30 January 2015

Sipa Resources Limited

ABN 26 009 448 980

December 2014 Quarterly ASX Report

HIGHLIGHTS

Kitgum-Pader Base and Precious Metals

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

- The initial diamond drill program to test the massive nickel potential at **Akelikongo** will commence this weekend.

- 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 and two pole dipole lines at the Broken Hill Type **Pamwa** Zn-Pb Ag system have been completed. Strong IP chargeability anomalies associated with mineralisation have been identified and will assist drill hole targeting. Diamond drilling will be conducted once the drilling at Akelikongo is complete.

- In January, a wholly owned subsidiary of Sipa completed the acquisition of the shares in SiGe East Africa Pty Ltd (**SiGe East Africa**), from Geocrust Pty Ltd (**Geocrust**) to become the 100% holder of the Kitgum-Pader base and precious metals project in Uganda, East Africa.

Thaduna

- In December an agreement was reached to sell the Thaduna project to Sandfire Resources Ltd for $2M worth of shares and a 1% NSR royalty. Settlement is pending and expected to occur in early February 2015.

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Kitgum-Pader Base & Precious Metals Project 100% Sipa

Background

The Kitgum-Pader base & precious metals project comprises 15 exploration licences and one application, covering 6,490 square kilometres in central northern Uganda, East Africa (Figure 1). The Project arose following the 2011 acquisition 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 was 80% owned by Sipa and 20% owned by Geocrust Pty Ltd, and SiGe's wholly owned subsidiary, Sipa Exploration Uganda Limited (SEUL), and the application for mineral tenements. During the December quarter Sipa reached agreement to acquire the remaining 20% of SiGe East Africa Pty Ltd making the project now 100% owned by Sipa.

Fieldwork commenced in early 2013, and by mid October 2014, some 40,000 soil samples had been collected, along with geological mapping. The results of that fieldwork have led to the discovery of at least 13 geochemical anomalies across four different target types:

- Broken Hill-style Lead-Zinc-Silver,
- Thompson Belt style and Norilsk-style Nickel-Copper-Platinum Group Element; and
- Tropicana-style Orogenic Gold deposits.

There is no record that systematic mineral exploration has ever been conducted over this ground holding.

The Kitgum-Pader Region is interpreted as forming the rifted continental margin of the Archaean Congo Supercraton during a major PaleoProterozoic event that culminated in the NeoProterozoic with the overthrusting of the West Karamoja Group metasedimentary rocks as an accretionary orogen. This is a geodynamic environment closely analogous to that of the well mineralised PaleoProterozoic Thompson and Raglan Nickel Belts that formed on the margin of the Archaean Superior Craton in Canada and quite possibly, the rifted and deformed Broken Hill terrane in New South Wales, Australia. The rock sequences are now represented as dominantly high grade metamorphic gneisses and amphibolites.

