



JUNE 2017 QUARTERLY ACTIVITIES REPORT

Key points

- A single hole drilled 135 metres down plunge from previous S2 drilling at Bjurtraskgruvan prospect intersects 24.4 metres @ 1.1% copper
- Electromagnetic survey indicates a conductor continuing for a further 450 metres down plunge from this hole at Bjurtraskgruvan
- IP surveys started at Holmtjarn and Nasvattnet prospects
- Intersections of up to 148g/t silver from resampling of wide spaced historic holes at Skaggtraskberget prospect – drilling planned for next quarter.
- New exploration licence applications in Central Lapland Greenstone belt in northern Finland
- Well funded with A\$17.5 million cash at Quarter's end.

CORPORATE

Capital structure

0.5 million unlisted incentive options lapsed during the quarter. The total issued capital is 246,052,452 ordinary shares and 40.6 million unlisted options, which if exercised, would represent a capital injection of A\$15.5 million to the Company.

Finance

A total of A\$2.4 million was spent during the quarter, comprising A\$0.7 million on exploration, A\$0.2 million on corporate costs including business development costs, overheads and payments for fixed assets, A\$0.5 million on staffing costs for all pre-resource exploration and corporate activities and A\$1 million on investment in an TSX-V listed entity.

Cash at the end of the quarter totaled A\$17.5 million, and investments totaled A\$1.19 million.

Planned expenditure for the next quarter ended 30 September 2017 is anticipated to be approximately A\$2.9 million.

EXPLORATION

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 805 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

Six holes were completed at the Bjurtraskgruvan VMS prospect prior to the end of the winter drilling season. The last hole, SBJK170006, drilled 135 metres down plunge from an intercept of 14.71 metres @ 2.2% zinc, 1.0% copper and 5.4g/t silver in SBJK170003 (reported on 22nd March 2017), intersected the thickest zone of copper mineralization seen so far (see Figure 1, reported on 8th May 2017). This hole intersected a 24.4 metre thick zone grading 1.11% copper from 220.7 metres, comprising remobilized veinlets of chalcopyrite, and including several intervals of higher grade copper mineralization, including:

- 1.05 metres @ 4.11% copper, 0.65% zinc and 19g/t silver from 221.5 metres
- 3.60 metres @ 2.44% copper and 11.5g/t silver from 224.3 metres

The intersection is considered to be close to true width, and demonstrates that the Bjurtraskgruvan VMS system extends for at least 450 metres down plunge from its outcrop and remains open down plunge beyond this.

A down hole electromagnetic (DHEM) survey of SBJK170006 has identified a conductor centred approximately 30 metres to the east of the hole, which suggests that this intercept may be adjacent to more massive sulphides.

In addition to the DHEM, the results of a fixed loop electromagnetic (FLEM) survey using a large 500 metre loop configuration, designed to see deeper than previous ineffective surveys using smaller loops, were modelled by Newexco as a large plunging conductor continuing for at least another 450m west from the deepest intercept.

Importantly, this also demonstrates that the VTEM anomaly identifies the near surface part of the plunging sulphide body but does not reliably indicate its size, extent or position at depth. This has important implications for the many conductors identified in the Company's VTEM surveys.

The focus of future drilling will be to define its limits and to identify any higher grade sweet spots within the overall system.

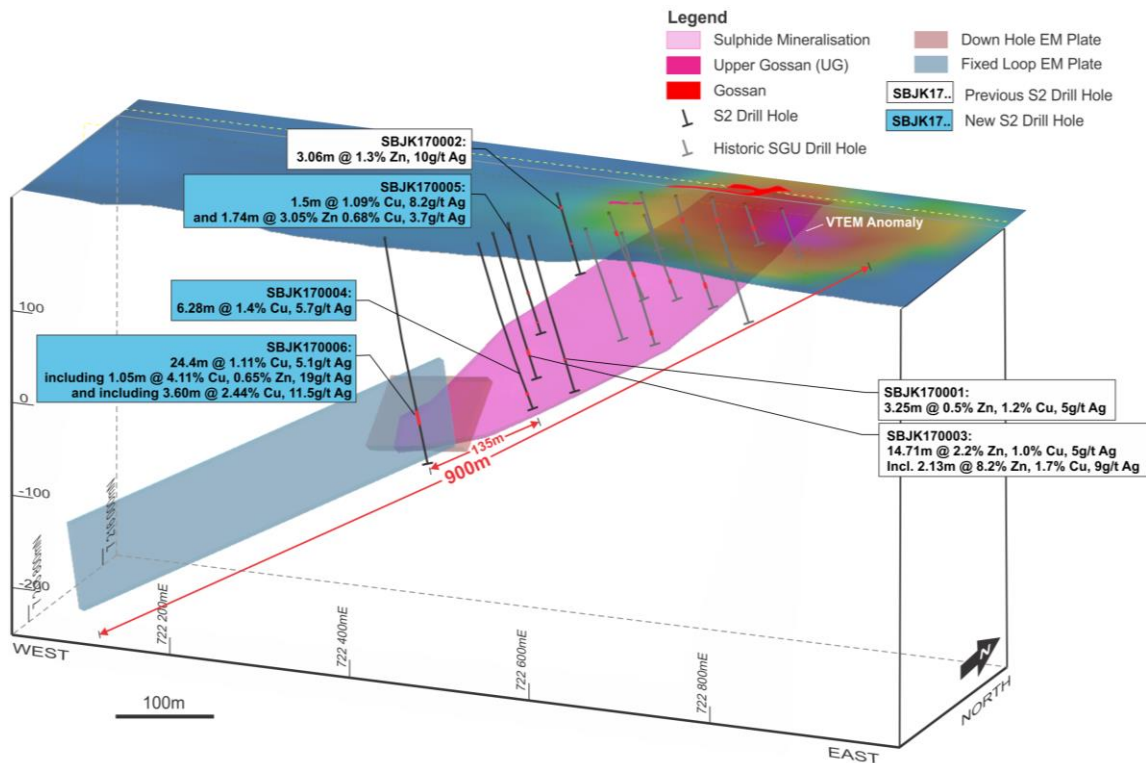


Figure 1. Bjurtraskgruvan prospect showing VTEM anomaly, outcrop, drill defined mineralization (450m plunge extent), the recent large (135m) drill step-out, and the FLEM conductor extending a further 450m down plunge from the deepest hole.

