Sipa Resources Limited
ABN 26 009 448 980

22 April 2015

Project update

HIGHLIGHTS

Kitgum-Pader Basemetals & Gold Project

Akelikongo

- Down Hole EM (DHEM) data indicates off hole conductors related to possible mineralisation in holes AKD002 and AKD004 at Akelikongo intrusion and also at AKD003 (1km north of the main Akelikongo intrusion).
- Infill soil sampling at Akelikongo is continuing with a view to defining further targets for first pass RAB drilling commencing in the coming weeks.

Regional

- Results of an extensive integrated mapping project define the extents of the insitu Archean Aswa Greenstone belt.
- The greenstone belt sequence is considerably more extensive than previously recognised and extends the area of prospectivity for Archaean greenstone related deposits such as Ni-Cu and possibly orogenic gold.
- Within the Aswa Belt at **Mt Goma,** a zone of about 1.3km by 1.3km has been defined by XRF soils greater than 1500ppm Ni with a peak zone of 700m by 200m of between 0.5% and 1.9% Nickel.
- Rock chips up to 11.7% Ni (XRF) have been obtained from the same zone which is mapped as a zone of intensely weathered pyroxenite.

Sipa Resources Limited is pleased to announce further results and progress at its 100% owned Kitgum Pader base and precious metals project.

Down Hole EM Defines Off Hole Conductors At Akelikongo

Modelling of down-hole electromagnetic survey (DHEM) has been completed and the results integrated with all other project data i.e. the previously completed fixed loop data and models, geology and sulphide logs as well as the nickel assays. Figure 1 shows the 3d modelled plates with drillholes and the mineralised footwall contact position.

DHEM data for diamond drillhole AKD002 shows there is a moderate late time anomaly that is predominantly due to off hole sources. The DHEM modelling shows the calculated conductive sources occur at a similar depth to known mineralisation but the bulk of the modelled anomaly is due to off hole positions within the ultramafic unit. The conductance of the modelled plates may indicate the presence of conductive sulphides with values that are not dissimilar to DHEM results at other known nickel sulphide deposits.

DHEM data for diamond drillhole AKD004 has identified a strong late time anomaly at 97m that is entirely due to a narrow in hole interval of massive sulphide. The DHEM response increases continuously to the bottom of the hole indicating the presence of a significant conductor off the hole. However modelling of this hole data alone cannot accurately predict the location of the off hole source as the anomaly is only partially defined by the survey.

DHEM data for diamond drillhole AKD001 shows there is a moderate late time anomaly due to an off hole source. Modelling indicates the source to this anomaly is in a position that would also explain the partially defined off hole anomaly in AKD004.

DHEM data for diamond drillhole AKD003 shows there is a moderate late time anomaly that is due entirely to off hole sources. The conductance of the modelled plates indicates the presence of conductive sulphides. The conductance values are similar to those derived for AKD002.

The DHEM clearly shows the known mineralisation and its extensions in the hanging wall ultramafic. The footwall gneiss contains considerable volumes of pyrrhotite (4-10%) which is also “seen” by the Fixed Loop EM (FLEM) survey in areas that are proximal to known hanging wall mineralisation. It is thought that there may be a genetic link between the location and the intensity of the footwall pyrrhotite alteration and the nickel-copper mineralisation.

