



Quarterly Activities Report

ACTIVITIES FOR THE FIRST QUARTER ENDING 31 MARCH 2016

Highlights

- Drilling results at Akelikongo, Northern Uganda, continue to indicate a large (greater than 1km long and greater than 300m wide) chonolith or intrusive pipe, hosting disseminated and massive nickel and copper sulphides similar to other nickel systems of economic interest in Tanzania, Australia, and Canada.
- Drilling at Akelikongo is currently underway in the search for high grade massive sulphide and importantly to locate the base of the intrusion at the time of nickel sulphide accumulation.
- At Pamwa drilling is underway to test highly anomalous zinc plus lead soil peaks previously untested following infill soil sampling.
- In March 2016, Sipa executed a term sheet for a Farm-in and Joint Venture Agreement with Ming Gold Pty Ltd (Ming) to earn up to 80% in Ming's Great Sandy Copper - Gold project for expenditure of \$3 million over 4 years with a minimum expenditure commitment of \$250,000.
- The Farm-in provides a foothold into the Paterson Province of Western Australia, an emerging gold-copper province, with strong discovery credentials. The geology is interpreted to be the same prospective geological sequence which also hosts world class gold and copper deposits such as Newcrest's giant Telfer gold-copper-silver mine 120 km to the south.



Akelikongo

During the quarter laboratory results were received for Diamond drill holes AKD15 and 16. In addition a large amount of physical property information such as XRF spot analyses of sulphides, magnetic properties, conductivity and specific gravity measurements were collected. These data were integrated into the 3D model.

The results continue to indicate a large (greater than 1km long and greater than 300m wide) chonolith or intrusive pipe, hosting nickel sulphides similar to other nickel systems of economic interest as have been found at Kabanga in Tanzania, Nova in Western Australia, and Voisey's Bay in Canada (Refer slide 9 of Company Update lodged on 14 April, 2016). Drilling of AKD015 and 016 undertaken in December, intersected further magmatic nickel and copper sulphide intercepts (ASX 9 December 2015 and 29 January 2016), with results (Figures 1 and 2) such as:

- **AKD015** 18m @ 0.16% Ni from 324 to 342m - disseminated sulphides ultramafic cumulate.
- **AKD016** 5.2m @ 0.18% Ni from 254.8 to 260m – disseminated sulphides in ultramafic cumulate;
 - 11.7m @ 0.19% Ni from 262.3m to 274m - disseminated sulphides in ultramafic cumulate
 - 3m @ 0.48% Ni and 0.26% Cu from 274m including -
 - **0.4m @ 0.64% Ni and 0.15% Cu** from 275m
 - **0.35m @ 0.65% Ni and 0.86% Cu** from 276.1m **and**
 - **0.4m @ 0.73% Ni and 0.18% Cu** from 283.6m.

The results continue to be encouraging as they show strong continuity of the mineralisation style with disseminated mineralisation marginal to a footwall mixing zone with felsic xenoliths and massive sulphides. In addition, the higher copper values seen in the sulphide zone at 276.1m in AKD016 show that fractionation processes are occurring during sulphide deposition and indicate the potential for higher combined \$ metal values.

It is unknown whether the current base position of the intrusion represents the base of the body at the time of mineralisation or whether the western side which hosts the best accumulations to date represents the base. Geochemical studies and re-logging of all core is underway to attempt to determine the intrusion base as this is where the largest accumulation of massive sulphide is likely to occur. Better certainty in our understanding of the intrusion geometry and mineralisation process will allow confidence in the targeting of down plunge drilling.

