



## Quarterly Activities Report

ACTIVITIES FOR THE FOURTH QUARTER ENDING 30 JUNE 2016

### Strong progress for Sipa on two fronts with successful drill program at Akelikongo nickel discovery and acquisition of new Paterson copper-gold project where drilling is now imminent

#### Highlights

##### Nickel sulphide exploration – Uganda

- Highly successful drilling program completed at the **Akelikongo nickel-copper prospect** in Northern Uganda. Results include the highest grade and widest matrix to semi-massive intercepts drilled at the project 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 AKC004.
- The results also contain the **widest disseminated intercepts obtained to date, ranging from 59m to 119m down-hole at grades of >0.3% Ni, >0.1% Cu and 0.02% Co** in holes AKC 3, 4, 5, and 6.
- The recent drilling has **significantly advanced Sipa's understanding of the emerging mineral system at Akelikongo**, confirming the scale and endowment of the system and highlighting the geometry and plunge of the chonolith (pipe) structure hosting the nickel mineralisation.
- This enhanced understanding, together with the identification of an embayment in the footwall (which explains the larger volumes of shallow mineralisation) **provides a vector for follow-up drilling targeting a basal high-grade massive sulphide position**.
- Assay results continue to **indicate a large (>1km long and >300m wide) chonolith or intrusive pipe**, hosting disseminated and massive nickel and copper sulphides similar to other nickel systems of economic interest elsewhere in the world.
- **At the nearby Pamwa zinc-lead-silver prospect**, 10km to the south, broad anomalous intercepts of strongly anomalous zinc and lead plus silver and cadmium have provided further evidence of a primary zinc-lead-silver system.

##### Copper-gold exploration – Paterson Province, Australia

- Farm-in and Joint Venture Agreement completed with Ming Gold Limited (**Ming**) enabling 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.
- Drilling to commence on 1 August at the newly acquired project to test the **Obelisk Anomaly, a large >4.3km long primary copper-gold anomaly**. This 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 the world. The 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.
- West Australian Government Exploration Incentive Scheme (EIS) grant up to the value of \$150,000 awarded to co-fund the upcoming **Paterson North** drilling program.



## Kitgum Pader (Sipa 100%)

Sipa's Kitgum-Pader Project is located in northern Uganda on the north-east margin of the Congo supercraton. It comprises two new mineral discoveries both made by Sipa during 2014 and 2015, the Akelikongo intrusive hosted nickel-copper sulphide discovery and the Pamwa BHT-style lead-zinc-silver prospect.

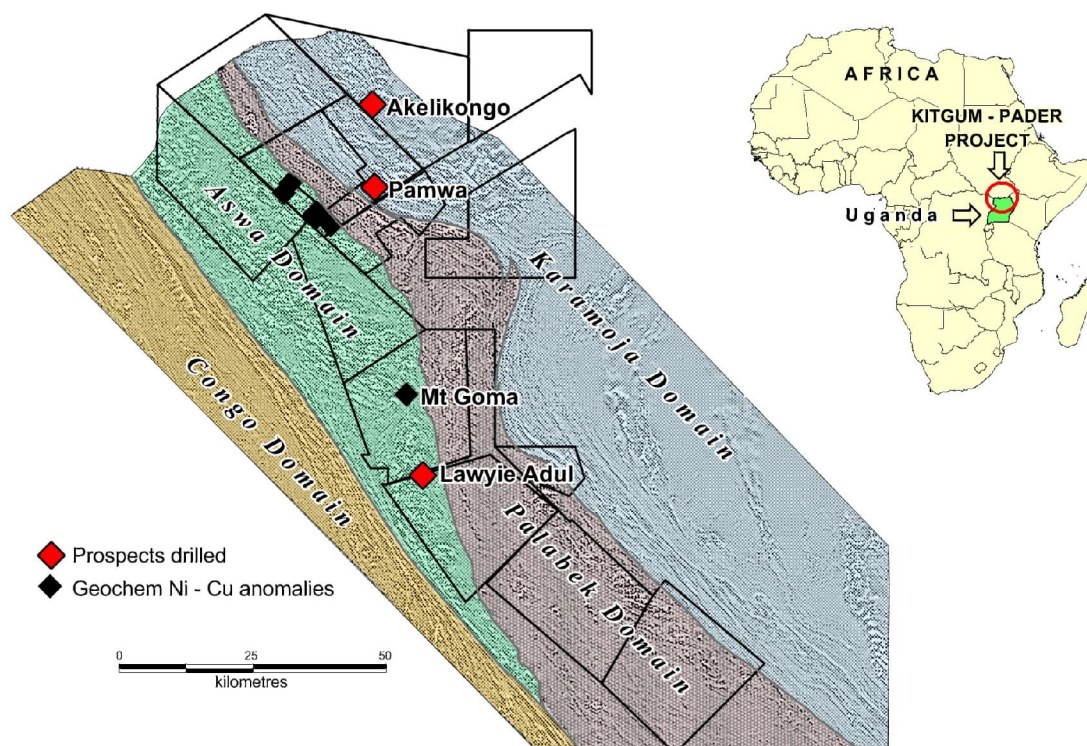


Figure 1 – Location of tenements in northern Uganda showing location of drilled prospects Akelikongo and Pamwa

### Akelikongo

The RC drill program completed during the Quarter was designed to test the shallow sparsely drilled area between AKD002 and AKD004 (Figure 2) where the Akelikongo Ultramafic Complex (AKUC) comes to surface and is represented by a strong in-situ soil anomaly greater than 0.3% Ni and >500ppm Cu.

