



Sipa Resources Limited
ABN 26 009 448 980

SIPA RESOURCES LIMITED
ABN 26 009 448 980
FINANCIAL REPORT
FOR THE HALF - YEAR ENDED 31 DECEMBER 2015

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

Craig Ian McGown, BComm, FCA, ASIA Non-Executive Director (Chairman)
Lynda Margaret Burnett BSc (Hons) GAICD, MAusIMM, MSEG (Managing Director)
Dalton Leslie Gooding B.BUS, FCA (Non-Executive Director)
Karen Lesley Field B Ec, FAICD (Non-Executive Director)
Paul Gerard Kiley, B Ec. CPA (Non-Executive Director)

COMPANY SECRETARY

Tara Robson BA (Accounting), CPA (USA)

REGISTERED OFFICE

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Telephone (08) 9481 6259
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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

WEBSITE

www.sipa.com.au

This report summarises results of exploration conducted by Sipar Resources Limited in the half year to 31 December 2015.

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. See Sipar's September and December 2015 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 14 exploration licences and one application, covering 5,426 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 60,000 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 in early 2014 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 which shows strong migmatisation characteristic of such intrusive pipes or chonoliths which melt country rock and form the conduits for many nickel sulphide deposits of economic importance.

The **Pamwa** Zn, Pb, Ag and Cd soil anomaly was first pass drilled using RAB during July 2014 and resulted in the discovery of a Broken Hill Type Zn Pb, Cd, Ag mineralised system. Diamond drilling later in 2014 confirmed thin zones of base metal sulphides (sphalerite and galena) in all three holes. The mineralisation is broadly foliation parallel and can be correlated to the detailed soil data.

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 soil data shows only three out of nine of the soil peaks within the broader anomaly of around 2km strike length have been tested.

This strong geochemical association is characteristic of a high metamorphic grade sedimentary style of mineralisation, similar to Broken Hill in Australia. Major mining houses have scoured the world for decades in an attempt to discover the next Broken Hill Type Deposit. Sipar 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 to 2015.

