

Tuesday 20th June, 2017

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

Sipa Resources (ASX: SRI, Share Price: \$0.012, Market Cap: \$11m) 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 a multi-pronged exploration program is currently underway to follow up the recently completed 27-hole air-core drilling program at the company's Paterson North copper-gold project, which has confirmed the discovery of an extensive copper polymetallic system at the Obelisk prospect.



Market Significance

Sipa Resources is currently engaged in high-impact exploration activity on dual fronts - the significance of which however is unfortunately not currently being reflected in its share price. The company has recently released highly encouraging results from the second drilling campaign at its Obelisk prospect in Western Australia, with the results being indicative of a large, zoned polymetallic intrusive-related mineral system with close genetic ties with other polymetallic intrusion-related deposits in the Paterson Province – such as Telfer, O'Callaghans and Minyari. We await results from the current drilling program with great interest.

Obelisk Project Update

We initiated coverage of Sipa Resources during July last year at the same time as the company kicked off what was then its maiden drilling program on its 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.

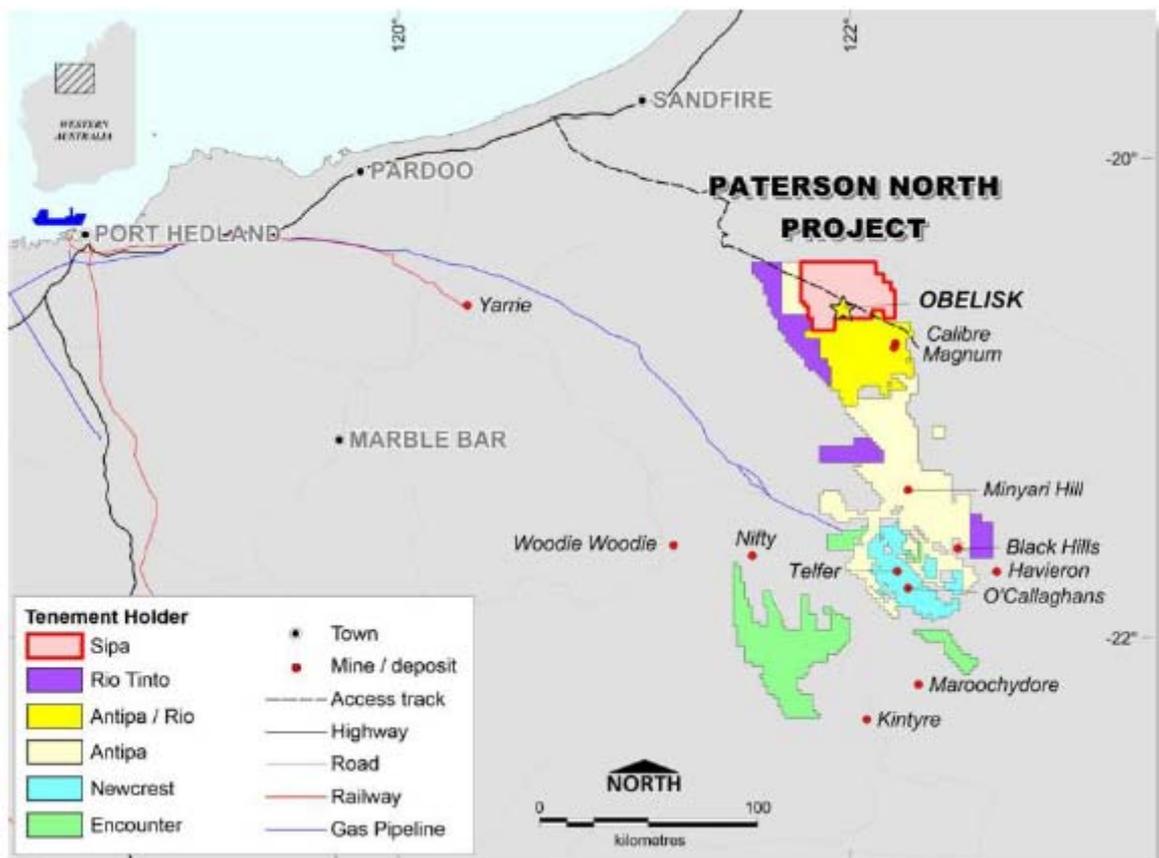


Figure 1: Obelisk drilling plan with copper and sulphur contours on RTP magnetic image

Announcement Detail – Obelisk Follow-Up Drilling Underway

Sipa has announced that it has embarked upon a new multi-pronged exploration program at its emerging Obelisk discovery, following its recent successful reconnaissance drilling program.

Sipa has now received and reviewed all final assay results from the recently completed 27-hole air-core/RC program. The 3,244-metres program included 15 holes drilled over the 4km long Obelisk copper-gold anomaly, with most (11 out of 15) ending in copper mineralisation in fresh bedrock, including three deep angled RC holes.

The three angled holes have intersected a thick zone (up to 102 metres down-hole to the end-of-hole) of strongly anomalous >500ppm copper polymetallic mineralization in fresh bedrock. The remainder of the

holes (12) tested either CSIRO generated targets or geophysical targets with two demonstrating copper anomalism.

Technical Significance

Together with anomalous results for other vertical reconnaissance holes, the drilling has defined a priority 800-metre x 200-metre wide copper zone at Obelisk that is also coincident with a strong gravity and magnetic anomaly. The presence of strongly anomalous bedrock copper mineralisation in 14 out of the 27 completed drill-holes is considered to be a highly significant development, indicating the presence of a large and zoned polymetallic intrusive-related mineral system that is strongly analogous to other major deposits in the Paterson and North America.