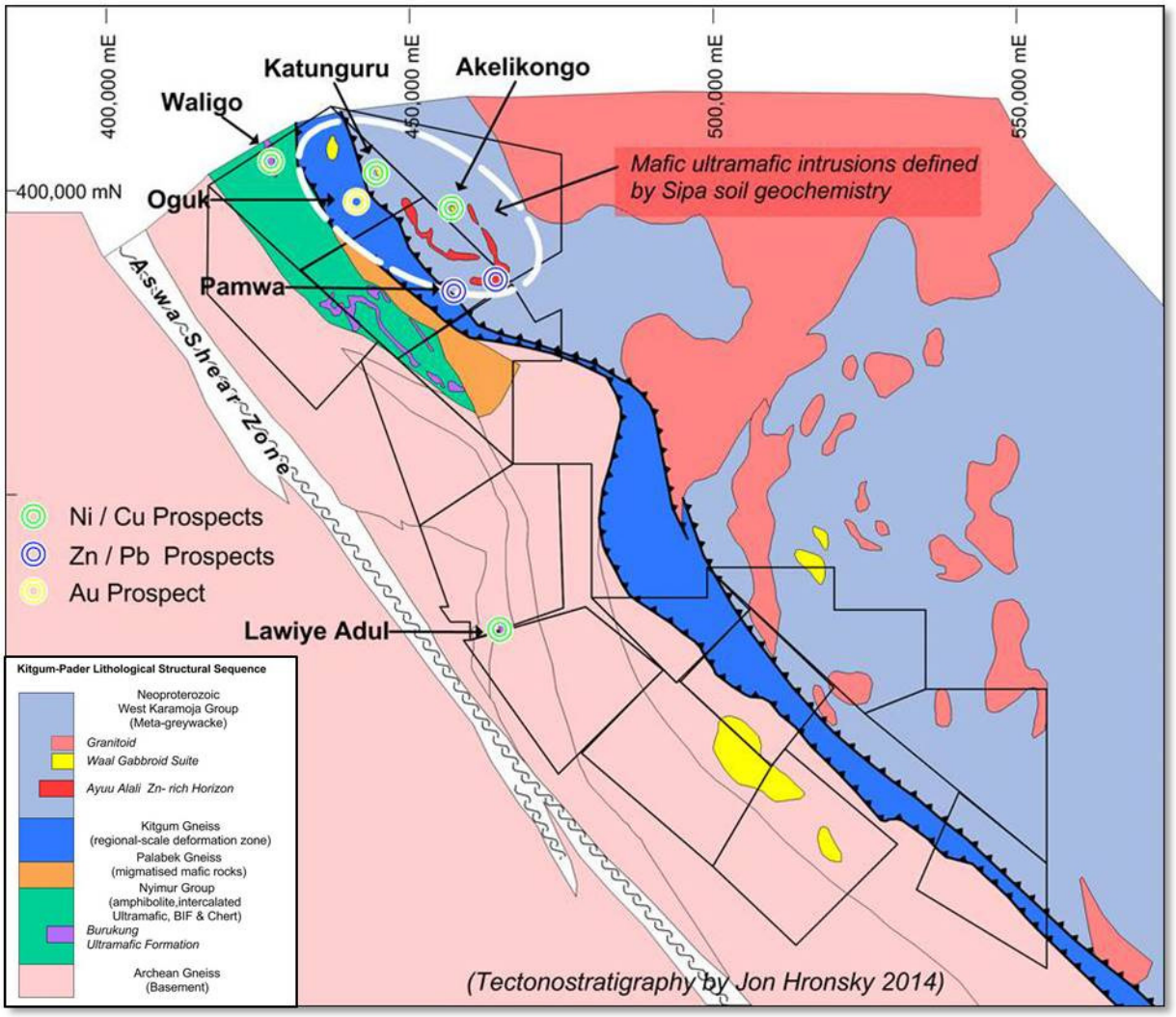

Figure 1 Tectonostratigraphy by Dr Jon Hronsky with tenement and prospect locations

Current Program – Pamwa (Zinc)

At the previously identified Pamwa Zinc Lead Silver system, a gradient array IP survey was conducted and two Pole Dipole lines across the zone of mineralisation were completed during the quarter.

A total of two strike kilometres were surveyed by gradient array IP over the known **Pamwa** system area as defined by soil geochemistry and shallow RAB drilling (Figures 2 and 3). In addition two pole dipole lines 9600N and 9400N (local grid) were surveyed over the strongest gradient array anomalies. .Figures 4 and 5 show the modelled pole-dipole depth sections.

