Progress Report

PATERSON NORTH

SIPA TO DRILL HIGHLY PROSPECTIVE COPPER-GOLD TARGET AT PATERSON NORTH IN EARLY AUGUST

Maiden drill program will test an extensive primary copper-gold anomaly located adjacent to recently reported IP targets at Antipa Minerals' Citadel Project

Highlights:

- **Heritage survey currently underway** following completion of farm-in joint venture with Ming Gold to earn up to 80% of the Great Sandy Copper-Gold Project
- **Drill rig booked** for 1 August 2016 – maiden drill program now imminent
- Drilling will test the large **>4.3km Obelisk primary copper-gold anomaly**
- Regional prospectivity enhanced by the significant **IP anomalies reported recently by Antipa Minerals Limited ("Antipa" ASX: AZY) at their Citadel Project**, located immediately to the south
- Obelisk lies **5km from Antipa's recently reported Meekus** chargeability and VTEM anomaly

Further to its announcement of 21 June, Sipa Resources Limited (ASX: **SRI**) is pleased to advise that it is on track to commence its maiden drill program at the newly acquired **Great Sandy Copper-Gold Project** in the highly prospective Paterson Province of Western Australia in early August.

Following the completion of all conditions precedent under its recently announced Farm-in and JV agreement with Ming Gold Pty Ltd ("Ming") to earn up to 80% of the project (*refer ASX Announcement – 21 June, 2016*), the Company is currently undertaking a heritage survey with the Nyangumartu Warren Native Title Holders with a drill rig booked for 1 August.

Subject to successful completion of the survey and all other access and permitting arrangements, drilling is expected to be underway in the first week of August.

The drilling will test a newly discovered extensive primary copper-gold anomaly, known as the **Obelisk prospect,** which is located immediately to the north of Antipa's Magnum and Citadel Copper-Gold Projects.

The host geology within Sipa's Great Sandy Project is interpreted to be the similar to that which hosts the mineralization discovered by Antipa, and the Obelisk anomaly is located just 5km from some of the strong IP chargeability anomalies announced recently by Antipa under its $60 million exploration joint venture with Rio Tinto.

The Paterson Province is considered to be one of the most exciting emerging frontiers for exploration in Australia, containing a number of significant discoveries, high-value commodities and large areas which have been subject to minimal exploration.

Sipa has secured a West Australian Government Exploration Incentive Scheme (EIS) grant up to $150,000 to co-fund the upcoming drilling program. Further details regarding the program will be provided once drilling has commenced.

North Paterson Exploration Initiative

Sipa's North Paterson exploration initiative is consistent with its strategic focus on value-creation through exploration targeting early-stage discovery opportunities in world-class mineral provinces.

The Paterson Province is a globally recognized, strongly endowed and highly prospective mineral belt for gold and copper including the plus world-class Telfer deposits, Antipa's Magnum and Citadel gold and copper deposits, the Nifty copper and Kintyre uranium deposits and the O'Callaghans skarn hosted tungsten deposit.

The recently announced Farm-in and JV agreement allows for Sipa to earn up to 80% in Ming's Great Sandy Copper-Gold project (E45/3599), for expenditure of $3 million over 4 years.

The tenement is adjacent to Sipa's recently pegged Anketell tenement (ELA45/4697), both of which comprise the Paterson North Project. The location of Sipa's Paterson North Project is shown in Figure 1.

