

SIPA RESOURCES LIMITED

ABN 26 009 448 980

FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

SIPA RESOURCES LIMITED
CORPORATE INFORMATION

This half-year report covers the consolidated entity comprising Sipa Resources Limited and its subsidiaries (the Group). The Group's presentation currency is Australian Dollars.

A description of the Group's operations and of its principal activities is included in the review of operations and activities in the directors' report. The directors' report does not form part of the financial report.

DIRECTORS

Peter Ian Blair Pearce ACSM F AusIMM (Non-Executive Chairman)

Lynda Margaret Daley BSc (Hons) GAICD, MAusIMM, MSEG (Managing Director since appointment 24 July 2014)

Dalton Leslie Gooding B.BUS, FCA (Non-Executive Director)

Karen Lesley Field B Ec (Non-Executive Director)

Paul Gerard Kiley, B Ec. CPA (Non-Executive Director, since appointment 23 September 2014)

David John Williams LL.B, FAICD (Non-Executive Director, resigned 23 September 2014)

Michael Glen Doepel MSc DIC M AusIMM (Managing Director until 24 July 2014, Non-Executive Director 24 July 2014 – 12 September 2014)

COMPANY SECRETARY

Tara Robson BA (Accounting), CPA (USA)

REGISTERED OFFICE

Ground Floor

6 Thelma Street

WEST PERTH WA 6005

Telephone (08) 9481 6259

Facsimile (08) 9322 3047

BANKERS

Bank of Western Australia Ltd

Level 17, BankWest Tower

108 St Georges Terrace

PERTH WA 6000

AUDITORS

Ernst & Young

11 Mounts Bay Road

PERTH WA 6000

SHARE REGISTRY

Computershare

Level 2, Reserve Bank Building

45 St George's Terrace

PERTH WA 6000

SOLICITORS

Gilbert & Tobin

1202 Hay Street

WEST PERTH WA 6005

Williams and Hughes

1st Floor

25 Richardson Street

WEST PERTH WA 6005

WEBSITE

www.sipa.com.au

SIPA RESOURCES LIMITED

REVIEW OF OPERATIONS

This report summarises results of exploration conducted by Sipa Resources Limited and its partners in the half year to 31 December 2014.

The primary focus during the period was continued exploration at the Kitgum-Pader Lead-Zinc-Silver, Nickel-Copper-Platinum Group Elements and Gold Project in Uganda, East Africa and the Thaduna Copper Project in, Australia. See Sipa's September and December 2014 ASX Quarterly Reports for full technical descriptions.

Kitgum –Pader Base and Precious Metals Project (100% owned as of 15 January 2015)

The Kitgum-Pader Base and Precious Metals Project comprises 15 exploration licences and one application, covering 6,490 square kilometres in central northern Uganda, East Africa. The Project was generated 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.

During field reconnaissance in December 2011, rocks were recognised as being 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. Fieldwork commenced in early 2013. By the end January 2015, over 45,000 soil samples had been collected, geological mapping conducted and initial RAB drilling undertaken. The results of the field work and subsequent drilling of soil targets have led to the discovery of 2 potentially economic mineral systems.

- The Broken Hill-style Lead-Zinc-Silver, at **Pamwa**; and
- the Intrusive hosted Nickel-Copper sulphide mineralisation at **Akelikongo**.