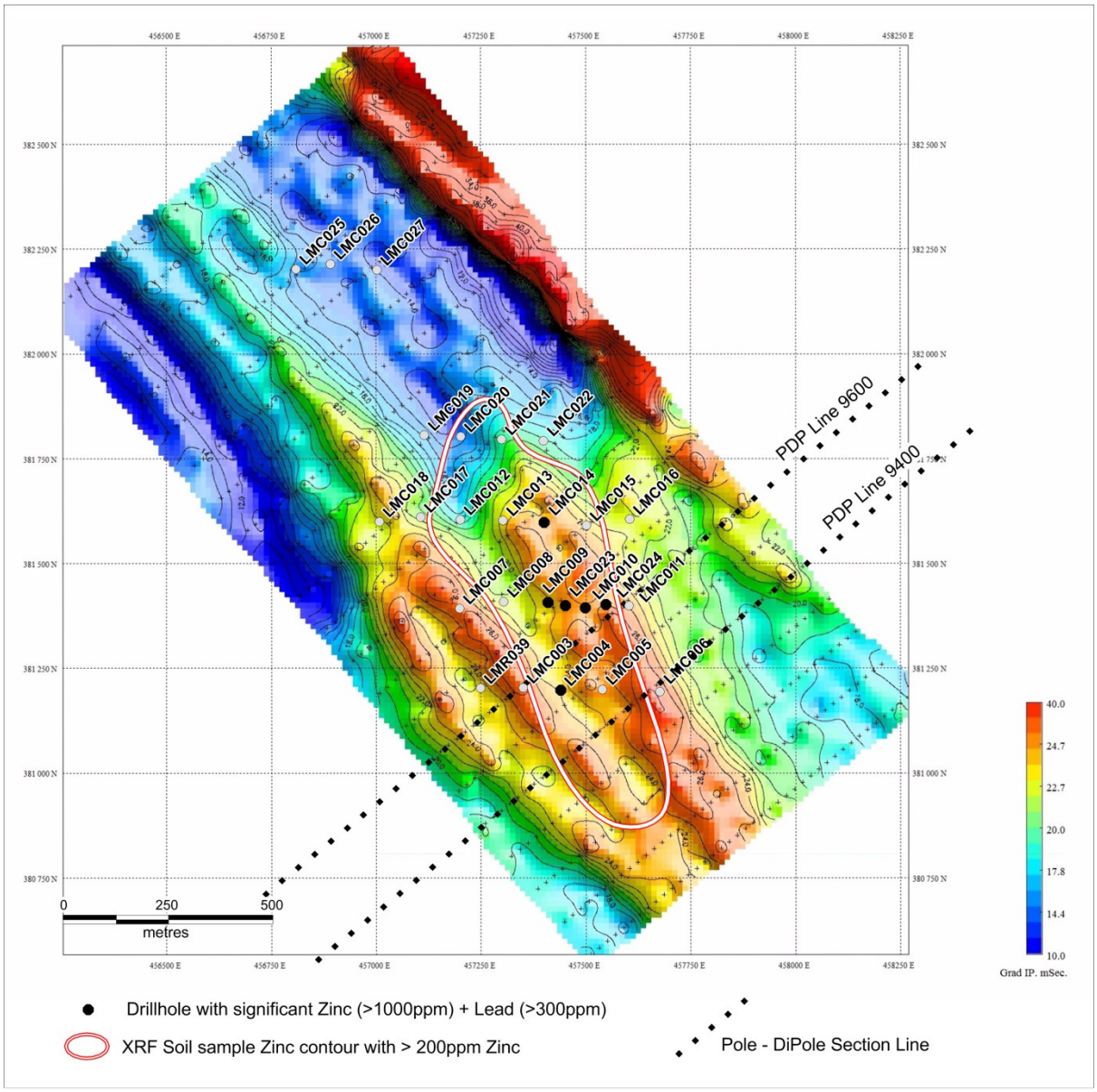

Figure 2 Plan of Gradient Array IP chargeability at Pamwa.

Figure 2 shows the location of centrally located strong gradient array chargeability anomalies which are spatially related to Zn, Pb, Ag mineralisation identified through previous drilling and soil geochemistry. The high chargeability anomalies in the centre correspond to the drilled zone of mineralisation.

The significance or otherwise of a second trend of high chargeability anomalies to the southwest is not yet understood.

