



MARCH 2017 QUARTERLY ACTIVITIES REPORT

Key points

- Known mineralisation extended down plunge at Bjurtraskgruvan
- New Mineral Resource estimate for the Baloo gold deposit of 4.22Mt @ 2.0g/t for 264,000oz gold at a lower cutoff grade of 0.8 g/t gold
- Well funded with A\$19.3 million cash at Quarter's end.

CORPORATE

Capital structure

2.7 million unlisted incentive options lapsed during the quarter. The total issued capital is 246,052,452 ordinary shares and 41.1 million unlisted options, which if exercised, would represent a capital injection of A\$17 million to the Company.

Finance

A total of A\$1.7 million was spent during the quarter, comprising A\$1.4 million on exploration and A\$0.3 million on corporate costs including business development costs, overheads and payments for fixed assets, and A\$0.4 million on staffing costs for all pre-resource exploration and corporate activities. In addition to day to day operating cashflow, a payroll tax refund was received from the Office of State Revenue of \$399k from an audit in December 2016.

Cash at the end of the quarter totaled A\$19.3 million.

Planned expenditure for the remaining financial year end (FY2017) is anticipated to be approximately A\$2.4 million.

EXPLORATION

Drilling and geophysics continued at the Company's Skellefte project in Sweden, and in Western Australia, drilling down dip and down plunge of the previous limits of mineralization led to a substantial increase in the Baloo Mineral Resource estimate.

Skellefte, Sweden (100% S2)

The Skellefte district of northern Sweden is a prolific mining district that contains numerous major polymetallic zinc-copper-gold-silver volcanogenic massive sulphide (VMS) deposits, including those that

underpin Boliden's mining and smelting operations. S2 has approximately 551 square kilometres of ground, which it considers highly prospective for similar polymetallic VMS mineralization and also orogenic shear zone hosted lode gold mineralization.

Bjurtraskgruvan prospect

The Bjurtraskgruvan prospect was diamond drilled and geophysics was undertaken during the quarter. The prospect comprises outcropping massive sulphide mineralization with mineralized intercepts in limited historical drilling, and is coincident with one of the many electromagnetic (EM) anomalies ("Vargfors 401-4") identified in the Company's airborne VTEM surveys (see ASX announcements of 23 November 2016 and 19 December 2016).

Three diamond holes were completed and assayed during the quarter, testing the extent of EM plates defined by the ground based moving loop electromagnetic (MLEM) survey completed in 2016 (see ASX announcement of 22 March 2017).

The best intersection from these first three holes was SBJK170003, which intersected 14.71m @ 2.2% zinc, 1.0% copper and 5.4g/t silver from 176 metres, including 2.13m @ 8.2% zinc, 1.7% copper and 8.5g/t silver from 177m (see Figure 1).