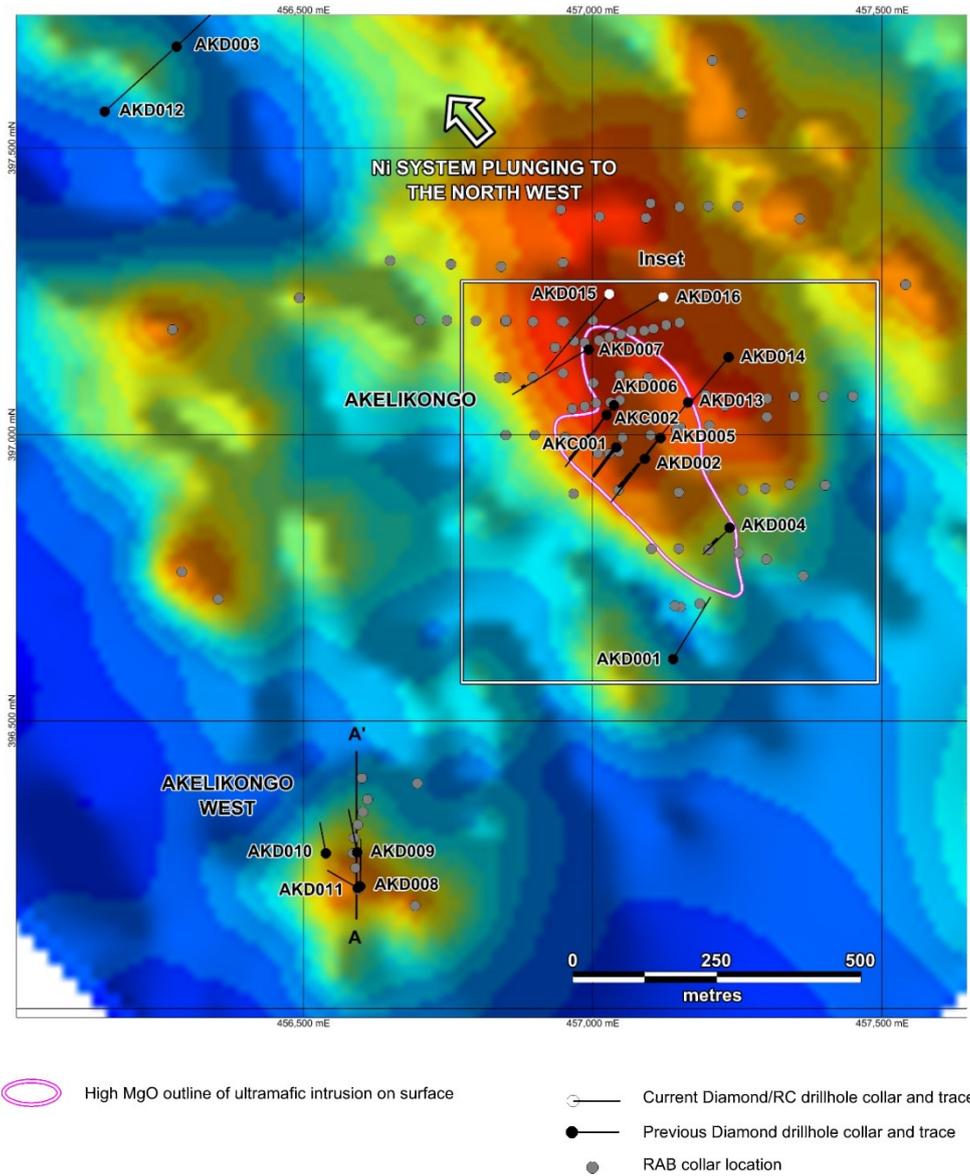


Figure 1 Drill hole locations on residual gravity image – Akelikongo area (Refer inset at Figure 3)