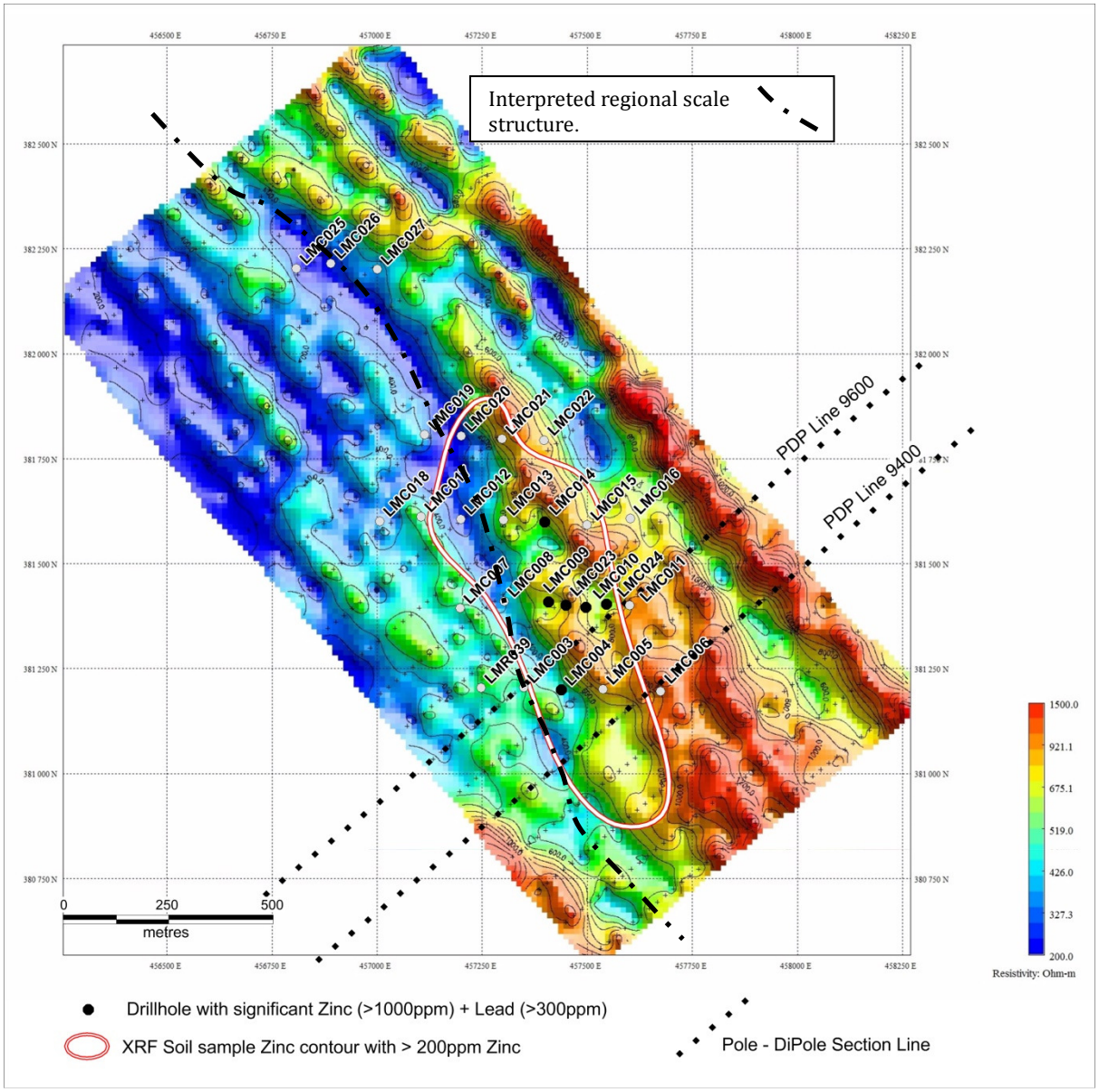

Figure 3 Plan of Gradient Array IP Resistivity at Pamwa, showing the locations of the XRF soil anomaly, the drilling and the pole-dipole survey lines.

The known Zn mineralisation in drilling and the Zn soil anomaly are associated with an interpreted regional scale structural zone which separates more resistive rocks to the northeast from less resistive rocks to the southwest.

The Pole Dipole model sections 9600N and 9400N confirm the chargeability anomalies in the third dimension (Figures 4 and 5)

The modelled IP depth section for line 9600N (Figure 4) has a centrally located very strong IP anomaly of 60mSec. This anomaly is located at depth which is 100m below the existing drilling (LMC024) and is also 100m to the south along strike from LMC010 (5m@2%Zn,0.23%Pb) Refer ASX announcement dated 26 August 2014. To the south west, a second very strong IP anomaly of 50mSec has no nearby drilling. It is associated with the second gradient array IP anomaly trend.

The modelled IP depth section for line 9400N (Figure 5) also has a centrally located very strong IP anomaly of 60mSec. This anomaly is located below the peak soil Zn anomaly for this line.

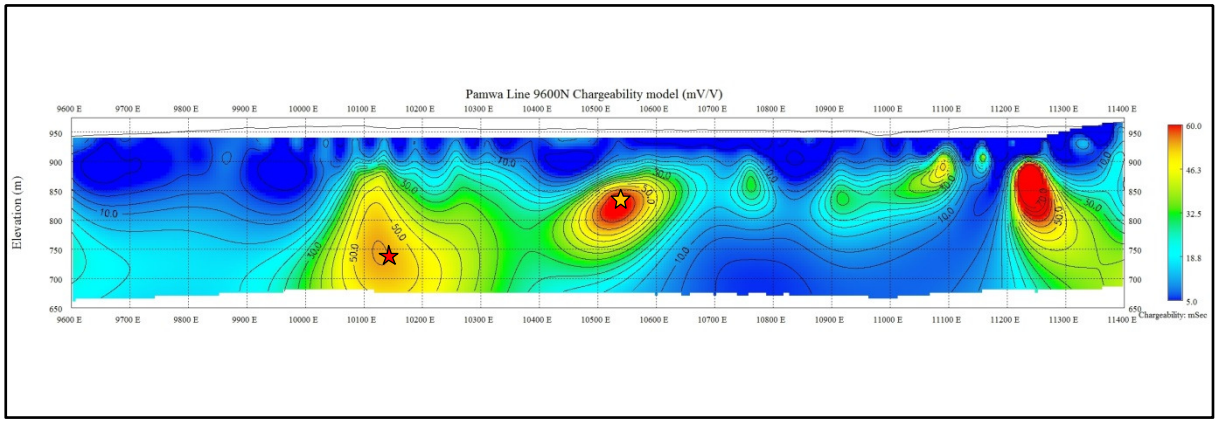

Figure 4 Line 9600 Pole Dipole survey, modelled IP depth section.

The centre of the strong IP anomaly (☆=60mSec) is located at depth 100m below the existing drilling (LMC024) and 100m to the south along strike from LMC010 (5m@2%Zn,0.23%Pb). A second very strong IP anomaly (★= 50mSec) has no nearby drilling.