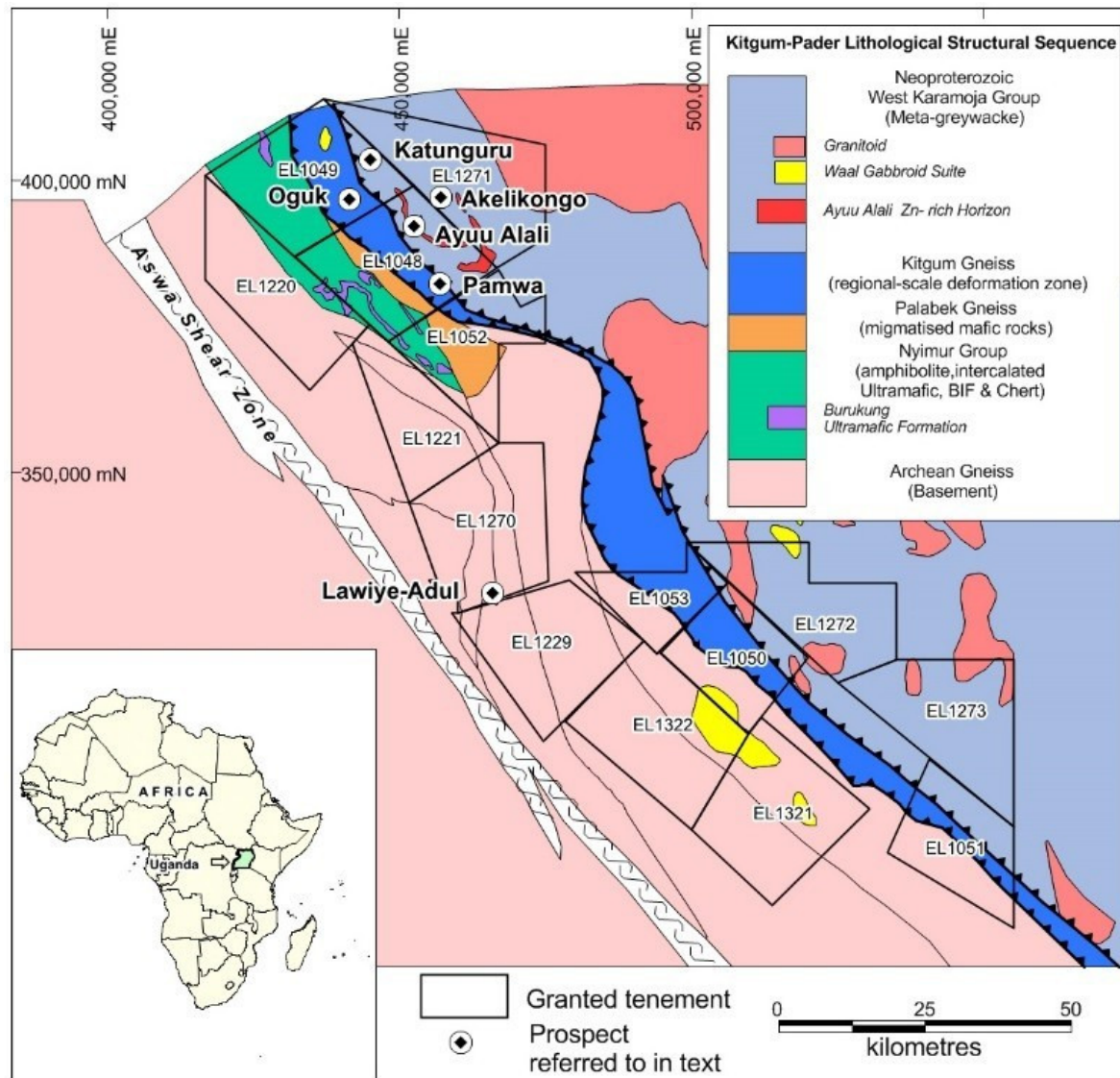
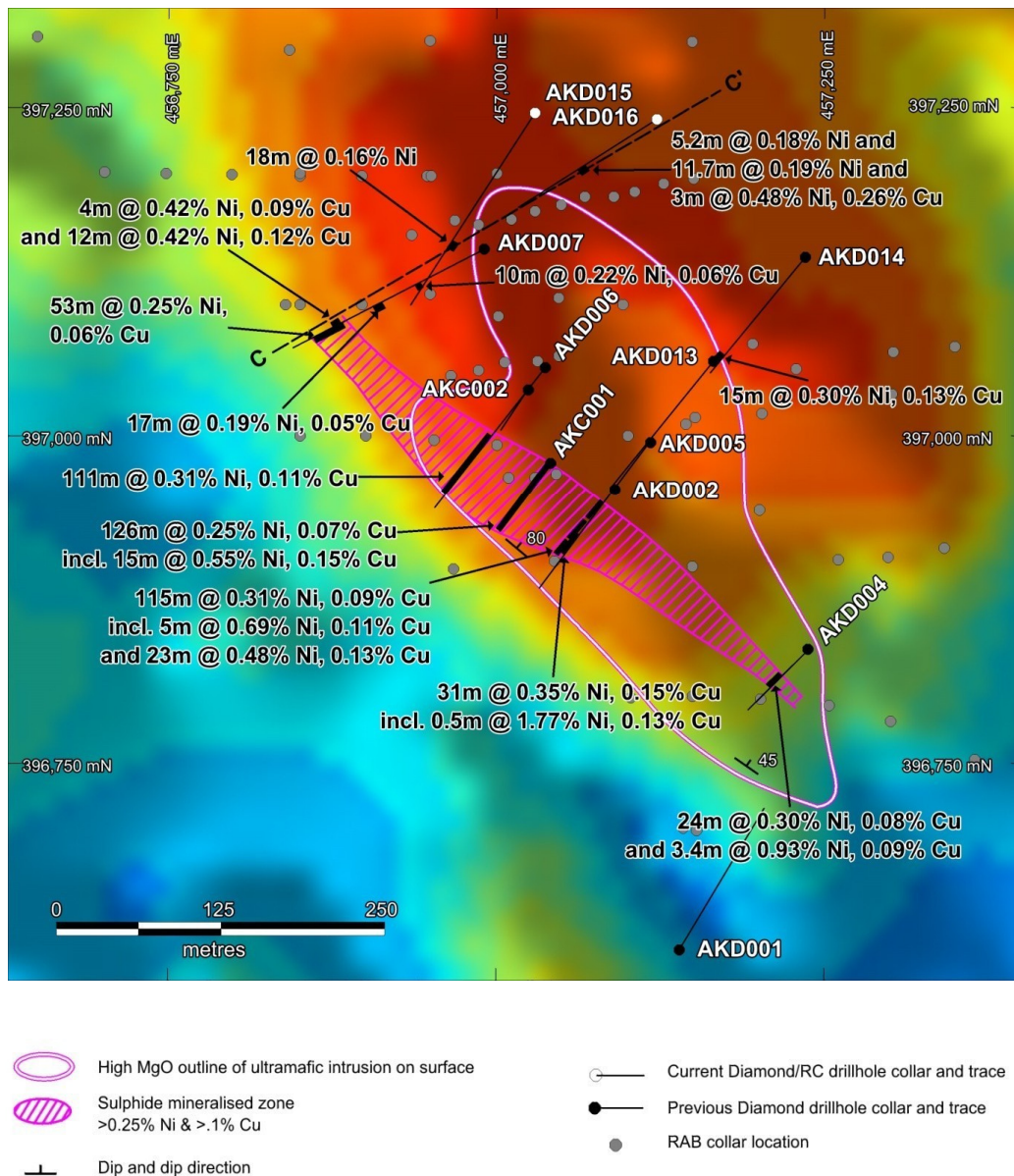