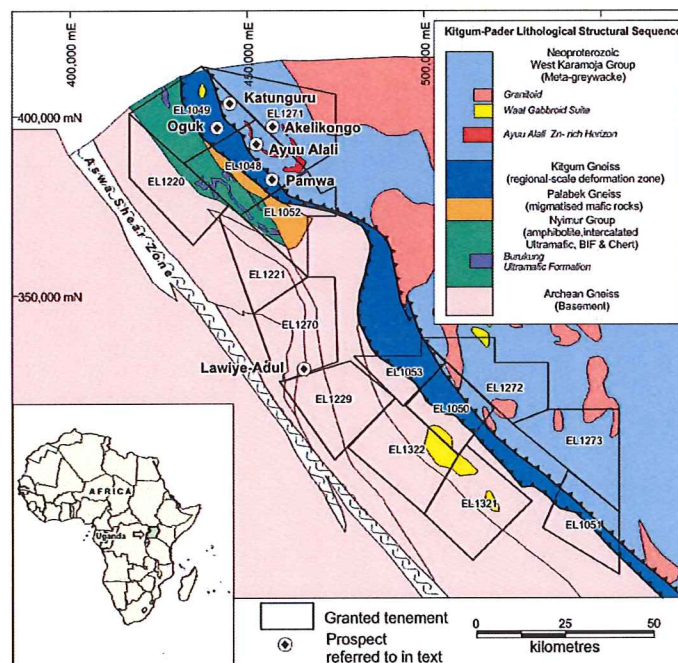


Figure 1 Kitgum-Pader Lithological Structural Sequence

Nickel Copper

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 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.

SIPA RESOURCES LIMITED

REVIEW OF OPERATIONS

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.

In addition to the initial RAB drilling programme completed during the period, a fixed loop ground Electro-Magnetic Survey was completed over the Akelikongo mineralised system and potential strike extensions. The survey was used to assist in the targeting for the initial diamond drill program which commenced 1 February 2015 and is ongoing.

Ongoing soil sampling in the vicinity of Akelikongo indicates that a field or a district of nickel copper mineralised intrusive systems may be present. (Figure 2)

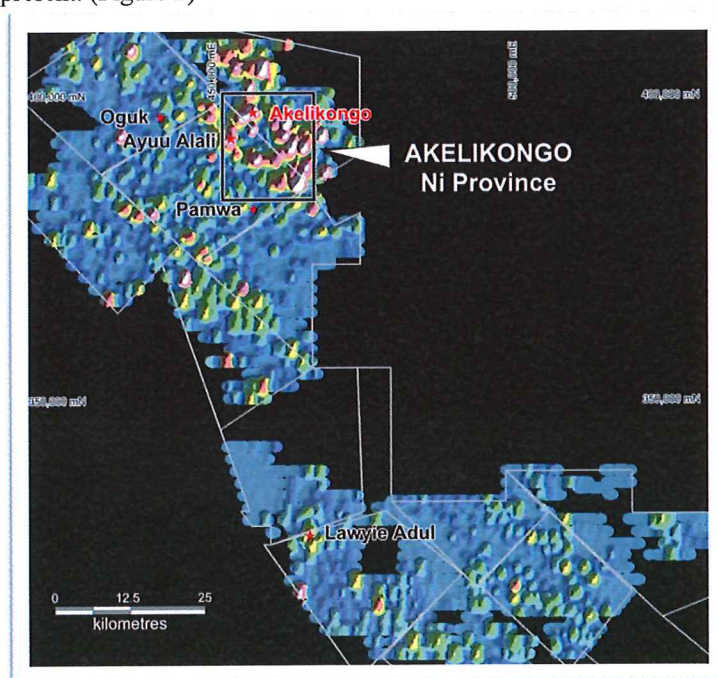


Figure 2 Regional Ni-sulphide Prospectivity Map highlighting the significance of the Akelikongo Ni province

Lead – Zinc – Silver

The Pamwa Zn, Pb, Ag & Cd soil anomaly was drilled during July and resulted in the discovery of a Broken Hill Type Zn Pb, Cd, Ag mineralised system.

The most significant intercepts all ended in Zn mineralisation and included

- **LMC010 5m* @ 2.00% Zn, 0.23% Pb, 97 ppm Cd and 2.4 ppm Ag** from 20m
- **LMC004 38m* @ 0.12% Zn, 0.04% Pb, 1.9 ppm Cd** from 5m
- **LMC014 15m* @ 0.11% Zn, 0.03% Pb, 2.6 ppm Cd** from 10m

All of the Pamwa results were previously reported in the ASX report dated 26 August 2014.

SIPA RESOURCES LIMITED

REVIEW OF OPERATIONS

These intercepts are located within a wider Zn, Pb, Ag, Cd anomalous zone defined by a 1000ppm Zn contour and an even larger 1000ppm Manganese (Mn) anomalous zone defined as the “geological host sequence”.

The host sequence to the mineralisation has a north-northwesterly trend and extends for over a kilometre. The mineralisation occurs in both weathered and fresh quartz-biotite schist extending over 600m with garnet characterised in both footwall and hanging wall sediments. The regional tectonostratigraphy dips moderately to the north east (striking northwest) oblique to the mineralisation indicating the mineralisation is structurally controlled. The recently completed IP data confirms this interpretation.