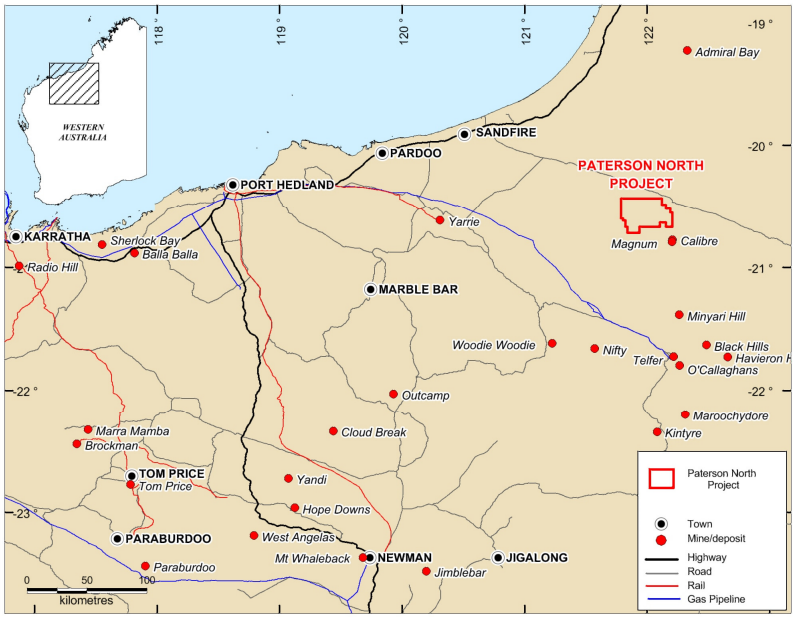

Figure 1 – Sipa's Paterson North copper-gold projects

The Great Sandy Project hosts the newly discovered Obelisk Copper (+Au+Bi) prospect. The geology is interpreted to be the same prospective Proterozoic Yeneena sedimentary sequence and contains granite intrusions know to be associated with much of the known mineralisation elsewhere.

In recent weeks, Antipa has announced significant results from its IP survey work on its adjacent ground to the south, which is being funded by Rio under a farm-in joint venture worth up to $60 million over a 10.5 year term.

The results show a series of IP chargeability anomalies within a corridor extending north from the Magnum and Calibre deposits through to its Meekus chargeability and VTEM anomaly. The Meekus chargeability anomaly is situated 5km from Sipa's tenement boundary along this same trend and also forms a magnetic anomaly in the halo of an interpreted non-magnetic granite (see Figures 2 and 3).

The margins of non-magnetic granites form key targeting criteria for locating many of the gold and copper systems in the Paterson province. The combined use of gravity and magnetics assists with the

identification of such granites and explains the location of the Telfer deposits and the O'Callaghan's skarn system.

Figure 3 shows the granite which is spatially located with the Magnum and Calibre deposits. Figure 4 shows the granite spatially associated with the Obelisk anomaly on Sipa's Ming tenement.