Figure 1 Kitgum-Pader Lithological Structural Sequence

Nickel Copper

During the period July to December 2015, twelve diamond holes and two RC holes were drilled at Akelikongo and Akelikongo West. The drilling resulted in the delineation of an intrusive pipe or chonolith with continuous disseminated nickel and copper sulphides at least 500m long and interpreted to be a kilometre in length plunging to the north west from AKD004 in the south.

Assays returned a number of zones up to 126m wide (down hole) with disseminated grades typically 0.25% Ni to 0.35% Ni and 0.06% Cu to 0.11% Cu with thinner internals ie 15-25m zones up to 0.5% Ni and 0.15% Cu. Selected massive sulphide intervals assay up to 1.7% Ni and up to 0.86% Cu, Figure 2.



**Figure 2 Plan of Drillholes on a base of pseudo coloured gravity.
Surface expression of chonolith shown by pink outline**

Down hole EM and moving loop EM surveys were conducted over the area with a number of late time conductors identified both inside the intrusion and associated with known mineralisation and also outside the known mineralisation.

A comprehensive review during September with Sipa's key consultants Dr Jon Hronsky and Dr Nigel Brand enabled a new 3d model to be constructed for the mineralisation and provided confidence that the mineral system has the potential to host a deposit of economic interest. Preliminary nickel tenor studies show an encouraging mean tenor of around 4.6%

RAB drilling was also conducted in the area surrounding Akelikongo and to the north at Katunguru with mixed results. Following up drilling is required at Katunguru and Akelikongo West.

Infill soil sampling at Goma and a number of other nickel soil anomalies has downgraded their potential for nickel sulphides. The mineralisation identified at Goma shows a large >1km soil anomaly with extensive areas greater than 1% nickel, however these grades are understood to be due to laterite enrichment rather than primary sulphide mineralisation.

Lead Zinc

No drilling was conducted during the quarter however a program of extensive infill soils and interpretation shows that much of the Zn-Pb anomalism has not been tested by drilling shown in Figure 3.

Soil sampling data shows a strong lithostructural control with the geological interpretation being a shallowly doubly plunging anticline showing further strike potential of the target mineralised horizon under cover.