The laboratory data shows a strong association between Zn-Pb-Cd-Mn a characteristic element suite of Broken Hill style of mineralisation. The sulphides present in LMC010 also show the association with Ag. The RAB drilling conducted so far is very shallow and hence there are limitations with our understanding of the complex geology and element interaction. However, the drilling has clearly indicated that **Pamwa** is a Broken Hill Type Zn-Pb mineralised system.

A gradient array IP survey and two pole dipole lines was conducted during the period at the Broken Hill Type Pamwa Zn-Pb Ag and has indicated strong IP chargeability anomalies associated with mineralisation and will assist drill hole targeting. Diamond drilling will be conducted once the drilling at Akelikongo is complete.

Thaduna Copper Project

On 24 December 2014, Sipa reached agreement to sell the Thaduna project to Sandfire Resources Ltd for \$2M worth of shares and a 1% NSR royalty. Settlement occurred on 2 February 2015.

Drilling of three deep diamond holes was conducted during the campaign in June and July 2014 to test three separate targets. All three diamond holes intersected the copper enriched “blanket”, however were unsuccessful in intersecting possible primary structures interpreted to be feeders to the secondary mineralisation. (Refer ASX announcement dated 31 July 2014).

A RAB and Aircore drill program designed to test the northern and southern basin margin for copper mineralization and follow up anomalies from previous RAB/Aircore drilling. In total, 125 RAB holes were drilled for 998m and 77 Aircore holes were drilled for 5,626m. (Refer ASX announcement dated 20 October 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.

SIPA RESOURCES LIMITED

DIRECTORS' REPORT

Your directors submit their report for the half-year ended 31 December 2014.

DIRECTORS

The names of the company's directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period, unless otherwise noted.

Peter Ian Blair Pearce ACSM F AusIMM (Non-Executive Chairman)

Lynda Margaret Daley BSc (Hons) GAICD, MAusIMM, MSEG (Managing Director since appointment 24 July 2014)

Dalton Leslie Gooding B.BUS, FCA (Non-Executive Director)

Karen Lesley Field B Ec (Non-Executive Director)

Paul Gerard Kiley, B Ec. CPA (Non-Executive Director, since appointment 23 September 2014)

David John Williams LL.B, FAICD (Non-Executive Director, resigned 23 September 2014)

Michael Glen Doepel MSc DIC M AusIMM (Managing Director until 24 July 2014, Non-Executive Director 24 July 2014 – 12 September 2014)

REVIEW AND RESULTS OF OPERATIONS

The Group continued with exploration activities on its mineral tenements within Australia. The consolidated net loss for the period is \$2,765,735 (2013: Loss \$2,570,555).

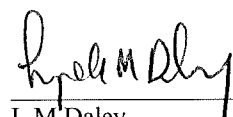
	Consolidated	
	2014	2013
	\$	\$
Revenue	36,048	70,871
Other income	91,064	8,107
Exploration expenditure	(1,200,335)	(1,213,657)
Administrative expenses	(898,619)	(901,261)
Share of net loss of jointly controlled entity	(792,893)	(534,615)
Impairment of available for sale investments	(1,000)	-
Net loss for the period	(2,765,735)	(2,570,555)

The increase in the loss was to the increased activities at the Kitgum-Pader Base and Precious Metals Project in north-east Uganda.

AUDITOR'S INDEPENDENCE DECLARATION

We have obtained an independence declaration from our auditors Ernst & Young. The Auditor's Independence Declaration forms part of this report and is set out on page 6.

Signed in accordance with a resolution of the Directors.



