



## QUARTERLY ACTIVITIES REPORT

### Highlights:

- New gold project 'Warralong' pegged in the Pilbara region, Western Australia
- Wolfe Basin base metal targets identified
- Royalty Sale announced
- Commencement of new Managing Director
- Cost cutting and associated changes in response to Covid-19

Sipa Resources Limited (ASX: SRI, 'Company' or 'Sipa') is pleased to provide a summary of its activities over the last quarter.

### Warralong Gold Project

Immediately post quarter end a new gold project 'Warralong' was pegged by the Company along the Lalla Rookh Shear Zone in the Pilbara region of Western Australia (refer ASX announcement: 2 April 2020). The opportunity at Warralong is for the discovery of intrusion-hosted gold along a significant structure that is relatively unexplored. The parallel major structure to the north, the Tabba Tabba Shear Zone, is the host to several mineral deposits including the recent Hemi high-grade gold discovery identified by De Grey Mining Limited, (Figure 1). The pegging of two tenements was announced to the market on 2 April, and an additional tenement has subsequently been pegged to cover further interpreted splay structures off the Lalla Rookh (Figure 1).

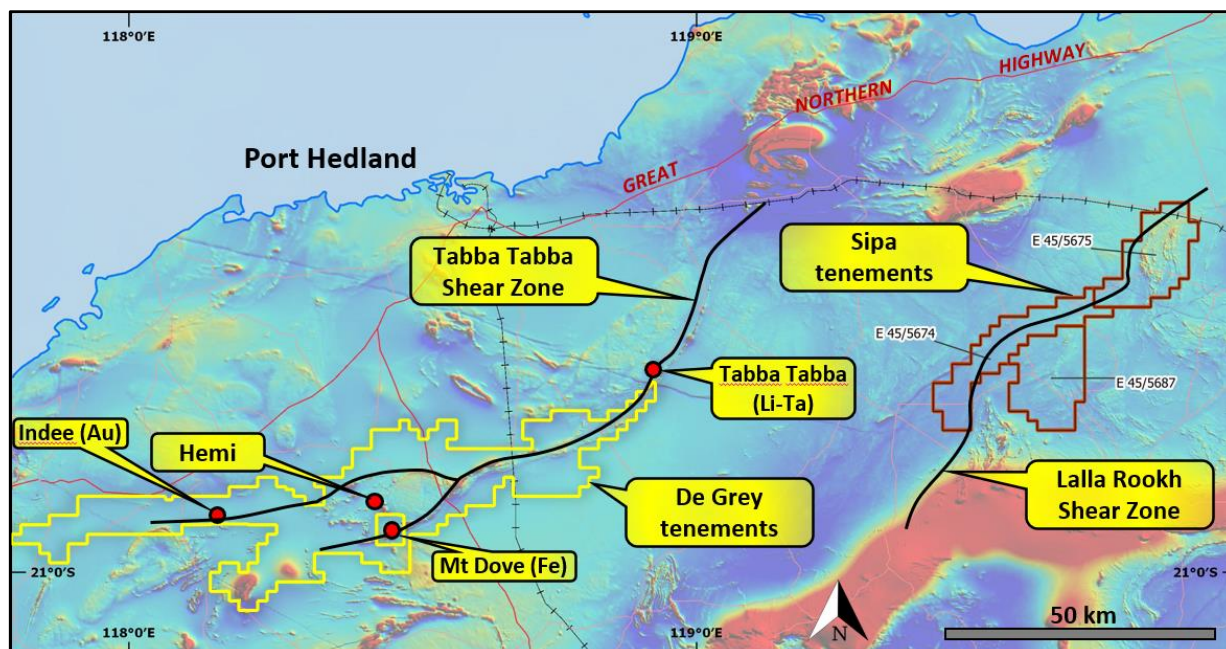


Figure 1: Sipa's Warralong project tenure over the Lalla Rookh Shear Zone in comparison to DeGrey Mining Limited's tenure and key mineral deposits located along the Tabba Tabba Shear Zone.

Limited work has been undertaken by previous explorers along the Lalla Rookh Shear Zone which lies under shallow cover. Initial field work will be undertaken in the June quarter pending access restrictions.



