Sipa Resources Limited

ABN 26 009 448 980

7 July 2004

The Manager
ASX Company Announcements Platform
PO Box H224
Australia Square
SYDNEY NSW 2001

Dear Sir

SIPA REORGANISES WITH NEWCREST ON ASHBURTON PROJECTS

Sipa Resources (ASX: SRI) is pleased to announce a reorganisation of all of our joint venture arrangements with Newcrest Operations Limited (Newcrest) in the Ashburton Region of Western Australia (four of which relate to purchase options or joint ventures with third parties as listed in the attached appendix).

The key aspect of this new arrangement is that Newcrest will carry Sipa through to a Decision to Mine by funding all exploration expenditure from 1 January 2004 in return for Newcrest increasing its interest in all of its joint ventures with Sipa from 70% to 80% and the inclusion in the joint ventures of two Sipa wholly-owned Projects. Newcrest's carrying of Sipa's 20% interest will be via a loan repayable from Sipa's share of positive cash flow from any mining operation.

In the event of a Decision to Mine being made, Sipa may:

- Elect to contribute its 20% share of development and operating costs; or
- Sell its 20% interest in the joint ventures to Newcrest for cash, less the loan funds provided by Newcrest, plus a 1% gross royalty on all minerals produced after the first 2 million ounces of gold.

The two Sipa wholly-owned Paraburdoo Gold Project (PGP) Mining Leases and the Mininer Project Exploration Licences form part of this reorganisation. The Mount Olympus Gold Treatment Plant and the Mount Olympus Sulphide deposit *are not* part of this reorganisation.

In addition Sipa's previous Sole-Risk exploration rights under the Limerick Hill Joint Venture for oxide feed for the Mount Olympus plant have been considerably extended into the new Ashburton Regional Joint Venture which covers both the previous Limerick Hill Joint Venture and the Ashburton Joint Venture.

Details of the separate arrangements are provided in the Announcement Appendix attached.

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The Board of Sipa believes this arrangement provides an excellent mechanism to deliver essential exploration funding to its highly prospective Projects in the Ashburton.

The Company's various joint ventures with Newcrest (and associated purchase options and joint ventures with third parties), combined with the PGP and Mininer Project that are now included in those arrangements, form a contiguous block of tenements running 150 kilometres northwest of Sipa's Mount Olympus Gold Treatment Plant (situated within the PGP Mining Leases), as well as another tenement a further 50 kilometres to the northwest, as shown on the plan appended.

Sipa's Managing Director, Mike Doepel, said this represents a commanding landholding in the Ashburton Gold Province, which has been steadily emerging as a major gold system since Sipa's discovery of the 800,000 ounce (still open at depth) Mount Olympus deposit in 1997. Mount Olympus and three satellite deposits – Zeus, Peake and Waugh – have produced about 350,000 ounces of gold from oxide ore since production began in December 1998.

Newcrest's regional exploration over the last six years has outlined a major gold system initially in weathered rocks, but significantly now primary mineralisation is also being discovered throughout the 150 kilometre long tenement block.

"There appear to be many similarities between the mineralisation of the Ashburton and of the world famous Carlin Gold Camp in Nevada, USA, where past production and past reserves total over 100 million ounces," said Mr Doepel.

"These similarities include structural setting, host rocks, alteration styles and mineral associations.

"We anticipate a very active field season through to about November, with Newcrest conducting Diamond, Reverse Circulation and RAB drilling on the Project."

The reorganisation of Sipa's joint venture arrangements with Newcrest supports Sipa's commitment to pursuing exploration opportunities on projects where substantial value can be added at low capital risk.

Sipa's exploration portfolio is diversified and provides a high degree of leveraged exposure to gold, copper, nickel sulphide, platinum group metals, and base metals, all which feature long-term fundamentals.

ENDS

Further information: Mike Doepel
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This Report is based on information compiled by a person who is a Corporate Member of the Australasian Institute of Mining and Metallurgy who has more than five years experience in the field of actively being reported on and accurately reflects the information compiled by that member.

ANNOUNCEMENT APPENDIX – JOINT VENTURES & OPTIONS TO PURCHASE

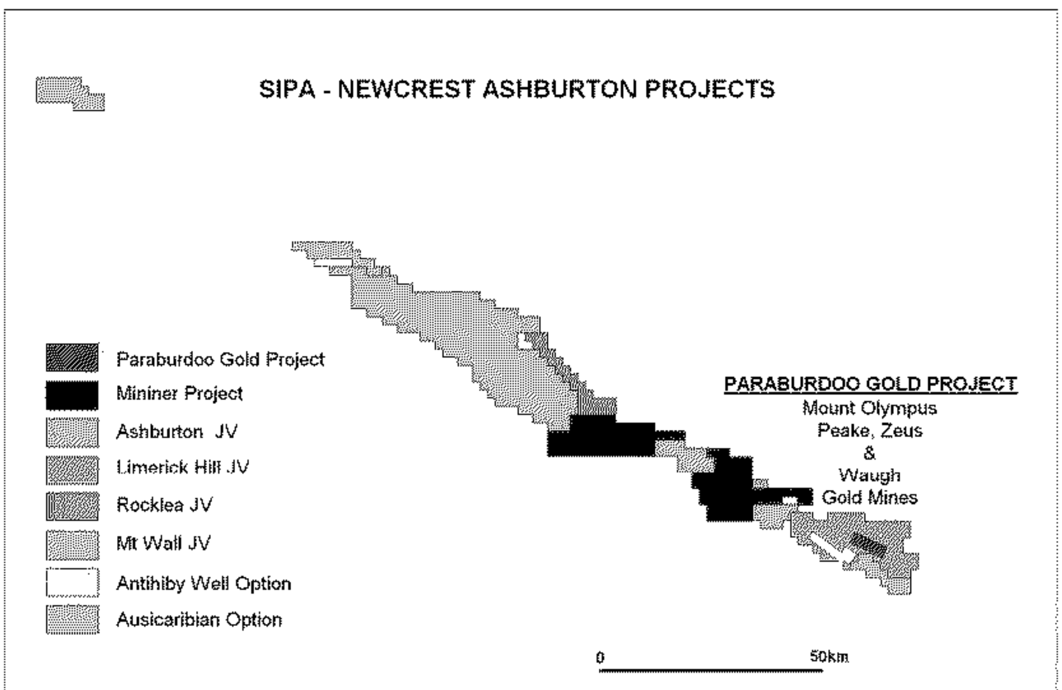
The arrangements outlined in this announcement apply to all Sipa's joint ventures with Newcrest in the Ashburton Region of Western Australia:

- The Ashburton Joint Venture where Sipa was contributing 30% of expenditure.

- The Limerick Hill Joint Venture surrounding Sipa's Paraburdoo Gold Project (PGP) Mining Leases, where Newcrest had almost earned a 70% interest.

- Four Newcrest-Sipa joint ventures, where Sipa was contributing 30% of expenditure, that in turn relate to two Joint Ventures and two Options to Purchase with 'third parties', being:

    - The Rocklea Joint Venture with Bacome Pty Ltd, where Sipa and Newcrest have earned a combined 75% interest,
    - The Anthiby Well Option to Purchase 100% from Aurion Gold Exploration Pty Ltd,
    - The Mount Wall Joint Venture with Giralia Resources NL, where Sipa and Newcrest are earning a combined 72% interest, and
    - The Ausicaribian Option to Purchase 100% from Pelican Resources Ltd.



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