12 RC drill holes for 1007m were drilled with holes intersecting strong disseminated to blebby nickel and copper sulphides with a basal zone of matrix to semi massive sulphides.

The matrix to semi-massive zones contain assays greater than 1% Ni or 1% Cu and range from 1m up to 10m wide. These zones are interpreted to represent the high grade basal position in the Akelikongo Ultramafic Complex and lie at the footwall of the wide and shallow zones of disseminated sulphides.

This 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, during this drill program, of an embayment in the footwall, plus the knowledge of the existence of higher and thicker grades within the embayment now provides a clear focus for future drilling of this mineralised position along the shallow north westerly plunge of the chonolith.



Previous drilling and 3D modelling has indicated the chonolith is present over 1km of strike and plunges shallowly to the northwest, with only the top 250m of the strongly mineralised position tested at wide spacings. Figures 3 to 7 show the geology of the five drilled section lines as shown on the plan on Figure 2.

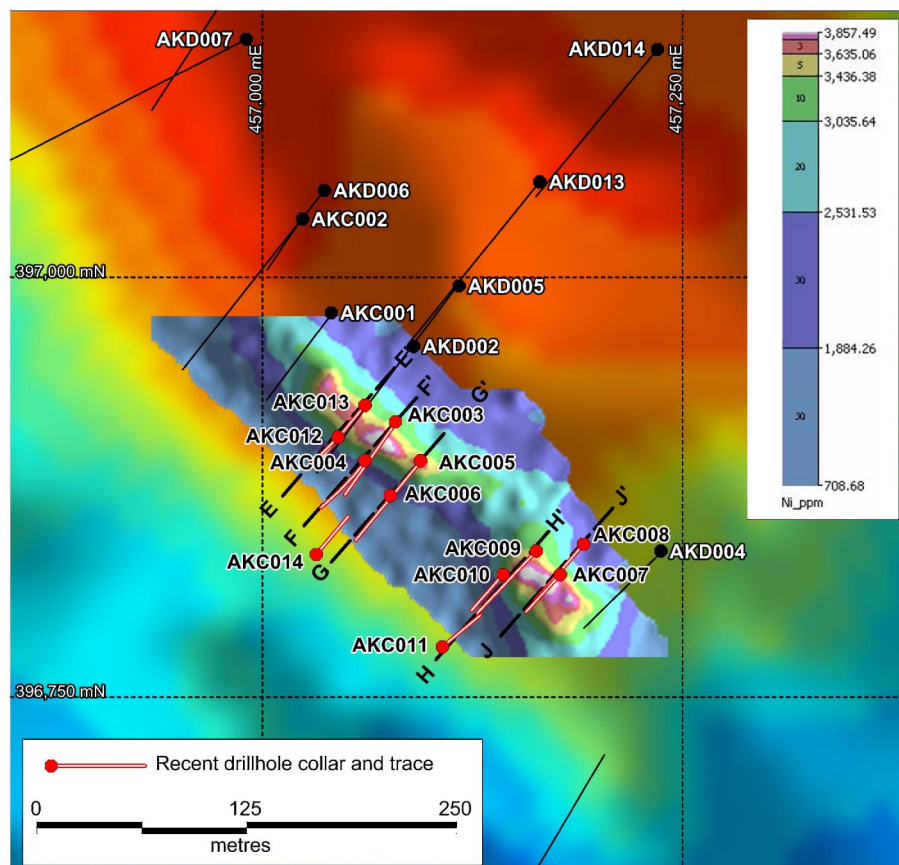


Figure 2. 5m by 5m in-fill soils over Akelikongo gravity image with existing drilling. New RC drill hole locations are shown in red and section lines shown.

#### Results from Akelikongo are summarised as follows:

- **AKC003**      **113m @ 0.36% Ni, 0.11% Cu and 0.02% Co from 2m to 115m**  
including 1m of semi-massive sulphide @ 1.03% Ni, 0.09% Cu and 0.05% Co from 114m to 115m
- **AKC004**      **69m @ 0.43% Ni, 0.20% Cu and 0.02% Co from 4m to 73m**  
including 10m of semi-massive sulphide @ 1% Ni, 0.22% Cu and 0.05% Co from 63m to 73m
- **AKC005**      **119m @ 0.40% Ni, 0.12% Cu and 0.02% Co from 0m to 119m**  
including 1m of semi-massive sulphide @ 1.17% Ni 0.39% Cu and 0.05% Co from 118m to 119m
- **AKC006**      **59m @ 0.35% Ni, 0.22% Cu 0.02% Co from 24m to 83m**  
including 4m of semi-massive sulphide @ 0.50% Ni, 1.8% Cu and 0.03% Co from 79m to 83m