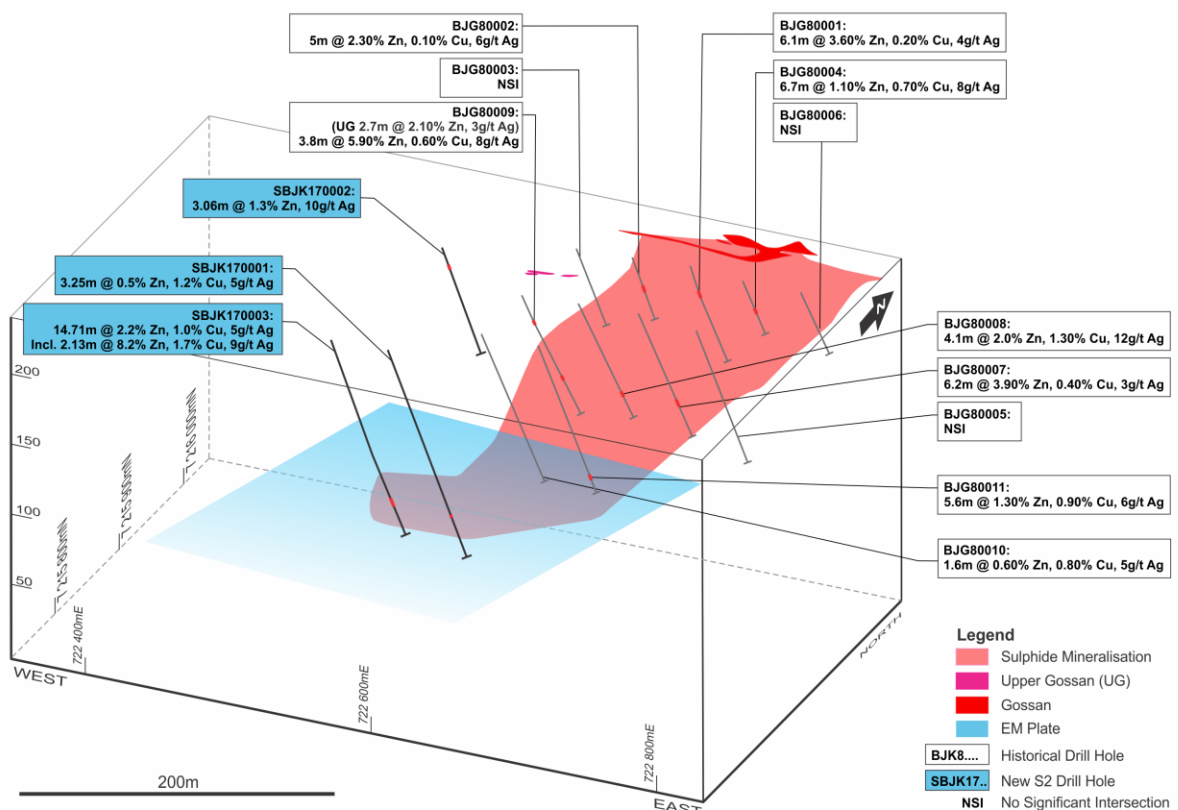


Figure 1. Isometric view of the known extent of the Bjurtraskgruvan VMS deposit, showing completed and historical drilling, the MLEM conductor, and the mineralized outcrop. Holes drilled in late March /early April are not shown.

Three additional holes were started late in the quarter. Assay results and DHEM results from these holes are pending.

A 500 metre fixed loop EM (FLEM) survey has been planned for mid-April to test the strike and depth extent of the prospect to the west of current drilling.

Svan Vit prospect

Two holes (SSVT170005 and 170006) were drilled in February 2017 at the Svan Vit prospect into a DHEM plate west of the existing drillholes reported on 21 April 2016 and 19 December 2016. They both intersected a narrow zone containing pyrrhotite and minor sphalerite.

Other targets

Drilling of the first two targets at Holmtjärn (401-31 and 401-35) was completed in the quarter. A total of six holes were drilled. Results are pending.

Base of till (BOT) drilling

Base of till (BOT) drilling, designed to geochemically ground proof VTEM anomalies, continued throughout the quarter in the Laxselmyran block and on licenses surrounding the Bjurtraskgruvan prospect (see Figure 2).