L M Daley
Managing Director

PERTH, 10 March 2015

Auditor's Independence Declaration to the Directors of Sipa Resources Limited

In relation to our review of the financial report of Sipa Resources Limited for the half-year ended 31 December 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Ernst & Young



G Lotter
Partner
10 March 2015

SIPA RESOURCES LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

		Consolidated	
		2014	2013
	Notes	\$	\$
Continuing operations			
Revenue	3	36,048	70,871
Other income	3	91,064	8,107
Exploration expenditure		(1,200,335)	(1,213,657)
Administrative expenses	3	(898,619)	(901,261)
Share of net loss of jointly controlled entity	10	(792,893)	(534,615)
Impairment of available for sale assets		(1,000)	-
Loss from continuing operations before income tax		(2,765,735)	(2,570,555)
Income tax expense		-	-
Net loss for the period		(2,765,735)	(2,570,555)
Other comprehensive loss			
<i>Items that subsequently may be reclassified through profit and loss</i>			
Exchange differences arising on translation of foreign operations	10	(121,966)	(1,463)
Other comprehensive loss for the period, net of tax		(121,966)	(1,463)
Total comprehensive loss for the period		(2,887,701)	(2,572,018)
Loss per share (cents per share)			
- Basic loss per share for the half year ¹		(0.45)	(0.47)
- Diluted loss per share for the half year ¹		(0.45)	(0.47)

¹ Prior period loss per share has been restated by a factor of 1.14, for the dilutive impact of the entitlement offer completed during the period ending 30 June 2014.

SIPA RESOURCES LIMITED
CONSOLIDATED STATEMENT FINANCIAL POSITION
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

		Consolidated	
	Note	As at 31 Dec 14 \$	As at 30 Jun 14 \$
ASSETS			
Current Assets			
Cash and cash equivalents		1,013,335	4,013,814
Term deposits reserved for rehabilitation		62,368	162,368
Trade and other receivables		40,202	80,191
Prepayments		16,745	35,246
Total Current Assets		1,132,650	4,291,619
Non-Current Assets			
Investment in jointly controlled entity	10	81,704	112,865
Available-for-sale financial assets		7,000	8,000
Other financial assets		44,245	44,245
Property, plant and equipment		273,689	295,038
Total Non-Current Assets		406,638	460,148
TOTAL ASSETS		1,539,288	4,751,767
LIABILITIES			
Current Liabilities			
Trade and other payables		243,180	395,505
Provisions		389,240	571,184
Total Current Liabilities		632,420	966,689
Non-Current Liabilities			
Provisions		54,503	45,012
Total Non-Current Liabilities		54,503	45,012
TOTAL LIABILITIES		686,923	1,011,701
NET ASSETS		852,365	3,740,066
EQUITY			
Issued capital	4	93,169,829	93,169,829
Accumulated losses		(93,370,642)	(90,604,907)
Foreign currency reserve		(149,856)	(27,890)
Equity benefits reserve		1,203,034	1,203,034
TOTAL EQUITY		852,365	3,740,066

SIPA RESOURCES LIMITED
CONSOLIDATED STATEMENT FINANCIAL POSITION
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Consolidated	
	2014	2013
	\$	\$
Cash Flow From Operating Activities:		
Payments to suppliers and employees	(950,395)	(783,153)
Expenditure on exploration	(1,328,691)	(1,321,415)
Reimbursement of exploration expenditure from other parties	-	274,450
Interest received	37,197	50,859
Receipts from other income	26,897	-
Receipts from technical services revenue	-	27,043
Net cash used in operating activities	(2,214,992)	(1,752,216)
Cash Flow from Investing Activities:		
Cash released from term deposits reserved for rehabilitation	100,000	-
Cash provided by sale of property, plant and equipment	-	30,000
Payment for purchases of property, plant and equipment	(1,789)	(2,070)
Disbursement to jointly controlled entity	(883,698)	(500,960)
Net cash from investing activities	(785,487)	(473,030)
Net cash used in financing activities	-	-
Net (Decrease) in Cash and Cash Equivalents	(3,000,479)	(2,225,246)
Cash and Cash Equivalents At Beginning Of The Period	4,013,814	3,811,327
Cash and Cash Equivalents At The End Of The Period	1,013,335	1,586,081

SIPA RESOURCES LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

CONSOLIDATED	Issued capital \$	Accumulated losses \$	Equity benefits reserve \$	Foreign currency reserve	Total \$
At 1 July 2014	93,169,829	(90,604,907)	1,203,034	(27,890)	3,740,066
Loss for the period	-	(2,765,735)	-	-	(2,765,735)
Other comprehensive income	-	-	-	(121,966)	(121,966)
Total comprehensive loss for the period	-	(2,765,735)	-	(121,966)	(2,887,701)
At 31 December 2014	93,169,829	(93,370,642)	1,203,034	(149,856)	852,365
At 1 July 2013	88,839,221	(86,100,079)	1,173,538	(58,175)	3,854,505
Loss for the period	-	(2,570,555)	-	-	(2,570,555)
Other comprehensive income	-	-	-	(1,463)	(1,463)
Total comprehensive loss for the period	-	(2,570,555)	-	(1,463)	(2,572,018)
At 31 December 2013	88,839,221	(88,670,634)	1,173,538	(59,638)	1,282,487

