



Kitgum-Pader Basemetals & Gold Project

Highlights

- Ground gravity survey defines intrusions at and around **Akelikongo**.
- RAB drilling of targets around **Akelikongo** and the wider region has commenced.
- Diamond drilling planned to resume in next two weeks upon completion of the gravity modelling program around **Akelikongo**
- Lab results return a nickel rock chip assaying with a value of 2.64% at Mt Goma.

Sipa Resources Limited (ASX: SRI) (the "Company" or "Sipa") is pleased to announce an update on activities in the area around **Akelikongo** and regionally.

Nickel

Akelikongo

A detailed ground gravity survey has commenced in the area around **Akelikongo**. The aim of the survey, which is ongoing, is to further delineate the extent and shape of the ultramafic intrusion at Akelikongo and to detect others in the area.

Preliminary results indicate a complex gravity high located at **Akelikongo** and extending to the north east which appears to correspond with the drilled intrusion. A number of other anomalies, interpreted to also be intrusions, have been detected. Data modelling will continue with the input of specific gravity measurements from previous drill core upon completion of the survey.

Infill soil geochemistry around **Akelikongo** has highlighted a number of targets requiring follow up RAB drilling. RAB drilling commenced last weekend with diamond drilling at Akelikongo to re-commence in the next two weeks following a review of the gravity modelling so as to optimise the drill program.

Mt Goma

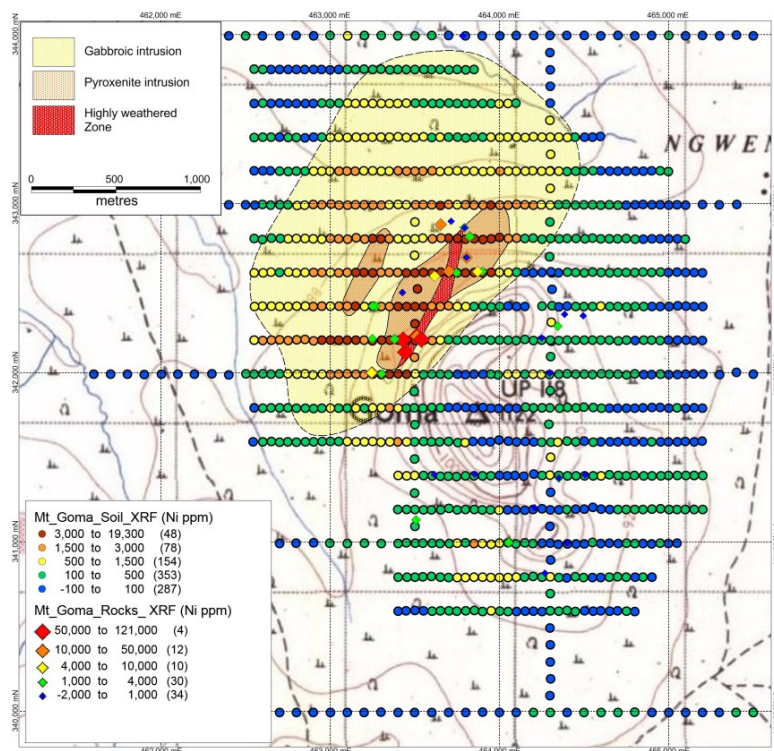


Figure 1 Nickel in soil anomaly Mt Goma.