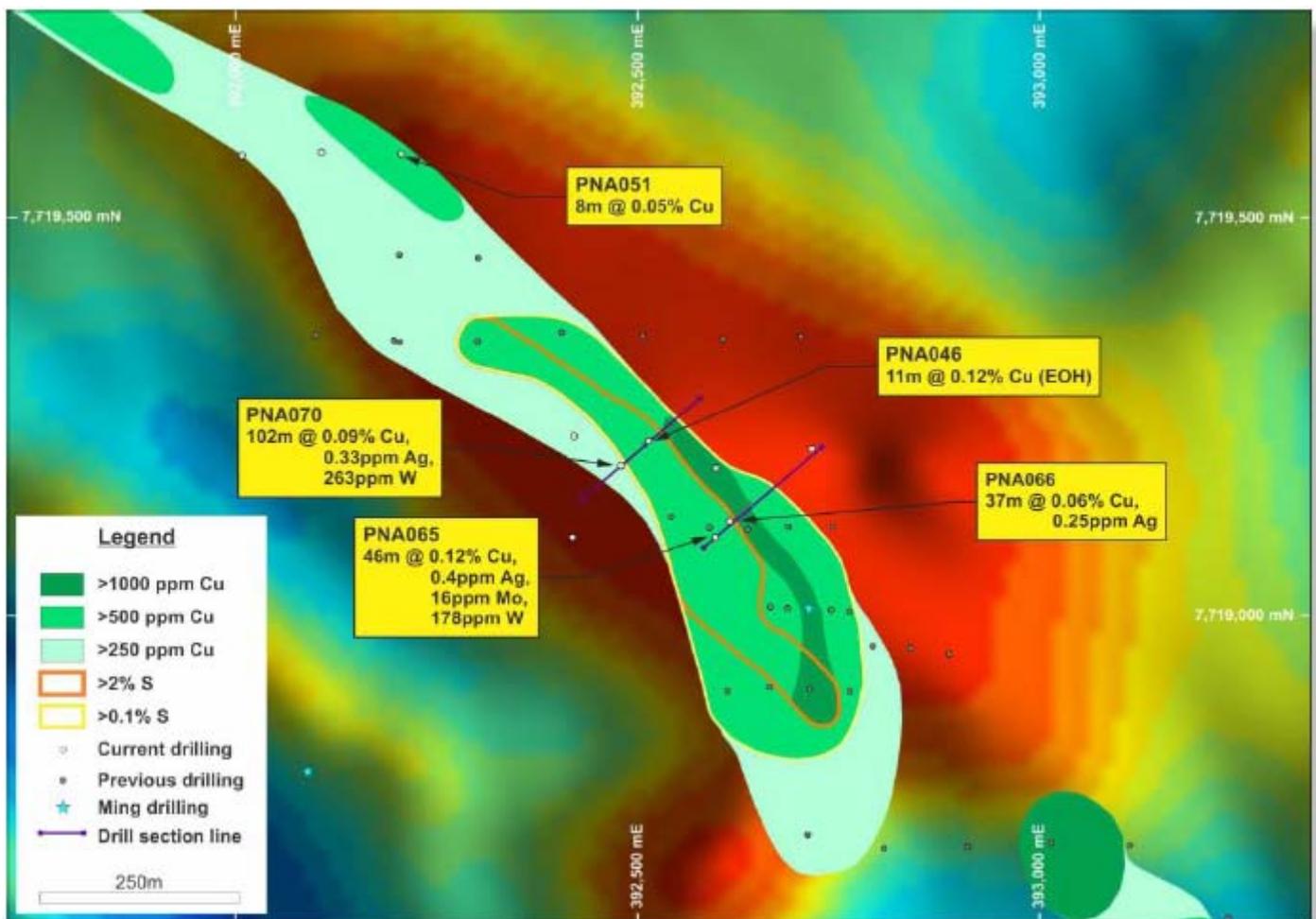


Figure 2: Obelisk Drill plan with copper and Sulphur contours on RTP magnetic image

Next Steps

Based on the strength of the results from the two phases of reconnaissance drilling completed so far, Sipa has immediately proceeded with a major new exploration campaign. Ground moving-loop EM and AMT (audio magneto telluric) surveying is currently underway to assist in the detection of conductive bodies and structures potentially associated with sulphide mineralisation at depth.

Sipa will also drill three 500-metre deep diamond holes, commencing in mid-July. The location of these holes will be finalized once the results from the geophysics surveys have been received and interpreted. These holes will provide valuable information on the mineralisation at Obelisk including zonation, geometry, high grade vectors and size potential.

Project Overview

Sipa has a Farm-in and Joint Venture Agreement with Ming Gold at the Paterson North Copper Gold Project in the Paterson Province of North West Western Australia.

The company's maiden drilling program in August 2016 successfully delineated a major gold-copper mineral system over a 4km strike length at the Obelisk prospect, within the Great Sandy Tenement. The drilling confirmed that the anomaly is continuously developed over the entire strike length.

The Paterson Province is a globally recognized, strongly endowed and highly prospective mineral belt for gold and copper including the plus 25Moz world-class Telfer gold and copper deposits, the Magnum and Calibre gold and copper deposits, the Nifty copper and Kintyre uranium deposits and 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 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 recovery. Accordingly, Sipa Resources will remain firmly held within our Portfolio.

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