Sipa Resources Limited

ASX Announcement
28/01/2022

December 2021 Quarterly Activities Report

Warralong (100% Sipa, Pilbara, WA)

- Aircore drill program completed and assays returned
- Soil samples collected over an extensive area, results imminent
- Basement interpretation completed and new targets identified for drilling in Q2, 2022

Paterson North (Rio Tinto Exploration (RTX) Farming In, Sipa Operator, WA)

- A review of recently acquired and historic geophysical data has highlighted a number of new and existing targets for drill testing in the 2022 field season
- The budget for a range of activities across the broader project area in 2022 has been agreed with RTX and will include:
  - SkyTEM aerial EM survey
  - Gradient Array IP
  - Aircore and RC drilling
  - Heritage surveys
- Total budget for Paterson North in 2022 of A$3.2M to be funded by RTX 100%

Skeleton Rocks (100% Sipa, Goldfields, WA)

- EIS funding secured to support planned drilling

Wolfe Basin (100% Sipa, Kimberley, WA)

- Dipole-dipole IP survey identified new targets for drill testing
- Site preparations completed for diamond drill program

Barbwire Terrace JV (Buru Energy JV, Fitzroy Trough, WA)

- Heritage survey completed in preparation for drilling

Corporate

- Sipa is well funded for its planned field activities with ~$3.9M in cash at quarter end

Sipa Resources Limited (ASX: SRI) ("**Sipa**" or "**the Company**") is pleased to provide shareholders with its quarterly report for the three-month period ending 31st December 2021. During the period, the Company progressed programs on its portfolio of Western Australian assets (Figure 1), in line with its strategy to focus on large-scale ground holdings in under-explored areas that can be cost-effectively explored.

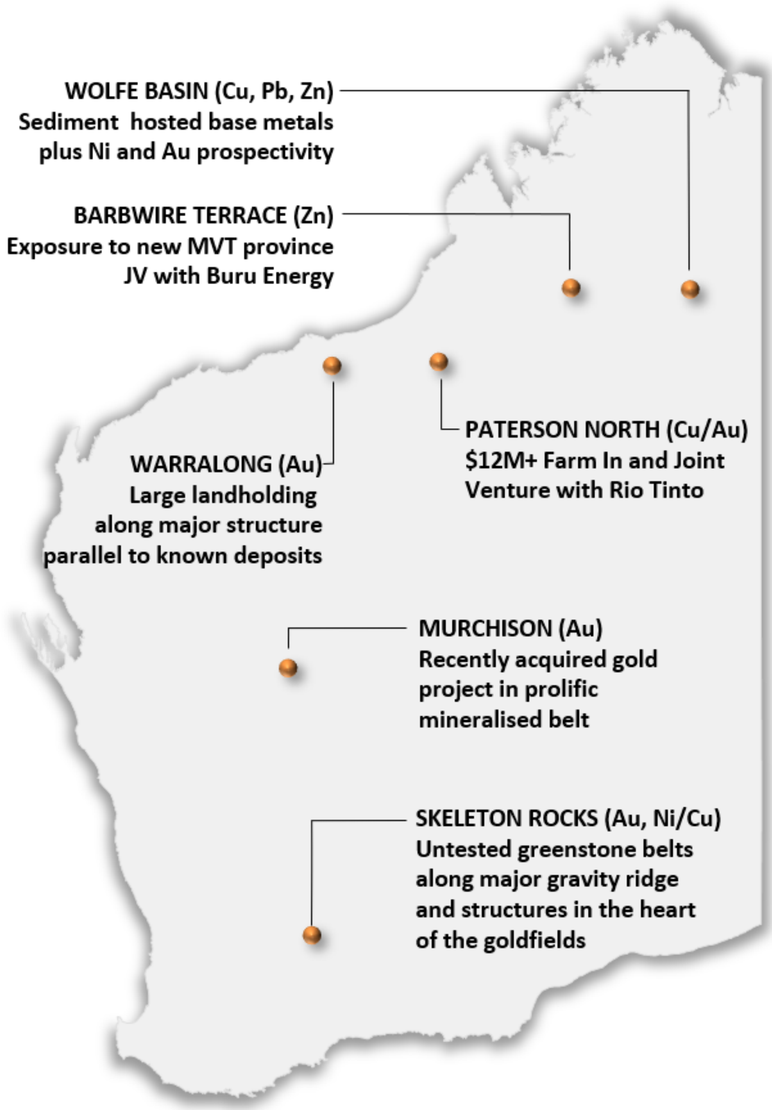

Figure 1: Sipa's Project Locations in Western Australia

Warralong (100% Sipa)

