



SIPA DIVESTS THADUNA TO SANDFIRE RESOURCES TO CONCENTRATE ON PROMISING UGANDAN PROJECT

- **Sipa reaches agreement with Sandfire to sell Thaduna to enable focus on Ugandan Project**
- **Sandfire to issue Sipa \$2M worth of Sandfire shares**
- **Deferred consideration of 1% NSR royalty on all minerals produced and sold from the Thaduna Tenements.**
- **Divestment frees up funds to commence drilling at the Kitgum-Pader Base Metal Project in Northwestern Uganda**

The Directors of Sipa Resources Limited ('Sipa') are pleased to advise that the company has executed an agreement to sell Sipa's Thaduna Project ('Thaduna' or the 'Project'), which is held by Sipa's subsidiary Sipa Exploration NL ('SEL'), to Sandfire Resources NL (ASX Code SFR) ('Sandfire') ('Agreement').

Under the terms of the Agreement, Sandfire will acquire all of SEL's legal and beneficial interest in E52/1673, E52/1674, E52/1858, E52/2356, E52/2357, and E52/2405 (all together the 'Tenements') including the rights and benefits which Sipa is entitled to under heritage agreements and native title contracts, and all mining information which is relevant to the Tenements.

The Agreement is subject to certain conditions precedent, including counterparty consents to native title contracts, any shareholder approval required pursuant to the Corporations Act or the ASX Listing Rules, any required approvals from Sandfire's financier and other common conditions for a transaction of this type.

The Agreement will see Sandfire:

- issue Sipa (as SEL's nominee) the number of Sandfire shares equal to \$2M divided by the VWAP, where the VWAP is the volume weighted average price on the ASX of Sandfire shares over the 30 trading days immediately preceding the settlement date; and
- pay Sipa a 1% net smelter return ('NSR') royalty on all minerals produced and sold from the Tenements.

Settlement is expected to occur 30 days after execution of the Agreement, or such later date as is agreed by the parties.

Sandfire is a leading Australian copper producer which owns and operates the DeGrussa Copper Gold Project located some 30km from Thaduna. Sipa considers the sale represents the best opportunity to realise significant value for Thaduna, while retaining exposure to upside through the net smelter return royalty. The acquisition

represents a continuation of Sandfire's strategy to expand its footprint in the Bryah Basin, which has seen Sandfire enter several regional exploration farm-in and joint ventures.

The sale frees up funds, some of which will go toward Sipa's planned drilling program during the current field season at the Kitgum-Pader Base Metal Project in Northwestern Uganda ('Ugandan Project'), including the initial diamond drill programmes at both the Akelikongo Nickel Sulphide and the Pamwa Zinc-Lead-Silver targets early in the new year. Results of the recent ground Electro Magnetic and Gradient Array surveys at Akelikongo and Pamwa respectively, which are currently being finalised and modelled, and will be used to further define the drill targets. The program will consist of five initial holes of around 200-300m each into both target areas.

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About Sipa Resources

Sipa is the owner of the Kitgum-Pader Base Metals & Gold Project which comprises 15 exploration licences and one application, covering 6,490 square kilometres in central northern Uganda, East Africa. The Project was generated 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 by Sipa and Geocrust Pty Ltd ('Geocrust'). Geocrust is a private company established by the late Dr Nick Archibald.

During field reconnaissance in December 2011, Sipa and Geocrust recognised rocks 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, Uganda. Upon the application and subsequent granting of mineral tenements, fieldwork commenced in early 2013. By end November 2014, some 44,000 soil samples had been collected, along with geological mapping by Nick Archibald. The results of the field work and subsequent drilling of soil targets have led to the discovery of 2 potentially economic mineral systems

- * the Broken Hill-style Lead-Zinc-Silver, at Pamwa and
- * the Intrusive hosted Nickel-Copper sulphide mineralisation at Akelikongo.

At Akelikongo, the first pass RAB drilling results confirmed a mineralized Nickel Copper sulphide system, related to an ultramafic intrusive complex. Many of the intersections are open to the depth of drilling. Best drill results returned laboratory

assays of 55m at 0.52% Ni and 0.15% Cu and 46m 0.45% Ni and 0.15% Cu from surface to the end of the drill hole.

The recently completed fixed loop ground EM survey conducted in November has defined new priority drill targets at Akelikongo including a conductor directly related to already drilled mineralisation and apparently stronger conductor along strike to the north west

At Pamwa, first pass RAB drilling during July resulted in the discovery of a Broken Hill Type Zn Pb, Cd, Ag mineralised system. The strongest intercept was 5m at 2% Zn, 0.2% Pb, 2.4ppm Ag and 97ppm Cd from 20m to 25m at the end of the hole. Results of an IP survey which finished in December are currently being finalised.

All of the above results were previously reported in ASX reports dated 23 June, 18 August, 26 August, and 4 December 2014.