



## SIPA GEARS UP FOR MAIDEN EXPLORATION PROGRAM IN WA'S PATERSON PROVINCE AFTER COMPLETING KEY FARM-IN DEAL AND SECURING EIS CO-FUNDING GRANT

*Maiden drill program at new highly prospective copper-gold project adjoining Antipa Minerals' Citadel Project set to commence next quarter*

### Highlights:

- **Farm-in and Joint Venture Agreement with Ming Gold** formally executed, allowing Sipa to earn up to 80% in the Great Sandy Gold-Copper Project (E45/3599) located in the **Paterson Province** of WA by expending \$3M over up to four years.
- **The newly acquired project immediately adjoins Antipa Minerals' (ASX: AZY) Citadel Project** to the South, where Rio Tinto Exploration is spending up to \$60M to earn a 75% interest.
- It also lies **90km north west of Antipa Minerals' Minyari gold deposit**, where high-grade gold-copper intersections have recently been reported and major drill programs are underway, and 120 km north of the **world-class Telfer deposits**
- **A large >4.3km long primary copper-gold anomaly, the Obelisk Anomaly**, has been delineated on the tenements which will be tested by a **maiden drill program scheduled to commence in Q3 2016**.
- Sipa has recently been successful in **securing a West Australian Government Exploration Incentive Scheme (EIS) grant** up to the value of \$150,000 to co-fund the upcoming drilling program.
- Sipa's **new Paterson North exploration initiative opens up an exciting new front of exploration for the Company** in one of the most highly endowed yet under-explored mineral provinces in Australia, complementing its emerging nickel-copper-cobalt discovery at Akelikongo in Uganda.

Sipa Resources Limited (ASX: SRI) is pleased to advise that it is preparing to undertake its maiden exploration program in the emerging **Paterson Province** of WA after finalizing a Farm-in and Joint Venture Agreement over a new highly prospective copper-gold project and securing a West Australian Government Exploration Incentive Scheme (EIS) grant to co-fund a planned upcoming drilling program.

The Company's North Paterson exploration initiative opens up a significant and exciting new exploration front in Australia which complements its emerging nickel-copper-cobalt discovery in Uganda and 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 one of Australia's current exploration "hot-spots", containing a number of emerging discoveries, high-value commodities and large areas which have been subject to minimal modern exploration. The region is a Tier-1 mineral province which hosts globally significant deposits such as Telfer, the Kintyre uranium deposit, the Nifty copper deposit and the Magnum and Calibre copper-gold deposits.

In addition to its recently pegged Anketell tenement (ELA 45/4697), Sipa has now formally executed documentation for a Farm-in and Joint Venture Agreement with Ming Gold Limited to earn up to 80% in the Great Sandy Gold-Copper Project (E45/3599) by expending \$3 million over four years. Together, the



Anketell tenement and the Great Sandy Gold-Copper Project tenement constitute Sipa's Paterson North Copper-Gold Project. The location of Sipa's Paterson North Project is shown in Figure 1.