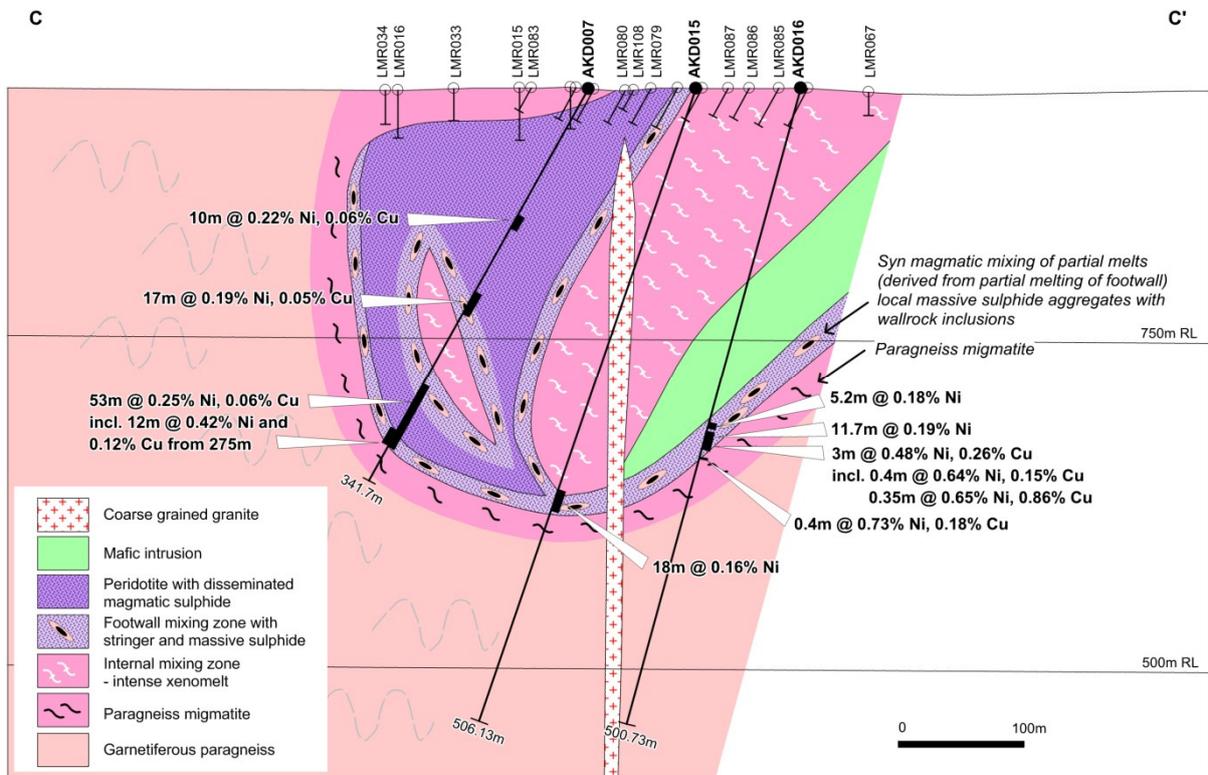
