Sipa Resources Limited
ABN 26 009 448 980

March 2015 Quarterly ASX Report

HIGHLIGHTS

Kitgum-Pader Basemetals & Gold Project

Akelikongo

- Assays confirm diamond drilling at Sipa's **Akelikongo** project has intersected high grade Nickel and Copper Sulphide mineralisation in hole AKD002 and AKD004 in a breccia zone on the intrusive contact between mafic/ultramafic and felsic gneiss.

- The drilling has also intersected lower grade disseminated Nickel and Copper sulphide mineralisation in a high MgO mafic ultramafic intrusion up hole. The mineralisation extends from surface to more than 80m below surface and is open in all directions.

- Down Hole EM (DHEM) data indicates off hole conductors related to possible mineralisation in holes AKD002 and AKD004, drilled into the main **Akelikongo** intrusion and AKD003 (1km north of Akelikongo) and also shows the known mineralisation in the hanging wall ultramafic in holes AKD002 and AKD004.

Pamwa

- Drilling at **Pamwa** intersected thin zones of base metal sulphides (sphalerite and galena) in all three holes confirming the presence o**f a base-m**etal sulphide system.

Regional

- Two new tenement applications give Sipa a dominant land position in the wider area prospective for intrusive nickel sulphides around **Akelikongo** bringing the total land position to 7,296 sqkm

- Infill XRF soil sampling in the **Akelikongo** region is ongoing with the aim of defining a number of priority targets for RAB drill testing.

- Prospecting and Infill soil sampling and prospecting has highlighted a new intense nickel in soil anomaly and strongly anomalous rock chips at **Mt Goma** .

- Field mapping and interpretation during the period has identified extents of the Archean "Aswa Greenstone Belt" increasing prospectivity of the ground holding. A number of known Ni and Ni-Cu in soil anomalies occur within this domain.

Forward Planning

Potential for multiple mineralised intrusive systems in the Akelikongo Region will continue to be the focus with a ground gravity survey commissioned and continued diamond and RAB drilling.

During the quarter Sipa Resources Limited conducted diamond drilling and down hole EM activities at its 100% owned Kitgum Pader base and precious metals project. The diamond drilling was a deeper test of both the Akelikongo Ni-Cu target and the Pamwa Zn-Pb target which were first tested to the top of the fresh rock interface by RAB drilling in June and July 2014.

Drilling commenced on the 1st February 2015 and was completed on the 12th of March. Four diamond holes were completed at Akelikongo and a further three holes were drilled at Pamwa for a total of 1317.5m (Table 1). Down hole EM was conducted on all holes and results reported in ASX announcement dated 22 April 2015.

Hole	Easting	Northing	RL	Total Depth	Azimuth	Dip
AKD001	457139	396608	967	235.3	022	-60
AKD002	457090	396959	952	177.1	220	-60
AKD003	456281	397677	960	180.9	022	-60
AKD004	457237	396837	972	142.5	220	-60
PAD001	457570	381430	961	188	240	-60
PAD002	457593	381149	960	218	230	-60
PAD003	457639	381369	962	175.7	240	-60

Table 1 Drillhole locations and depths

In addition to the diamond drilling program, regional mapping and geological interpretation was completed over the ground holding by Brett Davies and Russell Mason.

Akelikongo

A total of four holes were drilled at Akelikongo for a total of 735.8m (Figure 1). Two holes, being AKD002 and AKD004, were drilled underneath the main mineralised zone, whereas AKD001 and AKD003 were drilled to test EM conductors in the locality. Geological summaries of these holes were made in the ASX announcements dated 20 February and 27 February 2015.

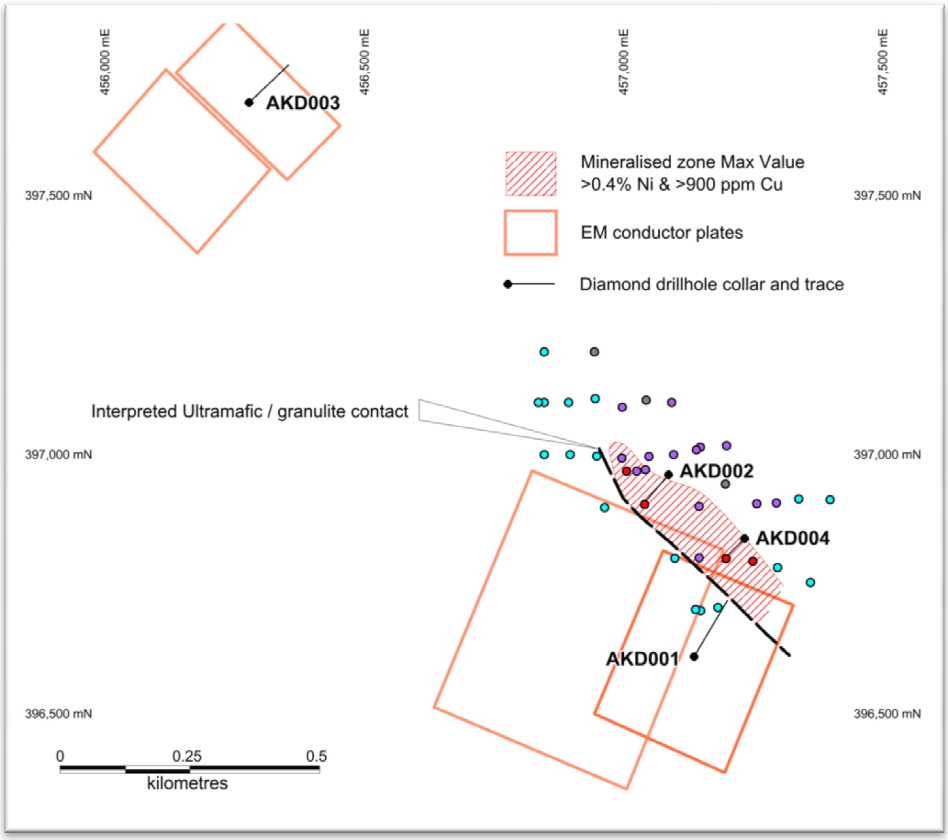

Figure 1 Akelikongo drillhole location plan and modelled EM conductor plates (refer Figure 2 for drillhole legend)