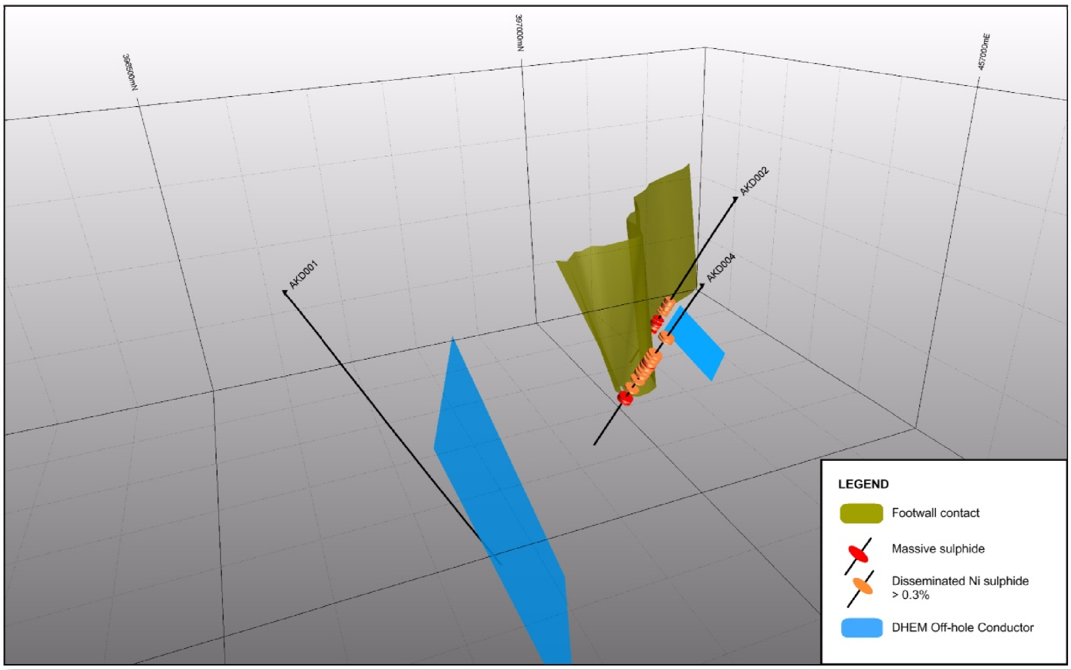

Figure 1 modelled DHEM conductors shown in 3d with mineralised footwall contact and drillholes AKD1, 2 and 4

In order to better understand the geology, a ground gravity survey has been commissioned to determine the extent and shape of the known Akelikongo intrusion and to determine whether a second intrusion is present near AKD003. The survey should also detect other “blind” intrusive bodies in the immediate area.

Infill soil sampling at Akelikongo is continuing with a view to defining further targets for first pass RAB drilling commencing in the coming weeks.

Results of Mapping Define Insitu Archean Greenstone Belt.

In a project spanning three months, mapping and detailed interpretation of remote data sets over Sipa's tenements in the Kitgum Pader region has outlined the extent of an interpreted Supracrustal Greenstone Belt. The conclusions, from the mapping, are that the mafic-ultramafic dominated sequence of the Aswa Domain** represents mostly deeper levels of a greenstone belt of probable Archaean age. Its recognition is a new contribution to the understanding of the Congo Craton in Uganda. The distribution of the mafic gneisses is complex and the product of structural segmentation by contractional shears partly related to district scale folding. This sequence is considerably more extensive than previously recognised and extends the area of prospectivity for Archaean greenstone related deposits such as Ni-Cu and possibly orogenic gold.

** The Aswa domain is one of four tectonostratigraphic units defined by Davies and Mason during the recent mapping. A domain is a grouping of rock types which exhibit similar geological conditions such as age, structural history and style.