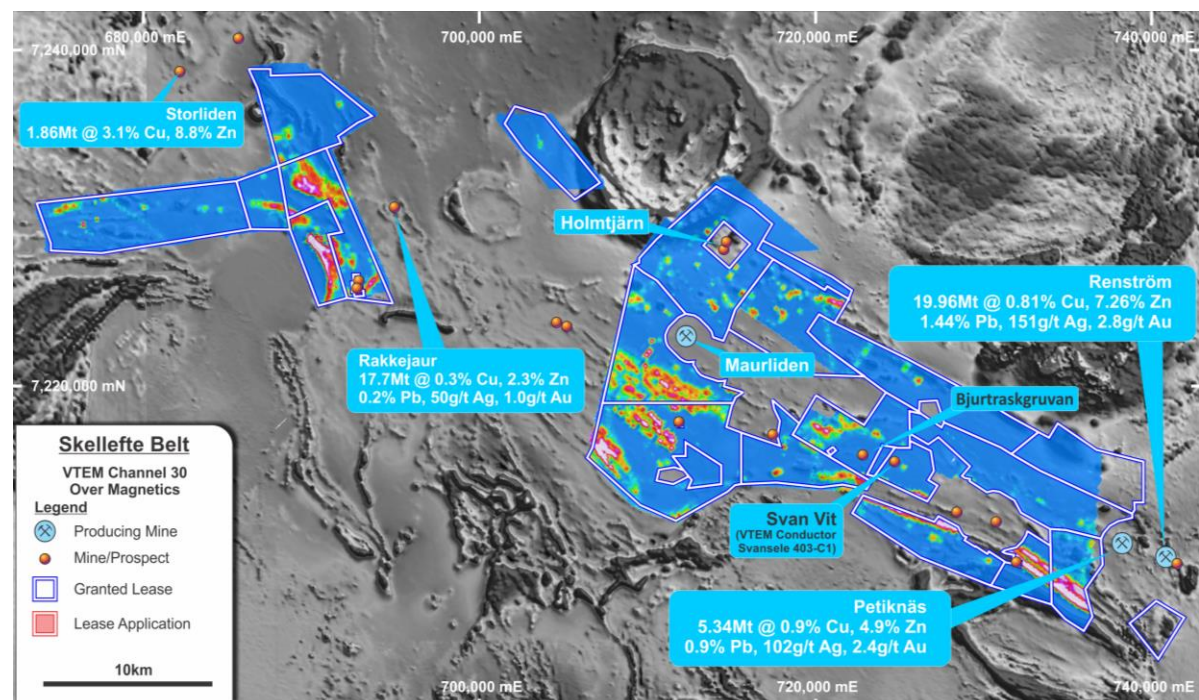


Figure 2. Overview of VTEM coverage. The Laxselmyran block referred to in the text is the large western block.

Tenure

The Company continues to consolidate its ground position in the Skellefte belt, with the four new exploration licences being applied for during the quarter, namely: Rengard 403; Tjalmtrask 402; Tjalmtrask 403; and Nasvattnet 402.

Finland (100% S2)

S2 has approximately 1,030 square kilometres of ground in the Central Lapland Greenstone Belt of Finland, a region that contains significant shear zone hosted gold deposits, such as Agnico Eagle's 8Moz Kittila gold

mine, and magmatic copper-nickel-PGM deposits, which include Boliden's Kevitsa mine and Anglo American's world class Sakatti deposit.

In the Central Lapland Greenstone Belt (CLGB) the Company has identified what it believes are the most prospective areas in its exploration reservations and converting these into exploration licence applications.

The recent discovery of outcropping high grade gold mineralization at the nearby Aurora gold prospect by TSXV listed Aurion Resources reaffirms the Company's view that the CLGB, which also contains Agnico Eagle's 8 million ounce Kittila gold mine, is a potentially highly endowed but under-explored gold province.

S2 now has reservations, exploration licence applications and granted exploration licences covering approximately 1,030 km² of the CLGB (see Figure 3), and is in a strong strategic position in this emerging gold province.

