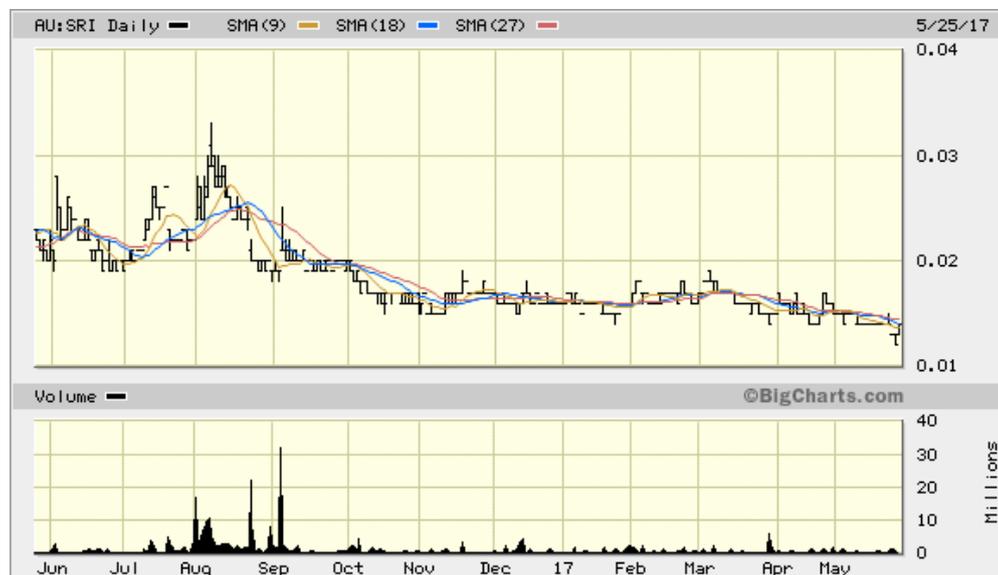


Thursday 25th May, 2017

Paterson North Drilling Looming – Portfolio Stock (coverage initiated @ \$0.025 in July 2016)

Sipa Resources (ASX: SRI, Share Price: \$0.014, Market Cap: \$13m) has been a mainstay of the Australian resources scene for nigh on 30 years on the ASX, with a celebrated history of exploration and production success. It currently has exploration activity occurring on two fronts - its Great Sandy copper-gold project in WA's Paterson Province and its Akelikongo nickel-copper prospect in Uganda.

Sipa has advised that it has received highly encouraging initial results from the recently-completed second reconnaissance 27-hole air-core/RC drilling program at its Paterson North Copper-Gold Project in Western Australia, further reinforcing the prospectivity of the large 4km long copper-gold mineral system.



Market Significance

Sipa Resources is currently engaged in high-impact exploration activity on dual fronts, the significance of which is unfortunately not currently being reflected in the company's share price. It's just released encouraging results from the second drilling campaign at its Obelisk prospect in Western Australia, which represents an extensive primary copper-gold anomaly. Secondly, Sipa has also undertaken exploration drilling on its Kitgum Pader base metal project in Uganda, expanding the footprint of the discovery and confirming the presence of a large mineralised system. Interest should grow as news-flow increases.

Obelisk Project Update

We initiated coverage of Sipa Resources during July last year at the same time as the company kicked off its maiden drilling program on its recently acquired Great Sandy Copper-Gold Project in Western Australia's Paterson Province. Sipa completed a Farm-in and Joint Venture agreement with private group, Ming Gold Pty Ltd, under which Sipa can earn up to an 80% stake in the project (E45/3599) by way of expenditure of \$3 million within a four-year period.

