



Chairman's Address 2018

Sipa Resources, Annual General Meeting – Thursday 15 November

Welcome to Sipa's 2018 Annual General Meeting.

The past 12 months has been an extremely busy and, at times, exhilarating period for the Company, as we have continued to make strong progress towards our goal of unlocking significant new mineral discoveries in frontier provinces in Australia and Africa.

Sipa, in its long history, has always been known for its exploration expertise and technical innovation. This is what attracted me to the company in the first instance nearly two years ago. Having had the opportunity to work closely with our Managing Director, Lynda Burnett, and her team, I've been impressed by the excellence of our technical team and by the integrity, rigour and tenacity of our exploration approach. A good example of this innovation is the targeting exercise undertaken in collaboration with the CSIRO using cutting edge TIMA mineral mapping and regional interpretation to help refine targeting framework over the Paterson Province. Whilst this technology is still in its early stages, it's initiatives like this that will be required to produce the next generation of big discoveries in Australia and elsewhere.

Despite the funding constraints which confront any junior, Sipa has managed to target, cost effectively explore and discover a globally significant magmatic nickel-copper system in a previously unexplored part of northern Uganda. More recently, using this same first-mover strategy Sipa has managed to build a large ground position and identify a copper mineralised system at Obelisk in the Paterson Province of WA, which is now emerging as one of Australia's hottest exploration districts.

In recent weeks, the Company has added a third string to its bow – securing a new belt-scale MVT zinc exploration project spanning more than 3,800 square kilometres in WA's Canning Basin. This bold initiative once again demonstrates our lateral approach to project generation and exploration, and our appetite for tackling exploration and discovery opportunities that would fit comfortably with any global mining company today.

There could be no clearer endorsement of the scale, quality and Tier-1 potential of our asset base than the US\$59 million Earn-in and Joint Venture agreement we announced during the year with the global miner Rio Tinto at our Kitgum-Pader Base Metal Project in Uganda.

This agreement gives Rio Tinto the option to earn up to a 75% interest in the project by spending US\$57 million on exploration in stages over an 11-year period – including US\$12 million within the first five years.

This is a company-defining transaction for Sipa which vindicates our long-term corporate and strategic focus on pursuing opportunities to discover major new base metal and gold-copper deposits in new exploration frontiers. Having a joint venture partner with the financial capability, global reach and credentials of Rio Tinto to join us in the hunt for nickel sulphides in Uganda is a truly exciting development for Sipa.

If we are successful in discovering a world-class nickel deposit, the ramifications for our shareholders will be enormous – particularly against the backdrop of an exciting long-term market outlook underpinned by growing demand for nickel as a key ingredient in the fast-growing lithium-ion battery industry.



The fact that Rio Tinto has selected the Kitgum-Pader Project to form part of its global growth and exploration pipeline and to have Sipa manage exploration activities for the first 18 months of the agreement represents a strong vote of confidence in the excellent technical work which Sipa has undertaken in Uganda over the past three years.

Sipa's initial exploration has resulted in the discovery of extensive intrusive-hosted, chonolith-style mineralisation at the Akelikongo prospect which exhibits strong similarities to some of the world's great intrusive-hosted nickel orebodies such as Nova-Bollinger, Raglan and Voisey's Bay.

Exploration conducted during the year using state-of-the-art geochemical and geophysical techniques has further refined the opportunity at Akelikongo, while also confirming that the Kitgum-Pader project contains multiple intrusive complexes with genetic similarities to Akelikongo. This is a project with genuine belt-scale nickel discovery potential – making it one of the most exciting greenfields nickel projects anywhere in the world.

The joint venture agreement with Rio Tinto formally commenced in early August with exploration activities now well and truly underway. We are all looking forward with anticipation to what this multi-pronged exploration effort can deliver.

In the meantime, at our Paterson North Project, Sipa has established a first-mover position in what has become one of Australia's most exciting new exploration frontiers. The Company's strategic exploration footprint – which was further expanded during the year to over 1,200 square kilometres – is now surrounded by Rio Tinto and FMG, which have emerged as the largest tenement holders in the district.

Even more exciting, we appear to be incredibly well-positioned relative to what may be one of the most significant new copper discoveries in Australia in several decades, with Rio Tinto reportedly making a significant investment in a major exploration campaign just 10 kilometres from our tenement boundary.

The extent of exploration activity, and interest in the district, is reflected by the fact that exploration tenements have now been pegged from the 25Moz Telfer gold mine in the centre of the province, through to the Pilbara coast, a distance of well over 200km.

During the year, Sipa continued to cost-effectively advance exploration activities in the Paterson, supported by WA Government EIS co-funded drilling and a strategic and targeted approach to exploration. A total of \$118k was contributed to our drilling campaigns by the WA Government under the EIS scheme. We are very grateful for this valuable assistance.

Exploration activities completed during the year included a 29-hole Aircore/RC drilling program across seven regional targets identified from magnetics, gravity, geophysics and drilling completed in 2016 and 2017 and a 500m deep diamond hole at the Obelisk Prospect.

As a result of the work programs completed during the year, Sipa increased its equity ownership of the key Great Sandy Tenement to 80% after achieving the \$2 million expenditure threshold required to earn a further 29% equity from our joint venture partner Ming Gold Pty Ltd.



In conclusion, I would like to thank Lynda and her small but extremely hard-working team of staff and contractors. It is thanks to their efforts that the Company has been able to achieve a great deal during the course of the year – not least of which has been attracting one of the world's biggest mining companies as a joint venture partner in Uganda and securing a strategic foothold for us near what is now one of Australia's most significant exploration hotspots.

I would also like to acknowledge the significant contribution of my predecessor as Chairman, Craig McGown, in helping to steer the Company through some difficult and volatile periods in recent years. We are grateful for Craig's continued involvement with the Company as a non-executive Director.

My sincere thanks also to all of you, our shareholders, for your strong support during the year.

Tim Kennedy
Chairman

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