During the quarter a 2,905m aircore program was completed at Warralong on tenement E45/5740 (ASX: SRI 20/10/2021, Figure 2). Traverses of 100m and 200m spaced holes were completed over first round targets associated with splay structures adjacent to the Lalla Rookh Shear, interpreted from the detailed aeromagnetic survey flown by Sipa in late 2020 (e.g., ASX: SRI 23/12/2020). Bottom of hole samples of fresh bedrock were collected for assay to identify potential mineralisation and assist in building a basement geology interpretation as the underlying geology is completely obscured by shallow sand cover.

While no gold or other key metal (copper, nickel, lithium) mineralisation was identified in the samples, the information assisted in completion of a detailed basement interpretation along with further targeting work to identify a number of targets for drill testing in early to mid-2022, as the vast majority of the Warralong tenure is yet to be tested by any drilling. Just over 1,000 soil, lag and rock chip samples were also collected during the quarter with results expected imminently.

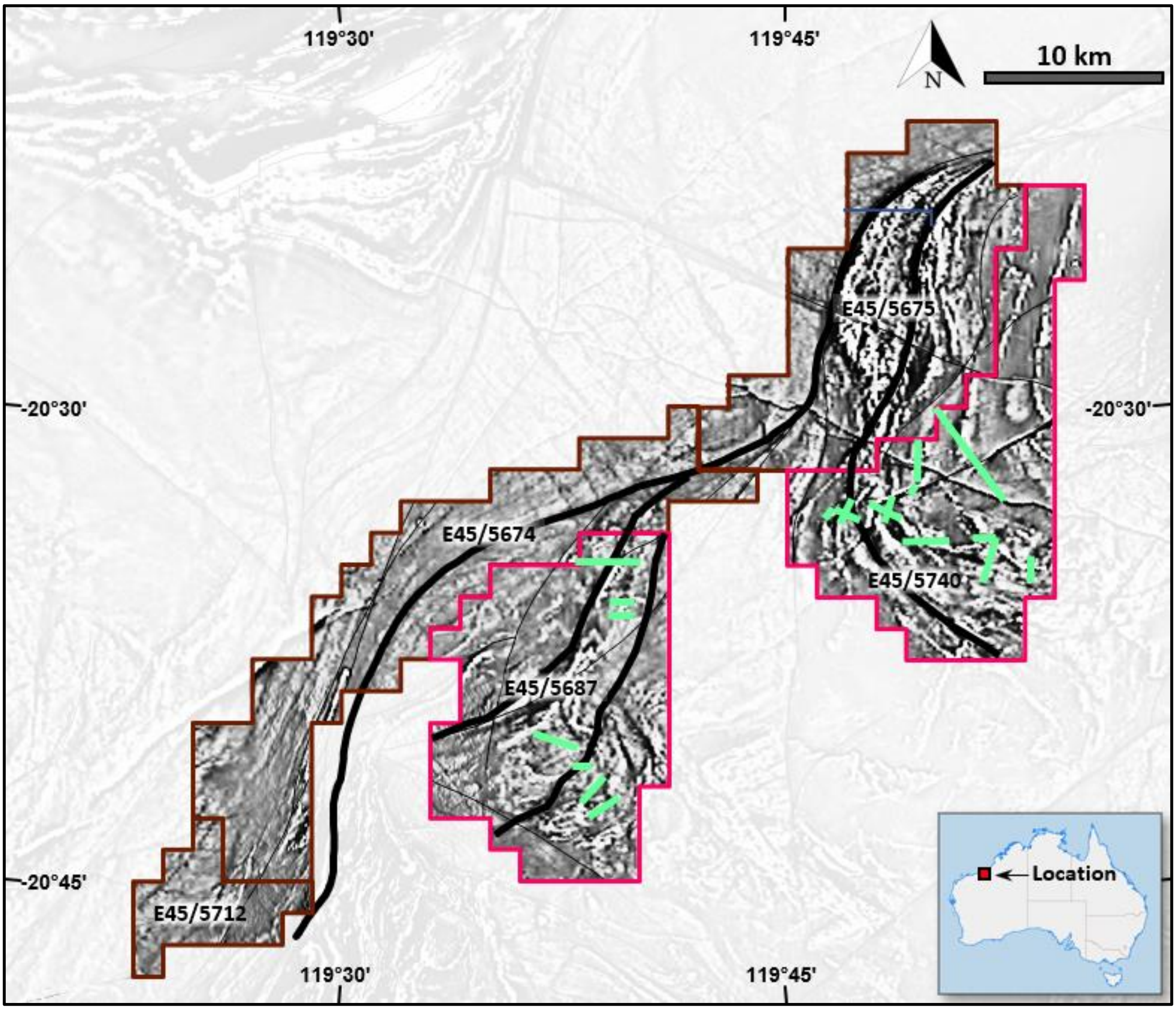

Figure 2: Sipa's Warralong Project tenements showing the location of 2021 drilling green. Brown outlines are currently ungranted tenements. The Lalla Rookh Shear and associated splays are indicated in black.

Paterson North Project (Rio Tinto Exploration Farming In, Sipa Operator)

At the Paterson North Project, an extensive gradient array induced polarisation (GAIP) geophysical survey was completed during the September quarter. The area surveyed is shown in Figure 3. Results from the GAIP survey, in conjunction with a review and reprocessing of existing geophysical data sets, and an updated basement geology interpretation undertaken during the December quarter enabled several exciting new drill targets to be identified by RTX and Sipa geologists. Preparations are underway for drill testing of several targets in 2022.

Approximately 4,000m of reverse circulation and aircore drilling is planned, together with additional geophysical surveys including airborne EM and further high powered GAIP. These additional geophysical surveys will assist in generating further targets across broader areas of the project (Figure 3). A budget of ~A$3.2M has been committed by RTX to support these activities in 2022.