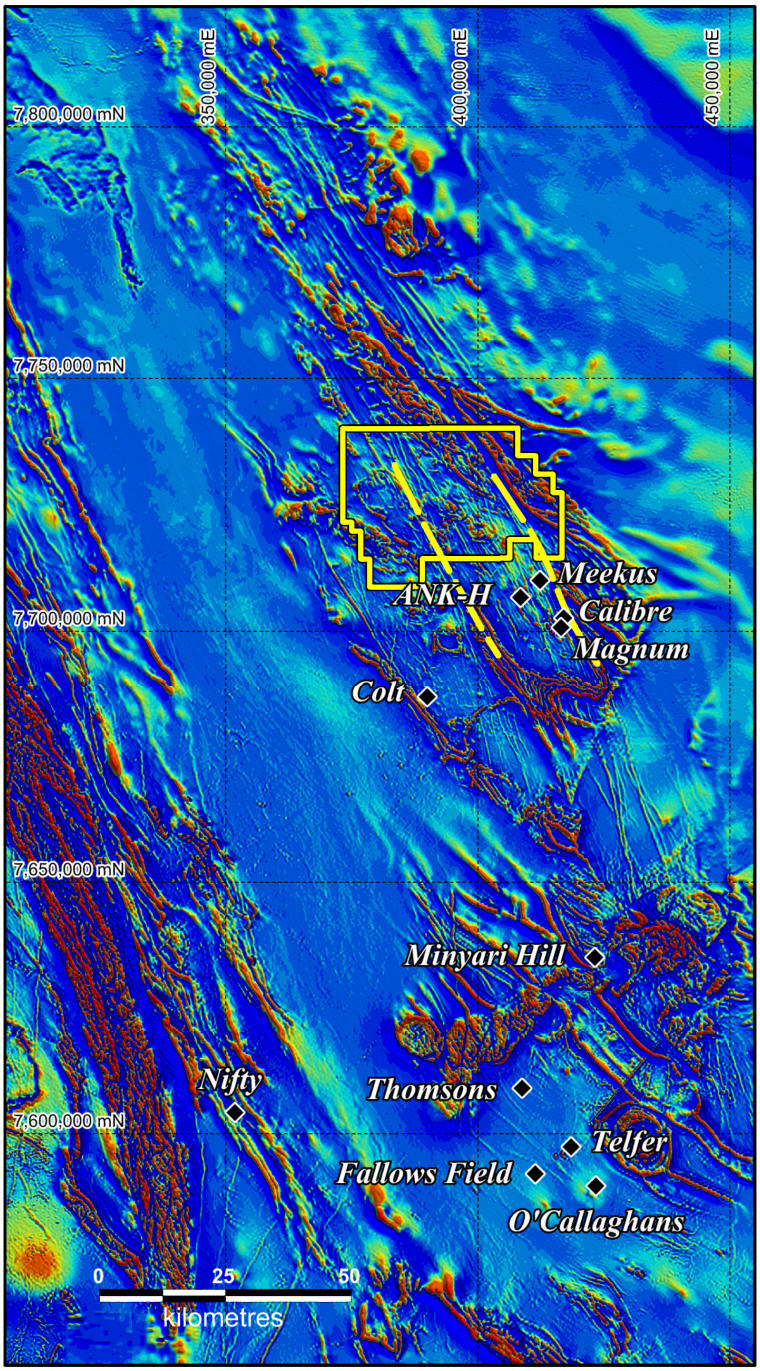

Figure 2 – Mineralised corridor extending from Magnum, Calibre and Meekus into the Sipa/Ming tenement

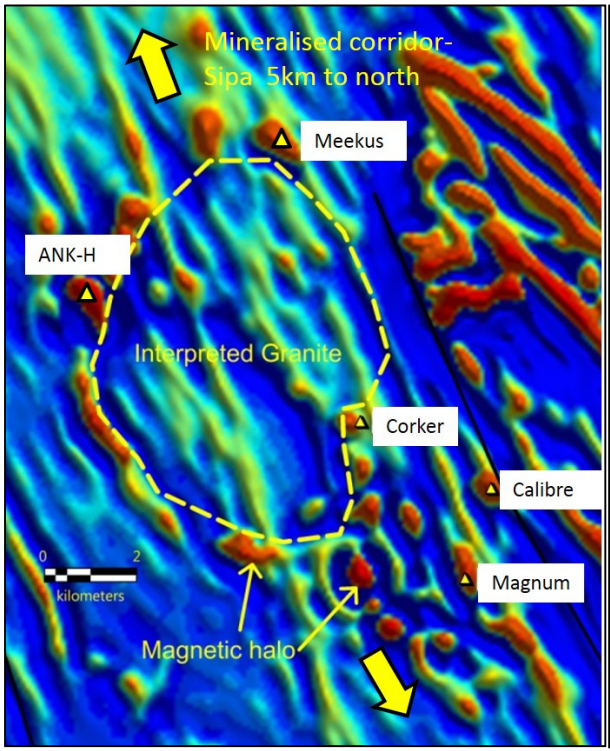

Figure 3 - Interpreted granite (marked in yellow dashed line) spatially related to Antipa's Copper-Gold deposits/prospects

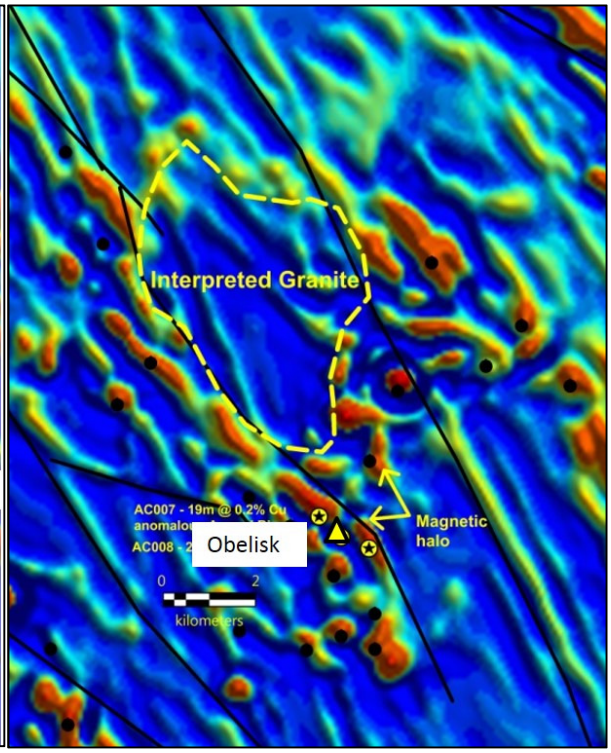

Figure 4 - Interpreted granite (marked in yellow dashed line) spatially related to Sipa/Ming Obelisk Copper anomaly