SIPA RESOURCES LIMITED
NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

General Information and basis of preparation

The half-year financial report for the period ended 31 December 2014 was authorised for issue in accordance with a resolution of the directors on 10 March 2015.

Sipa Resources Limited is a limited company incorporated and domiciled in Australia whose shares are publicly traded.

This general purpose condensed financial report for the half-year ended 31 December 2014 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The half-year financial report has been prepared on a historical cost basis, except for available-for-sale investments, which have been measured at fair value. The financial report is presented in Australian dollars, unless otherwise stated.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2014 and considered together with any public announcements made by Sipa Resources Limited during the half-year ended 31 December 2014 in accordance with the continuous disclosure obligations of the ASX listing rules.

New Standards, Interpretations and Amendments thereof, Adopted by the Group

Except as noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

The Group has adopted all revised and new accounting standards effective from 1 July 2014, including:

Reference	Title	Summary
AASB 2014-1 Part A -Annual Improvements 2010–2012 Cycle	Amendments to Australian Accounting Standards - Part A Annual Improvements to IFRSs 2010–2012 Cycle	<p>AASB 2014-1 Part A: This standard sets out amendments to Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards (IFRSs) <i>Annual Improvements to IFRSs 2010–2012 Cycle</i> and <i>Annual Improvements to IFRSs 2011–2013 Cycle</i>.</p> <p>Annual Improvements to IFRSs 2010–2012 Cycle addresses the following items:</p> <ul style="list-style-type: none"> ▶ AASB 2 - Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'. ▶ AASB 124 - Defines a management entity providing KMP services as a related party of the reporting entity. The amendments added an exemption from the detailed disclosure requirements in paragraph 17 of AASB 124 for KMP services provided by a management entity. Payments made to a management entity in respect of KMP services should be separately disclosed.

The adoption of the new and revised standards has not resulted in any significant changes to the Group's accounting policies or to the amounts reported for the current or comparative period. The Group has not early adopted any other standards or interpretations that have been issued but are not yet effective.

Going Concern

This half-year condensed financial report for the period ended 31 December 2014 has been prepared on the going concern basis that contemplates the continuity of normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business. For the half-year ended 31 December 2014 the Group recorded a net loss of \$2,765,735 (31 December 2013: \$2,570,555 loss), net cash outflows of \$3,000,479 (31 December 2013: \$2,225,246 net cash outflow), and a net working capital surplus of \$500,230 (30 June 2013: surplus of \$921,802).

Subsequent to year end, the Group disposed of the Thaduna Copper Project to Sandfire Resources NL ("Sandfire") for \$2,000,000 worth of Sandfire shares. The shares have since been liquidated bringing in proceeds of \$2,168,714 to provide additional working capital.

SIPA RESOURCES LIMITED
NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

The Group will require further funding during the next 12 months in order to meet day to day obligations as they fall due and to progress its exploration projects. Based on the Group's cash flow forecast the Board of Directors is aware of the Group's need to access additional working capital funds in the next 12 months to enable the Group to continue its normal business activities and to ensure the realisation of assets and extinguishment of liabilities as and when they fall due.

The directors are satisfied that at the date of signing of the financial report, there are reasonable grounds to believe that the Group will be able to continue to meet its debts as and when they fall due and that it is appropriate for the financial statements to be prepared on a going concern basis. The directors have based this on the following pertinent matters:

1. The Group has the capacity, if necessary, to reduce its operating cost structure in order to minimise its working capital requirements;
2. The Group retains the ability, if required, to wholly or in part dispose of interests in the Kitgum-Pader Base & Precious Metals Project in central northern Uganda, East Africa.
3. The directors regularly monitor the Group's cash position and, on an on-going basis, consider a number of strategic initiatives to ensure that adequate funding continues to be available.
4. The Directors have determined that future equity raisings will be required to provide funding for the Group's activities and to meet the Group's objectives. Consideration is ongoing as to the most appropriate means of raising equity including an Entitlement Offer, a Share Purchase Plan or a Placement.