## Paterson North

A recent review of historic data identified previously unknown drillholes completed by Venus Metals in 2012 within Sipa's 100% owned tenement E45/5337. Sipa geologists have confirmed the original logging which identified disseminated sulphides throughout basement rocks and up to centimetre-scale sulphide intervals (pyrite, pyrrhotite and chalcopyrite) within biotite gneisses between 201.8m and 231m in hole C9 (Figure 2, Venus Metals Corporation ASX Announcement 30 January 2013). Only the interval between 205.9m and 223.9m in C9 was assayed by Venus Metals and an application has been made to the GSWA for the entire mineralised interval to be sampled and assayed. The presence of chalcopyrite in basement rocks at this location adds a new prospect worthy of follow up by Sipa.

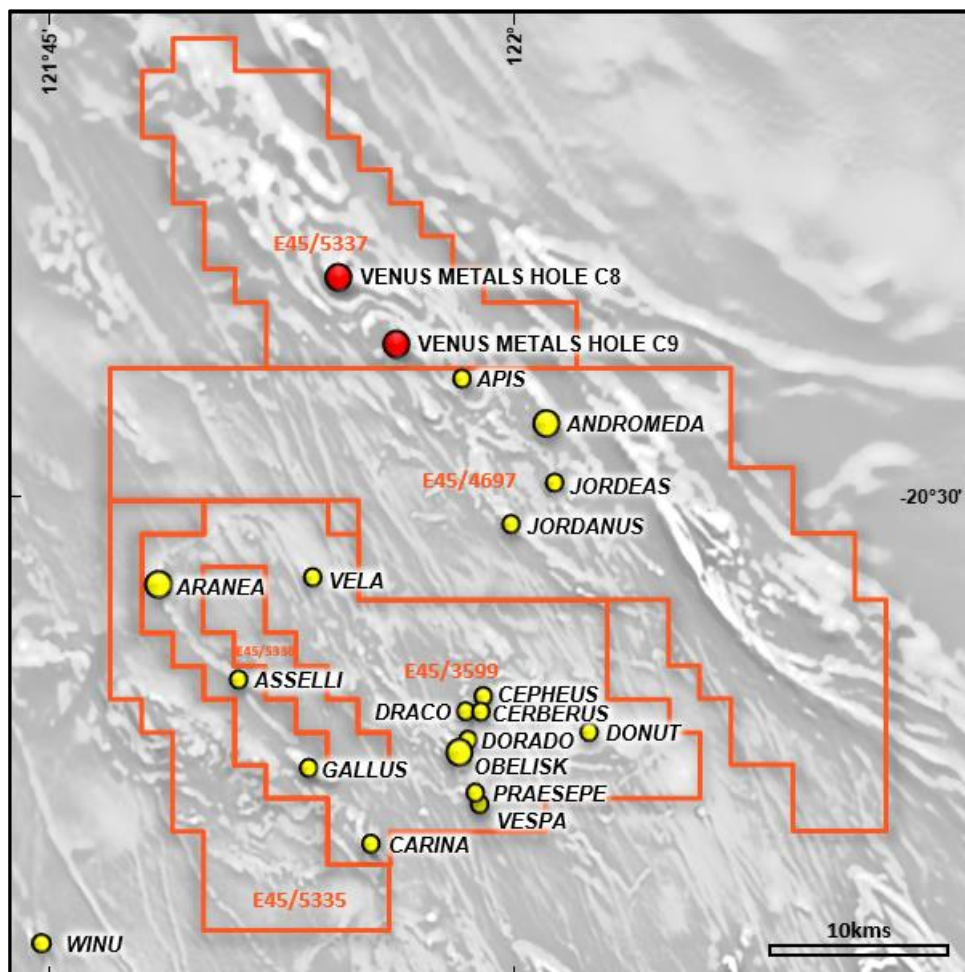


Figure 2: Locations of Venus Metals Corporation holes C8 and C9 in relation to Sipa's tenure.





## Wolfe Basin

Initial field work at Sipa's Wolfe Basin project identified a lead-zinc rich gossan (Figure 3) and a base metals soil anomaly in locations consistent with the target horizon for base metals mineralisation. Geochemistry results received to date confirms that both targets have the potential for large-scale, redox-controlled (copper-belt style) base metal discoveries (refer ASX Announcement: 26 February 2020). During the quarter further planning for the next round of field work was undertaken and an application for drilling under the Exploration Incentive Scheme submitted. There are no known prior granted tenements over the prospect areas, nor any recorded prior exploration and the potential of the targets already identified has never been tested. The lack of transported cover and relatively easy access make it possible for Sipa to cost effectively advance this project. Pending travel access restrictions in the recently declared Kimberley Biosecurity Area additional field work will be undertaken to firm up drill targets.



