



New Phase of Drilling to Commence This Week at Emerging Akelikongo Nickel-Copper Discovery

Key objective is to test down-plunge extensions of massive sulphide zone

Highlights:

- **Drilling set to resume this week** at the **Akelikongo nickel-copper discovery**, Uganda
- **~2000m of RC and up to 750m of diamond drilling** planned
- Key objective is to further **extend the previously identified zone of massive sulphides**
- Drilling will follow up the **highly successful RC drilling program completed in May, 2016**
- This program returned the **highest grade and widest matrix to semi-massive intercepts** to date
- Drill targeting along **the shallow north-westerly plunge of the chonolith structure**

Sipa Resources Limited (Sipa, ASX: **SRI**) is pleased to advise that a new phase of follow-up Reverse Circulation (RC) drilling will commence this week at the **Akelikongo nickel-copper prospect**, part of its Kitgum-Pader Base Metal Project in Uganda (see Figure 2).

The program, which will comprise ~2000m of RC and potentially up to 750m of diamond drilling, is designed to further extend the previously identified zone of massive sulphides located at the basal position on the western side of the Akelikongo Ultramafic complex.

The drilling will aim to extend the mineralised zone **for a further 250m of strike down-plunge** (as shown in yellow in Figure 1 below)

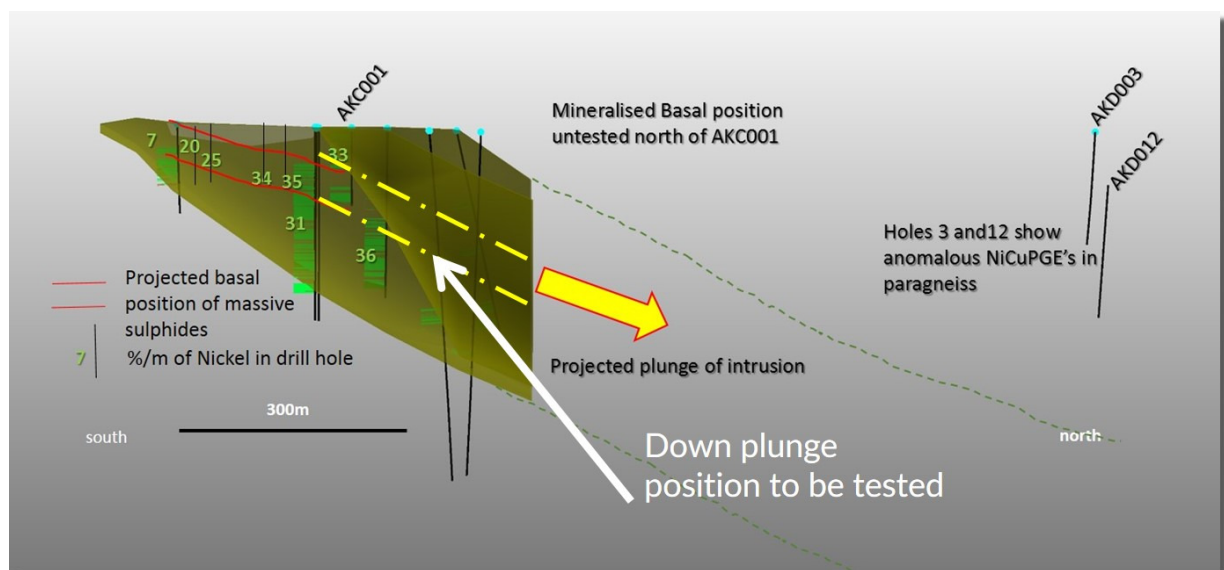


Figure 1 – Long section of Akelikongo intrusive complex, showing previous drilling and location of massive sulphide zone in red and the down-plunge projected extent in yellow to be tested during the current drill program.



Where possible 55mm PVC will be inserted down-hole to facilitate down-hole EM surveys at a later date.

The latest phase of drilling follows the highly successful RC program completed by Sipa in May this year. The results from the previous program included the highest grade and widest matrix to semi-massive intercepts drilled at **Akelikongo** to date, including a significant semi-massive sulphide intercept of **10m grading 1% Ni, 0.22% Cu and 0.05% Co** from 63m down-hole in the footwall of the disseminated mineralisation in hole AKC004.

The previous program also returned some of the widest disseminated intercepts obtained to date from the project, including **119m @ 0.4% Ni, 0.12% Cu and 0.02% Co** from surface in disseminated mineralisation in hole AKC005.

The footwall matrix to semi-massive zones, which lie at the footwall of the wide and shallow zones of disseminated sulphides, are interpreted to represent the high-grade basal position at the time of mineralisation within the Akelikongo Ultramafic Complex. This sequence has been intersected in hole AKD004, in the south, continues up to AKC001, approximately 250m to the north, and remains open down-plunge to the north-west.

The basal position in other, better-understood nickel deposits is where massive sulphides (which have higher grades of nickel and copper) originally pooled during the initial formation of the deposit.

The discovery of an embayment in the footwall during this drill program, plus the knowledge of the existence of higher and thicker grades within the embayment and the identification of this as being the basal position, now provides a clear focus for future drilling of this mineralised position along the shallow north-westerly plunge of the chonolith as demonstrated in Figure 1.