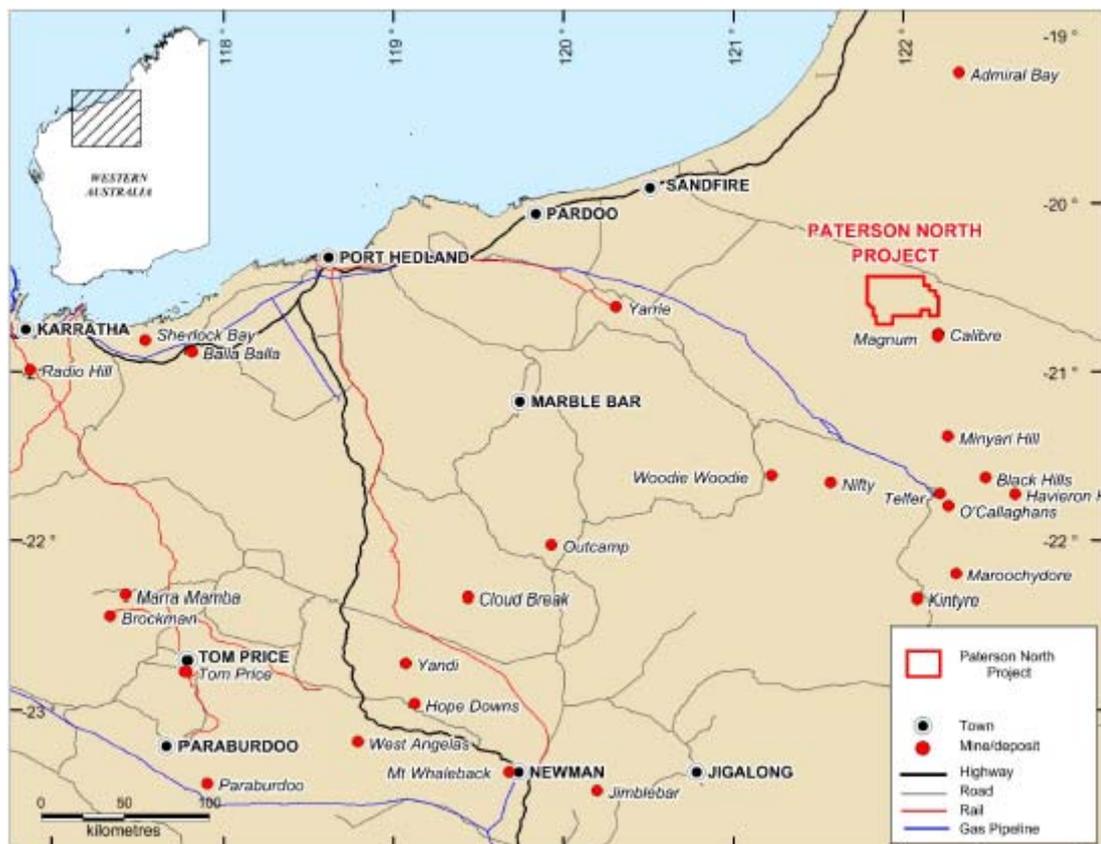


Figure 1: Sipa's Paterson North copper-gold projects

The maiden drilling program focused on investigating previous copper intersections from wide-spaced reconnaissance drilling conducted by Ming during late 2015, which returned mineralised intercepts comprising up to 0.32% Cu, 30ppb Au and 25ppm Bi within an anomaly measuring 4km in length. Visible primary chalcopyrite was identified in a number of these holes.

Announcement Detail – Latest Obelisk Drilling Program

Sipa has received highly encouraging initial results from the recently-completed second reconnaissance 27-hole air-core/RC drilling program at its Paterson North Project in Western Australia.

Assay results for the first of three deep-angled RC holes into the centre of the 4km long Obelisk copper-gold anomaly have intersected a thick zone (62 metres down-hole to the end-of-hole) of strongly anomalous >500ppm copper polymetallic mineralization in fresh bedrock.

Assay results have been received for PNA065, the first of three deep-angled RC holes drilled into the centre of Obelisk anomaly. The results include 46 metres @ 0.12% Cu, 0.4ppm Ag, 16ppm Mo, 178ppm W - within a broader intercept of 62 metres @ 0.09% Cu and 0.33ppm Ag, 13ppm Mo 152ppm W from 131 to 193 metres (EOH). In all, 15 of the 27 holes were drilled over the Obelisk anomaly, with most ending in copper mineralisation in fresh bedrock.

Technical Significance

Sipa is encouraged by the initial results of the recently completed drilling program. Intersecting thick zones of bedrock copper mineralization over such an extensive area is an important development. Together with preliminary pXRF results for other holes, the drilling has defined a priority 800-metre by 200-metre wide copper zone, coincident with a strong gravity and magnetic anomaly.

The presence of strongly anomalous bedrock copper mineralisation in 14 drill-holes is considered to be a highly significant development, indicating the presence of a large and zoned polymetallic intrusive-related mineral system. These results, together with preliminary pXRF results, are indicative of a large and zoned polymetallic intrusive related mineral system.

Interestingly, the mineral system at Obelisk shows close genetic ties with other polymetallic intrusion-related deposits in the Paterson such as Telfer (vein-hosted), O'Callaghans and Minyari (skarn), as well as other polymetallic intrusion-related deposits in North America.

The elevated multi-element results – including the very high levels of pathfinder elements such as molybdenum, bismuth and tungsten – combined with the fact that the bedrock mineralization remains open, suggests there is a strong and very large intrusive-related mineral system.

Significantly, the strong coincident magnetic and gravity anomaly at depth is yet to be explained - and this will now become the focus of the next stage of exploration at Obelisk. The next steps could include down-hole geophysics using the deeper-angled RC holes to provide vectors to what could be a significant mineralized body at depth, followed by a targeted diamond drilling.

Next Steps

The remainder of the assay results are expected within the next two weeks. The next steps will be to conduct down-hole electromagnetic surveying on the deeper angled holes ahead of follow-up diamond drilling of the identified targets.

Project Overview

Sipa has a Farm-in and Joint Venture Agreement with Ming Gold at the Paterson North Copper Gold Project. Sipa discovered an extensive copper-gold system at the Obelisk via its maiden drilling program during August 2016. In detail, out of the 45 holes drilled as part of that program, 26 returned strongly anomalous copper values of >250ppm and gold values of >20ppb. The strongest results of >1000ppm or 0.1% Cu were returned over a strike length of more than 1.5km with gold values up to 1.26g/t.