Figure 3: Photograph of ironstone gossan at Romulus prospect, Wolfe Basin, looking north-east.

## Uganda Ni-Cu Project (Sipa/Rio Tinto JV)

On 3<sup>rd</sup> February, Sipa advised that Rio Tinto Mining & Exploration Limited (Rio Tinto) would be withdrawing from the Farm-in and Joint Venture Agreement over the Company's Ugandan tenements. Once this withdrawal comes into effect on 30 April 2020 Sipa will retain 100% ownership of the tenement package including the large magmatic Ni-Cu sulphide discovery at Akelikongo. Holding costs for the Uganda project have been significantly reduced whilst a new partner is sought. Due to recent travel restrictions a planned site visit with interested parties in April was postponed. This will be reassessed over the coming months.

Since the inception of the joint venture, Rio Tinto has spent a total of US\$4.2 million on exploration activities, including over 7,000m of diamond drilling, extensive programs of ground gravity and ground magnetics, geological mapping, soil and rock chip sampling. Much of this expenditure has been focused



at Akelikongo, where two zones of disseminated and massive sulphide mineralisation have been identified. The mineralisation within the Akelikongo intrusion remains open down-plunge.

## Royalty Sale

On 5 March 2020 Sipa advised that it had executed a Binding Preliminary Purchase Agreement (Agreement) to sell a portfolio of royalties to SilverStream SEZC (SilverStream) for a total consideration of \$2,250,000. The consideration comprises \$1,000,000 in cash and \$1,250,000 in shares upon the public listing of SilverStream. Subsequent to the end of the quarter shareholder approval for the royalty sale was received (refer ASX announcement 9 April 2020), along with the third-party consents required. Sipa looks forward to the successful listing of SilverStream.

## Project Review

A review of Sipa's current projects was undertaken during the quarter resulting in the relinquishment of its Queensland and South Australian tenements. A combination of access restrictions, a challenging funding environment and costly paths to progress these projects led to the decision. The focus of upcoming activity by Sipa, subject to satisfactory access will be its Paterson (Cu-Au), Wolfe Basin (Zn-Pb-Cu) and Warralong (Au) projects.

## Corporate

Pip Darvall joined Sipa on 1<sup>st</sup> February 2020, replacing Lynda Burnett as Managing Director.

In response to current market conditions and an internal review several initiatives have been undertaken to significantly reduce Sipa's operating costs and establish a strong platform for future growth. Sipa personnel have agreed to salary reductions and non-executive directors have volunteered a 50% reduction in fees. These changes will be reviewed at the end of the financial year. Accommodation costs have been reduced and several significant contracts renegotiated to better suit our future plans and minimize cash burn. These initiatives have so far resulted in annualized savings of over A\$450 000.

At the end of the quarter Sipa had a cash balance of \$1.7M.

