Sipa Resources Limited
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25 June 2015

# Kitgum-Pader Basemetals & Gold Project

## Highlights

- **Diamond and RC drilling at Akelikongo shows the mineralised trend of disseminated and semi to massive nickel copper sulphide extends at least 100m further to the north of AKD002.**
- **The trend coincides with the western margin of a larger gravity complex identified in the recent ground gravity survey.**
- **The prospective gravity margin continues a further 400-500m to the north of AKD002.**
- **RAB drilling is currently testing the broader gravity complex area, the Akelikongo West area and several other discreet gravity and soil anomalies which may also represent other mafic/ultramafic intrusions.**
- **Drilling will continue for the next few weeks and will also test a number of other regional Ni/Cu and Pb/Zn targets.**
- **A further 100m step out diamond hole AKD007 is currently underway.**

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Sipa Resources Limited (ASX: SRI) (the "Company" or "Sipa") is pleased to announce drilling progress at its **Akelikongo** prospect and surrounding areas.

Since commencing work during May 2015, two RC holes and two diamond holes have been completed along with numerous shallow RAB holes. Table 1 below shows the location of the RC and Diamond holes. The holes were designed to test down hole EM conductors near AKD002 and also to test for extensions to the disseminated and semi massive to massive sulphide system drilled earlier this year. Assays are not yet available.

| Hole | Easting | Northing | RL | Total Depth | Azimuth | Dip |
|---|---|---|---|---|---|---|
| AKC001 | 457041 | 396979 | 945 | 126 | 220 | -60 |
| AKC002 | 457024 | 397035 | 945 | 44 | 220 | -60 |
| AKD005 | 457116 | 397677 | 946 | 269.15 | 220 | -60 |
| AKD006 | 457037 | 397052 | 943.5 | 275.9 | 220 | -60 |
| AKD007 | 456990 | 397143 | 942 | 200* | 238 | -60 |

*Planned depth

**Table 1 Drill hole locations for RC and diamond holes**

RC drilling of AKC001 and AKC002 was undertaken to determine whether a cheaper drilling method could be employed rather than diamond drilling for shallow holes up to 200m. Due to poor sample quality the results are deemed to be qualitative only and not JORC compliant.

AKC001 was collared 50m northwest of AKD002 and drilled to the southwest to test the continuity of mineralisation along the footwall contact of the ultramafic intrusion. The hole intersected pyroxenite with minor peridotite with the footwall contact of biotite garnet gneiss intercepted at 115m.

The ultramafic intrusion contains a geological estimate of disseminated sulphides throughout with pyrrhotite ranging from 1 to 3% and minor chalcopyrite and pentlandite. There are 4 zones from 45m to 49m, 54m to 67m, 82m to 85m and 96m to 99m with more intense sulphide mineralisation up to 5%. At the footwall contact is an 11m wide zone from 109m to 120m with sulphides ranging between 5 and 20% in a strongly foliated ultramafic rock and felsic gneiss. Between 113m and 119m chalcopyrite is estimated at around 5 to 10%. The hole finished at 126m in about 1% pyrrhotite.

AKC002 was drilled to 42m and was terminated in a granite dyke.

Diamond hole AKD005 was drilled around 45m north east of AKD002 and was designed to test the off hole conductor located in AKD002 about 50m down dip.

The hole collared in peridotite, and remained within the same ultramafic intrusion (predominantly pyroxenite, with smaller peridotite zones) to 231.0m. The intrusion contains disseminated sulphides throughout, generally ranging between 1 and 3% pyrrhotite with minor chalcopyrite. From 202.1 m there is a 2.7m zone of brecciation which contains 10-20% sulphides, predominantly pyrrhotite but with common pentlandite and chalcopyrite. From 202.1m to the end of the intrusion (29m) there is a notable increase in the amount of disseminated sulphides (5-10%, with common chalcopyrite and minor pentlandite) along with three < 30 cm zones of semi-massive sulphides, also with pentlandite and chalcopyrite. The footwall was encountered at 231m, which is a similar felsic quartz-garnet granulite gneiss to that intercepted in the holes AKD002 and AKD004.

AKD006 was drilled 100m north west of AKD005, in order to further test the continuity of the north west trending mineralised ultramafic intrusion as shown by previous drilling and ground gravity.

The hole was collared in pyroxenite, and remained within the same ultramafic intrusion to 255m. The intrusion contains ~0.5% disseminated sulphides (pyrrhotite >> chalcopyrite) to 144.2m, with a narrow breccia zone at 131.4m containing 15cm of massive sulphide, predominantly pyrrhotite but with common pentlandite and chalcopyrite.