- **AKC007**                    **32m @ 0.41% Ni, 0.12% Cu and 0.02% Co from surface;** and  
                                 **22m @ 0.39% Ni, 0.14% Cu and 0.02% Co** from 38m down-hole  
*(Note: hole intersected pegmatite from 32-38m down-hole and may have stopped short of the footwall sulphide zone).*
  
- **AKC008**                    **32m @ 0.42% Ni, 0.11% Cu and 0.02% Co** from 32m down-hole; and  
                                 10m @ 0.40% Ni, 0.08% Cu and 0.02% Co from 74m down-hole, including 2m of semi-massive sulphide @ 0.68% Ni, 0.14% Cu and 0.03% Co  
*(Note: hole intersected pegmatite from 64-74m)*
  
- **AKC009**                    **30m @ 0.40% Ni, 0.13% Cu and 0.02% Co** from surface; and  
                                 **36m @ 0.37% Ni, 0.11% Cu and 0.02% Co**, including 6m of semi-massive sulphide @ 0.42% Ni 0.14% Cu and 0.02% Co from 86m down-hole
  
- **AKC010**                    10m @ 0.51% Ni, 0.25% Cu and 0.03% Co  
*(Note: (surface gossan only) drilled parallel to footwall)*
  
- **AKC011**                    7m @ 0.31% Ni, 0.09% Cu and 0.02% Co from 53m down-hole  
*(Note: scissor hole testing the footwall position)*
  
- **AKC012**                    **44m @ 0.41% Ni, 0.19% Cu 0.03% Co** from surface; and  
                                 4m of semi-massive sulphide @ 0.57% Ni, 0.23% Cu and 0.03% Co from 45m down-hole  
*(Note: sample loss from 44-45m down-hole)*
  
- **AKC013**                    **50m @ 0.43% Ni, 0.13% Cu, 0.03% Co** from surface.
- **AKC014**                    1m of semi-massive sulphide 0.59% Ni, 0.08% Cu and 0.04% Co from 50-51m within 10m of 0.27% Ni, 0.07% Cu and 0.02% Co  
*(Note: scissor hole to test footwall position)*



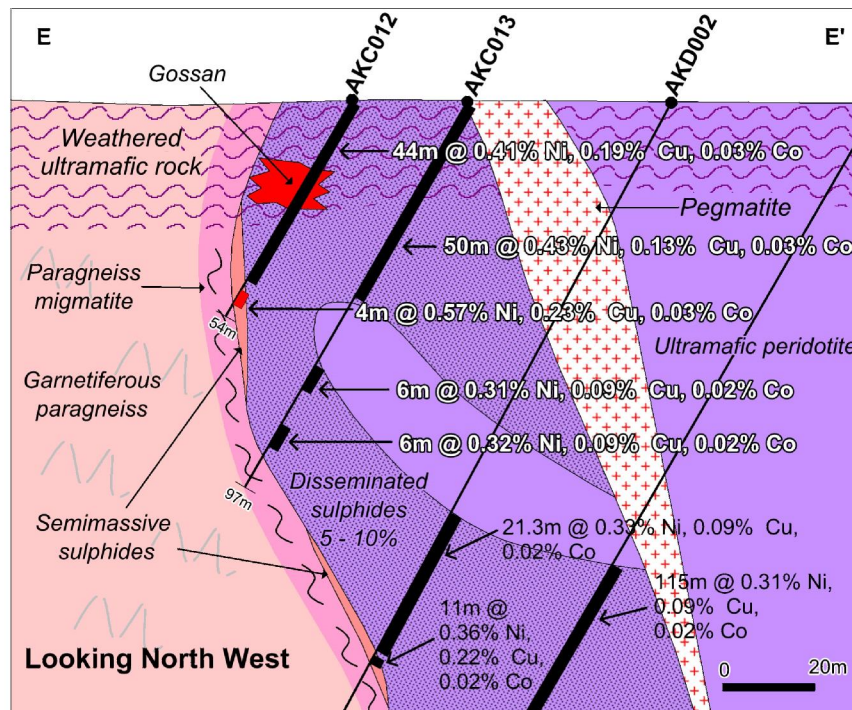


Figure 3 Drill hole section E-E' showing AKC012, AKC013 and previous holes AKD002 and AKD005 (cut off by section view).