The data also shows a mafic association of Fe-Cu-Zn-Ca-Cr-Ti within the anomalies and a felsic granitic association characterised by Rb-K-Zr-Y immediately outside the anomaly area (Figure 4).

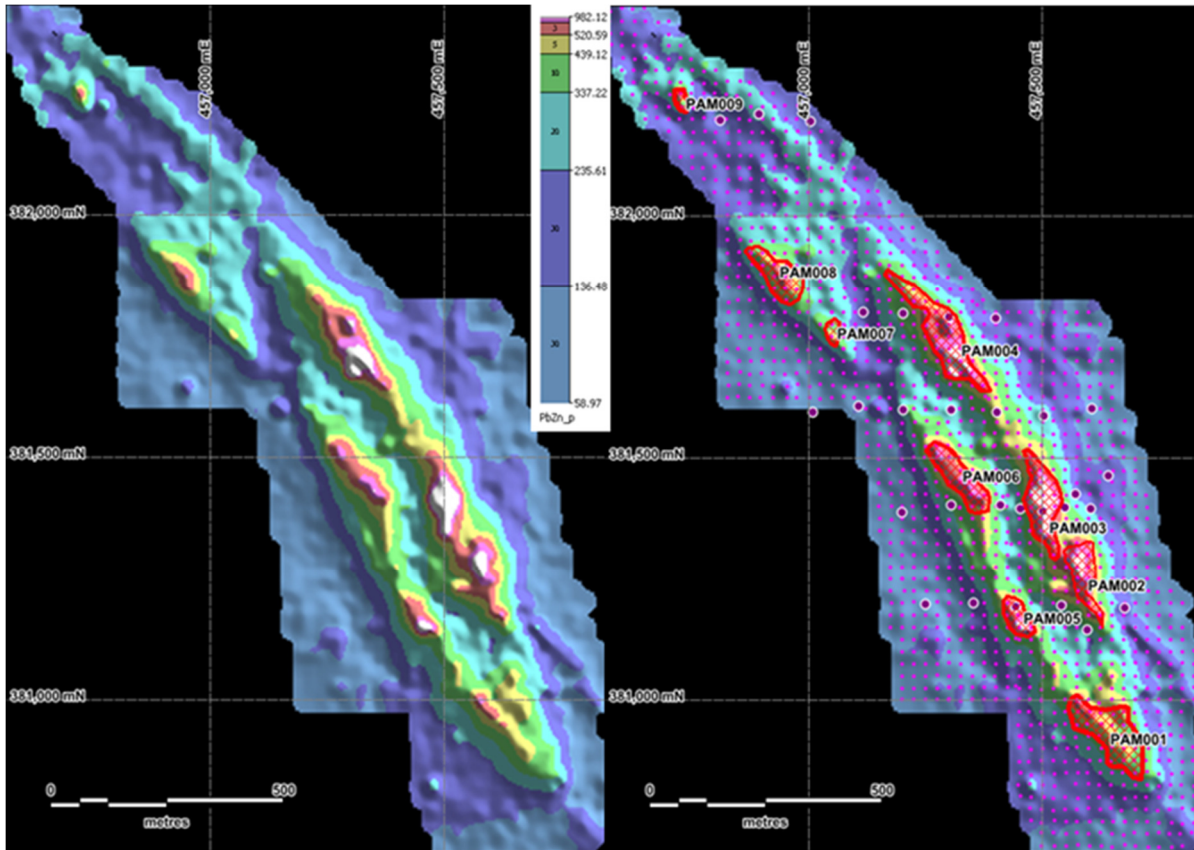


Figure 3: Pb plus Zn in soils (left), Anomalies labelled with drill holes (right)