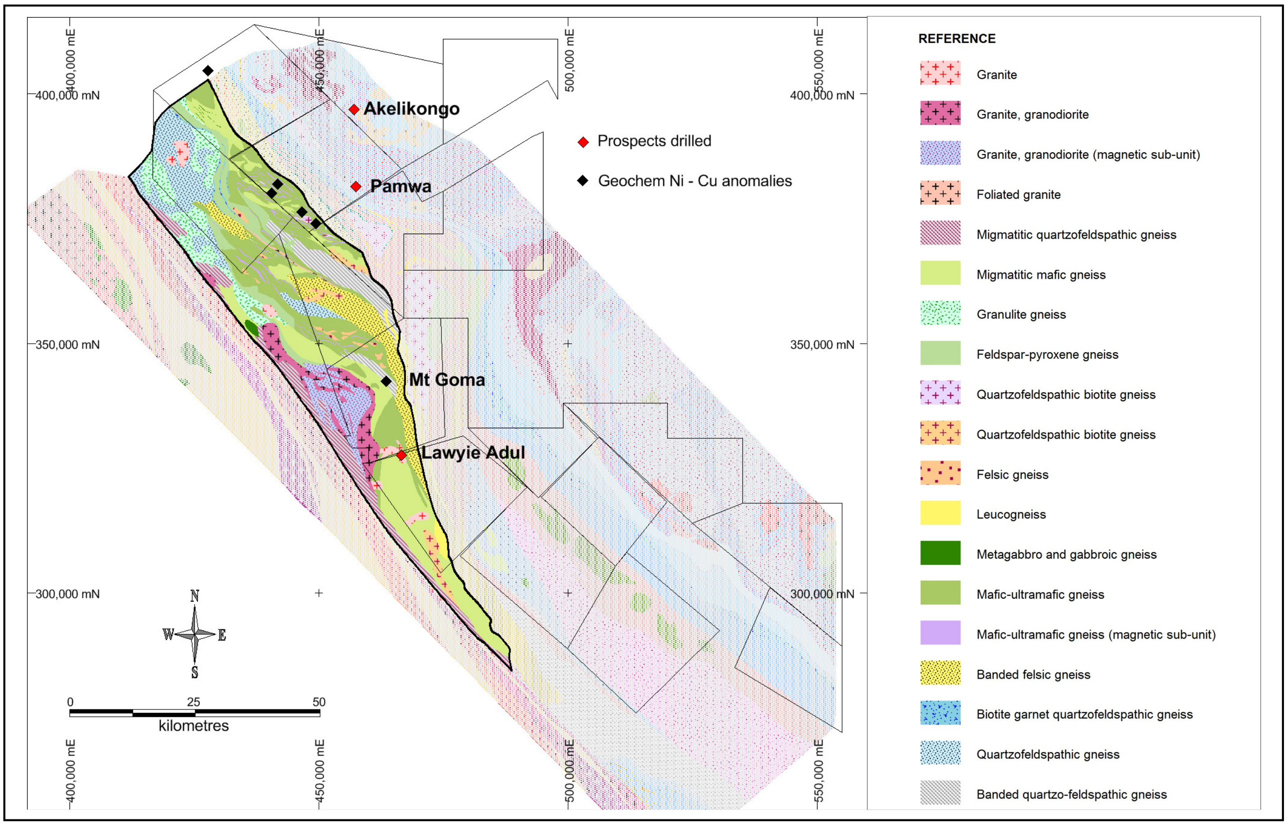

Figure 2 New Lithostratigraphic Interpretation (Davies and Mason 2015) showing Aswa Greenstone Belt, prospects and anomalies

Figure 2 above shows the current geological interpretation from field mapping and integration with remote data sets with the Aswa Greenstone Belt domain highlighted. A number of Ni-Cu soil anomalies are located within this domain, including the previously RAB drilled **Lawiye Adul** Ni Laterite zone (Refer ASX 29 September 2014) and a newly identified area called **Mt Goma.**

XRF soil geochemistry previously outlined a number of nickel copper anomalies within the Aswa belt (Refer ASX 24 Feb 2014). Further sampling to the south has continued to define additional nickel and copper anomalies. At **Mt Goma,** a zone of about 1.3km by 1.3km has been defined by soils greater than 1500ppm Ni with a peak zone of 700m by 200m of between 0.5% and 1.9% Nickel. Geological mapping indicates the broader zone corresponds to a strongly weathered and magnetic gabbro with a local zone (where the 0.5% to 1.9% nickel zone occurs) of intense weathering and pyroxenitic intrusions. Rock chips spot assayed by XRF up to 11.7% Ni have been returned from the zone.

Figures 3 and 4 show the nickel and copper soil data and the location of the rock chip samples with the geological mapping. Copper in soil anomalism partially overlaps with the nickel anomalism on its south eastern boundary and to the south. The copper anomaly and the extent of the mafic/ultramafic intrusions to the south east have not yet been fully delineated. It is thought that a significant amount of the anomaly is due to weathering and surface enrichment processes, however the presence of anomalous copper adjacent to the weathered nickel zone may indicate some primary source to the mineralisation.