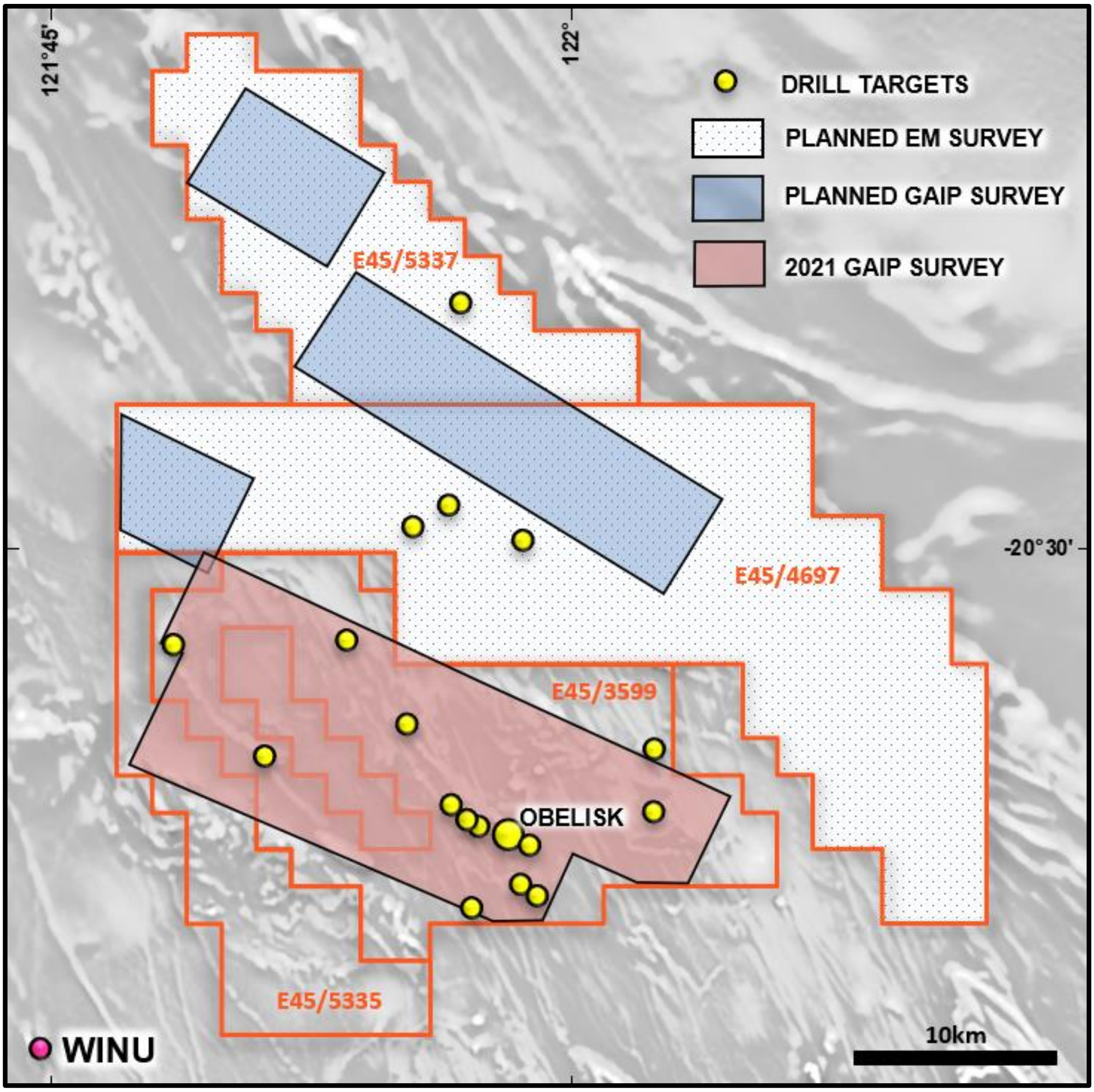

Figure 3: Paterson North tenure showing the priority drill targets and general locations of planned activities for 2022, as well as the area covered in the 2021 GAIP survey.

Skeleton Rocks (100% Sipa)

Sipa was advised of a successful application to the Western Australian government's Exploration Incentive Scheme (EIS), with funding of up to $128,750 awarded for drilling at the Skeleton Rocks project, located in the WA Goldfields to the west of Marvel Loch (Figure 4). The EIS grant will significantly reduce the direct costs of the planned drilling, which remains on track for Q1 2022. Drilling will test previously undrilled interpreted greenstones adjacent to major structures, identified in a detailed aeromagnetic survey conducted by Sipa earlier in 2021, e.g., Figure 2. Auger soil sampling scheduled for the previous quarter was delayed by a late harvest and has just been completed. Results from the auger program will be reported once available.