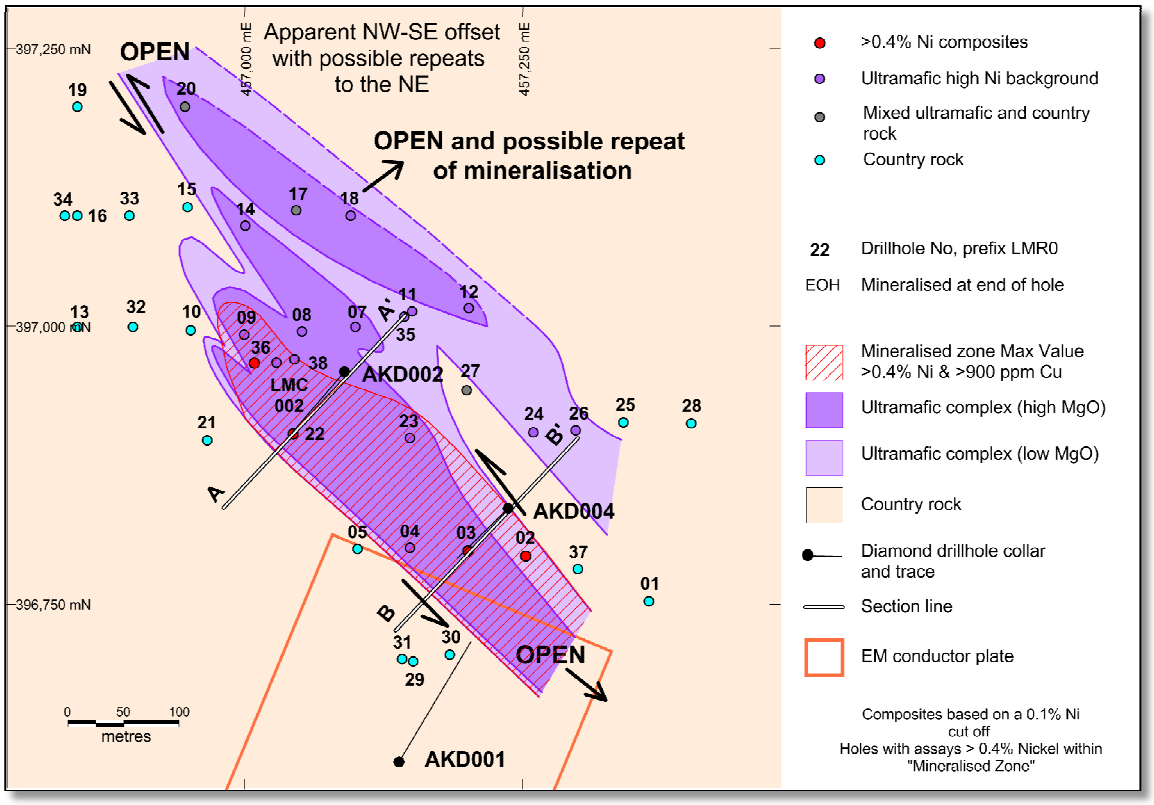

Figure 2 Plan showing drillholes AKD001, AKD002 and AKD004 in relation to known mineralised zone and EM targets.

Results from AKD002 and AKD004 confirm the presence of a nickel copper sulphide bearing mafic/ultramafic sequence. A high MgO mafic-ultramafic sequence is around 50 to 80m wide with the lower 30m containing nickel-copper-sulphides. This high MgO mafic-ultramafic is overlain by a pyroxenite with a footwall of felsic granulite gneiss.

The nickel copper sulphide sequence includes breccia and footwall fragments (typically <0.5m) containing high grade massive nickel and copper sulphides including:

From **AKD002** (Figure 3)

> **0.5m @ 1.77% Ni and 0.06% Cu** from 123.8m to 124.3m
>
> **0.3m @ 0.23% Ni and 3.43% Cu** from 127.3m to 127.64m
>
> **0.24m @ 1.15% Ni and 0.02% Cu** from 133.68m to 133.92m

And from **AKD004** (Figure 4)

> **3.4m @ 0.93% Ni and 0.10% Cu** from 94.2 to 97.6 including
>
> **1.3m @ 1.49% Ni and 0.11% Cu** from 95.4m to 96.7m
>
> and **0.4m @ 1.59% Ni and 0.2% Cu** from 97.2m to 97.6m

These breccia fragments have been remobilised suggesting a larger more massive source zone close to or along the footwall contact, which may represent the base of the intrusion as well as the tectonic contact with the footwall gneiss. The presence of massive nickel and copper rich sulphides in the breccia is evidence of high grade nickel and copper sulphide concentrating processes. For this reason down hole EM was employed to determine the potential location of the massive sulphide source and the nature of the footwall contact position.

