

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Name of entity

S2 Resources Ltd

ABN

18 606 128 090

Quarter ended ("current quarter")

31 December 2016

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(1,820)	(3,532)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs*	(548)	(950)
	(e) administration and corporate costs	(235)	(706)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	126	210
1.5	Interest and other costs of finance paid	(2)	(4)
1.6	Income taxes paid	-	-
1.7	Research and development refunds	-	-
1.8	Other - payroll tax paid and expecting a refund from Office of State Revenue as a result of audit review in December 2016.	(201)	(385)
1.9	Net cash from / (used in) operating activities	(2,680)	(5,367)

* includes pre-resource exploration expenditure of \$267k for the quarter ending 31 December 2016 and \$462k year to date.

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(54)	(107)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(54)	(107)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	15	12,096
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(9)	(587)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other – net payments for cash backed guarantees	(61)	(61)
3.10 Net cash from / (used in) financing activities	(55)	11,448

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	24,594	15,891
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,680)	(5,367)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(54)	(107)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(55)	11,448
4.5	Effect of movement in exchange rates on cash held	(40)	(100)
4.6	Cash and cash equivalents at end of period	21,765	21,765

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	5,265	7,094
5.2	Call deposits	16,500	17,500
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	21,765	24,594

6. Payments to directors of the entity and their associates

6.1 Aggregate amount of payments to these parties included in item 1.2

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

144

-

Salaries and fees paid to directors in the quarter including superannuation.

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

N/A

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

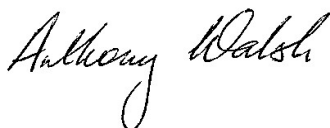
N/A

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	(2,490)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	(528)
9.5 Administration and corporate costs	(264)
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	(3,282)

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Australian Tenements <i>Polar Bear (100% S2)</i> N/A <i>Finland Reservations (100% S2)</i> Kuivasalmi	Lapsed	100%	0%
10.2	Interests in mining tenements and petroleum tenements acquired or increased	Australian Tenements <i>Polar Bear (100% S2)</i> N/A <i>Norcott (100% S2)</i> N/A <i>Finland Reservations (100% S2)</i> N/A <i>Finland Exploration Licences (100% S2)</i> Katoskumpu Keulakkopää Palvanen Putaanperä Sikavaara <i>Sweden Exploration Licences (100% S2)</i> Petikträsk nr 402	Application Application Application Application Application Granted	0% 0% 0% 0% 0% 0%	0% 0% 0% 0% 0% 100%

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
(Company secretary)

Date: ..16 January 2017.....

Print name: Tony Walsh

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.