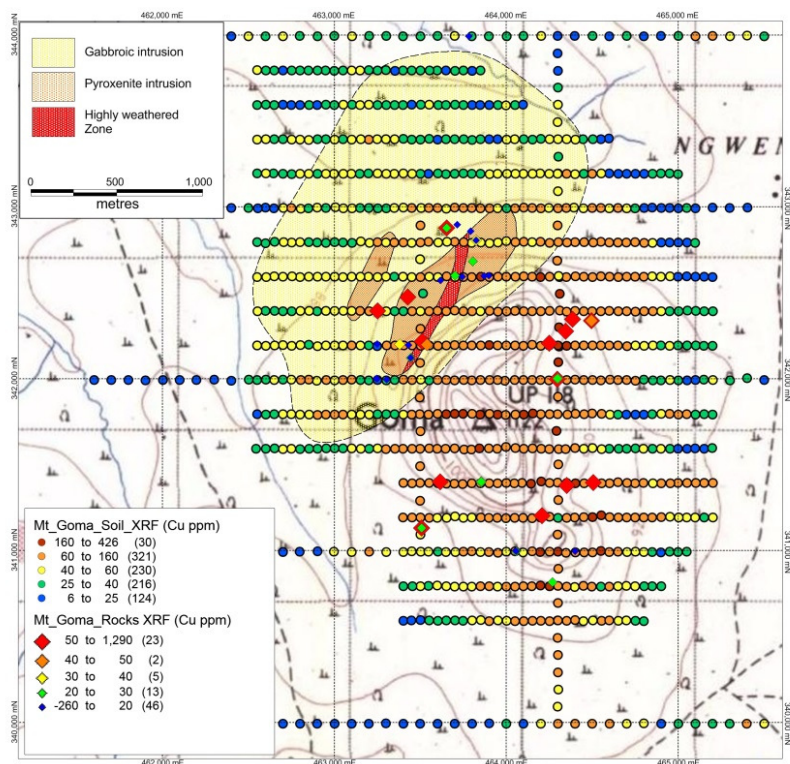


Figure 2 Copper in soil anomaly Mt Goma.

Infill soil sampling in the **Mt Goma** area has continued with the delineation of a mafic ultramafic complex comprising the entire **Mt Goma** area. The focus is an area of strong weathering of approximately 700m by 200m (Figure 1) where previous soil sampling returned between 0.5% and 1.9% nickel as reported in the ASX Release of 29 April 2015. Figures 1 and 2 show the nickel and copper soil data and the location of the rock chip samples with the geological mapping. One rock chip was assayed at the laboratory in addition to the many of anomalous rocks assayed by spot XRF. The rock chip returned a result of 2.64% nickel with the presence of garnierite (a common oxidised nickeliferous mineral) identified (Figure 3).



Figure 3 Weathered ultramafic rock assaying 2.6% Ni, light green mineral identified as garnierite .

RAB drilling of lines over the zone is planned during the current program.

Zinc Lead

Upon integration of all data at **Pamwa** it was determined to extend the successful soil grid which delineated two parallel zones of anomalism which could be correlated with the recent drilling (ASX 1 May 2015) which hosted discrete zones of base metal sulphides (Zn, Pb, Ag, Cd). Figure 4 shows the planned extensions. It is thought that structural complexity within this package could help focus wider zones of mineralisation.

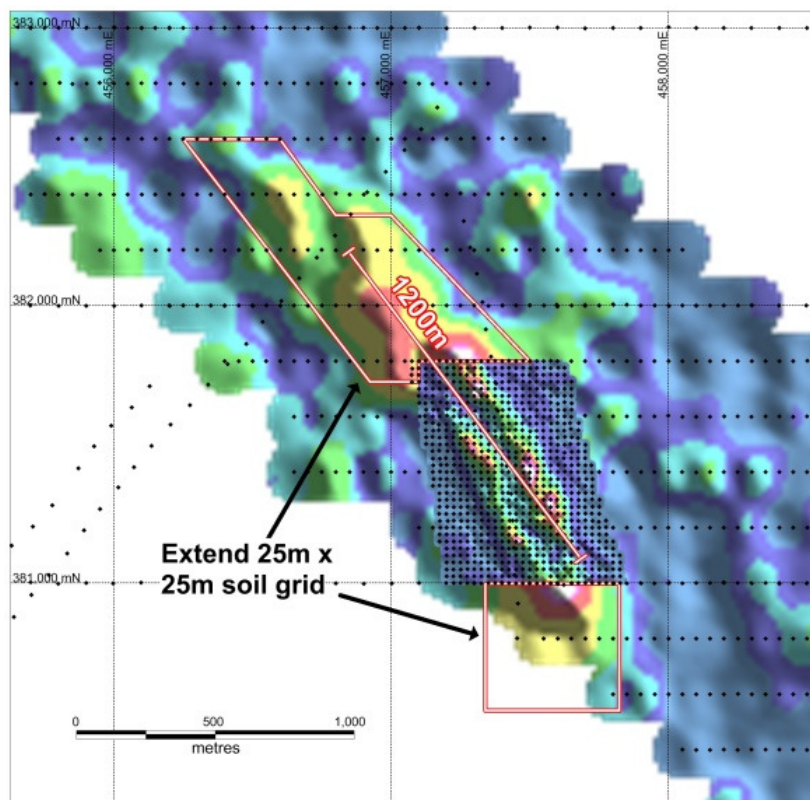


Figure 4 Infill soil grid at Pamwa showing proposed extension

Ongoing regional soil sampling has defined a new zone at **Lagwagi**, approximately 70kms southeast of Pamwa, of zinc and lead anomalism in a similar lithostratigraphic position to **Pamwa**. The area will be RAB tested as part of the current drilling program.