The broader nickel and copper sulphide interval within the high MgO mafic ultramafic intrusion up hole returned the following:

> **AKD002 33m @ 0.36% Ni and 0.21% Cu** from 103m to 136.67m; and
>
> **AKD004 24m @ 0.30% Ni and 0.08% Cu** from 58m to 82m and **5.1m @ 0.24% Ni and 0.07% Cu** from 85.9m to 91m (82m to 85.9m is a post mineral granitic dyke).

The stringer and disseminated mineralisation extends for around 4 to 6m into the felsic granulite gneiss indicating remobilisation and enrichment has occurred not just in the fault zone but into the footwall gneiss with the contact zone returning:

> **6.3m @ 0.33% Ni and 0.11% Cu from 136.67m in AKD002**

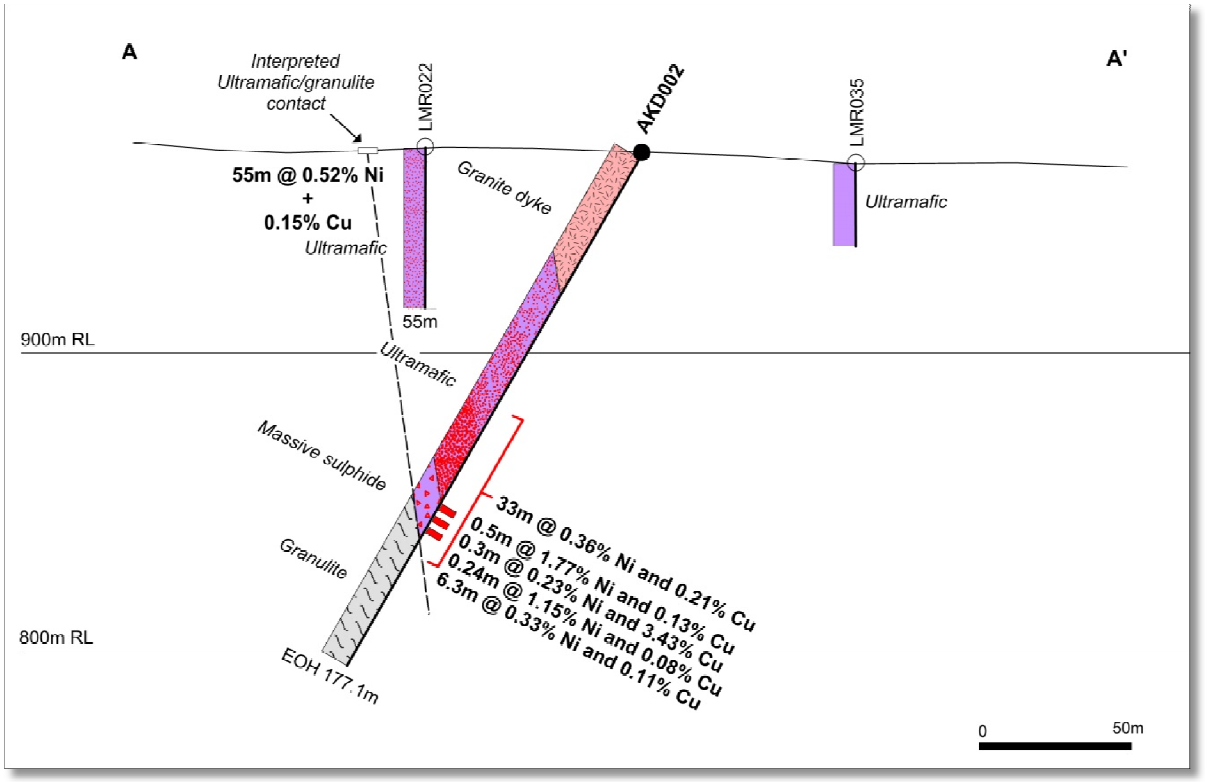

Figure 3 Section A-A' AKD002

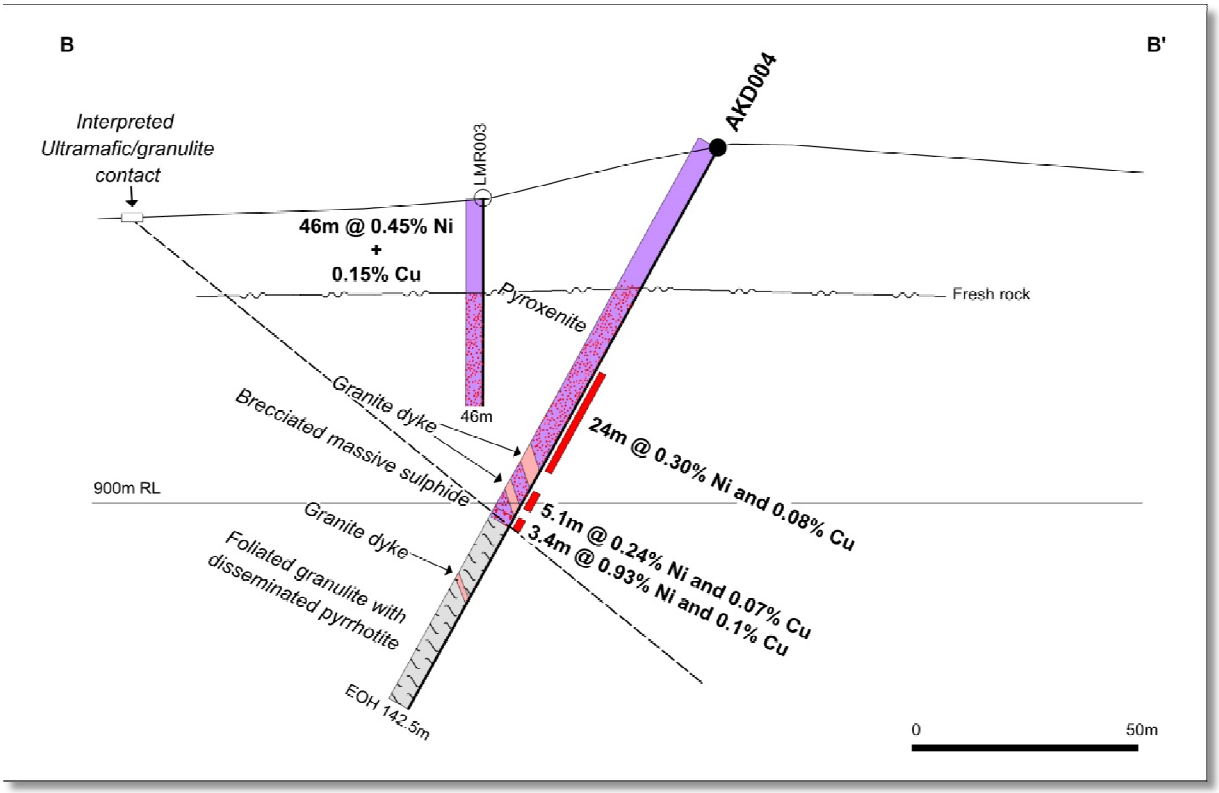

Figure 4 B-B' showing AKD004

AKD001 was not assayed as preliminary XRF results did not show nickel or copper anomalism. Selected parts of AKD003 were assayed and the results show that the footwall disseminated pyrrhotite contains anomalous nickel and copper