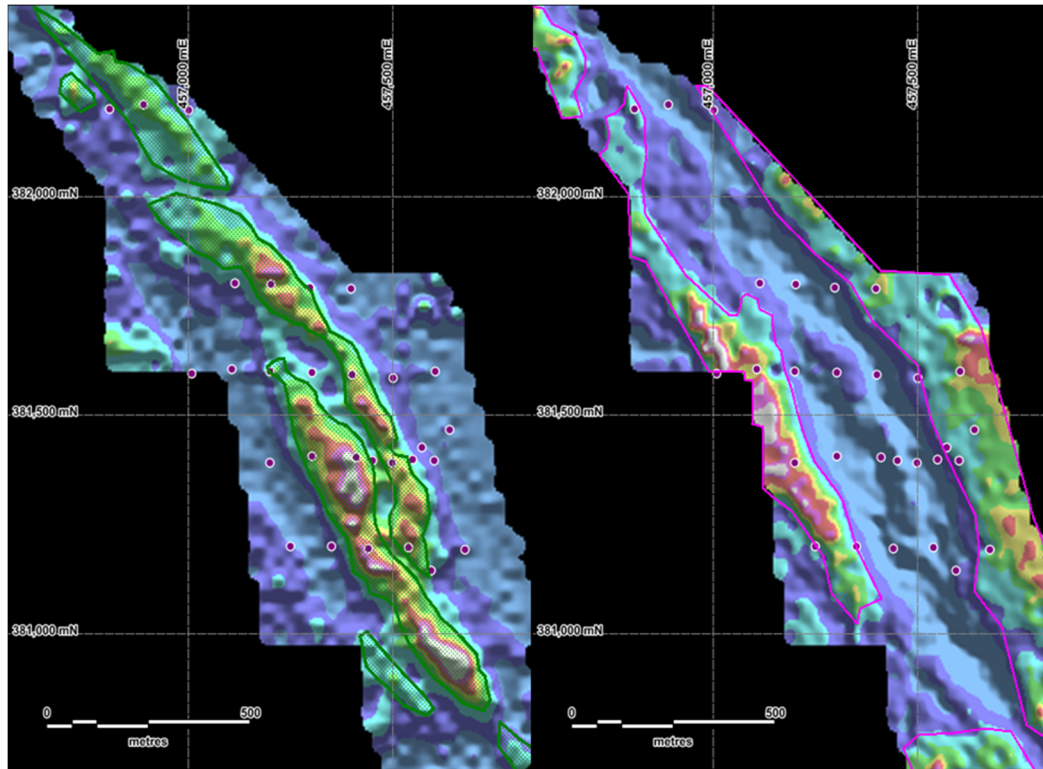


Figure 4: Mafic association of Fe-Cu-Zn-Ca-Cr-Ti (left) and a felsic association characterised by Rb-K-Zr-Y immediately outside the anomaly area (right)

The parallel zinc and lead anomalism within the centre of Pamwa and the closure of the anomalism to the north and south, points to the interpretation of a doubly plunging antiform with the host lithology plunging to the north and south under cover. The implications are that if economic zinc and lead mineralisation is intersected at Pamwa it could plunge shallowly to the north and south, Figure 5.

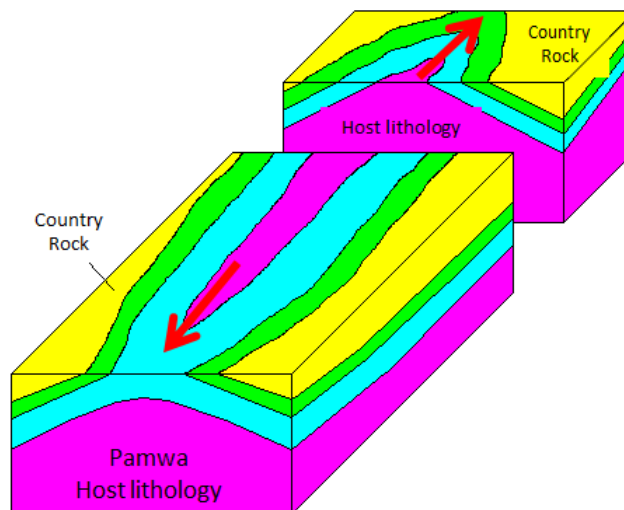


Figure 5 shows a 3d cartoon of interpreted geology at Pamwa, with red arrows, showing plunge direction of mineralised horizon

Sipa Resources Limited – Directors' Report

Your directors submit their report for the half-year ended 31 December 2015.