Figure 5 shows the location of the new zone with regard to the recent new geological interpretation by Brett Davies and Russell Mason.

Figure 6 shows the regional soil geochemical image for Zinc, and gneissic prospective unit over Sipa's tenement package.

The similarity of lithostratigraphic position of **Lagwagi** to **Pamwa** is an indication that further base metals may be located in this position and provides a focus for base metal exploration along this lithological and structural zone.

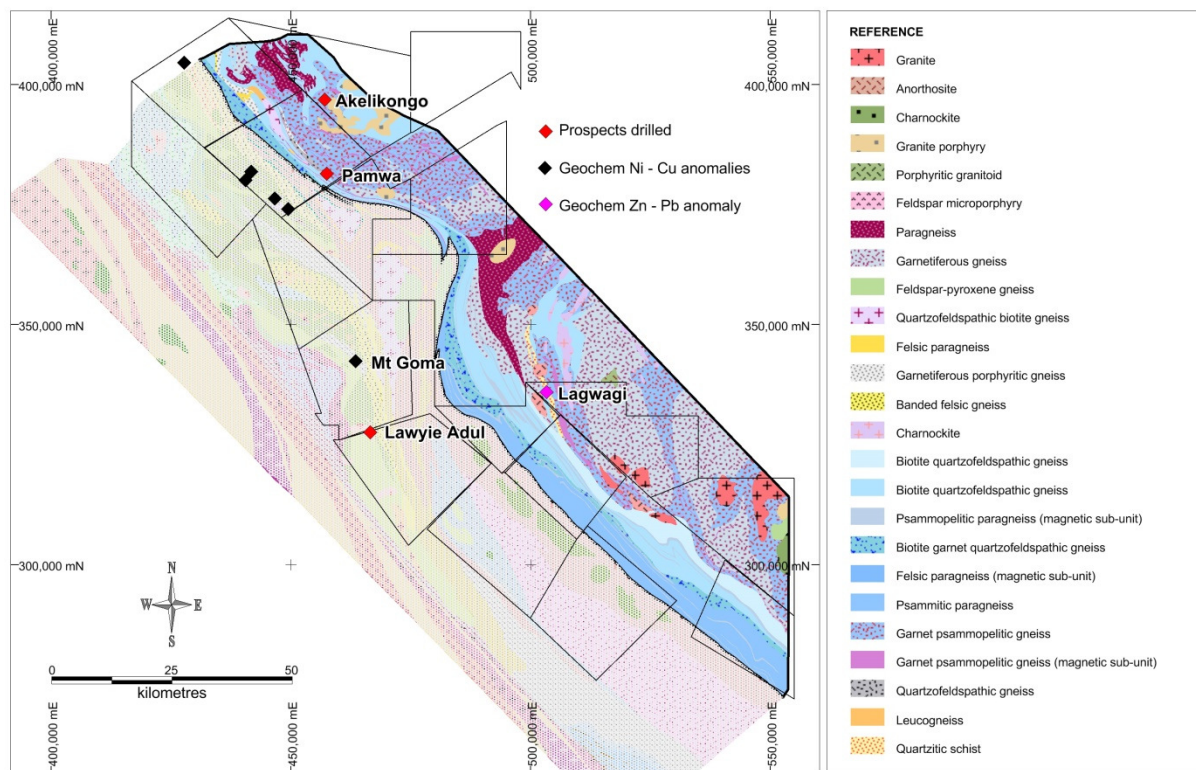


Figure 5 Gneissic lithostructural “units” as interpreted by Davies and Mason on the boundary of the Karamoja Domain and the Palabek Domain. The “units” are prospective for further base metal (Zn, Pb) exploration.

