



# Sipa Resources Limited

ABN 26 009 448 980

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## Release to Australian Stock Exchange

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The Manager  
ASX Company Announcement Platform  
PO Box H224  
Australian Square  
SYDNEY NSW 2001

Dear Sir

### **Sulphur Springs Open Cut Review**

Sipa has initiated a review of the feasibility of mining the copper and zinc ore bodies partly by open cut at Sulphur Springs in our 100%-owned Panorama Project, which is situated in the Pilbara some 120 kilometres southeast of Port Hedland.

The potential for mining a supergene enriched copper zone by open cut has not previously been investigated. Only one exploration hole was sited such that it intersected the inferred zone: Hole SSD-11 returned 3 metres @ 6.02% Cu between 22 metres and 25 metres down hole from surface.

Sipa's Chairman, Ian Pearce said:

"Since regaining 100% ownership of Panorama in August, we have reviewed the Outokumpu Feasibility Study and considered various options for enhancing the value of the Project for our shareholders. Whilst the feasibility is sound we believe the economics can be improved substantially by using an approach more appropriate to a 'mean and lean' small miner, rather than the big company smelting-refining end-user driven approach taken by Outokumpu. The use of second hand plant and selective mining of the Copper-rich and Zinc-rich lenses subsequent to an open cut could minimize development and operating costs as well as maximizing early positive cashflow.

Outokumpu estimated capital costs of AUD\$83 million. Our objective is to reduce this to the \$40-60 million range that other companies have recently announced for similar size projects.

The Sulphur Springs mining reserve contains 226,000 tonnes of zinc and 73,000 tonnes of copper within separately defined resources of 3.1 mt @ 3.5% Cu and 3.3 mt @ 10% Zn. Outokumpu concluded the project could produce for eight years at the rate of 500,000 tonnes per annum to generate US\$50 million positive cash flow".

Managing Director Mike Doepel said

"The key to enhancing the value of Sulphur Springs lies in improving the Project economics by re-evaluating the feasibility study and by aggressive exploration which should add substantially to the resource base. The Sulphur Springs Reserve should be able to be added to and great exploration potential remains! We are inspired by the example of Newmont's Golden Grove Project (Murchison area, 225 kilometres east of Geraldton), which are geologically the most similar Australian deposits, and where the rewards of 'perseverance in the right place' have been wonderfully proven.

Outokumpu became involved at Panorama in 1993, and spent \$16 million on exploration mostly directed at the Sulphur Springs orebody until 2001 when they commenced a \$5 million feasibility study

on Sulphur Springs. There remains very obvious 'unfinished exploration business' elsewhere on the leases for us to focus on, including:

- drilling at Kangaroo Caves where the 1.7 mt @ 10% Zn resource remains 'open at depth',
- drilling at several prospects where there are mineralized drill intersections that require follow-up,
- drilling at under-drilled and un-drilled prospects including some with intense alteration zones that only occur near ore in other deposits, as well as
- new ideas for region-scale exploration.

We expect results of the mining and plant-infrastructure studies by early 2005 and intend re-starting field exploration as soon as possible."

For further information:

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