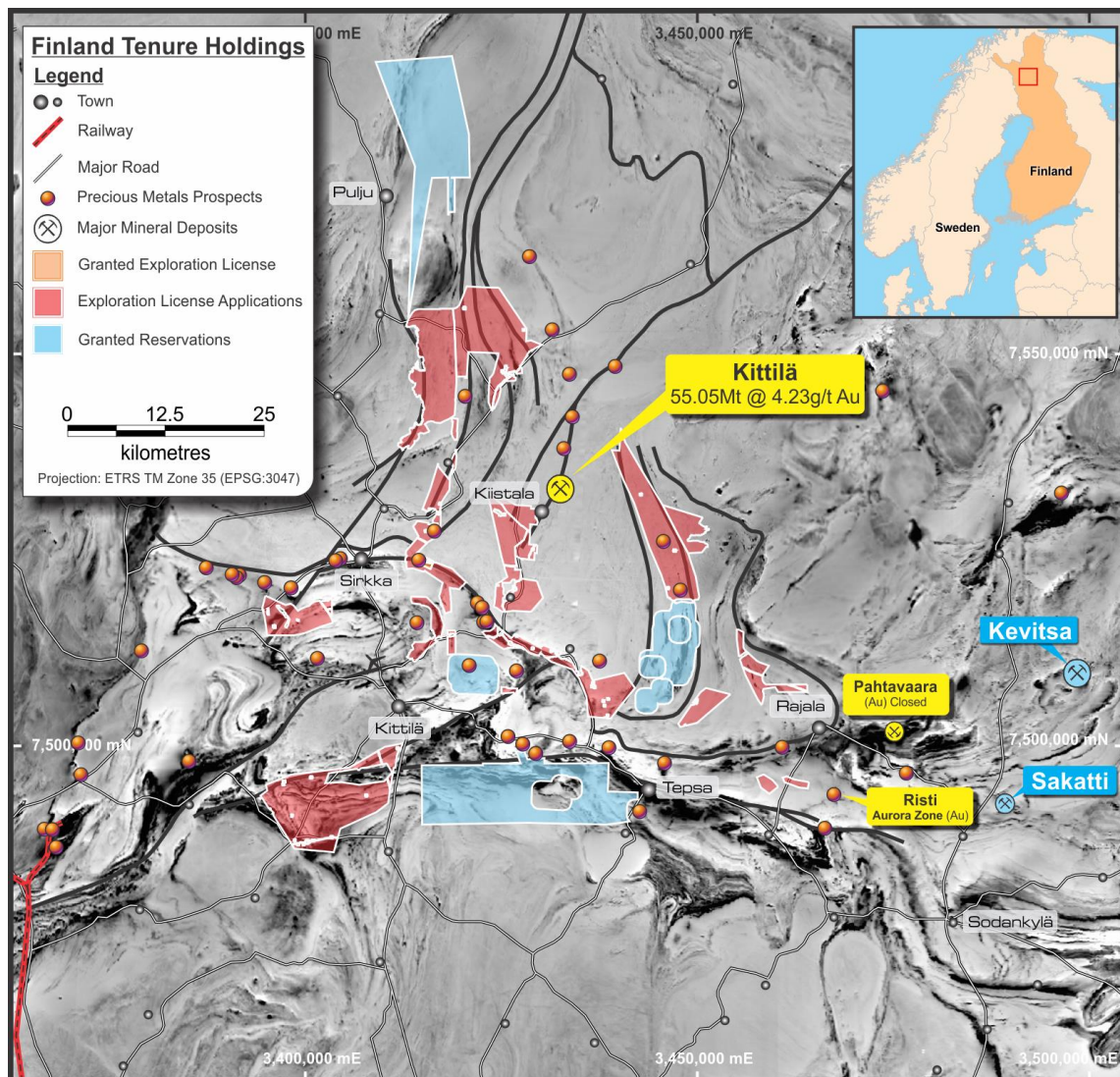


Figure 3. S2's tenure in the Central Lapland Greenstone Belt of northern Finland.

Polar Bear (100% S2)

S2 owns 100% of the Polar Bear project. The project covers the southern continuation of the ultramafic stratigraphy which hosts the Kambalda and Widgiemooltha nickel deposits. It is largely concealed beneath the salt lake sediments and sand dunes of Lake Cowan. It also covers approximately 130 square kilometres of underexplored ground located between the world class gold producing centres of St Ives and Norseman – both ~10 million ounce camps – and southeast of the 2 million ounce Higginsville gold operations of Westgold Resources.

Recent drilling down dip and down plunge of the previous limits of mineralization at the Baloo gold deposit has resulted in a significant increase in the Baloo Mineral Resource estimate. The revised Indicated + Inferred Mineral Resource estimate for the Baloo gold deposit comprises 4.22 million tonnes grading 2.0 g/t gold for a contained 264,000 ounces of gold at a lower cutoff grade of 0.8 g/t gold (see ASX announcement of 13 February 2017).

Table 1 and Figure 4 show the variation in tonnage, grade and contained gold for the Indicated + Inferred Mineral Resource estimate at a variety of lower cutoff thresholds. At a reduced lower cutoff of 0.5 g/t gold, tonnage increases by 30% to 5.48 million tonnes, grade decreases by 15% to 1.7 g/t gold, and contained gold increases by 10% to 291,000 ounces of gold. At an increased lower cutoff of 1.0g/t gold, tonnage decreases by 17% to 3.5 million tonnes, grade increases by 10% to 2.2 g/t gold, and contained gold decreases by 8% to 244,000 ounces of gold.

A top cut of 15g/t gold and 20g/t gold was applied to different domains within the expanded resource based on standard resource estimation practice (see Table 1 Section 3).

Nearly all of the increase in the Baloo Mineral Resource estimate comprises Inferred category material. This is because it is based on recent broad-spaced deeper drilling undertaken down dip from the previous resource limit (see Figure 5).

LCOG	Indicated			Inferred			Total		
	Tonnes (000's)	g/t Au	Oz Au	Tonnes (000's)	g/t Au	Oz Au	Tonnes, (000's)	g/t Au	Oz Au
0.5	1,490	1.6	78,000	3,990	1.7	213,000	5,480	1.7	291,000
0.8	1,160	1.9	71,000	3,060	2.0	193,000	4,220	2.0	264,000
1.0	940	2.2	65,000	2,560	2.2	178,000	3,500	2.2	244,000

Table 1. Baloo Gold Deposit - Statement of Resources 9th February 2017. All Mineral Resources are reported to JORC 2012 standards. Baloo Mineral Resource reported at 0.8 g/t Au LCOG (lower cut-off grade). All figures are rounded to reflect appropriate levels of confidence. Apparent differences in totals may occur due to rounding.