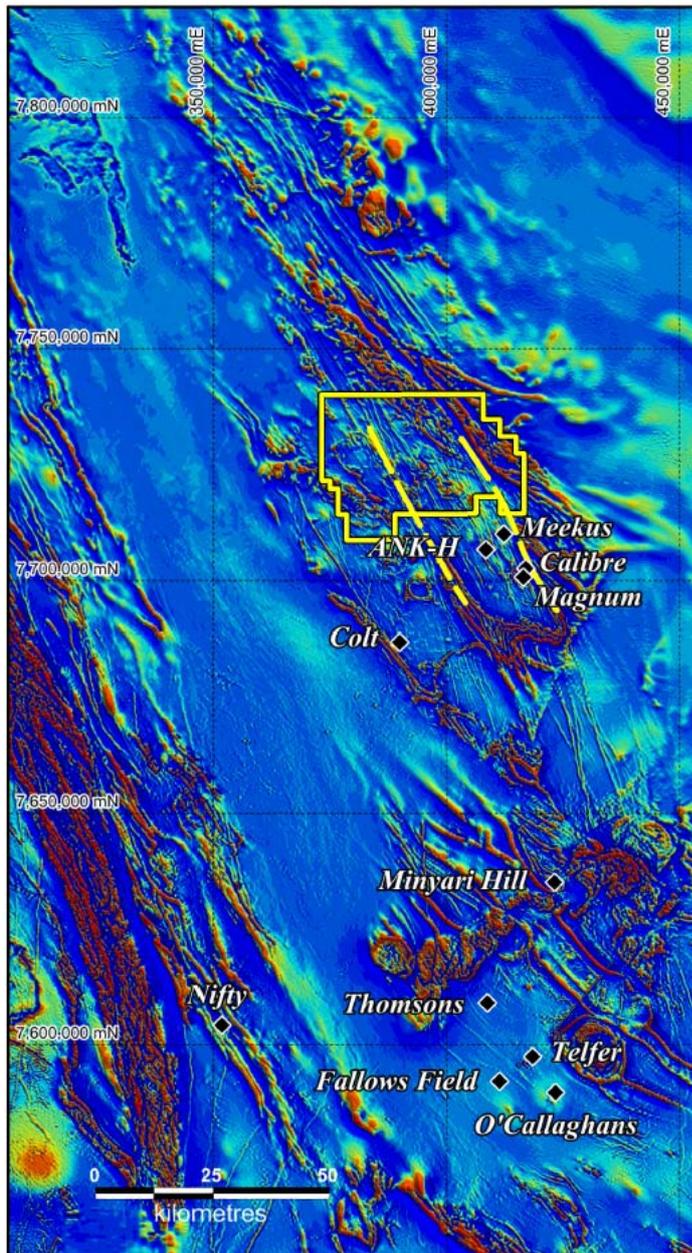


Figure 3: Mineralised corridor extending from Magnum, Calibre and Meekus into the Sipa/Ming tenement

The margins of non-magnetic granites present key targeting criteria for locating many of the gold and copper systems within the Paterson province. The combined use of gravity and magnetics assists with the identification of such granites and also explains the location of the Telfer deposits and the O'Callaghan's skarn system.

The Paterson Province is a globally recognized, strongly endowed and highly prospective mineral belt for gold and copper - including the world-class Telfer deposits, Antipa's Magnum and Citadel gold and copper deposits, the Nifty copper and Kintyre uranium deposits, along with the O'Callaghans skarn-hosted tungsten deposit.

The tenor of the anomalism and the metal association is similar to that which led to the discovery of other significant deposits in the region including the >1Moz Calibre and Magnum deposits. Obelisk lies immediately north of Antipa's Magnum and Citadel copper-gold projects and the host geology is interpreted to be similar to these projects. Furthermore, Obelisk lies just 5km from some of the strong IP chargeability anomalies announced recently by Antipa under its \$60 million exploration joint venture with Rio Tinto.

Summary

We initiated coverage of Sipa Resources at a price around \$0.025 during July 2016.

The initial drilling results from the company's Paterson North exploration activity were extremely encouraging indeed and interest has been reinforced by the latest round of drilling. The initial objective was at least to replicate the anomalous results previously achieved by Ming Gold - however it's fair to say that the results have exceeded expectations.

Sipa is therefore excited by what they've seen so far in terms of dimensions, the tenor of the anomalism and its location within the southern halo of an interpreted granite intrusion. The company knows that it has a very large mineral system at Paterson North – the key now will be for the company to apply good scientific thinking and systematic exploration targeting to vector into the location of economic accumulations of mineralisation.

Interest should build as the 2017 drilling program continues, creating the opportunity for share price appreciation. Accordingly, Sipa Resources will remain firmly held within our Portfolio.

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