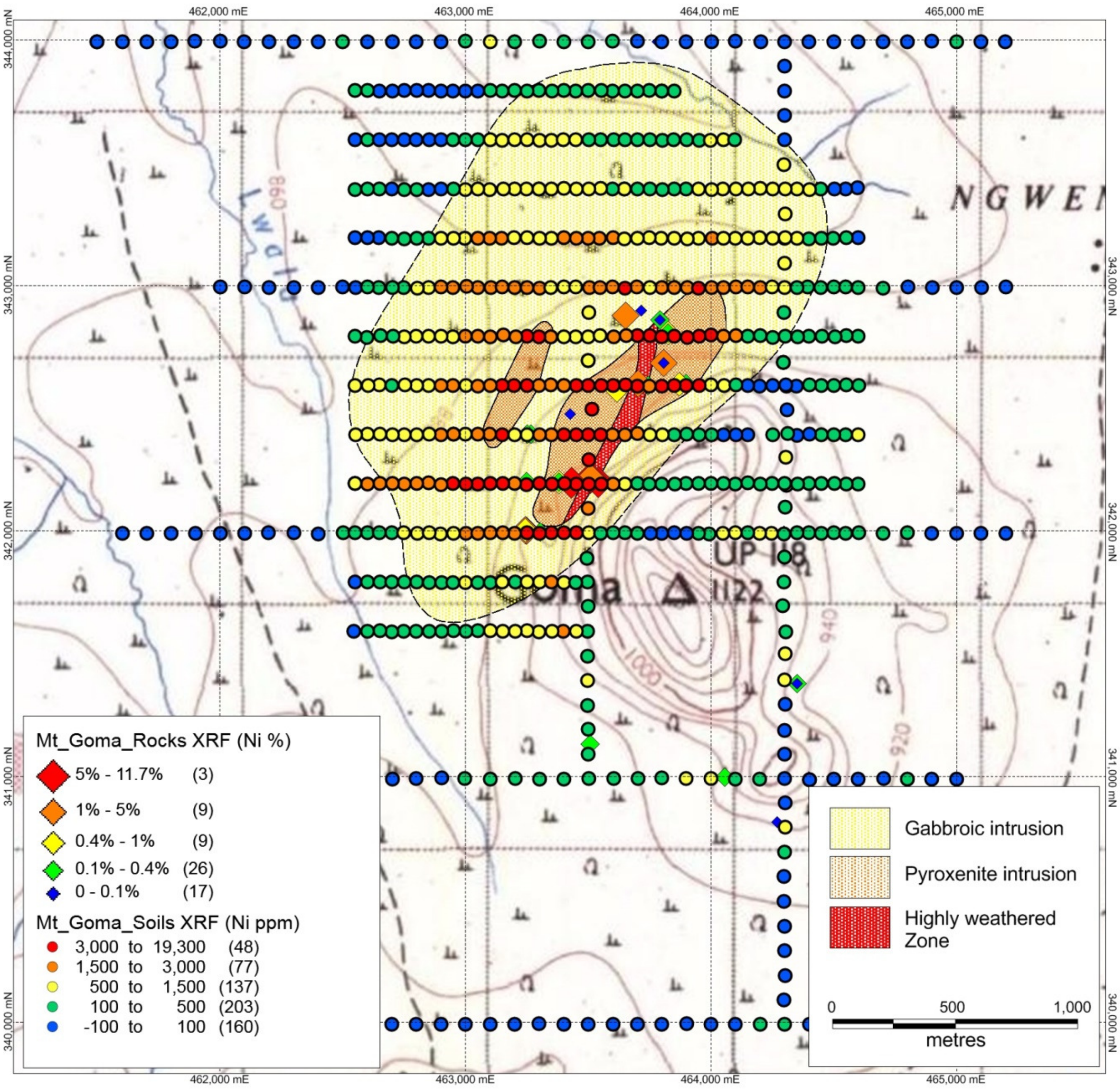

Figure 3 Nickel in soil anomaly north west of Mt Goma.

Note the highly weathered zone corresponds to soils up to 1.9% nickel and rocks up to 11.7% Nickel.