up to 452ppm Ni and 333ppm Cu in a zone containing up to 9% Sulphur. The disseminated pyrrhotite in AKD003 appears to explain the EM anomaly however the presence of anomalous Nickel and Copper in the granulite gneiss may indicate proximity to a mineralised ultramafic intrusion similar to that intersected in AKD002 and AKD004.

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 5 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.

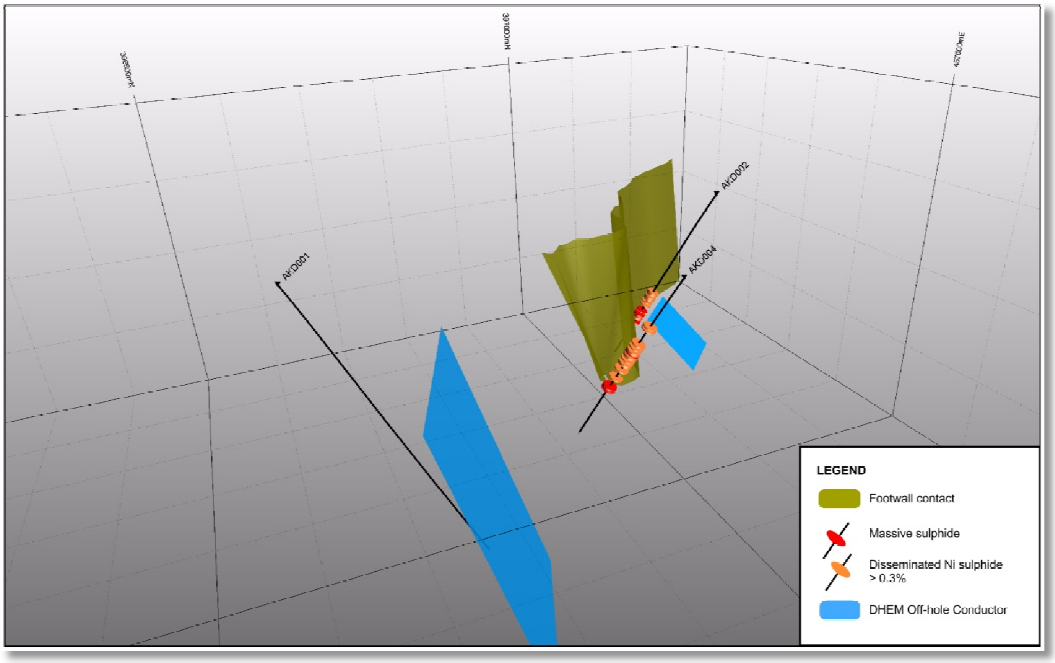

Figure 5 modelled DHEM conductors shown in 3d with mineralised footwall contact and drillholes AKD1, 2 and 4

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, scheduled for the current quarter, should also detect other “blind” intrusive bodies in the immediate area.

Pamwa

Three diamond drill holes were drilled at Pamwa for a total of 581 m. In fill 25m by 25m soil sampling and XRF assaying at Pamwa shows that the original soil anomaly has resolved into two main zones oriented parallel to the regional foliation as mapped in the area Figure 6.