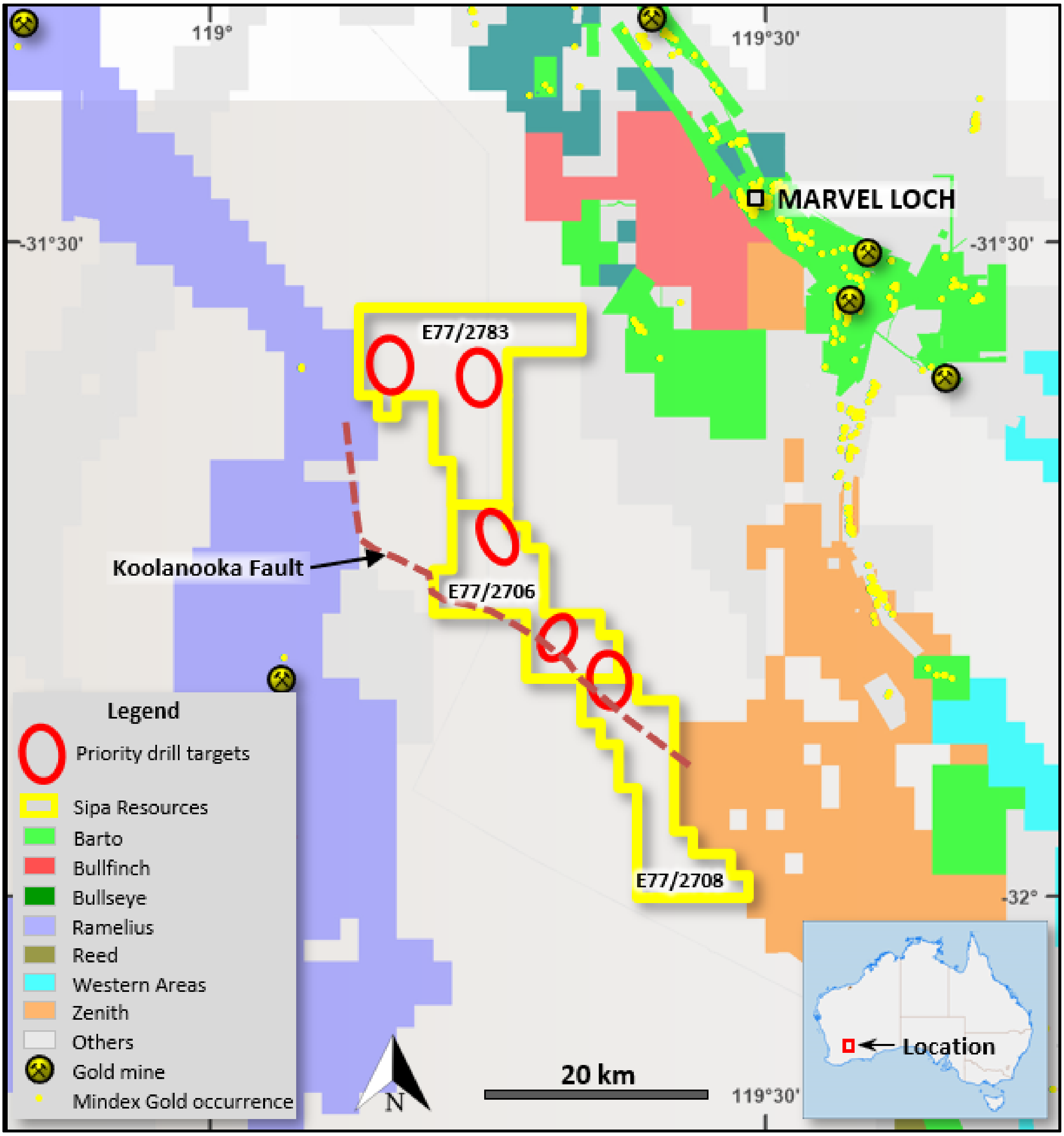

Figure 4: Sipa's Skeleton Rocks Project and nearby tenement holders in the heart of WA's Goldfields region.

Wolfe Basin (100% Sipa)

Site preparations were completed to enable drill testing of high priority chargeability anomalies in a favourable stratigraphic position to host base metal sulphides (e.g., ASX: SRI 12/08/2021). Drilling was not able to be undertaken when originally planned due to adverse weather and border closures, and has been rescheduled for Q2 2022.

Barbwire Terrace Project (Sipa 50% JV, Sipa Operator)

The Barbwire Terrace project targeting MVT-style base metals mineralisation is being advanced in joint venture with Buru Energy Limited ('Buru') (Figure 5). During the quarter Buru satisfied the terms of the Farm-in agreement between Sipa and Buru, and Buru's wholly owned subsidiary Battmin Pty Ltd ('Battmin') became entitled to 50% ownership of the tenements in the joint venture. The Barbwire Terrace project was also bolstered by the addition of three new tenements increasing the project area to >2,500km^2. Heritage surveys were undertaken during the quarter over the priority drill targets. No areas of particular concern were identified during the surveys, and the JV partners are planning on drilling 4 holes to a nominal depth of 500m in Q3 2022.