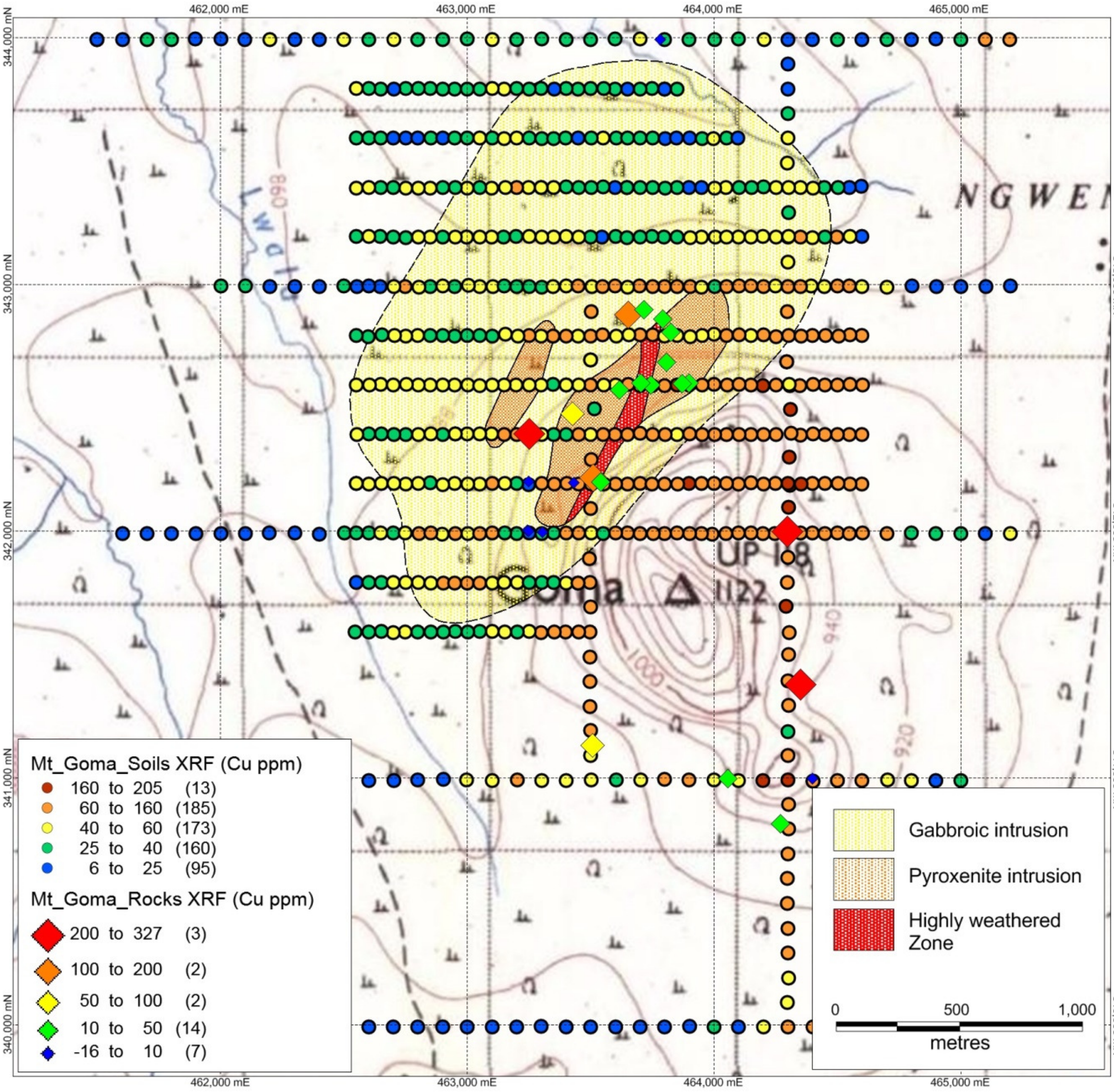

Figure 4 Copper in soil anomaly north west of Mt Goma.

Note the highly weathered Ni zone partially overlaps with the copper zone. The copper zone lies to the south east of the nickel zone.

Assay results from Pamwa are still awaited.

Forward Program

The aim of the program going forward is to demonstrate potential for multiple mineralised intrusive systems in the Akelikongo Region. To this end the following program has been planned.

Further diamond drilling in the Akelikongo area will commence following the ground gravity work which will help define the ultramafic intrusions and is expected to lead to further intrusive targets, in addition to the off hole DHEM targets. Petrology on the core is underway to characterise the sulphide mineralisation and help to understand the genetic processes that formed it.

RAB drilling of a number of Nickel targets in the Akelikongo region and at **Mt Goma** will be undertaken in the next few weeks. It's expected that some of these may also require follow up diamond drilling.

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.

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Background

The Kitgum-Pader Base and Precious Metals Project covers 7296 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. Since that time, the company has collected over 50,000 soil samples, along with geological mapping by the late Nick Archibald, Brett Davies and Russell Mason. The results of the field work and subsequent drilling of soil targets has 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**.

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** a high MgO intrusion hosts a zone of disseminated Nickel and Copper sulphide mineralisation above a zone of brecciated more massive nickel and copper sulphides. The mineralisation extends into the country rock felsic gneiss indicating further remobilisation.

The **Pamwa** Zn, Pb, Ag & Cd soil anomaly was first pass drilled using RAB during July and resulted in the discovery of a Broken Hill Type Zn Pb, Cd, Ag mineralised system with a peak result of

- **LMC010 5m* @ 2.00% Zn, 0.23% Pb, 97 ppm Cd and 2.4 ppm Ag** from 20m

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".

Diamond drilling indicates mineralisation is broadly foliation parallel and can be correlated to the detailed soil data.

The geochemistry shows a strong association between Zn-Pb-Cd-Mn a characteristic element suite of Broken Hill style of mineralisation.

Major mining houses have scoured the world for decades in an attempt to discover the next Broken Hill Type Deposit. Sipa has demonstrated that such world class deposits could be discovered at **Pamwa** and within the extensive Zn rich **Ayuu Alali** soil horizons defined by soil sampling during 2013. These horizons contain many of the characteristics described as being typically associated with Broken Hill type SEDEX deposits, via local geochemical associations, geological observations, and the broader interpreted tectonostratigraphic setting of a rifted reactivated mobile belt of probable lower to mid Proterozoic age.