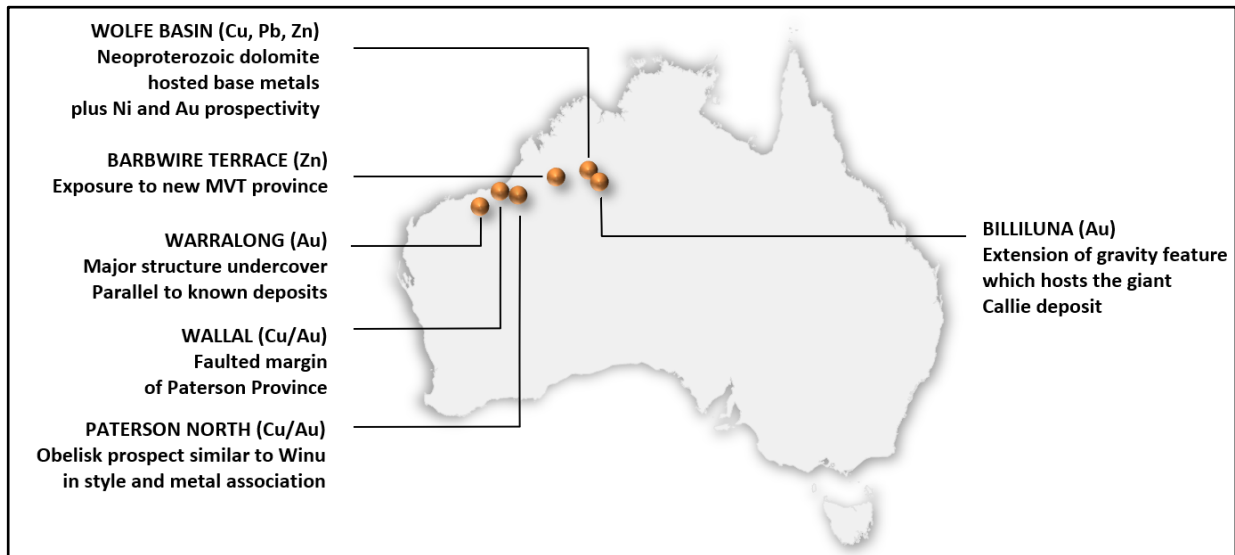


## About Sipa

Sipa Resources Limited (ASX: SRI) is an Australian-based exploration company focused on the discovery of gold and base metal deposits using a combination of technical excellence, commercial acumen and a structured approach to manage risks.

The 100%-owned Uganda Base Metals Project contains an intrusive-hosted Ni-Cu sulphide discovery, with significant scale potential. Sipa is currently in discussions with several parties to fund exploration beyond the current joint venture with Rio Tinto which will terminate on 30 April 2020.

In Australia, Sipa has an 89% interest in Joint Venture with Ming Gold at the Paterson North Copper Gold Project in the Paterson Province of Western Australia, a strongly endowed and highly prospective mineral belt hosting the world-class Telfer gold and copper deposits, Magnum and Calibre gold and copper deposits, Nifty copper and Kintyre uranium deposits and the O'Callaghans tungsten deposit. Most recently the Paterson Province has been the focus of intense exploration by Rio Tinto at its Winu discovery.



**Sipa's Project Locations in Australia**

**APPENDIX – ASX LISTING RULE 5.3.3****Mining Tenements Held at End of Quarter:**

Tenement reference	Project	Location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
EL 1229	Kitgum-Pader	Uganda	Granted	100%	100%
EL 1270	Kitgum-Pader	Uganda	Granted	100%	100%
EL 1271	Kitgum-Pader	Uganda	Granted	100%	100%
EL 1590	Kitgum-Pader	Uganda	Granted	100%	100%
EL 1800	Kitgum-Pader	Uganda	Granted	100%	100%
EL 1801	Kitgum-Pader	Uganda	Granted	100%	100%
EL 1803	Kitgum-Pader	Uganda	Granted	100%	100%
EL 1804	Kitgum-Pader	Uganda	Granted	100%	100%
EL 1805	Kitgum-Pader	Uganda	Granted	100%	100%
EL 1829	Kitgum-Pader	Uganda	Granted	100%	100%
EL 1862	Kitgum-Pader	Uganda	Granted	100%	100%
TN3283	Kitgum-Pader	Uganda	Application	100%	0%
TN3295	Kitgum-Pader	Uganda	Application	100%	0%
E45/3599	Paterson North	Western Australia	Granted	89%	89%
E45/4697	Paterson North	Western Australia	Granted	89%	89%
E45/5335	Paterson North	Western Australia	Granted	89%	89%
E45/5336	Paterson North	Western Australia	Granted	89%	89%
E45/5337	Paterson North	Western Australia	Granted	100%	100%
E45/5390	Wallal	Western Australia	Granted	100%	100%
E04/2626	Barbwire Terrace	Western Australia	Application	100%	0%
E04/2627	Barbwire Terrace	Western Australia	Application	100%	0%
E04/2628	Barbwire Terrace	Western Australia	Application	100%	0%
E04/2674	Barbwire Terrace	Western Australia	Application	0%	100%
E80/5344	Wolfe Basin	Western Australia	Granted	0%	100%
E80/5425	Wolfe Basin	Western Australia	Application	0%	100%
E80/5428	Billiluna	Western Australia	Application	100%	100%
EPM27214	Clara	Queensland	Granted	100%	0%
EPM27215	Clara	Queensland	Granted	100%	0%
EPM27216	Clara	Queensland	Granted	100%	0%
ELA2019-157	Mabel South	South Australia	Application	100%	0%
ELA2019-158	Willara	South Australia	Application	100%	0%
ELA2019-162	Arkeeta	South Australia	Application	100%	0%

The information in this report that relates to Exploration Results was previously reported in the ASX announcements dated 2 April 2020, and 26 February 2020. The Company is not aware of any new information or data that materially affects the information included in the relevant market announcements.

This ASX report has been authorised for release by the Board of Sipa Resources Limited.

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