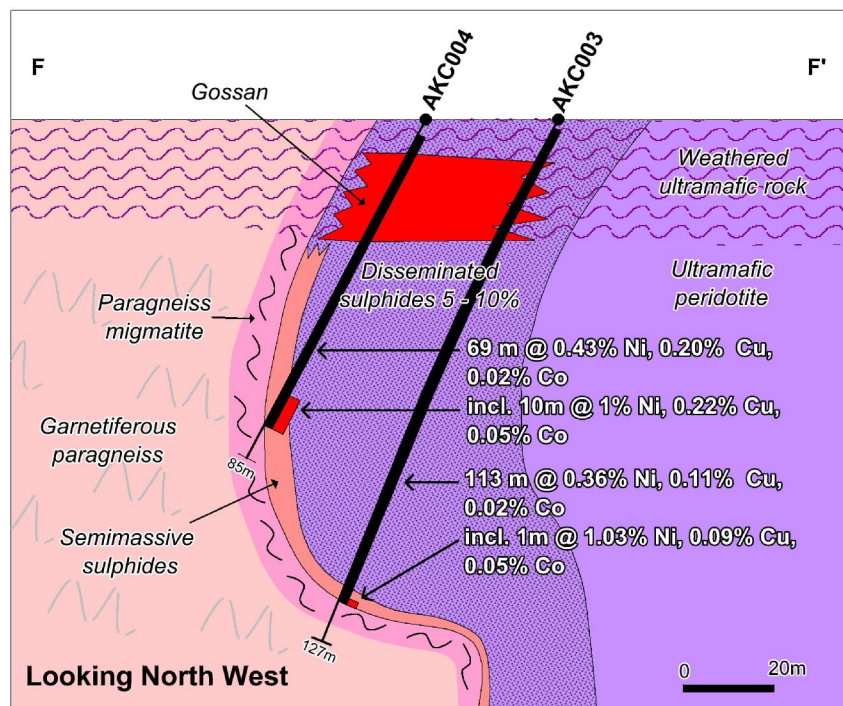


Figure 4 Drill hole section F-F' showing AKC004 and AKC003

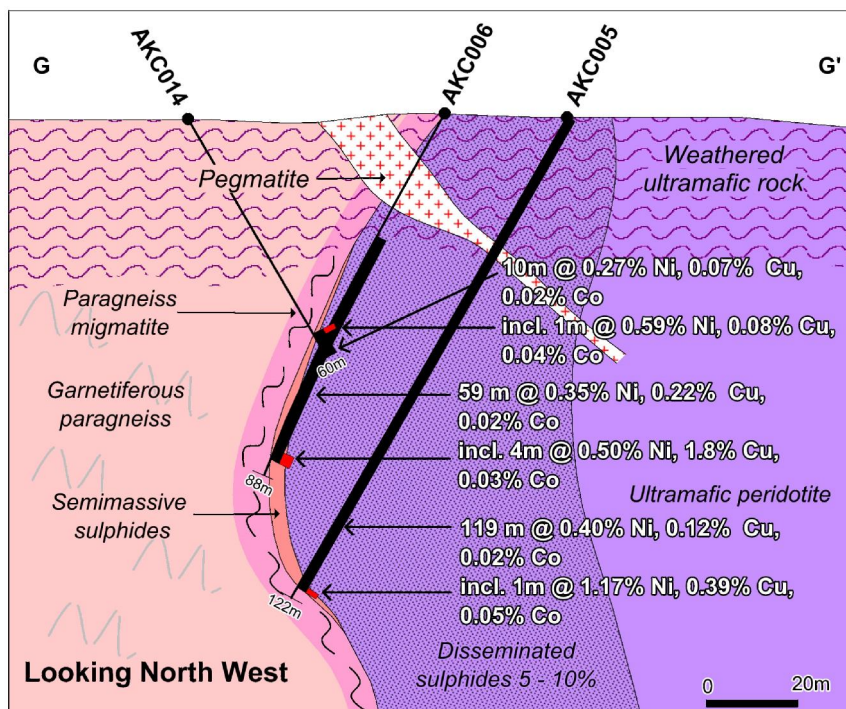


Figure 5 Drill hole section G-G' showing AKC014, AKC006 and AKC005

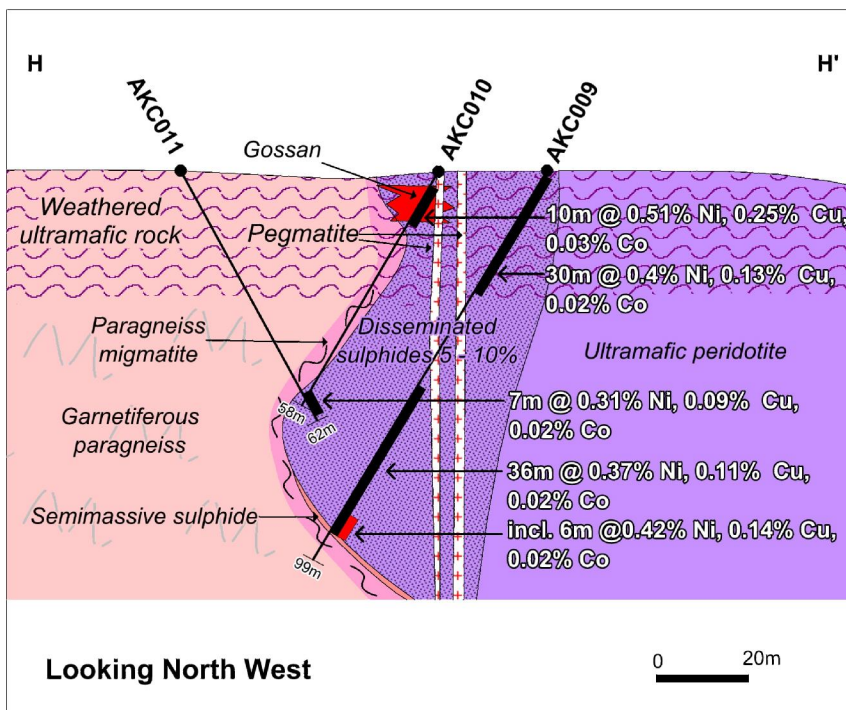


Figure 6 Drill hole section H-H' showing AKC009, AKC010 and AKC011

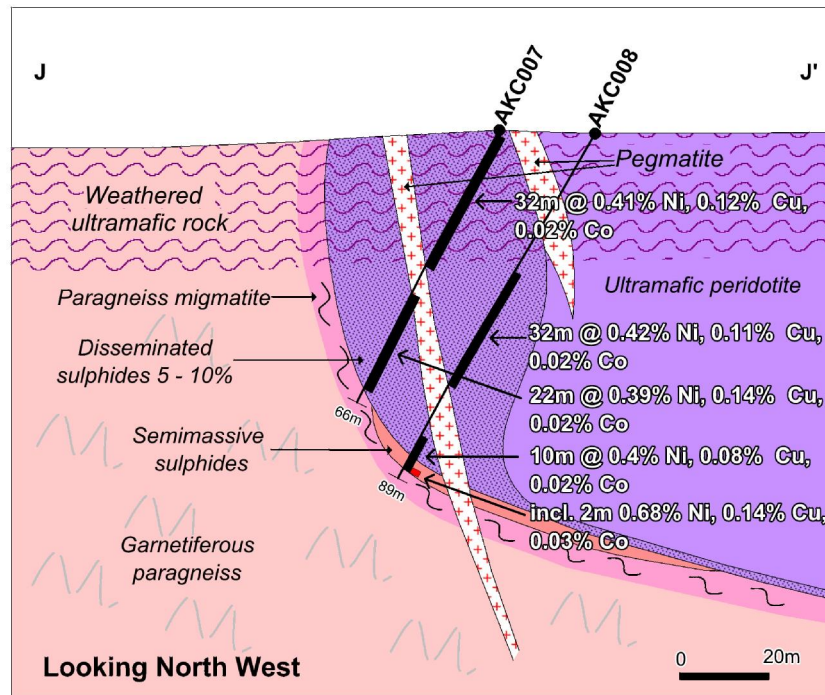


Figure 7 Drill hole section J-J' showing AKC007 and AKC008

The forward program is to continue to drill this basal position (shown as red lines projected from surface) down plunge using