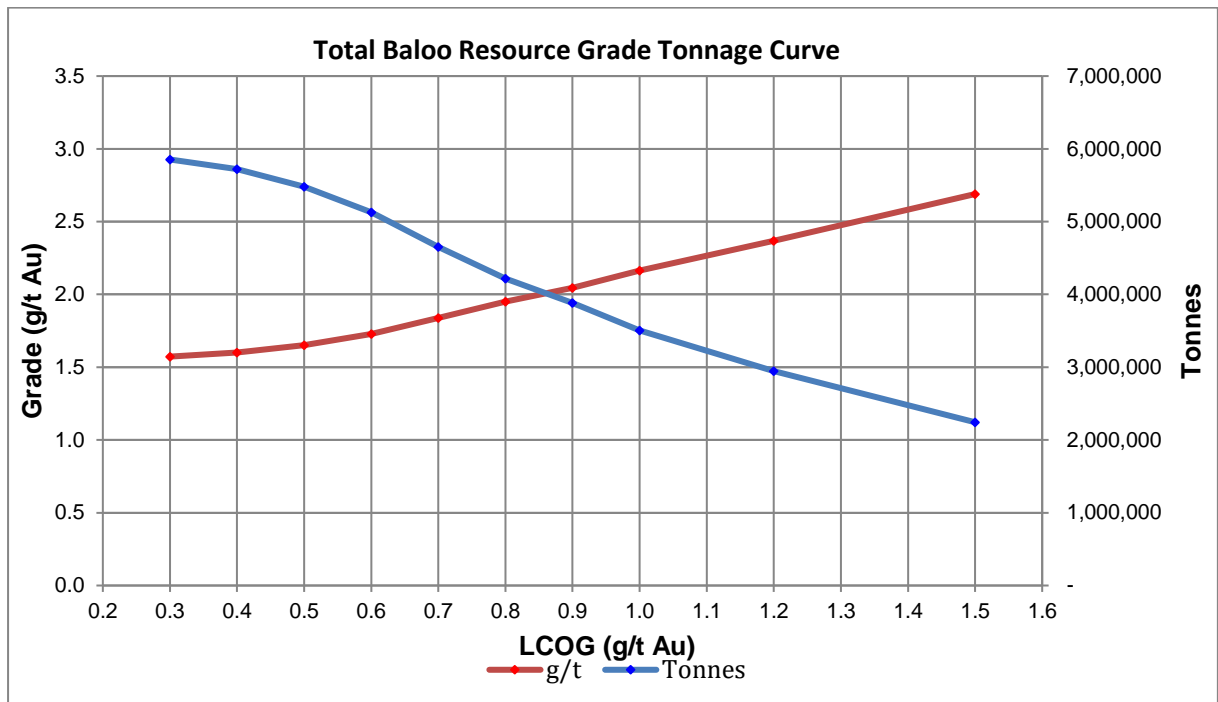


Figure 4. Baloo Gold Deposit – grade-tonnage curve for total Mineral Resources. All Mineral Resources are reported to JORC 2012. LCOG is lower cut-off grade.