From 144.2m the disseminated sulphides increase to 3-5% with aggregate blebs to 3cm, again with pyrrhotite, minor pentlandite and chalcopyrite. From 177.2 to 241m the sulphide percentage increases to 10%. At 235m there is a 40cm zone of semi-massive sulphides (pentlandite, pyrrhotite and chalcopyrite).

From 241 to 255.1m, the sulphides coarsen significantly and increase in abundance from a minimum of 10% up to 40% sulphides. This includes several small zones of semi-massive sulphide and large aggregate sulphide blebs, again comprising pyrrhotite with common pentlandite and chalcopyrite.

At 255.1m the footwall quartz-biotite-garnet gneiss was intersected with disseminated sulphides to 10% in the first few metres of the footwall but declining in abundance with distance from the contact.

Figure 1 is a plan of the holes and also shows the location of RAB holes drilled to date.

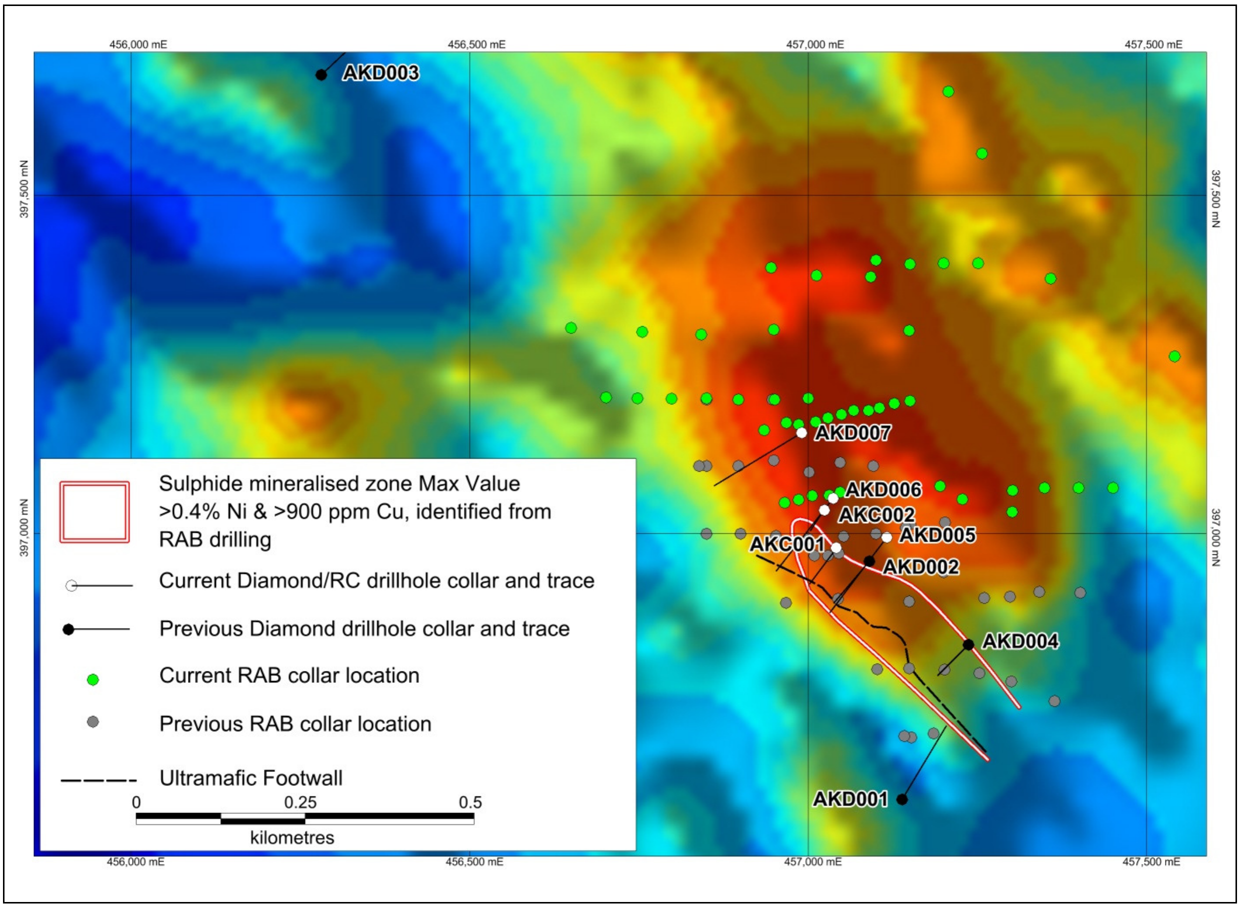


**Figure 1. Akelikongo prospect.**
**Residual gravity image with drillhole locations, location of known trend of mineralisation as intersected in holes AKD02, 04, 05 and 6 and AKC001.**

The drilling shows that the ultramafic and the footwall mineralised zone extends at least for a further 100m north than already recognised from the drilling in February 2015. Indications from the gravity modelling are that this prospective contact may extend another 500m to the north.