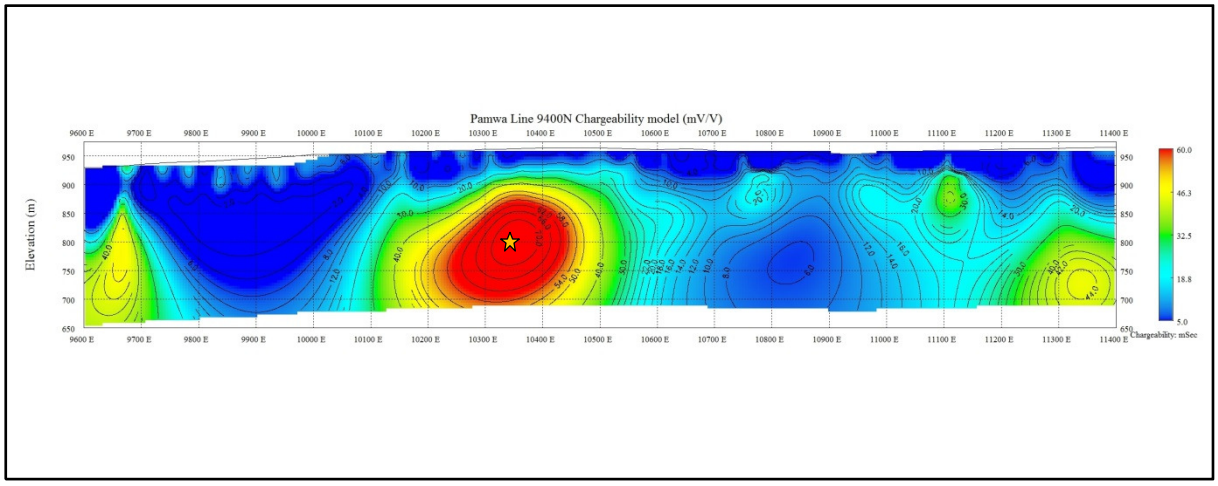

Figure 5 Line 9400 Pole Dipole survey, modelled IP depth section.

The centre of the very strong IP anomaly (☆=60mSec) has no nearby drilling, but it is located below the peak value of the soil anomaly.

Current Program - Nickel

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

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

During the quarter, a fixed loop ground Electro-Magnetic Survey was completed over the Akelikongo mineralised system and potential strike extensions.

Six fixed loop setups cover a total of three strike kilometres of anomalous Ni-Cu-geochemistry and two loop setups cover a branch from this trend to the southwest (Figure 6).

Figure 6 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 7 shows the red hatched region as defined from previous drilling.

