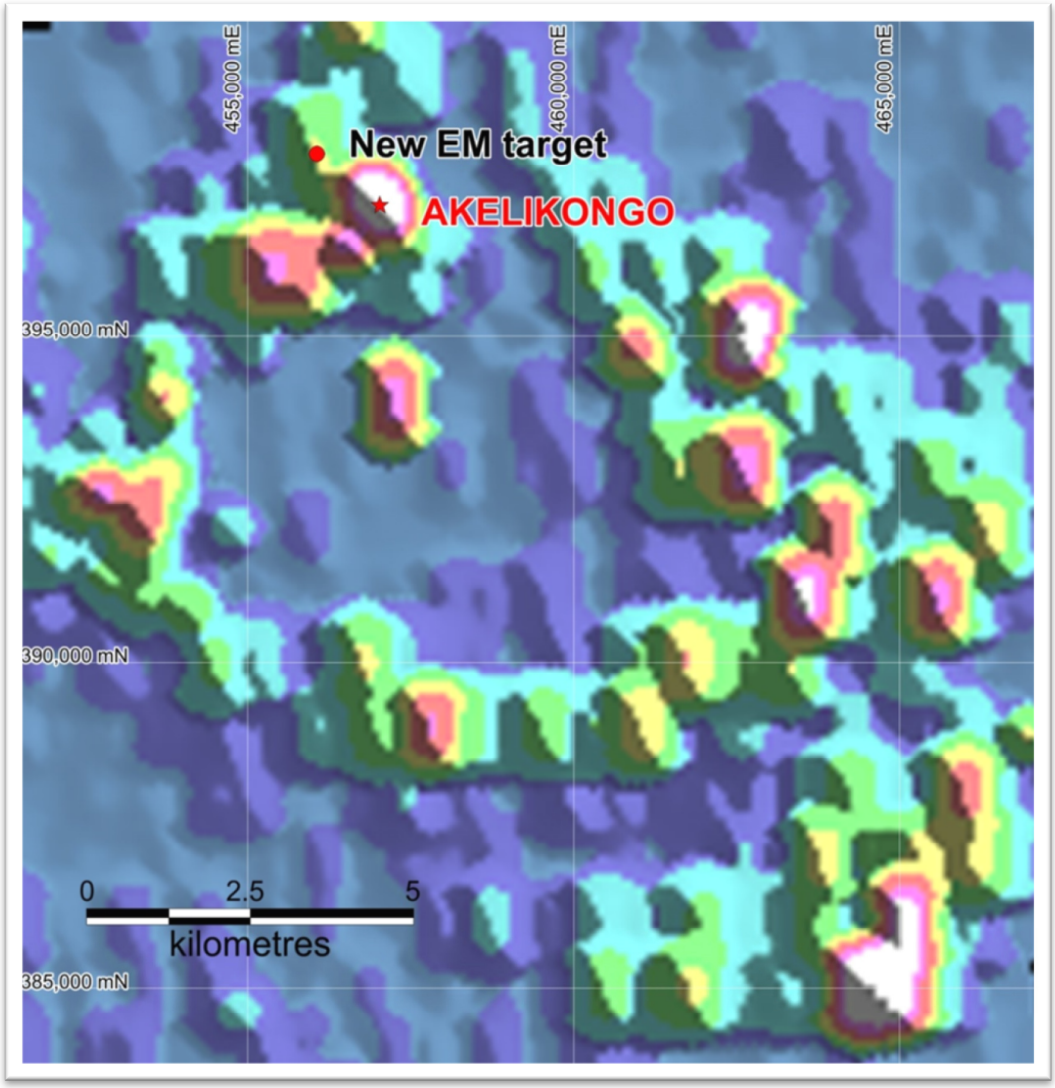

Figure 4 Ni-sulphide Prospectivity Map showing the location of Akelikongo, New EM Target and the potential for additional Ni-sulphides within this Province.

Forward Program

Now that the EM survey is complete the geophysical crew has moved on to the IP Survey at the Pamwa Zn-Pb-Ag target. This is expected to take a week to ten days to complete.

The EM conductors identified will assist drill targeting to test for massive nickel sulphides at Akelikongo. A limited diamond drill program of around 1500m is planned to test both Akelikongo and Pamwa once all data has been received and the program designed.

Ongoing infill soil sampling is helping to define further drilling targets for first pass RAB drilling, planned for early 2015.