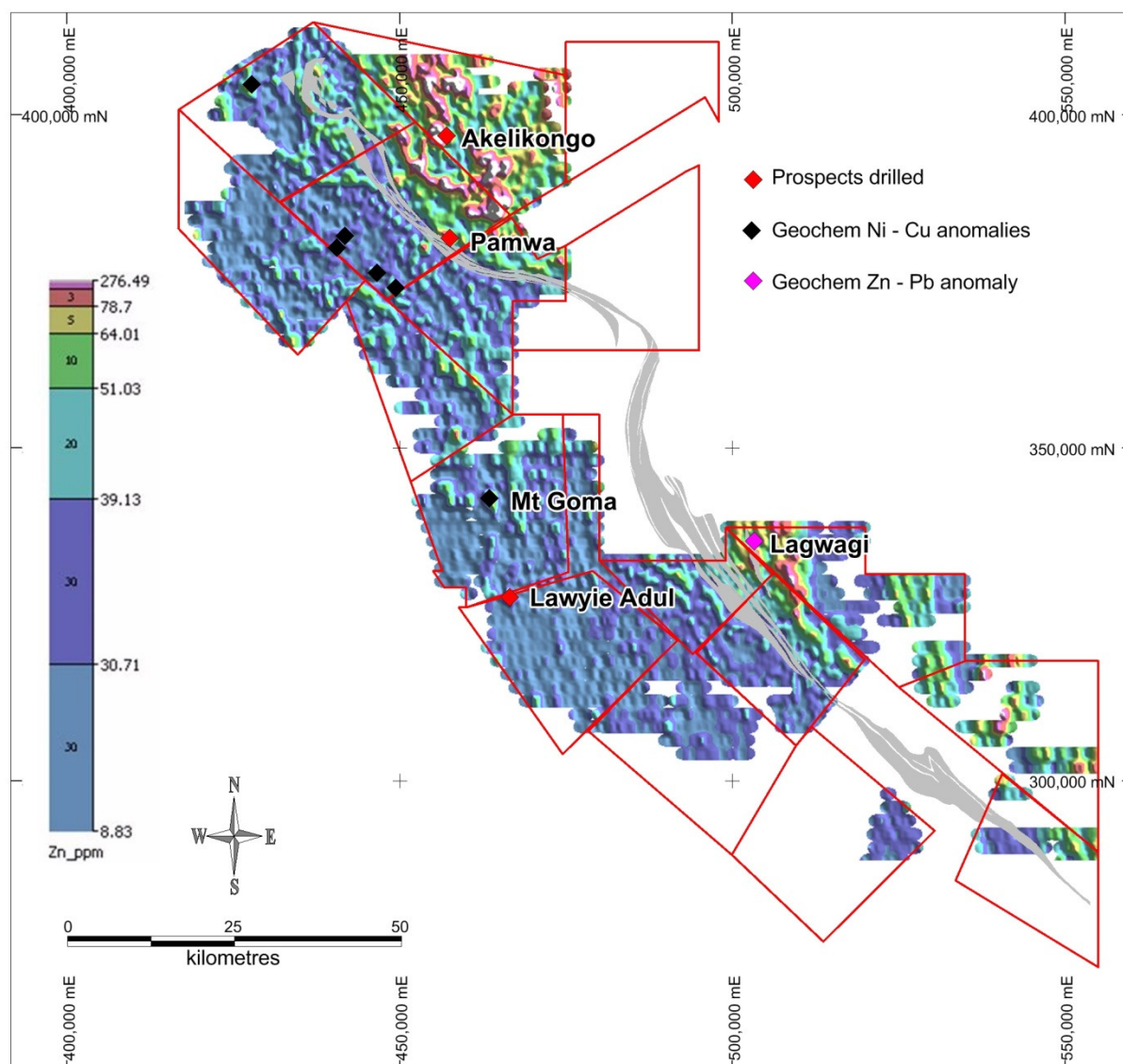


Figure 6 Location of prospective gneissic lithostructural units over regional Zn XRF soil geochemistry

Gold

During the initial soil sampling program conducted in 2013, a QA/QC measure was undertaken which saw one in eight soil samples sent for laboratory analysis. The procedure provided results for additional elements outside the detectable range limits including gold, silver, cadmium and bismuth and also provided calibration of the XRF assaying technique.

Those results showed a number of isolated gold anomalies and an anomaly called **Oguk** (formerly known as Abwoc Beel) was identified with co-incident gold, arsenic, and bismuth as a result of 200m by 50m infill sampling. (ASX Release 24 February 2014). Two isolated RAB lines were drilled in 2014 and returned some anomalous arsenic up to 469ppm (ASX 29 September 2014) but unfortunately did not test the peak of the gold anomalism. Further one in eight assay test work will now be



undertaken in addition to stream sediment surveys to determine the gold potential of both the greenstone belt and the rest of the tenement holding.

Forward Program

- RAB drilling has now commenced in the Akelikongo area and will test a number of local and regional targets in the coming months.
- Following completion of the ground gravity survey, diamond drilling will recommence once the targets are optimised with the final gravity models. This is expected to take around two weeks.

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 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.