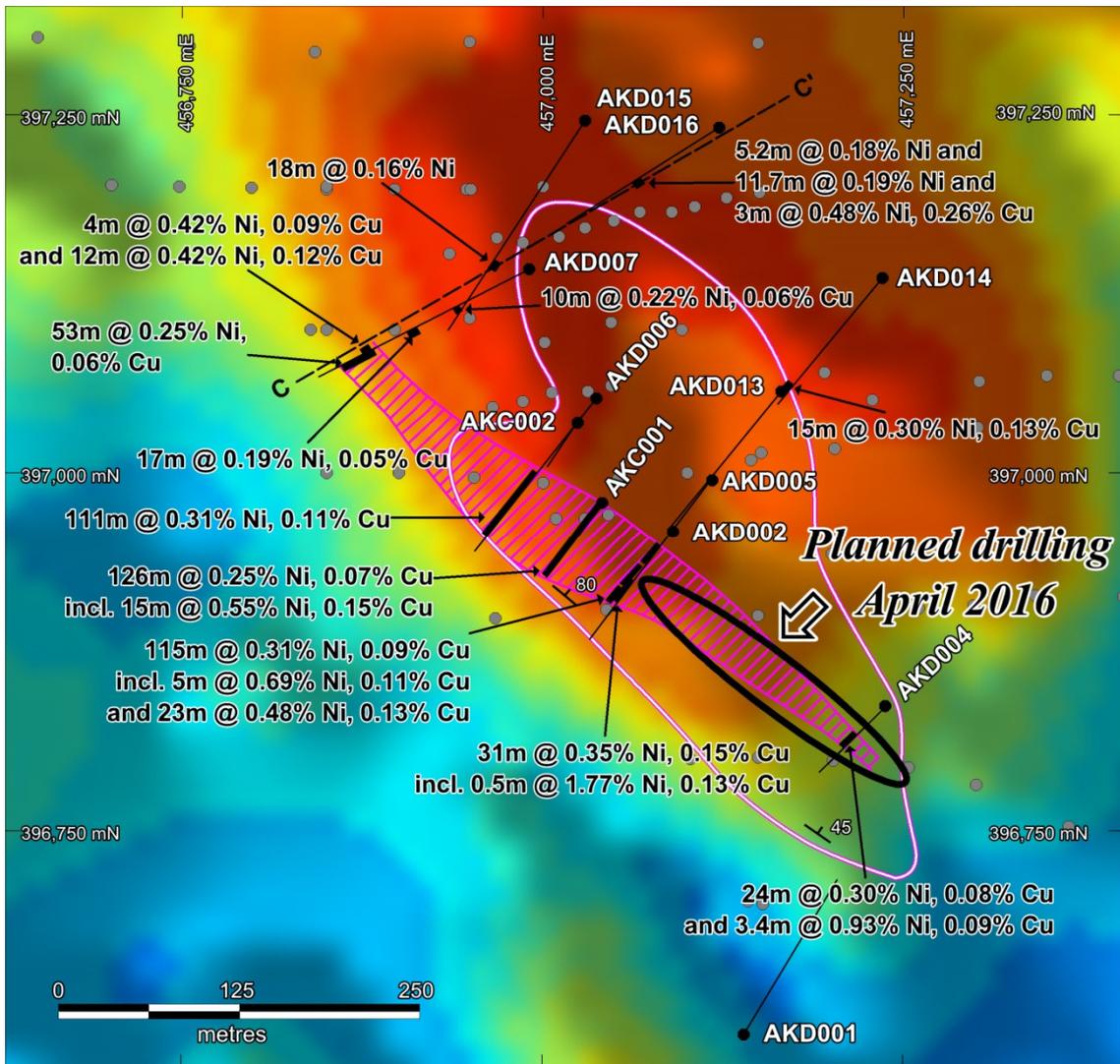