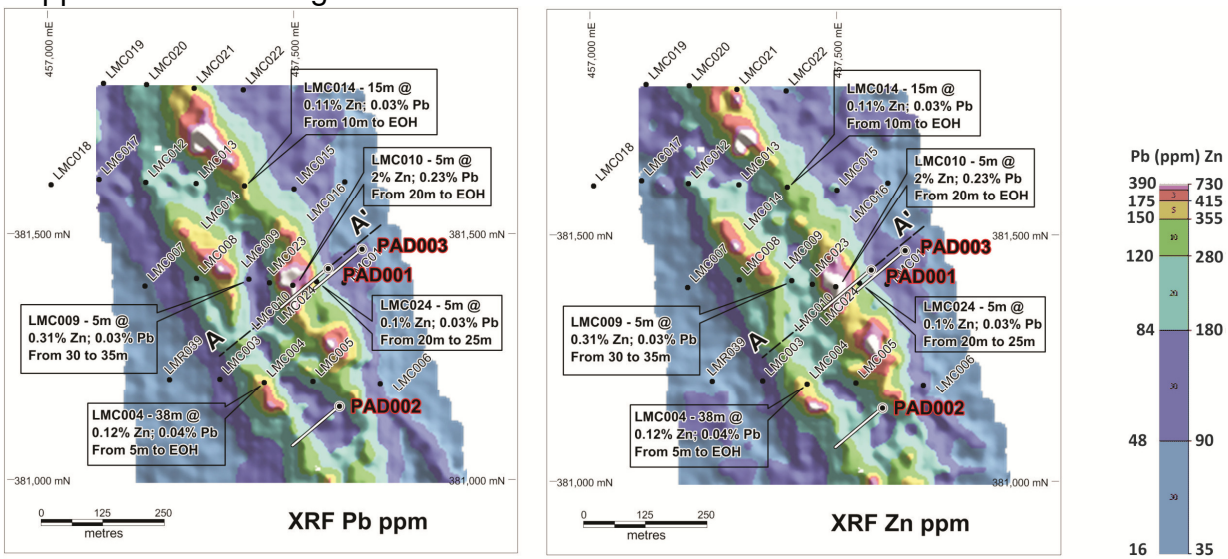

Figure 6 Pamwa drillhole location plan with RAB geology and significant Zn Pb intercepts.

Observations from drilling show a number of mineralised bands which also run parallel to the foliation and can be correlated from the surface soil data and down dip in the diamond holes. These zones dip around -50 to the north east. The photo shown as figure 7 is an example of one such mineralised shear band containing sphalerite and trace galena from PAD001 80-81m. Assays from Pamwa are still pending.

Figure 7 5cm band of sphalerite with minor galena in PAD001 80-81

Regional Potential for further nickel sulphide mineralisation around Akelikongo.

Infill soil sampling over the last three months has confirmed the prospectivity of the Akelikongo region, as suggested in ASX announcement dated 4 December 2014 (Refer Figure 8). The sampling has resulted in a number of new targets being defined for follow up RAB drilling in 2015. In response, Sipa has increased its tenement holding in the area by the application of two additional tenements.