All assays are awaited.

**Plan forward**

AKD007 (currently underway) is planned to test a further 100m north of AKD006 along the ultramafic and felsic gneiss contact and along the margin of the gravity anomaly.

RAB drilling around the gravity complex and over other discreet anomalies is ongoing. A number of holes indicate that further ultramafic lithologies are present.

Clearing and land access approvals are also underway in preparation for drilling at Lagwagi, Awach, Mt Goma, Katunguru and Bidota.

The program is expected to be complete in the next few weeks with assays expected a few weeks after that.

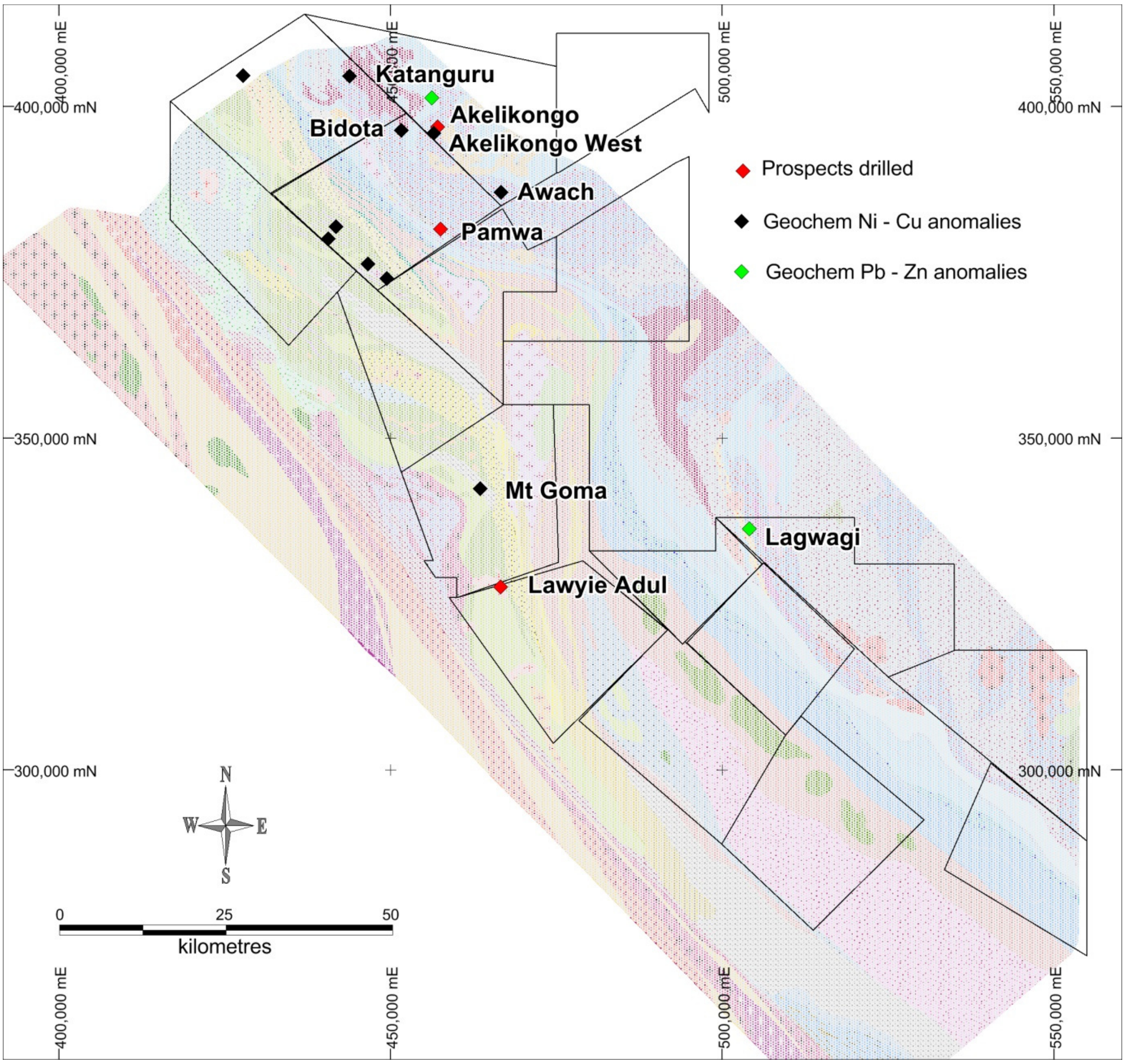


**Figure 2 location of key drilling targets named in text**

*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.