Sipa's maiden drill program will be focused on testing the Obelisk copper-gold-bismuth mineralization, where copper intersections from wide spaced reconnaissance drilling by Ming in late 2015 returned up to 0.32% Cu 30ppb Au and 25ppm Bi within an anomaly over 4km long with anomalous Copper (>250ppm) and Gold (>10ppb Au) (Refer ASX announcement dated 17 March 2016).

Visible primary chalcopyrite was identified in a number of these holes. The mineralisation is hosted in a metamorphosed gabbro associated with a strong gravity feature immediately to the south of an interpreted non-magnetic granite intrusion. The mineralisation is also associated with magnetite alteration.

Management Comment

Sipa's Managing Director, Lynda Burnett, said the Company had made rapid progress towards the commencement of its maiden drill program since completing the farm-in and joint venture agreement with Ming Gold last month.

"We have wasted no time in getting on the ground to commence heritage surveys, which are now well advanced, and a rig is booked for 1 August and we expect to be drilling in the first week of August," she said.

"This is an exciting time for Sipa as we prepare to test a world-class copper-gold exploration target in the heart of one of the most active and emerging exploration districts. The recent results reported by Antipa Minerals further reinforce the prospectivity of this region, and we are eagerly looking forward to the start of this drilling program."

Background

Sipa Resources Limited has a track record of successful project generation and mineral discovery with the Western Australian Panorama base metal deposits, Mt Olympus gold deposits and the Enigma secondary copper system at Thaduna northwest of Sandfire's DeGrussa Copper Mine, among some of the mineral systems discovered or delineated by Sipa.

In Northern Uganda, the Kitgum-Pader Base Metals Project contains two new mineral discoveries both made by Sipa during 2014 and 2015.

The intrusive hosted Nickel-Copper sulphide mineralisation at Akelikongo is one of the most significant nickel sulphide discoveries globally for 2015.

The Broken Hill-style Lead-Zinc-Silver mineralisation, at Pamwa is less well defined and currently the focus of further drilling.

The Ugandan discoveries were made 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.

Field reconnaissance in December 2011 followed, with the recognition of rocks which according to the late Nick Archibald were 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 in Northern Uganda.

First tenements were granted in 2012 and 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 and numerous geophysical surveys to define a number of base metal prospects. Diamond drilling in 2015 at Akelikongo has delineated an intrusive hosted chonolith Nickel Copper sulphide system which is outcropping and plunges shallowly to the north west for a distance of at least 500m and open to the north west. At Pamwa a number of identified soil anomalies have been drilled with primary Zinc Lead Silver Cadmium mineralisation intersected in both RC aircore and diamond drilling.

In March 2016 in Australia, Sipa signed a term sheet to progress into a Farm-in and Joint Venture Agreement with Ming Gold with respect to its Paterson North Project where extensive primary copper anomalism was intersected at the Obelisk prospect in primary bedrock adjacent to Rio/Antipa's Magnum and Citadel Gold/Copper Project. This agreement provides for an earn-in of up to 80% by expending $3 million over up to 4 years with a minimum spend of $250,000 within one year.

The information in this report that relates to Exploration Results was previously reported in the ASX announcement dated 17 March 2016. The Company is not aware of any new information or data that materially affects the information included in those relevant market announcements

The information in this report that relates to Exploration Results is based on, and fairly represents, information and supporting documentation compiled by Ms Lynda Burnett, who is a Member of The Australasian Institute of Mining and Metallurgy. Ms Burnett is a full-time employee of Sipa Resources Limited. Ms Burnett 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 Burnett 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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