Figure 2: Section C-C' showing drill section across Akelikongo Intrusive Complex with holes AKD015 and AKD016 and mineralised intercepts.

During January an ultra-detailed (5m by 5m) soil survey was conducted over the main Akelikongo soil anomaly. The soils shows two higher grade zones within the anomaly both untested by drilling which may represent high grade massive sulphide shoots (Figures 3 and 4) High grade massive sulphide has been difficult to target using down hole geophysics due to the large disseminated low grade sulphidic mineralised ultramafic in the hanging wall and strongly sulphidic paragneisses in the footwall.

These high grade nickel in soil zones are currently the focus of shallow RC drilling currently underway.



- High MgO outline of ultramafic intrusion on surface
- Sulphide mineralised zone >0.25% Ni & >.1% Cu
- Previous Diamond drillhole collar and trace
- RAB collar location
- Dip and dip direction

Figure 3: Akelikongo Drill hole plan and results with location of April 2016 planned drilling.

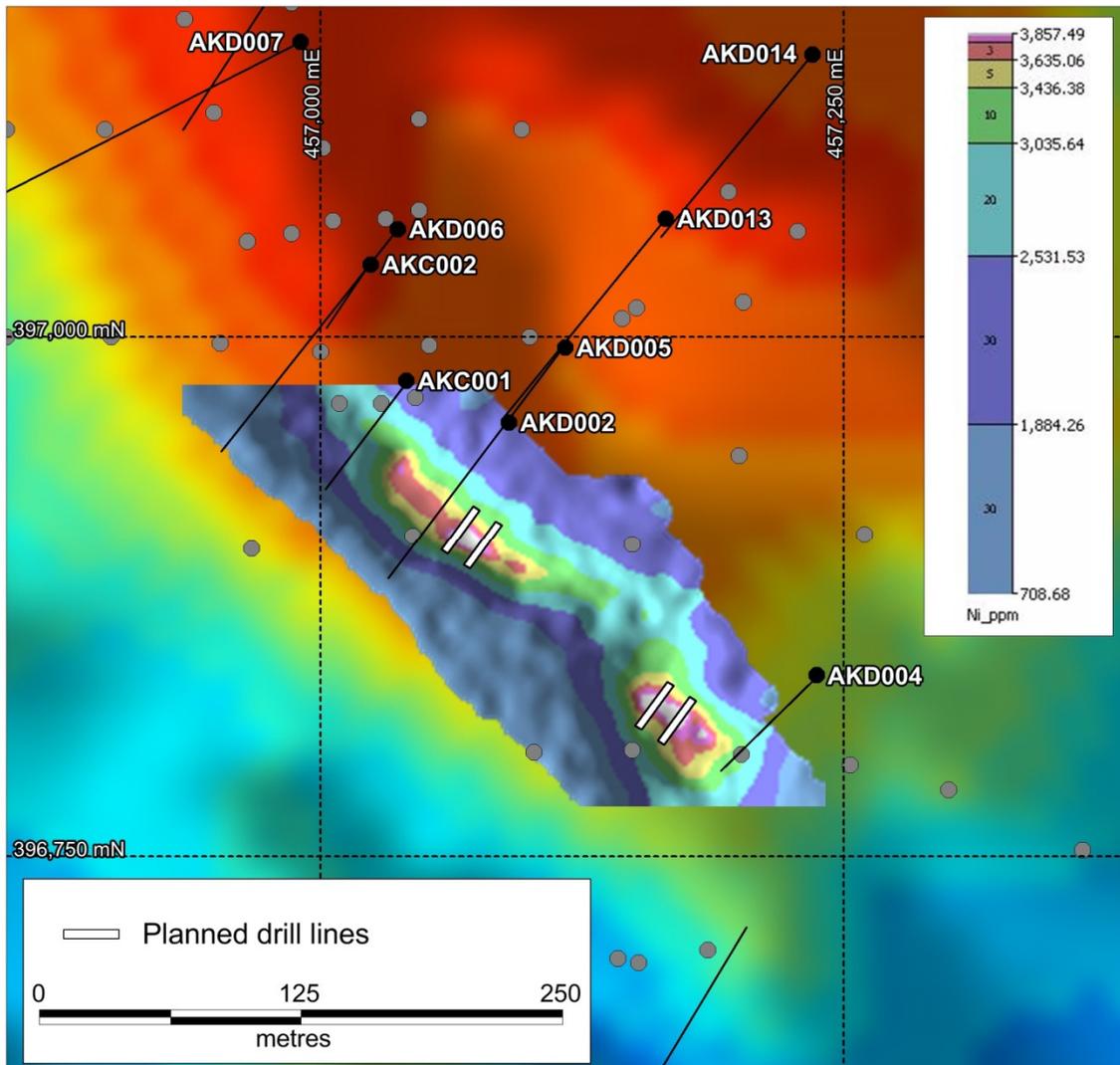


Figure 4: 5m by 5m infill soils over Akelikongo gravity with existing drilling. The soils show the location of two possible high grade shoots and with Sipa's April 2016 planned drill lines

Pamwa

During the initial drilling program in 2015 at Pamwa, primary sphalerite and galena in lithostratigraphic horizons was intersected in three out of nine strong zinc-lead soil anomalies defined by a larger >2km elongate Zn Pb Ag Cd Mn soil anomaly.

Detailed (25m by 25m) soil sampling completed during 2015 shows significant untested zinc-lead soil anomalies with an apparent strong lithostructural control. Further shallow drilling of a number of these anomalies is currently underway (Figure 5). The geological interpretation of the apparently shallowly doubly plunging anticline indicates further strike potential of the target mineralised horizons under cover to the north and south.