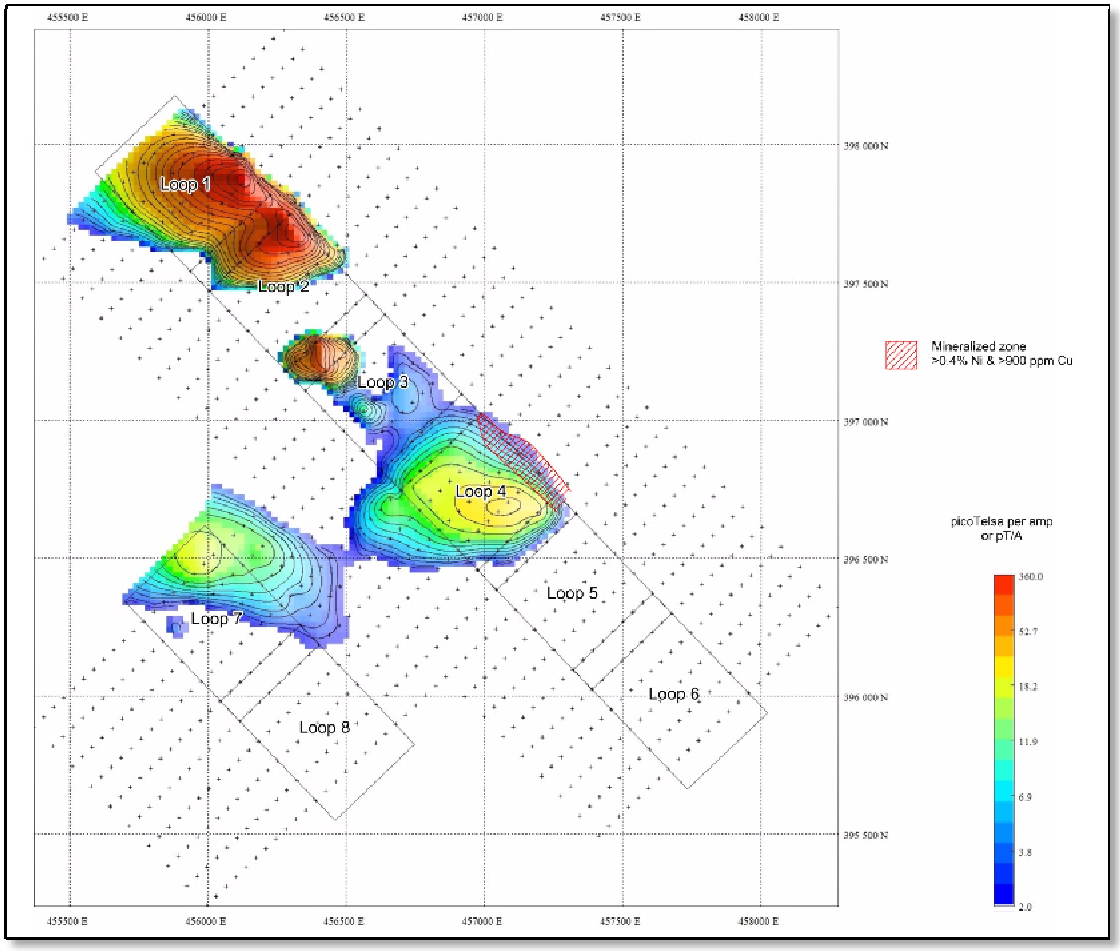

Figure 6 Plan of EM Channel 25. Red Hatched region is from Figure 5 showing EM conductor at Akelikongo and up to 1km to the North West.

Preliminary modelling on the loop 4 anomaly indicates the conductive body is located around 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.

The initial diamond drill program to test these targets will commence by the end of January.

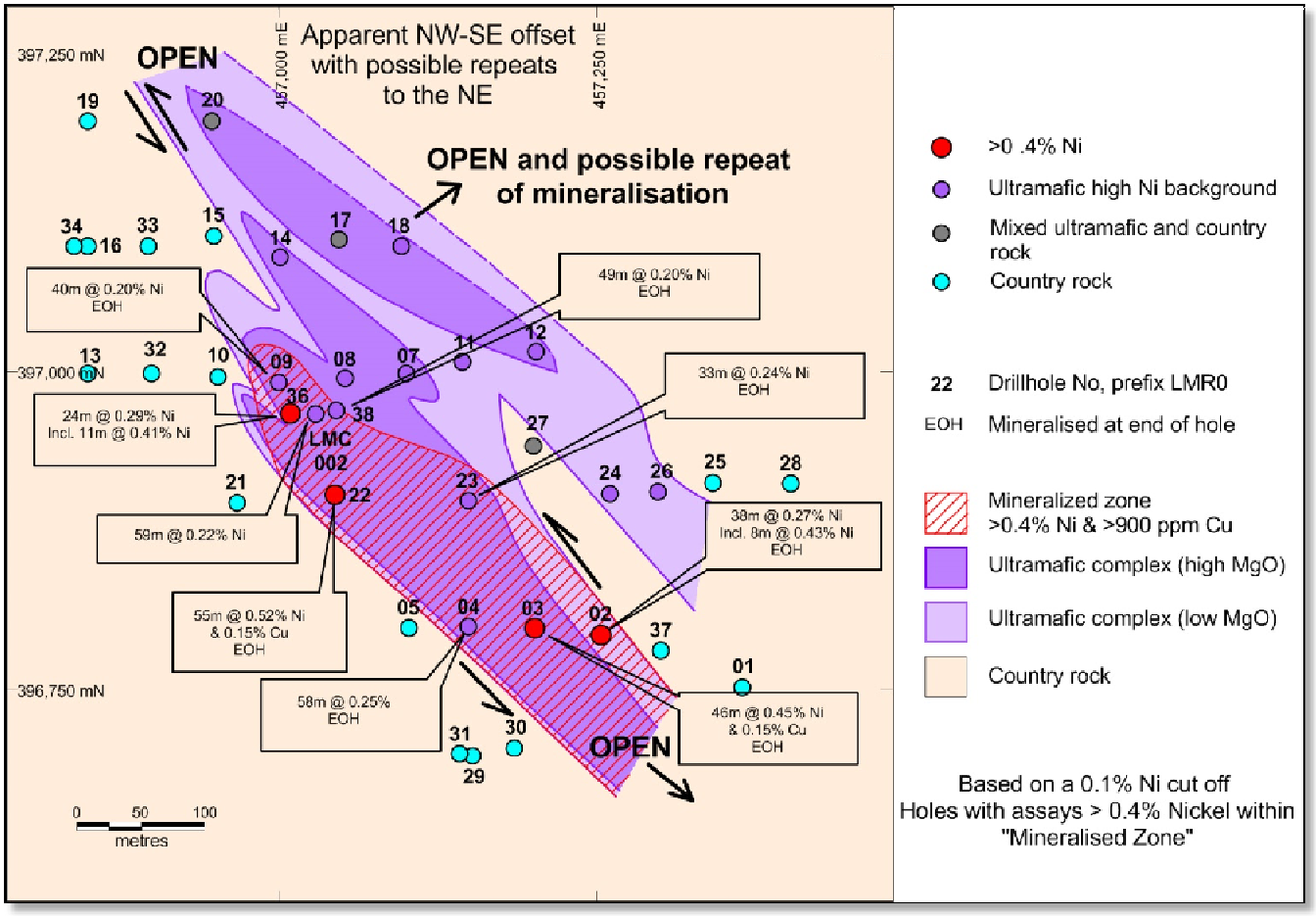

Figure 7 Akelikongo drilling plan with Laboratory results.
Red stippled area highlights NiCuS mineralised zone and shown on Figure 6