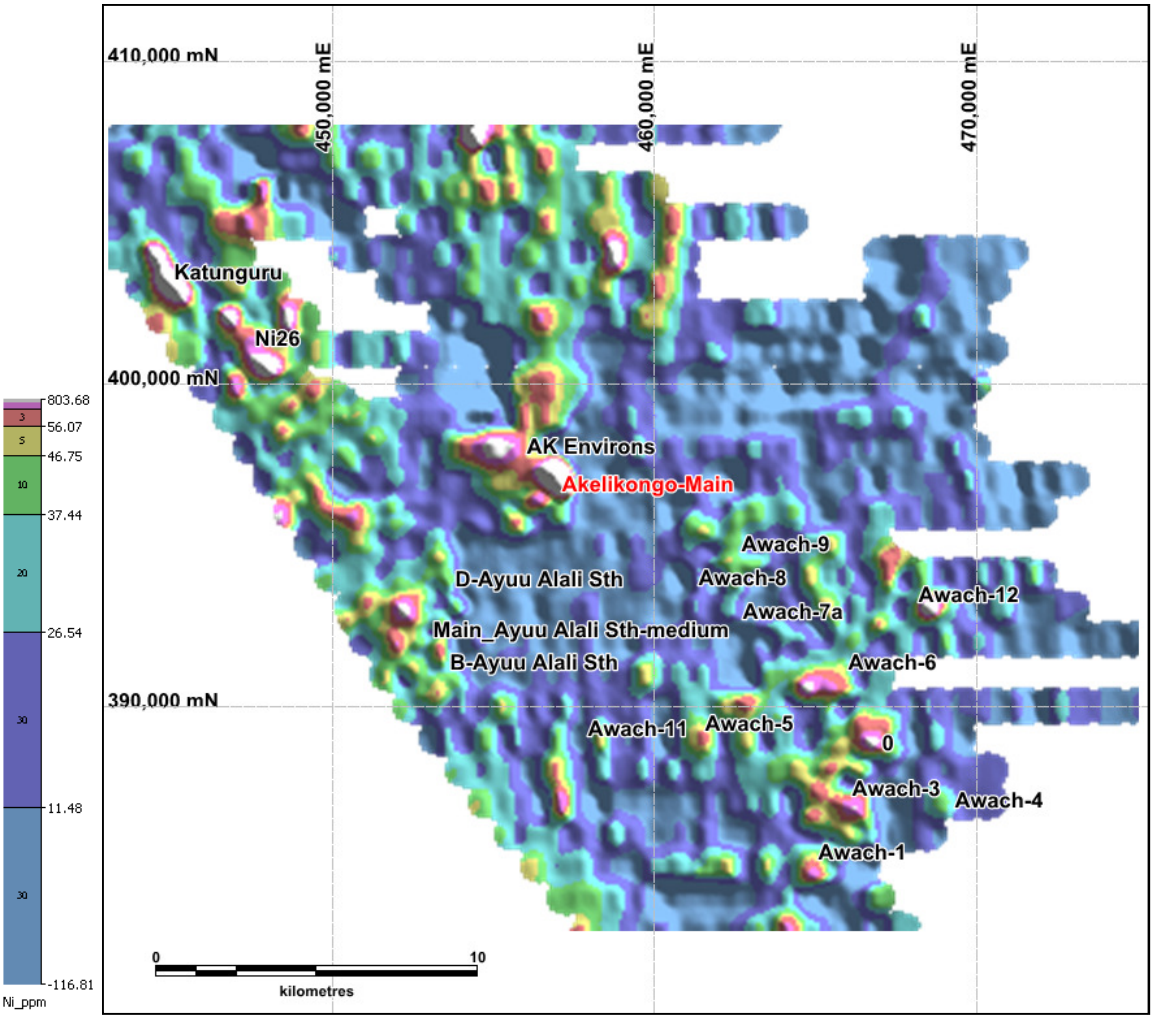

Figure 8 Plan of Akelikongo Regional Nickel Targets

A comparison of Sipa's dominant ground position in Northern Uganda to the Fraser Range of Western Australia, where numerous junior companies are actively exploring in the attempt to emulate Sirius' success with the Nova Bollinger nickel sulphide discovery, is included as Figure 9. A number of companies including Sirius have identified other magmatic Nickel Sulphide mineralisation showing that a larger mineral district exists. The Fraser Range has a similar tectonic position to Kitgum Pader on an Archean cratonic margin.

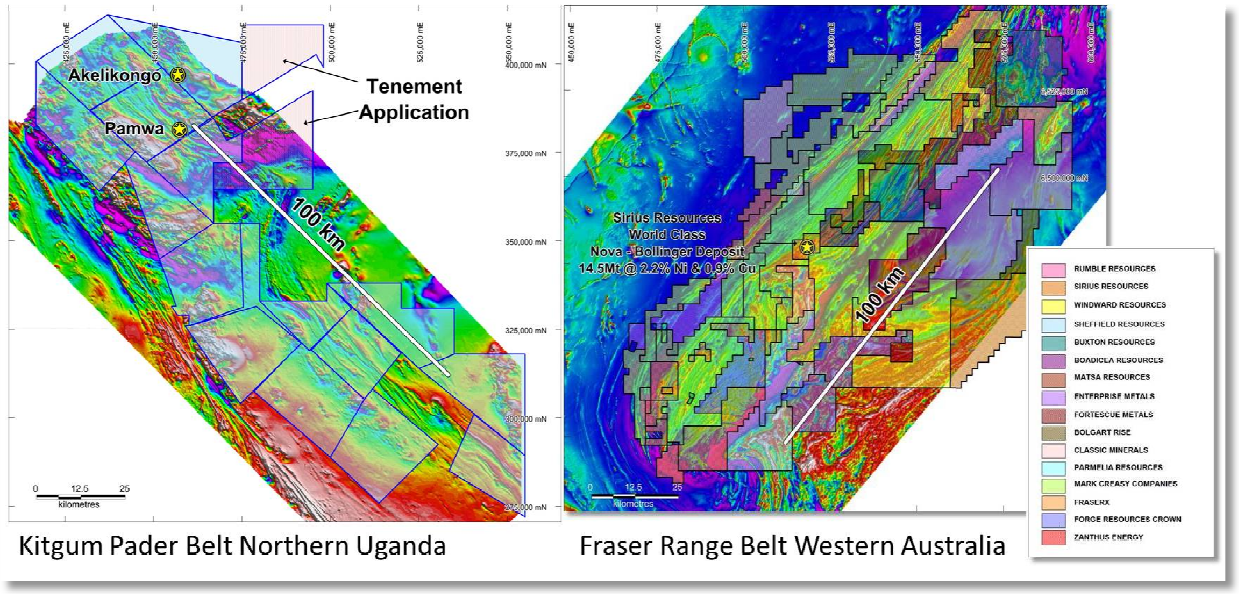

Figure 9 Comparison of Scale Kitgum Pader to Fraser Range Belt

Results of Mapping Define Insitu Archean Greenstone Belt.

In a mapping 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[1] 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.

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.

[1] 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.