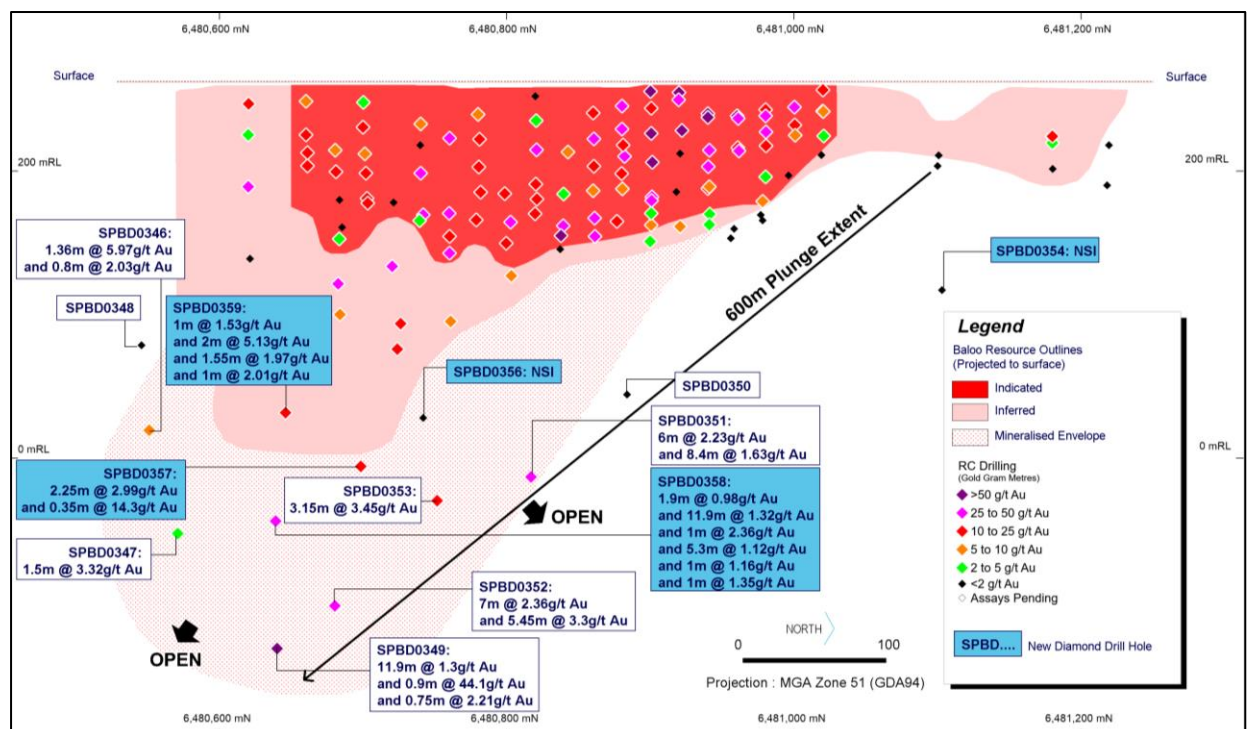


Figure 5. Long projection of the Baloo deposit, looking west, showing resource outlines, recent drilling and areas of potential.

This drilling has identified a consistent zone of mineralization which dips steeply to the east and plunges moderately to the south, and is relatively thick (up to 14 metres true thickness).

Mineralization remains open both down dip and down plunge beneath the limits of this drilling, and on the basis of the deepest drilling to date, appears to be thicker at depth (see Figure 5).

Eundynie JV (80% S2)

S2 has an 80% interest in the Eundynie Joint Venture, which is adjacent to the Polar Bear project. The JV covers the southern continuation of the ultramafic stratigraphy which hosts the Kambalda and Widgiemooltha nickel deposits. It is largely concealed beneath the salt lake sediments and sand dunes of Lake Cowan. It covers approximately 76 square kilometres of underexplored ground located between the world class gold producing centres of St Ives and Norseman – both ~10 million ounce camps – and southeast of the 2 million ounce Higginsville gold operations of Westgold Resources.

No field activities were undertaken during the quarter.

Norcott (100% S2)

S2 owns 100% of the Norcott project. The project covers the projected southern strike continuation of the regional structures that host significant gold mineralisation at the St Ives gold camp, which contains >10 million ounces of gold. It is largely concealed beneath transported cover and covers approximately 256 square kilometres of underexplored ground.

No field activities were undertaken during the quarter.

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Note

S2 Resources Limited has released exploration results to ASX during the March 2017 Quarter. For further details on these exploration results, competent persons statements and information required by Table 1 of JORC, S2 Resources Limited refers you to these ASX announcements during the March 2017 Quarter, which are available on our website.