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 8 and 9)

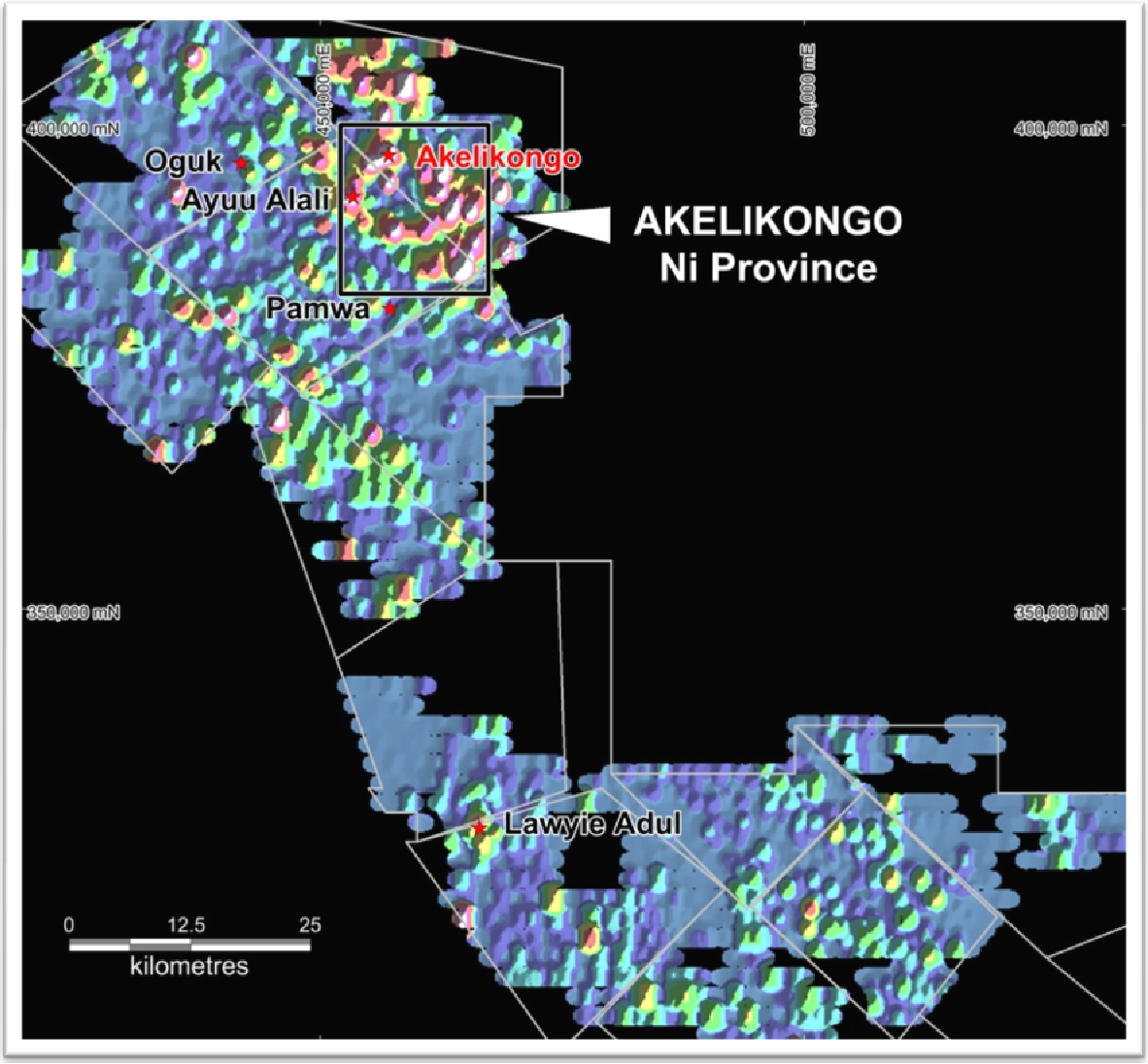

Figure 8 Regional Ni-sulphide Prospectivity Map highlighting the significance of the Akelikongo Ni province