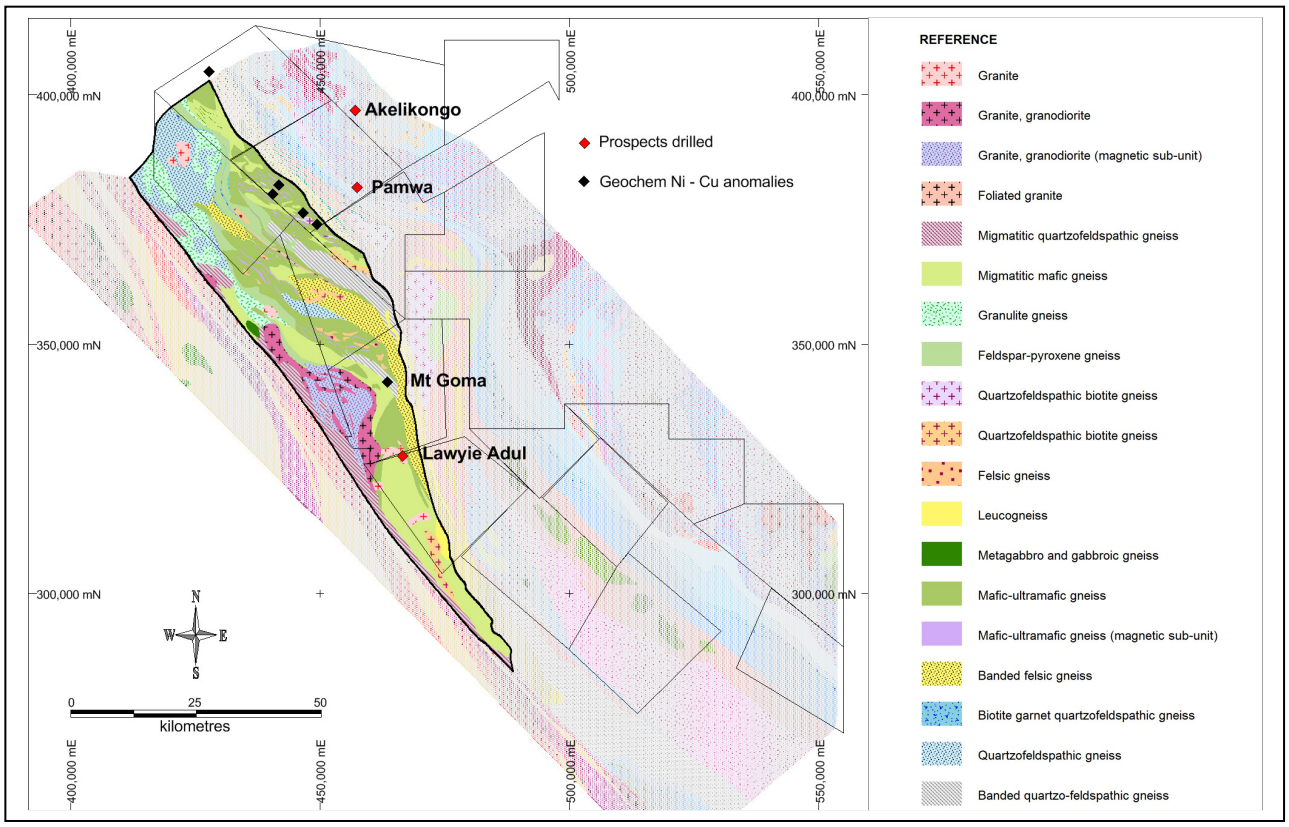

Figure 10 New Lithostratigraphic Interpretation (Davies and Mason 2015) showing Aswa Greenstone Belt, prospects and anomalies

Figures 11 and 12 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.

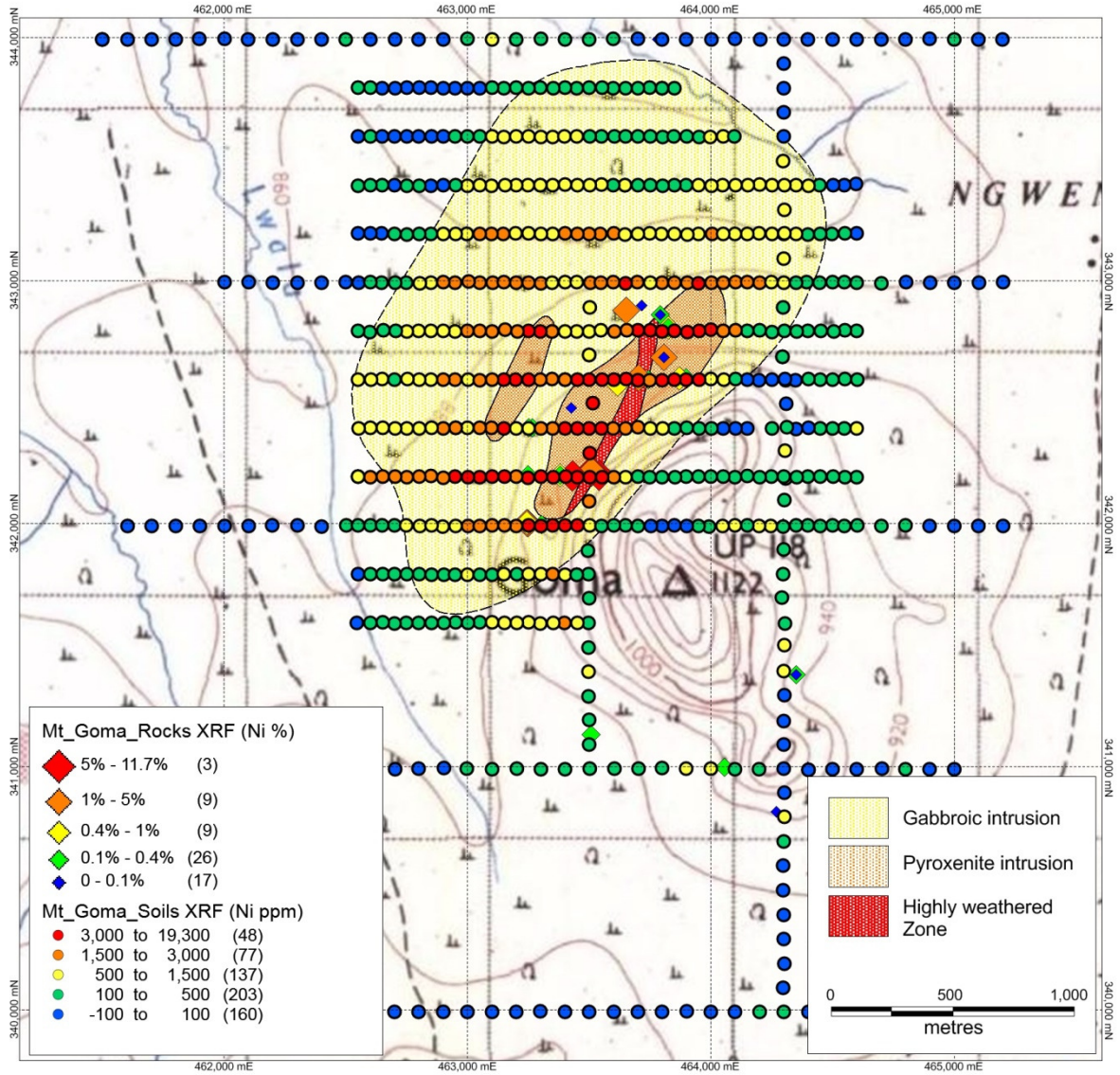

Figure 11 Nickel in soil anomaly north west of Mt Goma.
Note the highly weathered zone corresponds to soils up to 1.9% nickel and rocks up to 11.7% Nickel.