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.

Craig Ian McGown, BComm, FCA, ASIA Non-Executive Director (Chairman)
Lynda Margaret Burnett BSc (Hons) GAICD, MAusIMM, MSEG (Managing Director)
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)

REVIEW AND RESULTS OF OPERATIONS

The Group continued with exploration activities on its mineral tenements within Uganda. The consolidated net loss for the period is \$3,032,309 (2014: Loss \$2,765,735).

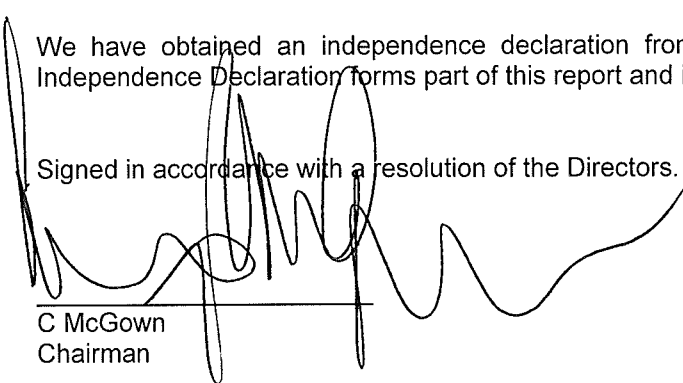
	Consolidated	
	For the half year ended 31 Dec 2015	For the half year ended 31 Dec 2014
	\$	\$
Revenue	57,010	36,048
Other income	13,232	91,064
Exploration expenditure	(2,353,775)	(1,200,335)
Administrative expenses	(748,776)	(898,619)
Share of net loss of jointly controlled entity	-	(792,893)
Impairment of available for sale investments	-	(1,000)
Net loss for the period	(3,032,309)	(2,765,735)

The increase in the loss was due 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.



C McGown
Chairman

PERTH, 14 March 2016

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


As lead auditor for the review of Sipa Resources Limited for the half-year ended 31 December 2015, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Sipa Resources Limited and the entities it controlled during the financial period.

Ernst & Young

Ernst & Young



G Lotter
Partner
Perth
14 March 2016

Sipa Resources Limited
Consolidated Statement of Comprehensive Income
For The Half Year Ended 31 December 2015

		Consolidated	
	Notes	For the half year ended 31 Dec 2015	For the half year ended 31 Dec 2014
		\$	\$
Continuing operations			
Revenue	3	57,010	36,048
Other income	3	13,232	91,064
Exploration expenditure		(2,353,775)	(1,200,335)
Administrative expenses	3	(748,776)	(898,619)
Share of net loss of jointly controlled entity	10	-	(792,893)
Impairment of available for sale assets		-	(1,000)
Loss from continuing operations before income tax		(3,032,309)	(2,765,735)
Income tax expense		-	-
Net loss for the period		(3,032,309)	(2,765,735)
Other comprehensive loss			
<i>Items that subsequently may be reclassified through profit and loss</i>			
Exchange differences arising on translation of foreign operations	10	(36,694)	(121,966)
Other comprehensive loss for the period, net of tax		(36,694)	(121,966)
Total comprehensive loss for the period		(3,069,003)	(2,887,701)
Loss per share (cents per share)			
- Basic loss per share for the half year		(0.43)	(0.45)
- Diluted loss per share for the half year		(0.43)	(0.45)

Sipa Resources Limited
Consolidated Statement of Financial Position
As at 31 December 2015