At **Mt Goma** in the western Archean greenstone belt a linear zone of strongly oxidised ultramafic has returned nickel in soil XRF values ranging from 0.5% to 1.9% Nickel. A strong copper in soil anomaly is located adjacent to the nickel anomaly.

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.

At **Lagwagi** 70km to the south east in a similar stratigraphic position to **Pamwa** a zinc and lead in soil anomaly has been identified which requires follow up drilling.

# 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.*<br>• *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*<br>• *Aspects of the determination of mineralisation that are Material to the Public Report.*<br>• *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)<br>• 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.<br>• The sample is then placed in a small cup with a mylar film on the bottom and analysed by XRF<br>• One in eight soils were sent for laboratory analysis as a check. |
| *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).* | • If Drill type is diamond then HQ coring from surface then reduced to NQ2 from fresh rock.<br>• Reverse Circulation drilling was trialled with face sampling hammer bit.<br>• Core was oriented using Reflex ActII RD Rapid Descent Orientation |
| *Drill sample recovery* | • *Method of recording and assessing core and chip sample recoveries and results assessed.*<br>• *Measures taken to maximise sample recovery and ensure representative* | • Sample recoveries measured using tape measure<br>• Occasional core loss. mostly 100% |

| Criteria | JORC Code explanation | Commentary |
| --- | --- | --- |
| | *nature of the samples.*<br>• *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.* | • recovery. Core loss marked on Core blocks<br>• RC sample recovery was not deemed to be of sufficient quality for JORC reporting and results are qualitative only. |
| *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.*<br>• *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.*<br>• *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.*<br>• *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.*<br>• *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*<br>• *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.*<br>• *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.*<br>• *Whether sample sizes are appropriate to the grain size of the material being sampled.* | • Core has been sawn in half and geological intervals generally at one metre, but appropriate to specific visual mineralisation have been taken.<br>• RC and RAB sampling undertaken by grab sampling with a trowel through the spoil pile<br>• Sample preparation is using commercial Laboratory Method which includes drying, sieving and pulverizing.Core samples are crushed to 70% -2mm prior to pulverizing.<br>• Pulverise then split to 85% <75um<br>• The soil samples were taken from a residual soil profile and are considered representative of the substrate rock. No field duplicates were taken.<br>• Infill samples confirmed and substantiated the initial anomaly.<br>• Soil samples are the homogenized product of weathered rock. |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| *Quality of assay data and laboratory tests* | • *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*<br>• *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.*<br>• *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.* | • 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 with ICP finish<br>• Lab Standards were analysed every 30 samples<br>• 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.<br>• Selected  high samples were analysed in Mineplus Mode. A propylene3 window was used. Standards are used regularly to calibrate the instrument..<br>• Rock chips were spot analysed  by XRF with some selected samples sent with drill samples for Laboratory analysis<br>• Preliminary 1m samples are taken from RAB and RC programs and assayed using XRF. |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| *Verification of sampling and assaying* | • *The verification of significant intersections by either independent or alternative company personnel.*<br>• *The use of twinned holes.*<br>• *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.*<br>• *Discuss any adjustment to assay data.* | • This is an early drill test into a newly identified prospect. No verification has been completed yet.<br>• Twinned holes are not undertaken<br>• Data entry is checked by Perth Based Data Management Geologist<br>• Assays have not been adjusted<br>• 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. |
| *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.*<br>• *Specification of the grid system used.*<br>• *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.*<br>• *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.*<br>• *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.*<br>• *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 |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| | | 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.*<br>• *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.<br>• .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. |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| *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:*<br>o *easting and northing of the drill hole collar*<br>o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*<br>o *dip and azimuth of the hole*<br>o *down hole length and interception depth*<br>o *hole length.*<br>• *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.* | • Reported in Text |
| *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.*<br>• *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.*<br>• *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. |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| *Relationship between mineralisation widths and intercept lengths* | • *These relationships are particularly important in the reporting of Exploration Results.*<br>• *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.*<br>• *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.<br>• 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.* | **Gravity specifications:**<br>Gravity meter:-Scintrex CG5.<br>Surveying- RTK DGPS: Leica SR530<br>Station spacing-50m.<br>Line spacing- generally 100m.<br>Data reduced to spherical cap Bouguer anomaly. |
| *Further work* | • *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).*<br>• *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 |