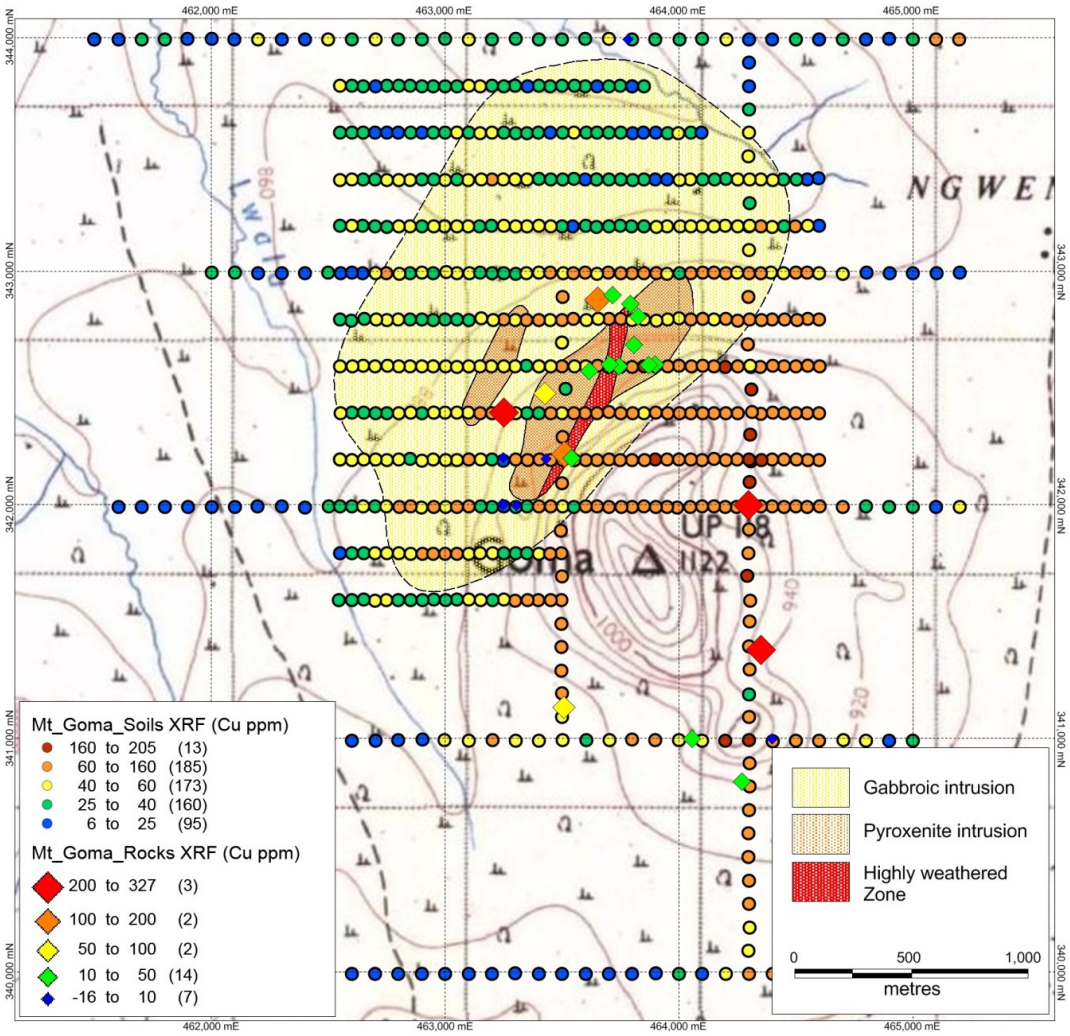

Figure 12 Copper in soil anomaly north west of Mt Goma.
Note the highly weathered Ni zone partially overlaps with the copper zone. The copper zone lies to the south east of the nickel zone.

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 targets. Petrology on the core is underway to characterise the sulphide mineralisation and help to understand the genetic processes that formed it.

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

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.

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Corporate

On the 11 March Sipa announced the appointments of Craig McGown as Director and Chairman and the resignation of Ian Pearce as a Director and Chairman of the Company.

Mr McGown is an investment banker with over 35 years of experience consulting to companies in Australia and internationally, particularly in the natural resources sector. He holds a Bachelor of Commerce degree, is a Fellow of the Institute of Chartered Accountants and an Affiliate of the Financial Services Institute of Australasia. Mr McGown is an executive director of the corporate advisory business New Holland Capital Pty Ltd and prior to that appointment was the chairman of DJ Carmichael Pty Limited. Mr McGown has had extensive experience in the corporate finance sector, including mergers and acquisitions, capital raisings in both domestic and international financial markets, asset acquisitions and asset disposals, initial public offerings and corporate restructurings.

Mr Pearce served Sipa and its subsidiaries for over 14 years, including 12 as Chairman. The Board would like to take this opportunity to express its gratitude to Ian for his valuable contribution over that time.

During February proceeds were received from the sale of the Sandfire shares received from the sale of Thaduna. These funds will continue to be applied to the programs at the Kitgum Pader projects in Uganda

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

Background

The Kitgum-Pader Base and Precious Metals Project covers 7,296 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 Intrusive hosted Nickel-Copper sulphide mineralisation at **Akelikongo; and**.
- The Broken Hill-style Lead-Zinc-Silver, at **Pamwa.**

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. Diamond drilling confirmed thin zones of base metal sulphides (sphalerite and galena) in all three holes.

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.