Should the Group be unable to materially achieve the matters set out above or complete any other alternative forms of fund raisings there is significant uncertainty as to whether the Group will be able to meet its debts as and when they fall due and thus continue as a going concern.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

2. SEGMENT INFORMATION

For management purposes, the Company is organised into one main operating segment, which involves mining exploration for copper, nickel, gold and other minerals. All of the Company's activities are interrelated, and discrete financial information is reported to the Board (Chief Operating Decision Makers) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Company as a whole.

		CONSOLIDATED	
		2014	2013
3. REVENUE, INCOME AND EXPENSES			
a) Revenue			
Technical services revenue		-	27,043
Interest revenue		36,048	43,828
		<u>36,048</u>	<u>70,871</u>
b) Other income			
Gain on extinguishment of provision ¹		64,166	-
Other income		26,898	8,107
		<u>91,064</u>	<u>8,107</u>
c) Other expenses			
<i>Administrative expenses</i>			
Employee benefits expense		315,362	456,298
Corporate expense		192,209	149,382
Consultants		125,620	76,498
Office expense		242,290	186,758
Other		23,138	32,325
		<u>898,619</u>	<u>901,261</u>

¹ Gain on extinguishment of provision relates to the reversal of the previously provided for directors retirement benefit that was waived by David Williamson on his resignation, effective 23 September 2014.

SIPA RESOURCES LIMITED
NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

4. CONTRIBUTED EQUITY	As at 31 Dec 2014 \$	As at 30 Jun 2014 \$
Issued and fully paid <i>Ordinary shares</i>	93,169,829	93,169,829
	2014	
	No	\$
Movements in shares on issue		
Balance at beginning of period	608,578,509	93,169,829
Balance at end of financial year	608,578,509	93,169,829

Options outstanding and movements in share options during the period

Grant date	Expiry date	Exercise price	Balance at start of period	Issued during period	Lapsed/ cancelled during period	Balance at end of period	Exercisable at end of period
30/9/10	29/9/14	17.5 cents	7,250,000	-	7,250,000	-	-
25/11/10	24/11/14	21 cents	2,000,000	-	2,000,000	-	-
5/4/13#	4/4/15	15 cents	13,211,669	-	-	13,211,669	13,211,669
5/4/14*	5/11/15	7.5 cents	134,006,826	-	-	134,006,826	134,006,826
			156,468,495	-	9,250,000	147,218,495	147,218,495

During the year ended 30 June 2013, Sipra made a placement of 26,423,334 fully paid ordinary shares at 7.5 cents each and 13,211,669 Options each having an exercise price of 15 cents and expiry of 4 April 2015 to raise total proceeds of \$1,981,750 to sophisticated investors, most of whom were existing shareholders of the Company.

* On 24 March 2014 the Company lodged a prospectus to undertake a non-renounceable entitlement issue to eligible shareholders of up to approximately 160,521,671 fully paid ordinary shares (**Shares**) at an issue price of \$0.035 per Share on the basis of 1 Share for every 3 Shares held on the record date of 2 April 2014 and 160,521,671 options (**Options**) on the basis of 1 free attaching Option for every Share issued with each Option having an exercise price of \$0.075 and expiring on 5 November 2015 to raise funds to undertake exploration programs over the Company's 80% interest in the Kitgum – Pader precious and base metals project in Uganda, undertake exploration activities associated with the Company's Thaduna copper project, to meet the expenses of the entitlement issue, and general working capital.

Through the take-up of the entitlement issue and shortfall, 127,010,160 Shares and 127,010,160 Options were issued to raise total proceeds of \$4,445,356. In addition 7,000,000 Options were issued to Blue Ocean Equities Pty Limited for service related to the management of the shortfall under the Entitlement Issue.

All other Options were issued pursuant to the Sipra Resources Limited Employee Share Option Plan ("ESOP") or on terms identical to those issued pursuant to the ESOP which was approved by Shareholders on 25 November 2010. The ESOP provides for options to be issued to participants, as determined by directors in their absolute discretion based on various factors including length of service and the contribution that the participant will have to the long term performance of the Company.