RC for a further 250m of strike. The basal position is completely untested north of the AKC001 shown in Figure 8.

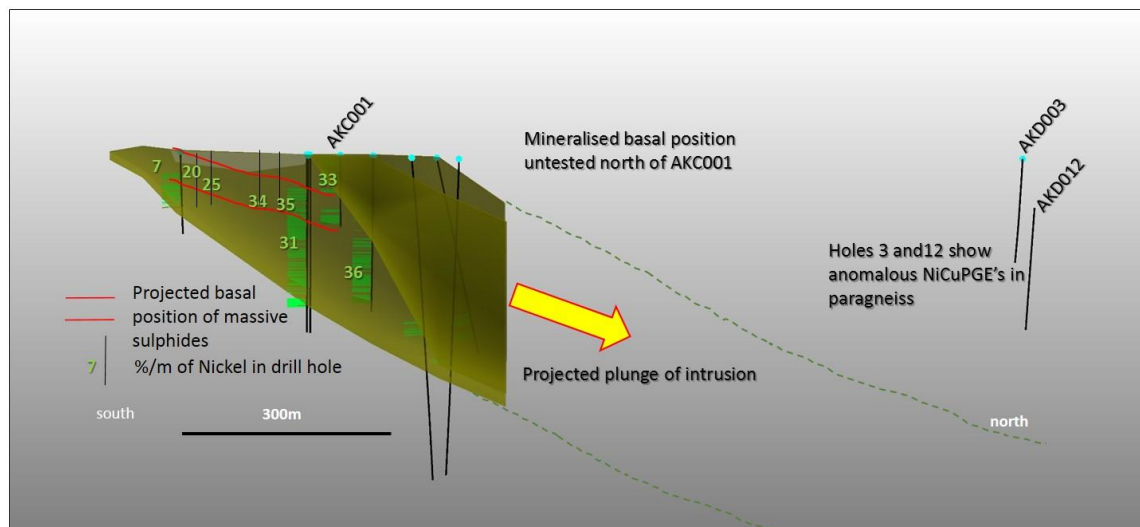


Figure 8 Long section of Akelikongo Chonolith showing projection (in red) of basal semi-massive to massive zone onto vertical plane looking north-west.



## Pamwa

At the Pamwa base metal prospect, located 10km south of Akelikongo, drilling intersected further primary sphalerite and galena intersections in lithostratigraphic horizons within a large >2km elongate Zn, Pb Ag, Cd, Mn soil anomaly.