		Consolidated	
	Note	As at 31 Dec 15 \$	As at 30 Jun 15 \$
ASSETS			
Current Assets			
Cash and cash equivalents		3,150,420	6,233,336
Term deposits		20,000	40,000
Trade and other receivables		29,789	22,644
Prepayments		86,440	10,697
Total Current Assets		3,286,649	6,306,677
Non-Current Assets			
Exploration and evaluation	10	581,037	581,037
Available-for-sale financial assets		5,200	5,200
Other financial assets		43,895	44,245
Property, plant and equipment		178,441	233,255
Total Non-Current Assets		808,573	863,737
TOTAL ASSETS		4,095,222	7,170,414
LIABILITIES			
Current Liabilities			
Trade and other payables		154,145	314,043
Provisions		307,823	259,969
Total Current Liabilities		461,968	574,012
Non-Current Liabilities			
Provisions		13,073	43,217
Total Non-Current Liabilities		13,073	43,217
TOTAL LIABILITIES		475,041	617,229
NET ASSETS		3,620,181	6,553,185
EQUITY			
Issued capital	4	99,630,651	99,494,652
Accumulated losses		(97,164,023)	(94,131,714)
Foreign currency reserve		(49,481)	(12,787)
Equity benefits reserve		1,203,034	1,203,034
TOTAL EQUITY		3,620,181	6,553,185

Sipa Resources Limited
Consolidated Statement of Cashflows
For the Half Year Ended 31 December 2015

	Consolidated	
	For the half year ended 31 Dec 2015 \$	For the half year ended 31 Dec 2014 \$
Cash Flows From Operating Activities:		
Payments to suppliers and employees	(732,639)	(950,395)
Expenditure on exploration	(2,579,230)	(1,328,691)
Interest received	59,720	37,197
Receipts from other income	13,234	26,897
Net cash used in operating activities	(3,238,915)	(2,214,992)
Cash Flows from Investing Activities:		
Cash released from term deposits reserved for rehabilitation	20,000	100,000
Payment for purchases of property, plant and equipment	-	(1,789)
Disbursement to jointly controlled entity	-	(883,698)
Net cash from investing activities	20,000	(785,487)
Cash Flows from Financing Activities		
Proceeds from issuance of shares	137,808	-
Share issue expenses	(1,809)	-
Net cash provided by financing activities	135,999	-
Net (Decrease) in Cash and Cash Equivalents	(3,082,916)	(3,000,479)
Cash and Cash Equivalents At Beginning Of The Period	6,233,336	4,013,814
Cash and Cash Equivalents At The End Of The Period	3,150,420	1,013,335

SIPA RESOURCES LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

CONSOLIDATED	Issued capital \$	Accumulated losses \$	Equity benefits reserve \$	Foreign currency reserve	Total \$
At 1 July 2015	99,494,652	(94,131,714)	1,203,034	(12,787)	6,553,185
Loss for the period	-	(3,032,309)	-	-	(3,032,309)
Other comprehensive income	-	-	-	(36,694)	(36,694)
Total comprehensive loss for the period	-	(3,032,309)	-	(36,694)	(3,069,003)
Shares issued	137,808	-	-	-	137,808
Costs of issuing shares	(1,809)				(1,809)
At 31 December 2015	99,630,651	(97,164,023)	1,203,034	(49,481)	3,620,181
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

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

General Information and basis of preparation

The half-year financial report for the period ended 31 December 2015 was authorised for issue in accordance with a resolution of the directors on 14 March 2016.

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 2015 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 2015 and considered together with any public announcements made by Sipa Resources Limited during the half-year ended 31 December 2015 in accordance with the continuous disclosure obligations of the ASX listing rules.

The accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

New and amended accounting standards and interpretations

The Group has adopted all Australian Accounting Standards and Interpretations effective from 1 July 2015. The adoption of new and amended standards and interpretations had no impact on the financial position or performance of the Group.

New accounting standards and interpretations issued but yet effective

The Group has not elected to early adopt any new accounting standards and interpretations.

Going Concern

This half-year condensed financial report for the period ended 31 December 2015 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 2015 the Group recorded a net loss of \$3,032,309 (31 December 2014: \$2,765,735 loss), net cash outflows of \$3,082,916 (31 December 2014: \$3,000,479 net cash outflow), and a net working capital surplus of \$2,824,681 (30 June 2015: surplus of \$5,732,665).