The fair value of the equity-settled share options granted was estimated as at the date of grant using a Binomial option pricing model, which take account of factors including the option exercise price, the current level and volatility of the underlying share price, the risk-free interest rate, expected dividends on the underlying share, current market price of the underlying share and the expected life of the option.

SIPA RESOURCES LIMITED
NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

5. COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

Since the last annual reporting date, there has been no material change of any commitments, contingent liabilities or contingent assets.

6. RELATED PARTY DISCLOSURES

Purchases from related parties
2014 2012

Williams and Hughes Pty Ltd	1,430	5,998
-----------------------------	-------	-------

Mr D J Williams, previously a director of the company until his resignation on 23 September 2014 was also a consultant to the legal practice of Williams and Hughes Pty Ltd which provided legal advice to the Group. All transactions with Williams and Hughes Pty Ltd are at competitive market rates.

Other than the above, there were no transactions with related parties other than remuneration paid to directors.

7. FINANCIAL INSTRUMENTS

As at 31 December 2014, the Group held the following classes of financial instruments held at fair value:

Financial assets measured at fair value:

	Valuation hierarchy		
	Level 1	Level 2	Level 3
Equity Instruments	\$7,000	-	-

The Level 1 securities are traded in active markets and have been valued at the quoted bid price as at balance date.

The rest of the Group's principal financial instruments comprise receivables, payables, provisions, cash and short-term deposits. Due to the short term nature of the financial assets and financial liabilities, the carrying value is considered to approximate the fair value.

8. EVENTS AFTER THE BALANCE SHEET DATE

There were no other events subsequent to 31 December 2014 which would require disclosure in the financial report, except as follows:

In January, a wholly owned subsidiary of Sipra completed the acquisition of the shares in SiGe East Africa Pty Ltd, from Geocrust Pty Ltd to become the 100% holder of the Kitgum-Pader base and precious metals project in Uganda, East Africa in exchange for ordinary fully paid Sipra shares to the value of A\$453,242. The number of Sipra shares issued was determined by reference to the volume weighted average price of Sipra shares in the 30 trading days immediately prior to agreement. Based on volume weighted average price, 12,803,447 fully paid shares were issued on 15 January 2015.

On 2 February 2015, the Company completed the sale of the Thaduna project to Sandfire Resources Ltd for \$2 million worth of Sandfire shares and a 1% Net Smelter Royalty.

9. DIVIDENDS PAID AND PROPOSED

No dividends were paid or proposed during the period (2013: \$nil)

SIPA RESOURCES LIMITED
NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

10. INVESTMENT IN JOINT VENTURE

During a previous financial year the Group obtained an 80% interest in the issued share capital of SIGE East Africa Pty Ltd, a company involved in exploration activities in Uganda, which it jointly controls.

Movement in carrying value of investment:

Investment as at 1 July 2014	112,865
Current period disbursements	883,698
Share of current year losses and impairment	(792,893)
Foreign currency translation reserve	<u>(121,966)</u>
Carrying value at 31 December 2014	<u>81,704</u>

The joint venture has no contingent liabilities or capital commitments as at 31 December 2014.

The remaining outstanding 20% interest in the joint venture was acquired on 15 January 2015, making it a wholly owned exploration project. Refer to Note 8 for further details.

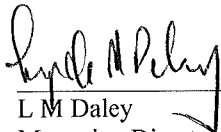
SIPA RESOURCES LIMITED
DIRECTORS' DECLARATION
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

In accordance with a resolution of the directors of Sipra Resources Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standards AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) Subject to the matters noted in Note 1, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board.



L M Daley
Managing Director

Perth, Western Australia

Dated: 10 March 2015

Independent auditor's report to the members of Sipa Resources Limited

Report on the financial report

We have reviewed the accompanying half-year financial report of Sipa Resources Limited, which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the period.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Sipa Resources Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Sipa Resources Limited is not in accordance with the Corporations Act 2001, including:

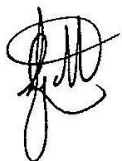
- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Emphasis of Matter

Without qualifying our conclusion, we draw attention to Note 1 in the financial report which describes the principal conditions that raise doubt about the consolidated entity's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Ernst & Young

Ernst & Young



G Lotter
Partner
Perth

10 March 2015