A total of 22 aircore holes for 534m and 3 RC holes for 202m were drilled during April 2016 Figure 9.

The program consisted of shallow RAB and RC drill testing of highly anomalous soil peaks >500ppm Zn + Pb. The assay results indicate broad zones (>25m) of strongly anomalous zinc plus lead (>1000ppm), silver and cadmium, with thinner higher grade zones 1-7m wide of up to 3.9% combined Pb plus Zn and up to 20 g/t Ag.

The mineralised zones generally occur around a stratigraphic contact in a biotite hornblende gneiss beneath a garnet gneiss see Figure 11. As described previously, the soil anomaly is thought to represent a folded or thrust repeated horizon and the drilling confirms this view. It is thought that the eastern limb dips shallowly to the east whilst the western limb is overturned and dips more steeply to the east. The wider and better grade zinc, lead and silver intersections are located on the eastern limb.

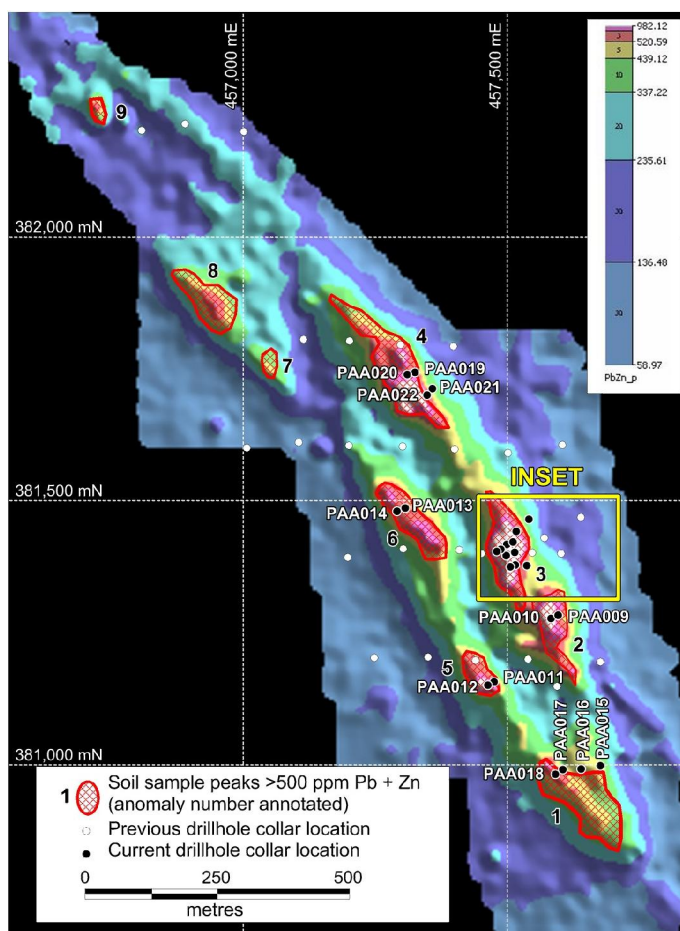


Figure 9 Pb plus Zn in soils with strong anomalies labelled with drill hole locations.

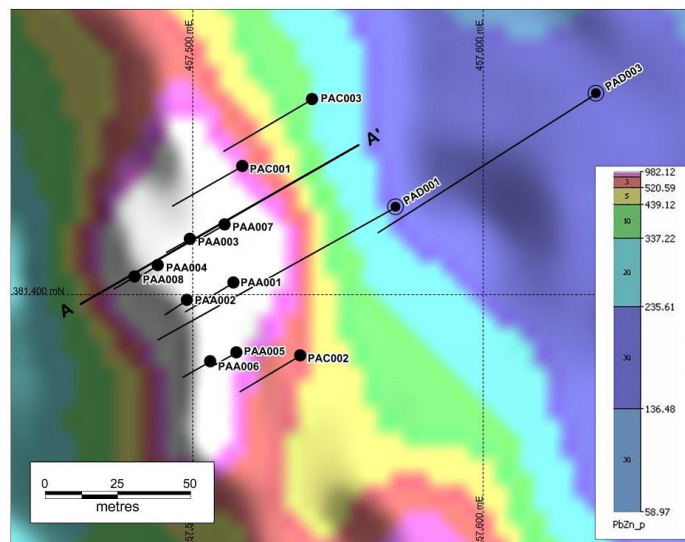


Figure 10 Plan inset, showing section line A-A'