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.*	• See Drill sampling techniques (for drilling) • Soil samples are taken initially at 1km line and 100m sample spacing. Infill soil sampling to 200m line and 50m sample spacing and where appropriate down to 25m by 25m.. The samples are taken from about 30cm depth and sieved with a 250# sieve. Soil Sample size is around 150g. If samples are wet or unsieved, the samples are brought back to camp, dried, then crushed and sieved to -250um. • The sample is then placed in a small cup with a mylar film on the bottom and analysed by XRF • For the first 30000 samples one in eight soils were sent for laboratory analysis as a check. LAB checks are no longer conducted as the data is considered to be reliable.
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).*	• Drill type is diamond. HQ coring from surface then reduced to NQ from fresh rock. • Core was oriented using Spear for AKD001 and AKD002 and Reflex ActII RD Rapid Descent Orientation from AKD003 onwards

Criteria	JORC Code explanation	Commentary
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.*	• Sample recoveries measured using tape measure. • Occasional core loss. mostly 100% recovery. Core loss marked on Core blocks
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 all holes using a digital quantitative and qualitative logging system to a level of detail which would support a mineral resource estimation. Holes have been geotechnically logged.
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 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.*	• NQ core has been sawn in half and geological intervals generally at one metre, but appropriate to specific visual mineralisation have been taken • Sample preparation is using commercial Laboratory Method which includes drying, sieving and pulverizing.Core samples are crushed to 70% -2mm prior to pulverizing. • Pulverising then split to 85% <75um • The soil samples were taken from a residual soil profile and are considered representative of the substrate rock. No field duplicates were taken. • Infill samples confirmed and substantiated the initial anomaly. • Soil samples are the homogenized product of weathered rock.
Quality of assay data and laboratory	• *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*	• Multielement assaying was 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 Pt Pd

Criteria	JORC Code explanation	Commentary
tests	*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.*	with ICP finish • Lab Standards were analysed every 30 samples • For soils An Olympus Innov-X Delta Premium portable XRF analyzer was 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 180 seconds Soil Mode was used and beam times were 60 seconds. • Selected high samples were analysed in Mineplus Mode. A propylene3 window was used. Standards are used regularly to calibrate the instrument.. • Rock chips were spot analysed by XRF with some selected samples sent with drill samples for Laboratory analysis
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 initial drill test into a newly identified prospect. No verification has been completed yet. • Twinned holes are not considered necessary at this stage • Data entry is checked by Perth Based Data Management Geologist • Assays have not been adjusted • The soil data is reviewed by the independent consultant Nigel Brand, Geochemical Services, West Perth The data is audited and verified and then stored in a SQL relational data base.

Criteria	JORC Code explanation	Commentary
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 and soil and rock points have been located via hand held GPS.
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.*	• To early to comment on. This is an initial drilling program
Sample security	• *The measures taken to ensure sample security.*	• Drill samples are accompanied to Entebbe by a Sipa employee. Until they are consigned by air to Johannesburg.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• no reviews have been undertaken as yet.

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.*	• No previous mineral exploration activity has been conducted.
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* ○ *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.*	• Reported in Text

Criteria	JORC Code explanation	Commentary
	• *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.*	• All assay results have been reported. Where data has been aggregated a weighted average technique has been used.
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').*	• It is interpreted that these widths approximate true width.
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 drill assay results are reported. • Soil data that a statistically important are shown (the database comprises more than 50000 samples with up to 600 samples collected every week.
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 • Down hole EM . -Interpretations in this release have incorporated data, images and models from down-hole geophysical surveying. In March, 2015 a Time Domain Down Hole Geophysical survey was undertaken on 4 drill holes at Akelikongo

Criteria	JORC Code explanation	Commentary
		.The survey included the collection of electromagnetic data. Equipment used included: Receiver: SMARTem24. Transmitter: Zonge ZT-30. Transmitter Controller: SMARTem24 Digi-Atlantis probe: 3 component BField. The survey was completed using the following parameters: • Reading interval – 5m over background; 2.5m over anomalies. • Transmitter base frequency – 1 Hz. • Transmitter loop size – 400m X 400m. • Nominal transmitter current – 23 Amps. • Transmitter turn-off time– 0.6 msec. • Data processing and model construction was undertaken offsite.
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