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;

SIPA RESOURCES LIMITED
NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

2. The Group retains the ability to investigate joint venture opportunities, if required, 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.

SIPA RESOURCES LIMITED
NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

		CONSOLIDATED					
3.	REVENUE, INCOME AND EXPENSES	2015	2014				
a)	Revenue						
	Interest revenue	57,010	36,048				
		<u>57,010</u>	<u>36,048</u>				
b)	Other income						
	Gain on extinguishment of provision ¹	-	64,166				
	Other income	13,232	26,898				
		<u>13,232</u>	<u>91,064</u>				
¹ Gain on extinguishment of provision relates to the reversal of the previously provided for directors retirement benefit that was waived by David Williams on his resignation, effective 23 September 2014.							
c)	Other expenses						
	<i>Administrative expenses</i>						
	Employee benefits expense	351,984	315,362				
	Corporate expense	129,444	192,209				
	Consultants	53,831	125,620				
	Office expense	172,61	242,290				
	Other	40,876	23,138				
		<u>748,776</u>	<u>898,619</u>				
4.	CONTRIBUTED EQUITY	As at 31 Dec 2015 \$	As at 30 Jun 2015 \$				
	Issued and fully paid						
	<i>Ordinary shares</i>	99,630,651	99,494,652				
	Movements in shares on issue	2015 No	\$				
	Balance at beginning of period	702,963,898	99,494,652				
	Placement to directors	1,850,000	134,125				
	Exercise of listed options	49,108	3,683				
	Less: share issue expenses	-	(1,809)				
	Balance at end of financial year	<u>704,863,006</u>	<u>93,630,651</u>				
Options outstanding and movements in share options during the period							
Grant date	Expiry date	Exercise price	Balance at start of period	Issued during period	Exercised during period	Lapsed/ cancelled during period	Balance at end of period
5/4/14*	5/11/15	7.5 cents	133,999,414	-	(49,108)	(133,950,306)	-

At the General Meeting of the Company held on 19 November 2015, Shareholders approved the issue of 6,300,000 Incentive Options for no consideration, with each Incentive Option having an exercise price of \$0.11 and an expiry date 5 years from the date of grant to Lynda Burnett. As of the date of this report the Incentive Options have not been issued. The approval allows for the issuance within 12 months of the approval.

* On 24 March 2014 the Company lodged a prospectus to undertake a non-renounceable entitlement issue to eligible shareholders at an issue price of \$0.035 per Share on the basis of 1

SIPA RESOURCES LIMITED
NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

Share for every 3 Shares held on the record date of 2 April 2014 and 1 free attaching Option for every Share issued with each Option having an exercise price of \$0.075 and expiring on 5 November 2015. 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.

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.

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	
	2015	2014
Williams and Hughes Pty Ltd	-	1,430

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 were 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 2015, 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	\$5,200	-	-

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 2015 which would require disclosure in the financial report.

9. DIVIDENDS PAID AND PROPOSED

No dividends were paid or proposed during the period (2014: \$nil)

10. INVESTMENT IN JOINT VENTURE

During the period ended 31 December 2014, the Group held an 80% interest in the issued share capital of SIGE East Africa Pty Ltd (SiGe), a company involved in exploration activities in Uganda, which it jointly controlled and accounted for as a joint venture. In January 2015, Sipa completed the acquisition of the remaining 20% of shares in SiGe 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 Sipa shares to the value of A\$499,334. From this date, this entity was accounted for as a subsidiary.

SIPA RESOURCES LIMITED
DIRECTORS' DECLARATION
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

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 2015 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.

C McGown
Chairman

Perth, Western Australia

Dated: 14 March 2016

To the members of Sipa Resources Limited

Report on the half-year 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 2015, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year 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 half-year.

Directors' responsibility for the 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 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 2015 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.

Opinion

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 2015 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
14 March 2016