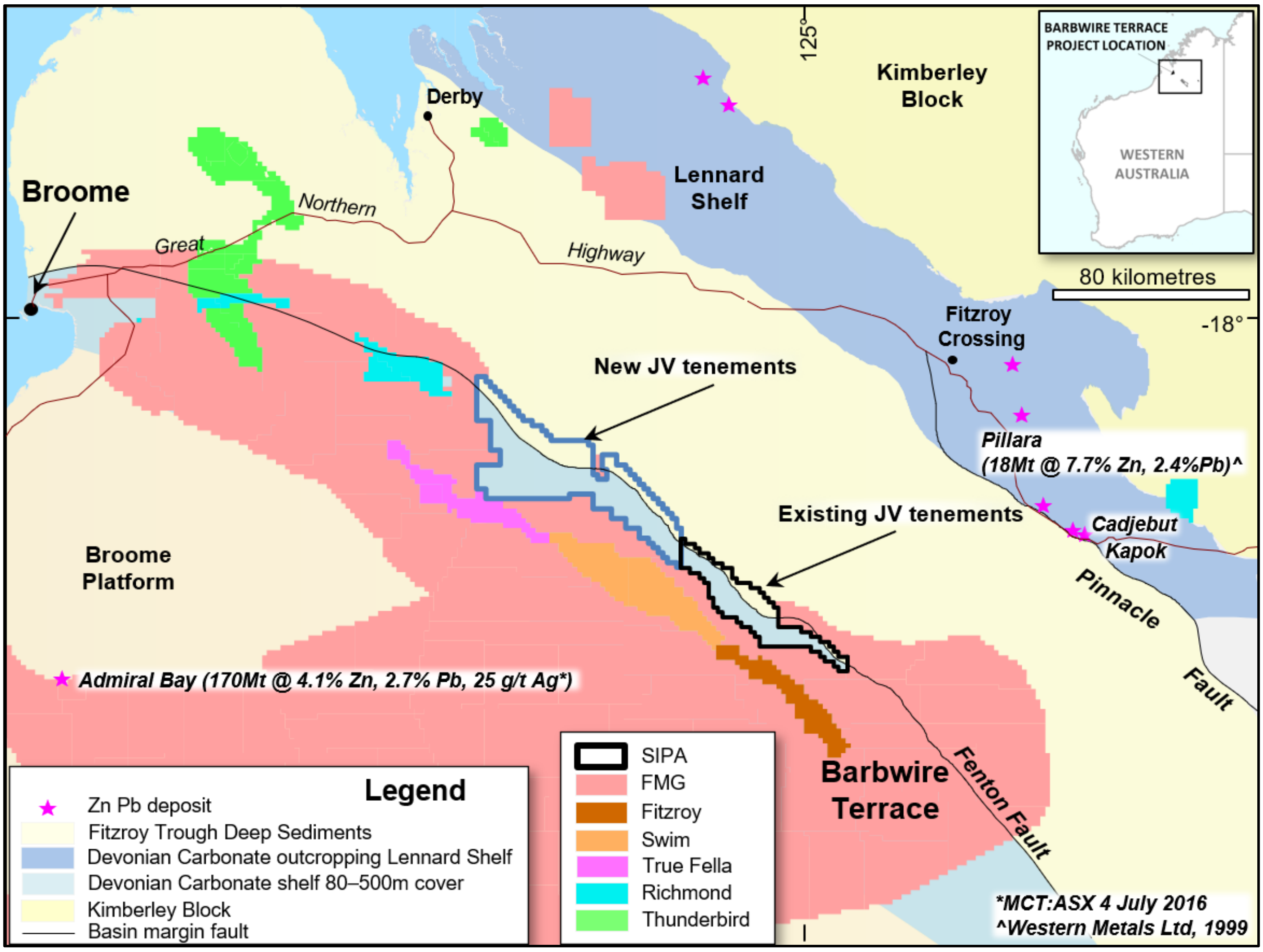

Figure 5: The Sipa-Buru Barbwire Terrace project showing the tenements added to the JV.