Appendix to quarterly activities report – tenement table

Project	Tenement ID	Registered Holder	Location	Ownership %	Status
Western Australia					
Polar Bear	E15/1298	Polar Metals Pty Ltd	Lake Cowan	100%	Granted
Polar Bear	E15/1461	Polar Metals Pty Ltd	Lake Cowan	100%	Granted
Polar Bear	E15/1541	Polar Metals Pty Ltd	Lake Cowan	100% when granted	Application
Polar Bear	E63/1142	Polar Metals Pty Ltd	Lake Cowan	100%	Granted
Polar Bear	E63/1712	Polar Metals Pty Ltd	Lake Cowan	100%	Granted
Polar Bear	E63/1725	Polar Metals Pty Ltd	Lake Cowan	100%	Granted
Polar Bear	E63/1756	Polar Metals Pty Ltd	Lake Cowan	100%	Granted
Polar Bear	E63/1757	Polar Metals Pty Ltd	Lake Cowan	100%	Granted
Polar Bear	E63/1791	Polar Metals Pty Ltd	Lake Cowan	100% when granted	Application
Polar Bear	M15/651	Polar Metals Pty Ltd	Lake Cowan	100%	Granted
Polar Bear	M15/710	Polar Metals Pty Ltd	Lake Cowan	100%	Granted
Polar Bear	M15/1814	Polar Metals Pty Ltd	Lake Cowan	100% when granted	Application
Polar Bear	M63/230	Polar Metals Pty Ltd	Lake Cowan	100%	Granted
Polar Bear	M63/255	Polar Metals Pty Ltd	Lake Cowan	100%	Granted
Polar Bear	M63/269	Polar Metals Pty Ltd	Lake Cowan	100%	Granted
Polar Bear	M63/279	Polar Metals Pty Ltd	Lake Cowan	100%	Granted
Polar Bear	M63/662	Polar Metals Pty Ltd	Lake Cowan	100% when granted	Application
Polar Bear	P15/5167	Polar Metals Pty Ltd	Lake Cowan	100%	Granted
Polar Bear	P15/5168	Polar Metals Pty Ltd	Lake Cowan	100%	Granted
Polar Bear	P15/5638	Polar Metals Pty Ltd	Lake Cowan	100%	Granted
Polar Bear	P15/5639	Polar Metals Pty Ltd	Lake Cowan	100%	Granted
Polar Bear	P15/5640	Polar Metals Pty Ltd	Lake Cowan	100%	Granted
Polar Bear	P15/5958	Polar Metals Pty Ltd	Lake Cowan	100%	Granted
Polar Bear	P15/5959	Polar Metals Pty Ltd	Lake Cowan	100%	Granted
Polar Bear	P63/1587	Polar Metals Pty Ltd	Lake Cowan	100%	Granted
Polar Bear	P63/1588	Polar Metals Pty Ltd	Lake Cowan	100%	Granted

Polar Bear	P63/1589	Polar Metals Pty Ltd	Lake Cowan	100%	Granted
Polar Bear	P63/1590	Polar Metals Pty Ltd	Lake Cowan	100%	Granted
Polar Bear	P63/1591	Polar Metals Pty Ltd	Lake Cowan	100%	Granted
Polar Bear	P63/1592	Polar Metals Pty Ltd	Lake Cowan	100%	Granted
Polar Bear	P63/1593	Polar Metals Pty Ltd	Lake Cowan	100%	Granted
Polar Bear	P63/1594	Polar Metals Pty Ltd	Lake Cowan	100%	Granted
Eundynie JV	E15/1458	Shumwari Pty Ltd	Lake Cowan	80%	Granted
Eundynie JV	E15/1459	Shumwari Pty Ltd	Lake Cowan	80%	Granted
Eundynie JV	E15/1464	Shumwari Pty Ltd	Lake Cowan	80%	Granted
Eundynie JV	E63/1726	Shumwari Pty Ltd	Lake Cowan	80%	Granted
Eundynie JV	E63/1727	Shumwari Pty Ltd	Lake Cowan	80%	Granted
Eundynie JV	E63/1738	Shumwari Pty Ltd	Lake Cowan	80%	Granted
Norcott	E15/1487	Polar Metals Pty Ltd	Mt Norcott	100%	Granted
Norcott	E63/1728	Polar Metals Pty Ltd	Mt Norcott	100%	Granted
Sweden					
Skellefte	Rengård nr 401	S2 Sverige AB	Skellefte	100%	Granted
Skellefte	Svansele nr 401	S2 Sverige AB	Skellefte	100%	Granted
Skellefte	Gallejaur nr 401	S2 Sverige AB	Skellefte	100%	Granted
Skellefte	Svansele nr 402	S2 Sverige AB	Skellefte	100%	Granted
Skellefte	Brännäs nr 401	S2 Sverige AB	Skellefte	100%	Granted
Skellefte	Laxselmyran nr 401	S2 Sverige AB	Skellefte	100%	Granted
Skellefte	Svansele nr 403	S2 Sverige AB	Skellefte	100%	Granted
Skellefte	Båtfors nr 401	S2 Sverige AB	Skellefte	100%	Granted
Skellefte	Holmtjärn nr 401	S2 Sverige AB	Skellefte	100%	Granted
Skellefte	Tjåluträsk nr 401	S2 Sverige AB	Skellefte	100%	Granted
Skellefte	Laxselmyran nr 402	S2 Sverige AB	Skellefte	100%	Granted
Skellefte	Laxselmyran nr 403	S2 Sverige AB	Skellefte	100%	Granted
Skellefte	Hästkomyran nr 401	S2 Sverige AB	Skellefte	100%	Granted
Skellefte	Rengård nr 402	S2 Sverige AB	Skellefte	100%	Granted
Skellefte	Udden nr 401	S2 Sverige AB	Skellefte	100%	Granted
Skellefte	Udden nr 402	S2 Sverige AB	Skellefte	100%	Granted
Skellefte	Vallen nr 401	S2 Sverige AB	Skellefte	100%	Granted
Skellefte	Lindbacka nr 401	S2 Sverige AB	Skellefte	100%	Granted
Skellefte	Brännäs nr 402	S2 Sverige AB	Skellefte	100%	Granted
Skellefte	Petikträsk nr 401	S2 Sverige AB	Skellefte	100%	Granted
Skellefte	Näsvattnet nr 401	S2 Sverige AB	Skellefte	100%	Granted
Skellefte	Laxselmyran nr 404	S2 Sverige AB	Skellefte	100%	Granted
Skellefte	Svansele nr 404	S2 Sverige AB	Skellefte	100%	Granted
Skellefte	Malånäset nr 401	S2 Sverige AB	Skellefte	100%	Granted
Skellefte	Malånäset nr 404	S2 Sverige AB	Skellefte	100%	Granted
Skellefte	Malånäset nr 402	S2 Sverige AB	Skellefte	100%	Granted