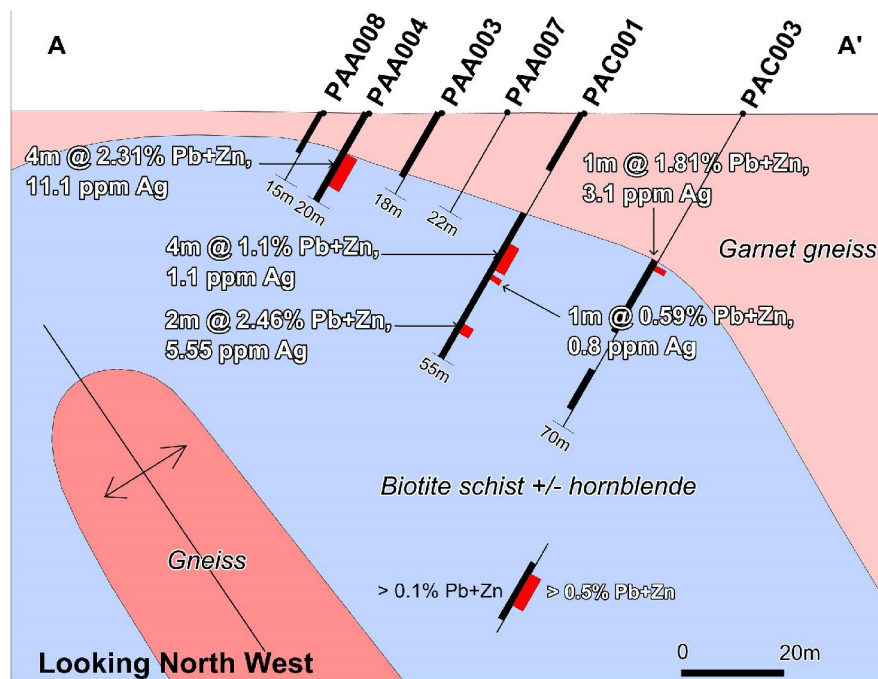


Figure 11 Section A-A'



## Paterson North (Sipa earning up to 80%)

*Sipa's new Paterson North 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. The project consists of one wholly-owned Sipa tenement and an earning interest (up to 80%) in Ming Gold's Great Sandy Gold-Copper Project (E45/3599) by spending \$3M on exploration over up to four years.*

During the quarter, Sipa completed **the** Farm-in and Joint Venture Agreement with Ming Gold Limited (**Ming**) enabling 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 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 12. The Company's Paterson North 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 Minerals' Magnum and Citadel gold and copper deposits, the Nifty copper and Kintyre uranium deposits and the O'Callaghans skarn hosted tungsten deposit.

The Company also secured a West Australian Government Exploration Incentive Scheme (EIS) grant to co-fund the planned upcoming drilling program.

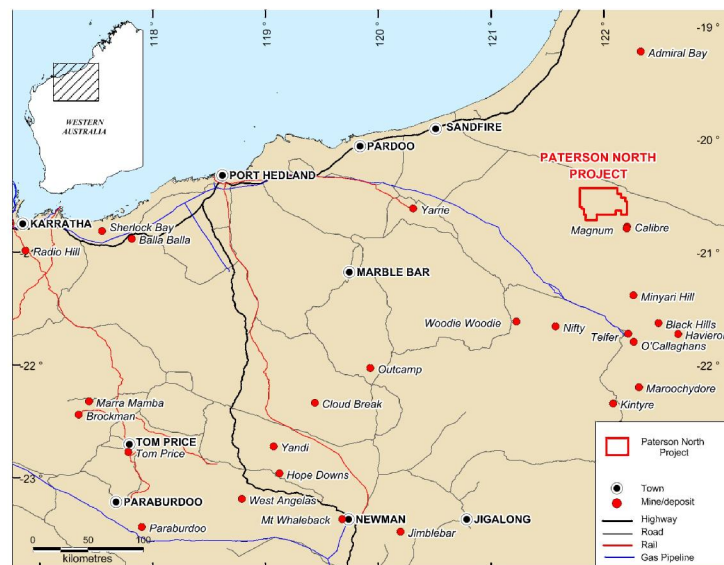


Figure 12 – Sipa's Paterson North copper-gold project

The Great Sandy tenement 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 known to be associated with much of the known mineralisation elsewhere. Figure 13 is an image of magnetic data showing continuity of underlying Paterson Province geology from Telfer through Antipa Minerals' landholding and into the Sipa/Ming ground.



In recent weeks, Antipa Minerals 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, magnetic 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 (Figure 14).

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 14 shows the granite which is spatially located with the Magnum and Calibre deposits. Figure 15 shows the granite spatially associated with the Obelisk anomaly on Sipa's Ming tenement.