Corporate

Sipa's Annual General Meeting was held on 18 November 2021, with all resolutions passed by poll.

The Company's cash balance was ~$3.9M at quarter end.

Regarding Section 6 of the Appendix 5B, all payments made to related parties are director fees and salaries.

Planned Activities March 2022 Quarter

- Auger soils and aircore drilling at Skeleton Rocks
- Review of Warralong soil sample assay results, targeting, drill planning and heritage surveys
- Pending rig availability, completion of further aircore drilling at Warralong

This announcement has been authorised for release by the Board of Sipa Resources Limited.

More Information:

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APPENDIX – ASX LISTING RULE 5.3.3

Mining Tenements Held at End of Quarter:

Tenement ID	Project	Location	Tenement Status	Interest at beginning of quarter	Interest at end of quarter
E04/2674	Barbwire Terrace	Western Australia	Granted	100%	50%
E04/2684	Barbwire Terrace	Western Australia	Granted	100%	50%
E04/2721-3	Barbwire Terrace	Western Australia	Application	0%	50%
E20/975	Murchison	Western Australia	Application	100%	100%
E20/1018	Murchison	Western Australia	Application	0%	100%
E45/3599	Paterson North	Western Australia	Granted	89%	89%*
E45/4697	Paterson North	Western Australia	Granted	89%	89%*
E45/5335	Paterson North	Western Australia	Granted	89%	89%*
E45/5336	Paterson North	Western Australia	Granted	89%	89%*
E45/5337	Paterson North	Western Australia	Granted	100%	100%*
E45/5674	Warralong	Western Australia	Application	100%	100%
E45/5675	Warralong	Western Australia	Application	100%	100%
E45/5687	Warralong	Western Australia	Granted	100%	100%
E45/5712	Warralong	Western Australia	Application	100%	100%
E45/5740	Warralong	Western Australia	Granted	100%	100%
E45/5955	Warralong	Western Australia	Application	100%	100%
E51/1709	Murchison	Western Australia	Granted	51%	51%^
E51/1888	Murchison	Western Australia	Granted	51%	51%^
E51/1924	Murchison	Western Australia	Granted	51%	51%^
E51/ 1932	Murchison	Western Australia	Granted	100%	100%
E51/1936	Murchison	Western Australia	Granted	51%	51%^
E51/1963	Murchison	Western Australia	Granted	51%	51%^
E51/1972-3	Murchison	Western Australia	Granted	100%	100%
E51/1989	Murchison	Western Australia	Granted	51%	51%^
E51/2002	Murchison	Western Australia	Granted	100%	100%
E51/2012-15	Murchison	Western Australia	Application	100%	100%
E77/2706	Skeleton Rocks	Western Australia	Granted	100%	100%
E77/2708	Skeleton Rocks	Western Australia	Granted	100%	100%
E77/2783	Skeleton Rocks	Western Australia	Application	100%	100%
E80/5344	Wolfe Basin	Western Australia	Granted	100%	100%
E80/5491	Wolfe Basin	Western Australia	Granted	100%	100%
RL1271	Kitgum-Pader	Uganda	Granted	100%	100%

* Paterson North tenements are subject to the Rio Tinto Exploration Farm In and Joint Venture Agreement.

^ Murchison tenements subject to Farm In and Joint Venture Agreements.

The information in this report that relates to Exploration Results and tenement acquisitions was previously reported in the ASX announcements dated 11, 12, 20 and 28 October 2021, 10 and 18 November 2021, 1 and 21 September 2021, 9 and 16 December 2021. The Company is not aware of any new information or data that materially affects the information included in the relevant market announcements.

Competent Person's Statement

The information in this report that relates to Exploration Results is based on, and fairly represents, information and supporting documentation compiled by Mr Pip Darvall, a Member of the Australian Institute of Geoscientists. Mr Darvall is a full-time employee of Sipa Resources Limited, and has sufficient experience relevant to the styles of mineralisation and types of deposit under consideration and to the activities being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Darvall consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.