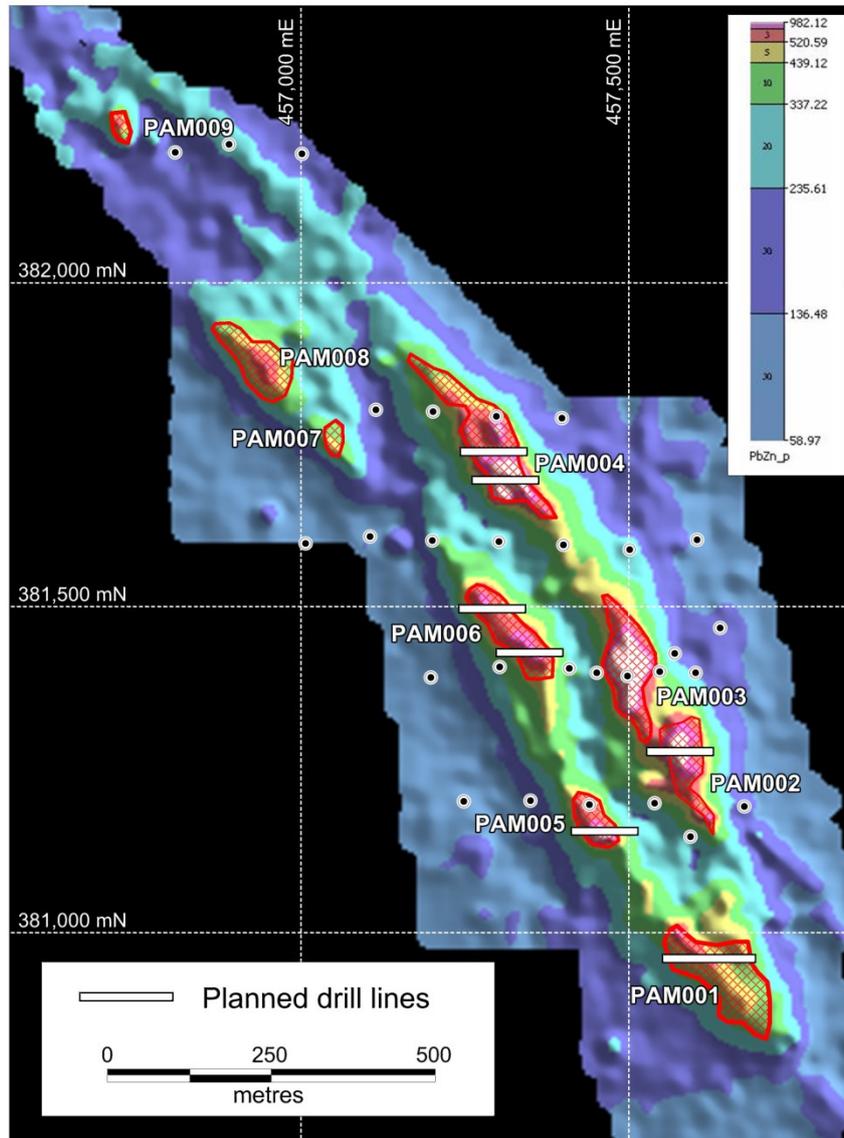


Figure 5: Pb plus Zn in soils with strong anomalies labelled with existing drill holes planned drill lines.

Paterson North

In March 2016 Sipa announced it had executed a term sheet for a Farm-in and Joint Venture Agreement with Ming Gold Limited (“Ming”) 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 will comprise the Paterson North Project.

The Great Sandy project is host to the newly discovered Obelisk Copper prospect in the Paterson Province Western Australia, a globally recognised strongly endowed and prospective mineral belt for gold and copper including the plus 25Moz gold and 1Mt copper Telfer deposits, Antipa’s Magnum and Citadel gold and copper deposits, Nifty copper and Kintyre uranium deposits and the O’Callaghans skarn hosted tungsten deposit. 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, Figure 6.