Background

The Kitgum-Pader Base metals & Gold Project comprises 15 exploration licences and one application, covering 6,490 square kilometres in central northern Uganda, East Africa. The Project came about following the acquisition in 2011 of relatively new airborne magnetic/radiometric data sets over East Africa, and the subsequent geological/metallogenic interpretation of the data sets by Sipa and Geocrust Pty Ltd (Geocrust). Geocrust is a private company established by the late Dr Nick Archibald.

During field reconnaissance in December 2011, Sipa and Geocrust recognised rocks strikingly similar to the host 'Mine Series' sequence at the giant Broken Hill Lead-Zinc-Silver Deposit in NSW, Australia, to the northwest of Kitgum, Uganda. It was these observations that led to formation of an incorporated joint venture, SiGe East Africa Pty Ltd (SiGe), which is now 100% owned by Sipa and SiGe's wholly owned subsidiary, Sipa Exploration Uganda Limited (SEUL), and the application and subsequent granting of mineral tenements.

Fieldwork commenced in early 2013, and by end November 2014, some 44,000 soil samples had been collected, along with geological mapping by Nick Archibald. The results of the field work and subsequent drilling of soil targets have led to the discovery of 2 potentially economic mineral systems.

- Broken Hill-style Lead-Zinc-Silver, at Pamwa
- and Intrusive hosted Nickel-Copper sulphide mineralisation at Akelikongo

Akelikongo is one of the standout Ni-Cu-PGE soil anomalies identified to date. The element association and shape of the anomaly led Hronsky to interpret this as a possible "chonolith" being a fertile host for nickel sulphides within a mafic-ultramafic intrusive complex.

At **Akelikongo,** the first pass RAB drilling results confirmed a mineralized Nickel Copper sulphide system, related to an ultramafic intrusive complex. Almost all intersections are open to the depth of drilling.

The most significant intercepts from composite sampling returned results such as

- LMR002 **38m at 0.27% Ni** from 0 to EOH including 8m at 0.43% Ni from 30m to EOH
- LMR003 **46m at 0.45% Ni and 0.15% Cu** from 0 to EOH
- LMR022 **55m at 0.52% Ni and 0.15% Cu** from 0 to EOH

The recent petrological report by Dick England describes and confirms the ultramafic intrusive host rocks to the mineralisation with the fresh sulphides being confirmed as pyrrhotite and pentlandite which host the nickel and minor chalcopyrite hosting the copper, typical of many intrusive hosted nickel sulphide systems.

All of the above results were previously reported in ASX reports dated 23 June and 18 August 2014.

The information in this report that relates to Exploration Results is based on, and fairly represents, information and supporting documentation compiled by Ms Lynda Daley, a who is a Member of The Australasian Institute of Mining and Metallurgy. Ms Daley is a full-time employee of Sipa Resources Limited. Ms Daley 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 Daley consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

For more information:
Lynda Daley,
Managing Director
Sipa Resources Limited
+61 (0) 8 9481 6259
info@sipa.com.au

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.*	• No sample results are reported.
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).*	• No drilling is reported.
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.*	• No drilling is reported.
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.*	• No drilling is reported.
Sub-sampling techniques	• *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*	• No drilling is reported.

Criteria	JORC Code explanation	Commentary
and sample preparation	*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.*	• No assay data are reported.
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.*	• No assay data are reported.
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.*	• No assay data are reported.
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 drilling is reported.
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.*	• No drilling is reported.
Sample	• *The measures taken to ensure sample security.*	• No sample results are reported.

Criteria	JORC Code explanation	Commentary
security		
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No sample results are reported.

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 Licences held by Sipa Exploration Uganda Limited, a 100% beneficially owned subsidiary of Sipa Resources Limited. • .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.*	• Extensive searches for previous exploration have not identified any previous mineral exploration activity.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The Kitgum-Pader Project covers reworked, high grade metamorphic, Archaean and Proterozoic supracrustal rocks heavily overprinted by the Panafrican Neoproterozoic event of between 600 and 700Ma. The tectonostratigraphy includes felsic ortho- and para-gneisses and mafic and ultramafic amphibolites and granulites and is situated on the northeastern margin of the Congo Craton. The geology and tectonic setting is prospective for magmatic Ni, Broken Hill type base metal and orogenic Au deposits
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*	• No drilling results are reported.

Criteria	JORC Code explanation	Commentary
	○ *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.*	
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.*	• No drilling results are reported.
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').*	• No drilling results are reported.
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.*	• No drilling results are reported.
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.*	• No drilling results are reported.

Criteria	JORC Code explanation	Commentary
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.*	• .As Reported within the text of the announcement
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 of the announcement the results will be used to design a limited diamond drilling program