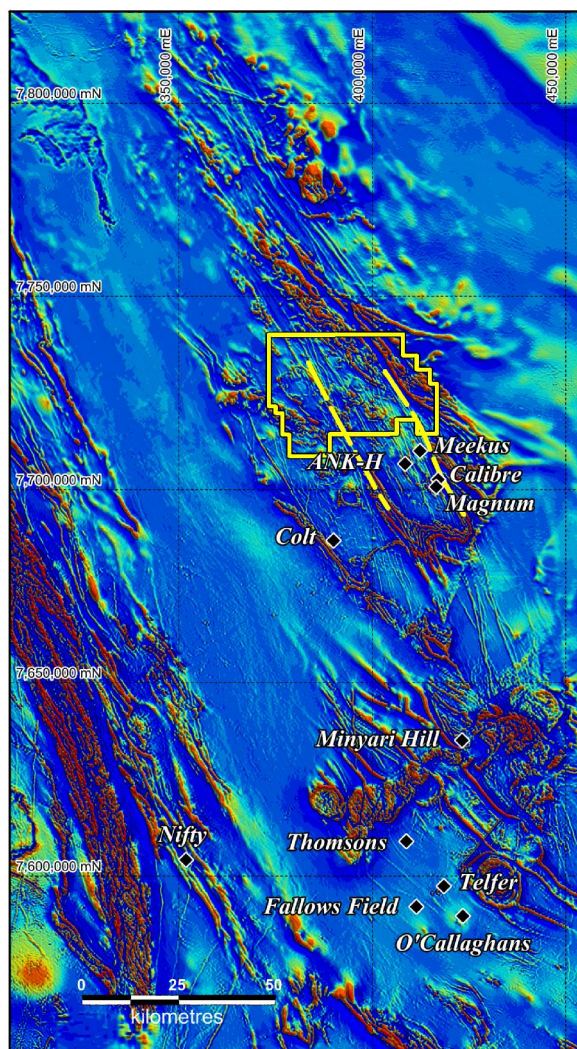


Figure 13 – Mineralised geological corridor extending from Magnum, Calibre and Meekus into the Sipa/Ming tenement

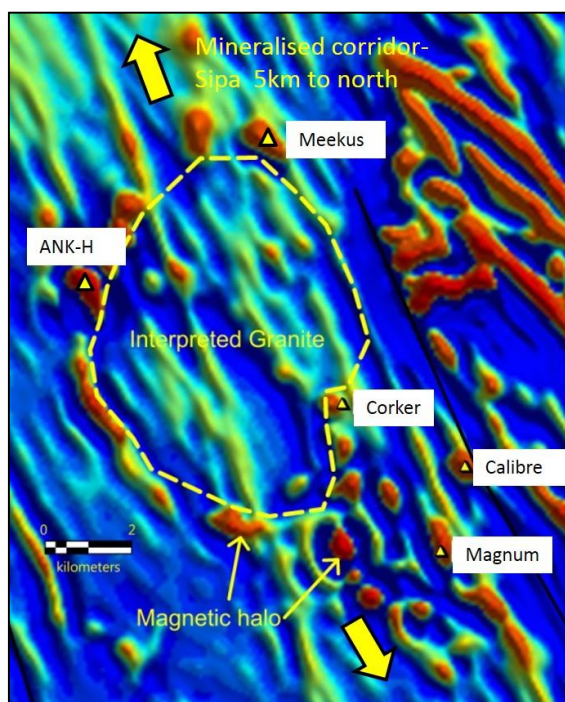


Figure 14 - Interpreted granite (marked in yellow dashed line) spatially related to Antipa Minerals' Copper-Gold deposits/prospects

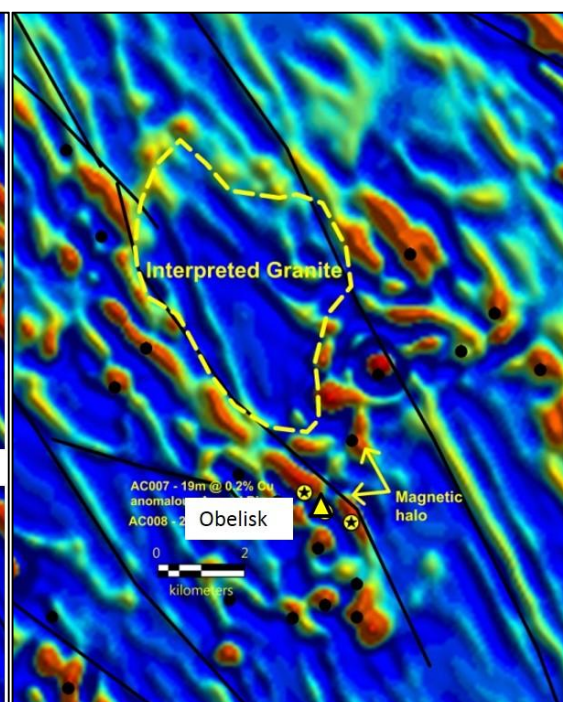


Figure 15 - Interpreted granite (marked in yellow dashed line) spatially related to Sipa/Ming Obelisk Copper prospect

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.

## Plan forward

Having successfully defined mineralising controls for basal semi-massive sulphides at the Akelikongo nickel copper sulphide intrusive system, further drill testing of this position down plunge will be conducted. This work will be mostly conducted using RC drilling as the depths to be tested are still less than 200m below surface. This program will commence once the drilling is complete at the Paterson North project.

At Paterson North, Drilling will be underway by early August following the completion of heritage surveys currently underway with the Nyangumartu Warren Native Title holders.

The addition of new exploration projects in the key commodities of gold and base metals into Sipa's portfolio fulfils a key board requirement to obtain and maintain exposure to a portfolio of potential discovery projects. Sipa will continue work on generating further new projects consistent with its past and continuing record of successful project generation and discovery.



## 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 Minerals' 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 announcements dated 17 March 2016, 20 May 2016, 2 June 2016, 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*

*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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