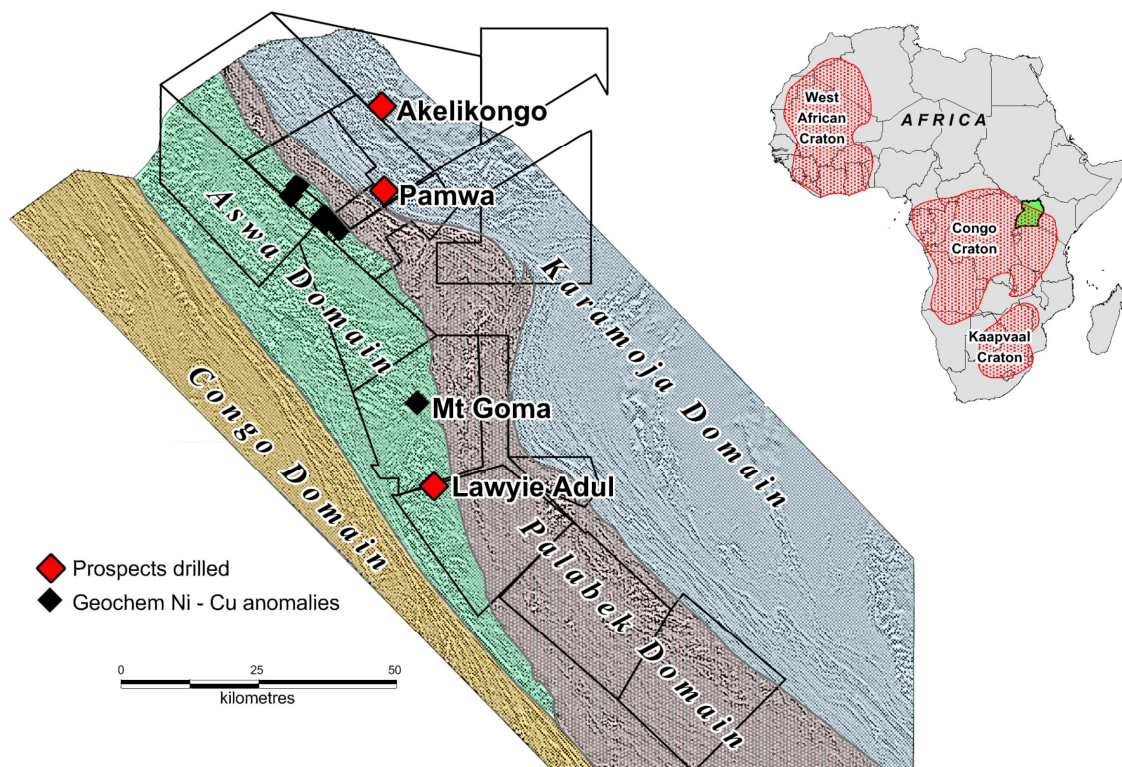


Figure 2 – Location of the Akelikongo Ni-Cu discovery on the north-eastern margin of the Congo Super-craton, Northern Uganda.



CSA Global Pty Ltd Review

An independent review of the Akelikongo mineralisation and exploration model, commissioned by Sipa and conducted by CSA Global Pty Ltd has provided strong affirmation regarding Sipa's exploration approach at Akelikongo. A key conclusion of the review was that the nickel tenor is of good quality and should be pivotal in the further discovery of massive sulphide material.

In particular, analysis of Ni and S across the deposit shows a constant relationship, providing significant vectors for future exploration, and suggesting that nickel grade can be reasonably expected to increase linearly with total sulphide content.

Further, the discovery of an embayment or terrace, as revealed by the last drilling program, demonstrates a good observed empirical relationship between sites of sulphide deposition and the embayment.

The key to finding a larger tonnage of higher grade mineralisation is to discover and recognize further larger embayments within the conduit. Other aspects reviewed were QA/QC protocols with respect to drilling and assaying, drill spacing analysis into order to design optimal drill spacing for resource calculations, and some preliminary considerations regarding metallurgical sampling.

Plan forward - Akelikongo

Subject to positive results in extending the massive sulphide part of the system down-plunge, it is anticipated the next step will be to conduct down-hole EM followed by a program of diamond drilling in early in 2017 to further scope out the potential for this highly prospective mineralized system.

About Sipa

Sipa Resources Limited (ASX: SRI) is an Australian-based exploration company which is targeting the discovery of significant new gold-copper and base metal deposits in established and emerging mineral provinces with world-class potential.

In Northern Uganda, the 100%-owned **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.

At Akelikongo, Sipa 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.

In Australia, Sipa has a Farm-in and Joint Venture Agreement with Ming Gold at the **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. The Company's maiden drilling program at the Obelisk prospect was completed in September with early results (ASX September 5 2016) confirming and extending the zone with encouraging Gold Copper Silver Molybdenum and Tungsten anomalism.

The information in this report that relates to Exploration Results was previously reported in the ASX announcements dated 2 June and 15 June 2016. The Company is not aware of any new information or data that materially affects the information included in those relevant market announcements

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