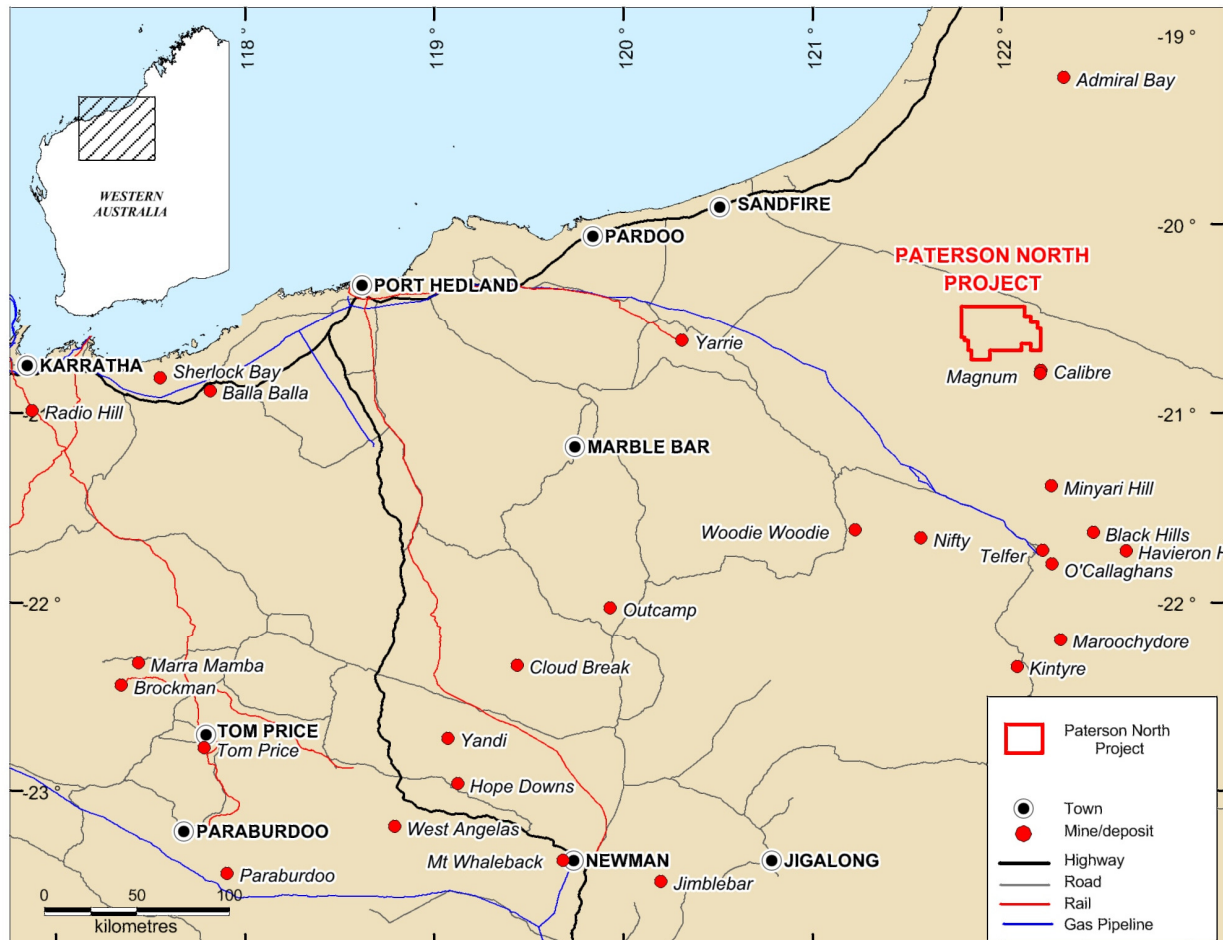


Figure 1: Location Map

#### Details of Ming Gold Farm-in and Joint Venture Agreement

The Farm-in and Joint Venture Agreement entered into with Ming Gold is conditional on satisfaction or waiver of the remaining conditions precedent, being:

1. Sipa and Ming Gold entering into a deed of covenant with respect to an Aboriginal heritage agreement concerning the tenement; and
2. Sipa conducting a legal, environmental and technical due diligence review with respect to the tenement and being satisfied with respect to its investigations.

These conditions must be satisfied or waived within 90 days and the farm-in obligations will then commence.



Under the terms of the Farm-in and Joint Venture Agreement:

1. Sipa has the right to earn a 51% interest in E45/3599 by expending \$1 million of exploration expenditure within two years of commencement, inclusive of a minimum commitment of \$250,000 to be expended within one year of commencement;
2. Sipa may withdraw from the agreement provided it has met the minimum commitment;
3. if Sipa earns the 51% interest the parties will form a joint venture and Sipa has the right to earn a further 29% joint venture interest by sole funding a further \$2 million of joint venture expenditure within four years of commencement;
4. if Sipa does not earn the further 29% joint venture interest, Sipa will be deemed to have withdrawn from the joint venture and will retain no interest in E45/3599;
5. if Sipa does earn the further 29% joint venture interest, Sipa must offer to transfer a 20% interest in its Anketell tenement (ELA 45/4697) to Ming Gold on the basis that this tenement will form part of the joint venture;
6. Sipa will be the first manager of the joint venture and an operating committee will be formed once Sipa earns a further 29% joint venture interest;
7. subject to a right to dilute, each party must then contribute to expenditure in accordance with its percentage interest; and
8. in the event a participant's joint venture interest is reduced to 7.5% or less and, if it is diluting, that participant does not elect to recontribute to joint venture expenditure, that participant's interest will convert to a 1.5% net smelter royalty.

#### **The Exploration Opportunity – Obelisk Copper-Gold Anomaly**

The Paterson North Copper-Gold Project comprises a 1067 sq km tenement package which immediately adjoins Antipa Minerals' (ASX – AZY) Citadel Project which contains the Magnum and Calibre gold and copper deposits (1.2Moz of gold and 139,000 tonnes of copper – refer AZY ASX Announcement dated 23 February 2015).

In October 2015, Rio Tinto signed an agreement with Antipa Minerals to spend up to \$A60 million to earn a 75% interest in the Citadel Project. Recent intersections such as 23m @ 3g/t Au and 0.33% Cu and 63m @ 2.2g/t Au and 0.19% Cu (AZY ASX Announcement dated 16 December 2015) from Calibre have been returned since Rio farmed into the property, highlighting the significant exploration potential of the region.

Antipa Minerals has also significant high-grade gold-copper results from its 100%-owned Minyari deposit, located 90 km further to the south east, where it has a major resource drill program underway (see AZY ASX Announcement dated 14 June 2016).

The Great Sandy Gold-Copper Project tenement (EL45/3599) contains a number of geochemical anomalies identified through initial Aircore drilling conducted by Ming Gold in 2015. The most advanced target is a copper-gold-bismuth anomaly known as **Obelisk**, located 35km north-west of Antipa Minerals' Magnum and Calibre Copper-Gold Deposits.

The initial reconnaissance drilling results at Obelisk indicate a system strongly anomalous in copper (>250ppm Cu) and gold (>10ppb Au) with visible primary chalcopyrite identified in a number of holes over 4km of strike and hosted by a metamorphosed gabbro associated with a strong gravity feature. (Refer



ASX announcement dated 17 March 2016) The mineralisation is also associated with magnetite alteration.

### **Planned Drilling and WA EIS Grant**

Sipa is planning to undertake a program of shallow aircore drilling next quarter to further evaluate the Obelisk anomaly and define targets for deeper drilling.

The Company is pleased to advise that it has been awarded a \$150,000 grant by the WA Government to co-fund the upcoming aircore drilling program at the Paterson North Project. This funding is provided under the EIS, administered by the WA Department of Mines and Petroleum.

Sipa acknowledges the important role of the EIS in supporting greenfields exploration in emerging mineral frontiers such as the Paterson Province. It is greenfields exploration campaigns such as this which have the potential to deliver the next generation of major Australian mineral discoveries.

### **Management Comment**

Sipa's Managing Director, Lynda Burnett, said the Company was pleased to have finalized the Farm-in and Joint Venture Agreement with Ming Gold, clearing the way for ground access preparations to commence ahead of a planned drilling program in the third quarter.

"Subject to access negotiations and permitting, we would hope to be on the ground and ready to drill by August," she said. "We are very pleased to have been successful in the recent round of EIS grants, with the co-funding set to contribute towards our planned aircore drilling campaign to evaluate the large Obelisk copper-gold anomaly."

"This is a large, high quality target which sits in the heart of one of the world's most exciting new exploration frontiers," she continued. "As a result of the recent success of our neighbour, Antipa Minerals, and the Rio Tinto farm-in last year, exploration activity in this region has been reignited and we are very much looking forward to playing a part in this process."

"We will provide further updates on this project as preparations advance in the coming 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 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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## **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 over one year.