Skellefte	Malånäset nr 403	S2 Sverige AB	Skellefte	100%	Granted
Skellefte	Laxselmyran nr 405	S2 Sverige AB	Skellefte	100%	Granted
Skellefte	Vargfors nr 401	S2 Sverige AB	Skellefte	100%	Granted
Skellefte	Malånäset nr 405	S2 Sverige AB	Skellefte	100%	Granted
Skellefte	Petikträsk nr 402	S2 Sverige AB	Skellefte	100%	Granted
Skellefte	Näsvattnet nr 402	S2 Sverige AB	Skellefte	100%	Application
Skellefte	Rengård nr 403	S2 Sverige AB	Skellefte	100%	Application
Skellefte	Tjåliträsk nr 402	S2 Sverige AB	Skellefte	100%	Application
Skellefte	Tjåliträsk nr 403	S2 Sverige AB	Skellefte	100%	Application
Finland					
<i>Reservations</i>					
Central Lapland	Selkä	Sakumpu Exploration Oy	Central Lapland	100%	Granted
Central Lapland	Siila	Sakumpu Exploration Oy	Central Lapland	100%	Granted
Central Lapland	Silmä	Sakumpu Exploration Oy	Central Lapland	100%	Granted
Central Lapland	Pahka	Sakumpu Exploration Oy	Central Lapland	100%	Granted
Central Lapland	Majava	Sakumpu Exploration Oy	Central Lapland	100%	Granted
Central Lapland	Jänes	Sakumpu Exploration Oy	Central Lapland	100%	Granted
Central Lapland	Sisnakka	Sakumpu Exploration Oy	Central Lapland	0%	Lapsed
Central Lapland	Kaarestunturi	Sakumpu Exploration Oy	Central Lapland	0%	Lapsed
Central Lapland	Kuivasalmi	Sakumpu Exploration Oy	Central Lapland	0%	Lapsed
Central Lapland	Paana	Sakumpu Exploration Oy	Central Lapland	0%	Lapsed
<i>Exploration Licenses</i>					
Central Lapland	Kerjonen	Sakumpu Exploration Oy	Central Lapland	100%	Granted
Central Lapland	Nuokkio	Sakumpu Exploration Oy	Central Lapland	100% when granted	Application
Central Lapland	Katoskumpu	Sakumpu Exploration Oy	Central Lapland	100% when granted	Application
Central Lapland	Keulakkopää	Sakumpu Exploration Oy	Central Lapland	100% when granted	Application
Central Lapland	Palvanen	Sakumpu Exploration Oy	Central Lapland	100% when granted	Application
Central Lapland	Putaanperä	Sakumpu Exploration Oy	Central Lapland	100% when granted	Application
Central Lapland	Sikavaara	Sakumpu Exploration Oy	Central Lapland	100% when granted	Application
Central Lapland	Paana East	Sakumpu Exploration Oy	Central Lapland	100% when granted	Application
Central Lapland	Paana West	Sakumpu Exploration Oy	Central Lapland	100% when granted	Application
Central Lapland	Mantovaara	Sakumpu Exploration Oy	Central Lapland	0%	Lapsed