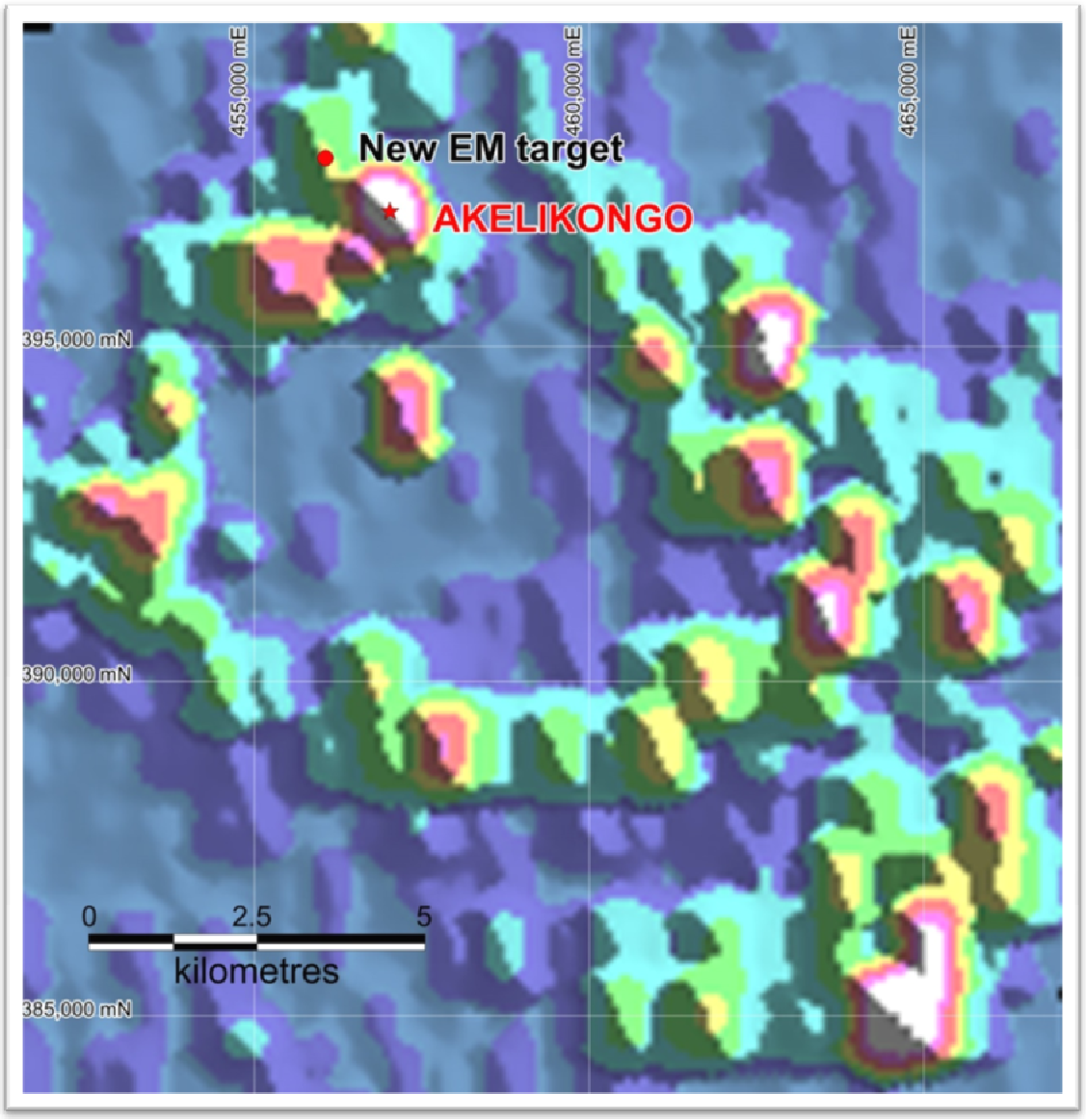

Figure 9 Ni-sulphide Prospectivity Map showing the location of Akelikongo, New EM Target and the potential for additional Ni-sulphides within this Province.

30 January 2015

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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
EL 1389	Uganda	Granted	NIL	80%

Mining Tenements Surrendered during this Period:

There were no tenements surrendered during the period.

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
E52/1673	Thaduna	Granted	100%	100%*
E52/1674	Thaduna	Granted	100%	100%*
E52/1858	Thaduna	Granted	100%	100%*
E52/2356	Thaduna	Granted	100%	100%*
E52/2357	Thaduna	Granted	100%	100%*
E52/2405	Thaduna	Granted	100%	100%*
EL 1048	Uganda	Granted	80%	80%#
EL 1049	Uganda	Granted	80%	80%#
EL 1050	Uganda	Granted	80%	80%#
EL 1051	Uganda	Granted	80%	80%#
EL 1052	Uganda	Granted	80%	80%#
EL 1053	Uganda	Granted	80%	80%#
EL 1220	Uganda	Granted	80%	80%#
EL 1221	Uganda	Granted	80%	80%#
EL1229	Uganda	Granted	80%	80%#
EL 1270	Uganda	Granted	Nil	80%#
EL 1271	Uganda	Granted	Nil	80%#
EL 1272	Uganda	Granted	Nil	80%#
EL 1273	Uganda	Granted	Nil	80%#
EL 1321	Uganda	Granted	Nil	80%#
EL 1322	Uganda	Granted	Nil	80%#
EL 1389	Uganda	Granted	NIL	80%#

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