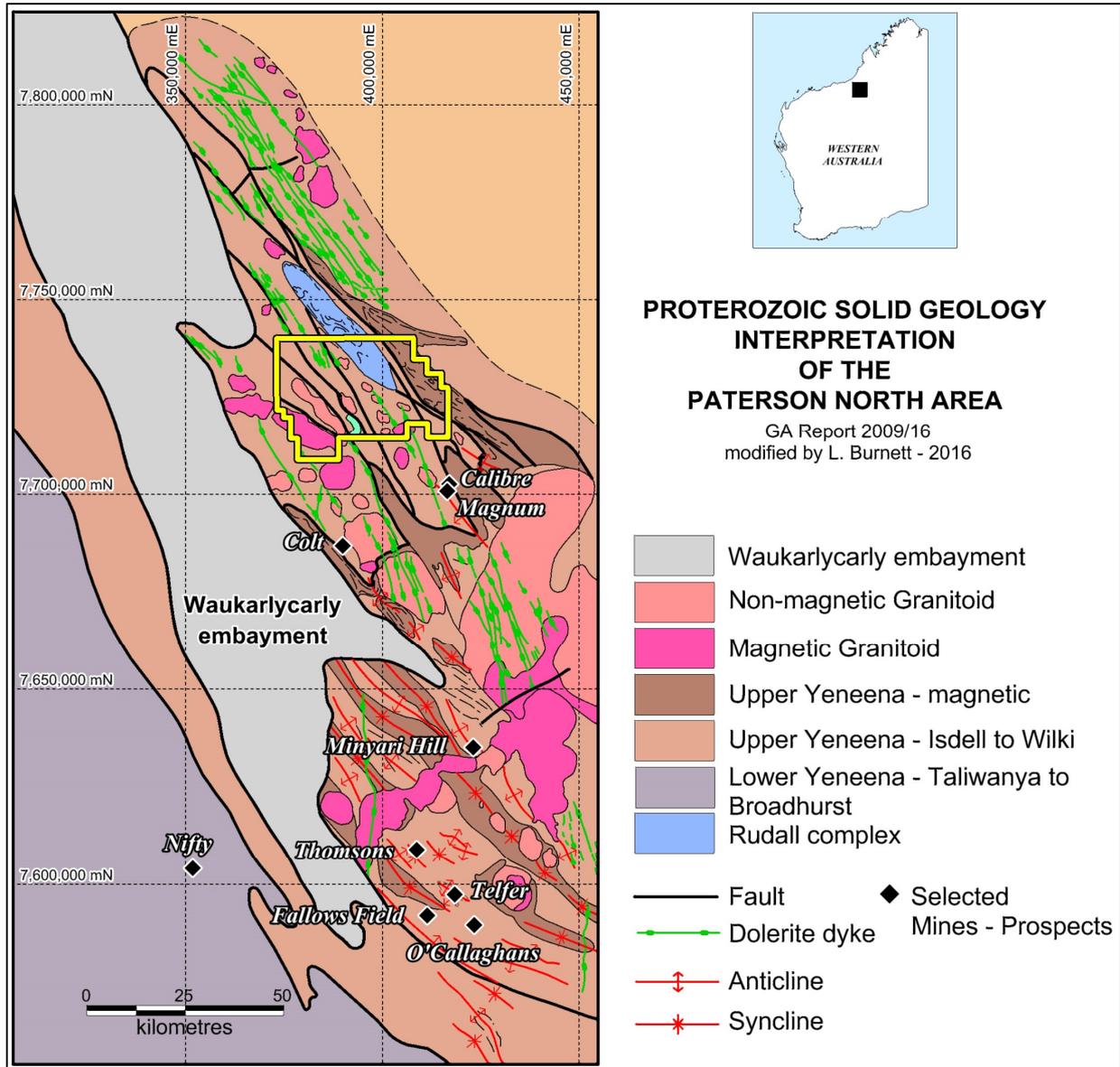


Figure 6 Geology and mineral deposits of the Northern Paterson Province showing Sipa's Paterson North Project in Yellow.

