



Sipa Resources Limited

ABN 26 009 448 980

23 July 2004

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

Dear Sir,

RE: DRILLING AT PALMER RIVER GOLD PROJECT – BALTEARA PROSPECT

We are pleased to announce that Sipa is to commence drilling next week at the Balteara Prospect within our new Palmer River Gold Project in north Queensland, the location of which is shown on Figure 1.

The Balteara Prospect is a gold-bearing "epithermal" quartz vein closeby to a large epithermal-textured quartz-sulphide breccia pipe near the south bank of the Palmer River, from which more than four million ounces of alluvial gold was won in the nineteenth century.

Balteara was identified in 2002 by prospectors Ron Lousick and Ray Edwards as small outcrops surrounded by alluvial sands in savannah treeland. Although the vein can be traced intermittently for 1.2 kilometres there is no evidence of historical prospecting activity or mining along it.

Recent exploration by Sipa including mapping and prospecting, rock and soil sampling has returned results from rock chips as high as 70 g/t gold. The best rock chip results are concentrated along some 300 metres of strike near the southeast end of the vein, although soils along the entire 1.2 kilometre trend are anomalous in gold-bismuth-arsenic and lead, as shown on Figure 2.

The breccia pipe outcrops poorly over a 100 metre diameter low rise and whilst it and associated veining has generally very low gold values, it is however consistently anomalous in antimony (a good indicator of nearby gold minealisation), and one sample has returned 3.6 g/t gold.

In addition, five samples were taken from a small and isolated outcrop of epithermal textured breccia vein about 2 kilometres southeast along strike of the main prospect. Two of these samples returned assays of 15.3 g/t and 8.2 g/t gold.

Sipa has an Option to Purchase agreement with Messrs Loussick and Edwards on two EPM's and two Mining Leases.

A 1,000 metre RC drill programme scheduled to start next week will systematically test the vein over 1.2 kilometre strike and to a maximum depth of 200 metres, as well as scout drilling of the breccia pipe.

Sipa's Palmer River Gold Project covers about 15 square kilometres at Balteara under the Option to Purchase as well as some 1,100 square kilometres of new Sipa EPM applications.

The Palmer River was the site of a famous 19th Century Gold Rush and more than 4 million ounces of alluvial gold was won. Whilst there are numerous quartz veins known, there has been no significant hard rock production and hence the likely source of the alluvials has never been resolved.

The Project lies on part of, and is adjacent to, the Palmerville Fault, a very large and long lived structure which separates older rocks (Proterozoic) to the west from younger rocks (Palaeozoic) to the east and is an important structure within the Northeast Queensland Gold Province. Many millions of ounces of gold have been mined from breccia pipes and associated veins on and southeast of the Fault at Red Dome, Kidston and Mount Leyshon as well as the present Vera Nancy high grade "epithermal vein" mine with production, reserves and resources of over 3.5 million ounces.

This Project forms part of Sipa's deliberate strategy of acquiring quality gold projects within the heart of worldclass provinces. Northeast Queensland has produced more than 24 million ounces of gold.

ENDS

Further information: Mike Doepel
 Managing Director
 Tel: 08 9481 6259

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.

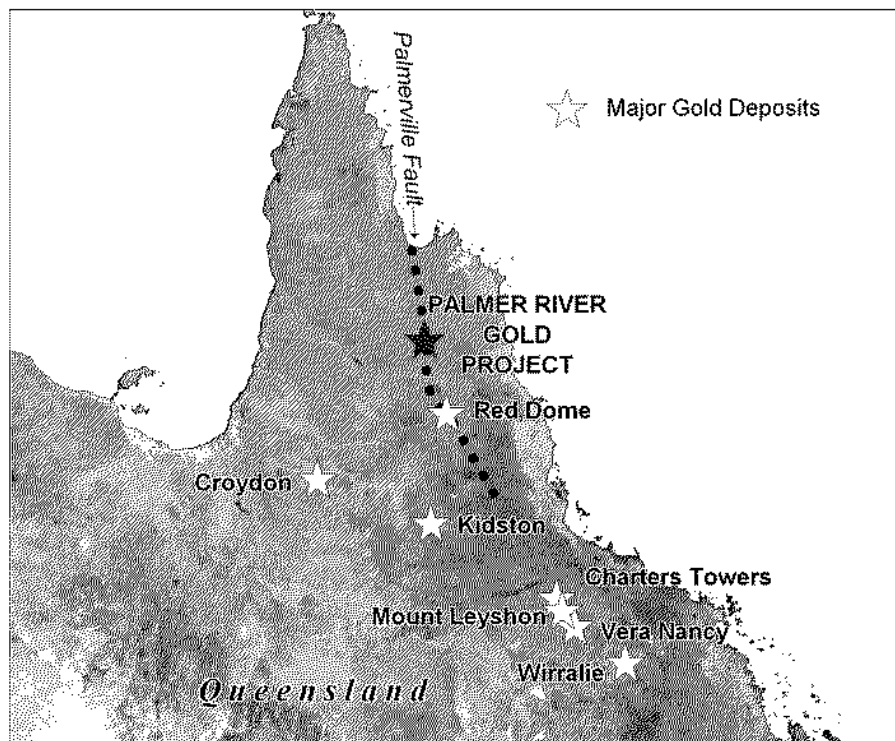


Figure 1 : Location Map – Palmer River Gold Project

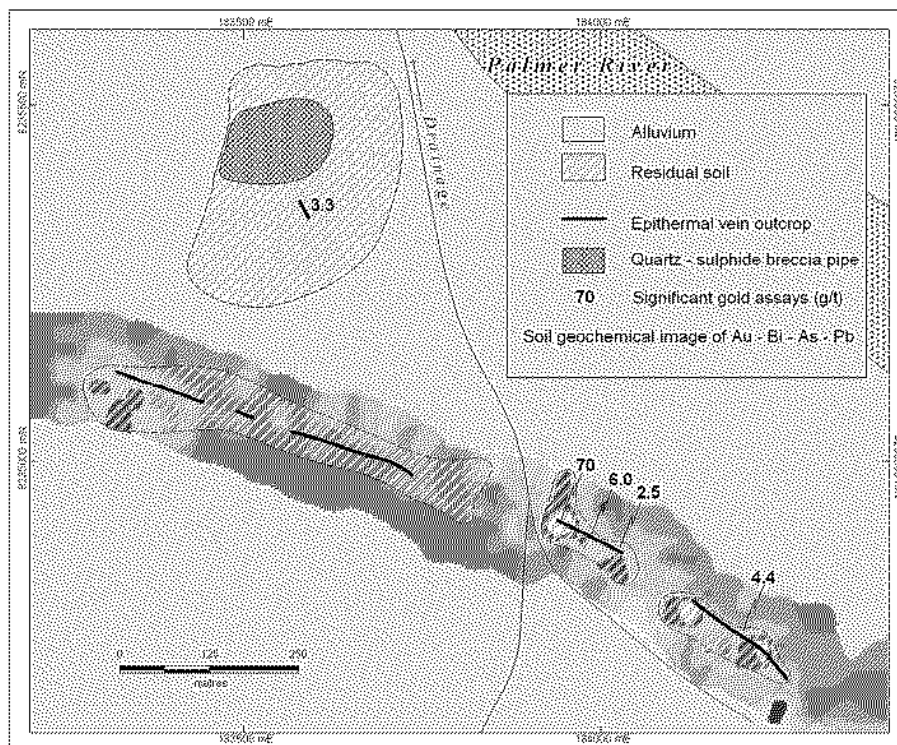


Figure 2 : Geology and Soil Geochemical Image – Balteara Prospect