The project adjoins Antipa Minerals' (ASX – AZY) Citadel project containing the Magnum and Calibre gold and copper deposits containing 1.2 million ounces of gold and 139,000 tonnes of copper (AZY ASX Announcement dated 23 February 2015). In October 2015 Rio signed an agreement with Antipa Minerals to spend up to \$A60m 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 in to the property.

These recent results are of a higher grade and width than previously announced intersections and will improve the potential of the Calibre and adjoining Magnum deposits. The new results and the substantial investment by Rio into Antipa Minerals' land holding, have reignited interest in this region which is underexplored.



The Great Sandy tenement contains a number of geochemical anomalies identified through initial air core drilling conducted by Ming in 2015 (ASX 17 March 2016). The most significant target is the Obelisk copper-gold-bismuth anomaly.

Ming's initial reconnaissance drilling results at Obelisk indicate a large 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.

The deal allows Sipa to earn a 51% interest for \$1,000,000 of exploration expenditure within two years with a minimum commitment of \$250,000; and the right to earn a further 29% interest for a further \$2,000,000 of exploration expenditure within 4 years.

The project entry fulfils a key objective of the company to maintain exposure to a portfolio of high quality potential discoveries, whilst at the same time progressing exploration at our 100% owned Kitgum Pader Project in Northern Uganda.

Plan forward

Sipa now has three compelling mineral systems to explore and define; the Akelikongo nickel copper sulphide intrusive system, the Pamwa zinc-lead stratiform prospect in Uganda both currently underway and now the Obelisk copper-gold-bismuth anomaly at the Paterson North Project WA. Results from the Ugandan drilling are expected by end May 2016.

At Paterson North, shallow drilling will be conducted during the upcoming field season in mid 2016 to further define Obelisk and other drill targets. Sipa has now applied for WA Government Exploration Incentive Scheme (EIS) funding to assist with the upcoming drilling campaign. This EIS application if successful will result in 50% of Sipa's drilling cost being reimbursed under the Scheme.

Sipa will continue work on generating further new projects in the key commodities of gold and base metals consistent with its past and continuing record of successful project generation and discovery.

Corporate

During the past nine months the company has reviewed all its administrative and exploration outflows in line with current market conditions. This review has resulted in the reduction of general and administrative costs of 20% from 1 July, 2015 to 31 March, 2016. In the light of current market conditions, further cost savings include a voluntary 33.3% reduction in non-executive director's fees (in addition to the reduction in the number of non-executive directors to three) and a 15% reduction in executive director's remuneration. The voluntary reduction will continue for the next 12 months unless market conditions improve significantly. This cost review process will continue with further reductions to be achieved in future quarters, with particular attention to the non-technical areas so that expenditure can be focussed on exploration.

One of the outcomes is that the company will be moving its Perth Office in the next quarter to Unit 8 Subiaco Court 12-20 Railway Road Subiaco WA 6008.



Background

Sipa has been listed on the ASX since 1987, and 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 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 and is the company's flagship project.

The Broken Hill-style lead-zinc-silver mineralization at Pamwa, is less well defined and will be the focus of further drilling in 2016.

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.

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 only three of the nine identified soil anomalies have been drilled with primary zinc lead silver cadmium mineralisation intersected in diamond drilling.

In March 2016, Sipa made a return to Western Australia with the execution of a Farm-in and Joint Venture Agreement with Ming Gold Pty Ltd (Ming) to earn up to 80% in Ming's Great Sandy Copper - Gold project for expenditure of \$3 million over 4 years. The tenement is adjacent to Sipa's recently pegged Anketell tenement (ELA45/4697), both of which will comprise the Paterson North Project. The Farm-in provides a foothold into an emerging gold-copper province, with strong discovery credentials in the Paterson Province of Western Australia. The geology is interpreted to be the same prospective geological sequence which also hosts world class Au and Cu deposits such as Newcrest's giant Telfer gold-copper-silver mine 120 km to the south.

The information in this report that relates to Exploration Results was previously reported in the ASX announcements dated 17 March 2016, 29 January 2016, and 9 December 2015. 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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