Holmtjärn Prospect

Six holes were drilled at two of the targets at the Holmtjärn prospect (see Figure 2). The targets tested (31 and 35) were selected based on a combination of VTEM, geochemical and MLEM anomalism. Four holes drilled at Target 31 failed to intersect any significant mineralization, and a small MLEM anomaly was explained by the presence of pyrrhotite veining.

Two holes drilled at Target 35 intersected strongly altered, sulphide-rich felsic volcanic breccias with strongly anomalous copper (greater than 500ppm) throughout most of hole SHOL170005 and parts of hole SHOL170006. Several narrow zones within SHOL170005 graded greater than 0.5% copper with minor associated gold.

Such strong alteration and anomalism is encouraging in an area known for small but very high-grade gold-rich VMS mineralization, and the geology seen may represent the margin of a mineralized system.

An Induced Polarisation (IP) survey of the area south-east of the Holmtjärn mine was initiated in late June and is currently in progress. IP allows disseminated mineralization, such as that seen in holes SHOL170005 and 170006, and not visible to EM methods to be mapped out.

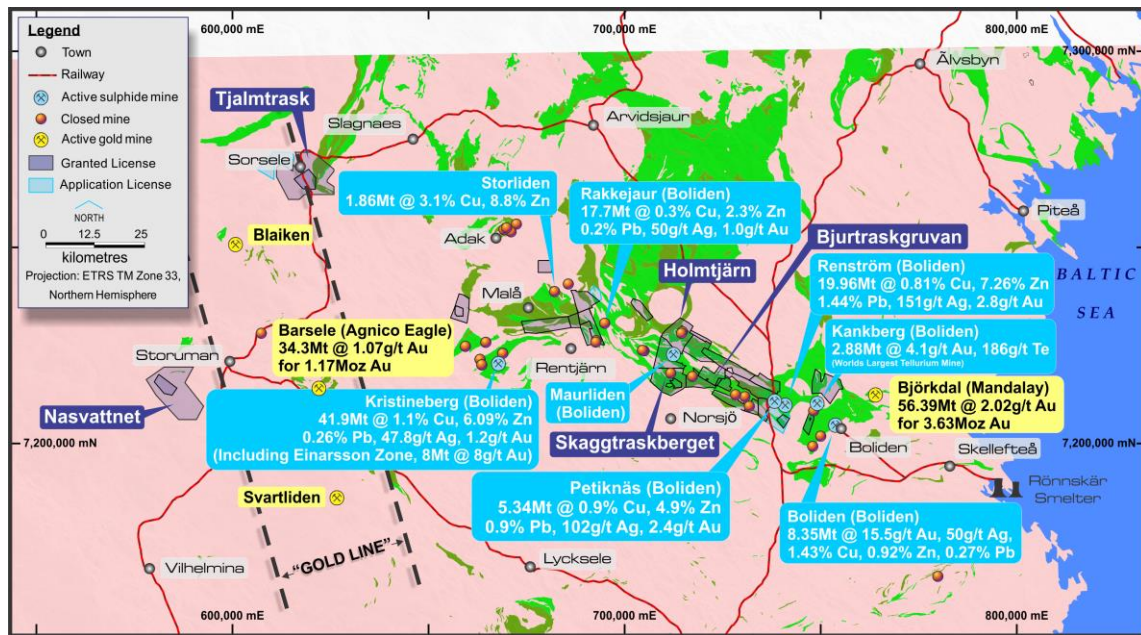


Figure 2. Swedish tenure and prospect locations

Skaggtraskberget Prospect

Skaggtraskberget is a prospect, located 4.5 kilometres west of Bjurtraskgruvan, which was originally discovered as a high grade gossanous massive sulphide outcrop grading an average of 6.0% zinc, 1.0% copper, 30g/t silver and 4g/t gold. These grades have been verified by S2 from resampling of the gossan.

Skaggtraskberget is located 1 kilometre west of the historic Hogkulla Ostra mine (owned by Boliden), which was mined to a depth of 130 metres in the 1950's with reported production grades of 12.6% zinc, 110g/t silver and 0.6g/t gold.

The Skaggtraskberget gossan was partially drilled by the Swedish Geological Survey (SGU) in the mid 1930's to a maximum depth of 50m. A further eight wide spaced holes were drilled by Boliden nearly 30 years ago but these were not systematically sampled and assayed.

Field verification and resampling of this drilling has confirmed the presence of a 350 metre long mineralized zone containing high levels of silver (see Figure 3).

Key intercepts from two of the three resampled holes located 300 metres apart comprise:

- An upper zone of 9.75 metres @ 3.81% zinc, 0.3% copper, 45g/t silver and 0.41g/t gold from 146.15 metres, and a lower zone of 10.0 metres @ 1.55% zinc, 28g/t silver and 0.26g/t gold from 108.6 metres in hole LPM89012
- 4.55 metres @ 0.91% zinc, 148g/t silver and 0.43g/t gold from 93.45 metres in LPM89014, located 300 metres north-west of hole LPM89012

Holes LPM89012 and LPM89014 are located 300m apart in prospective stratigraphy and both show large distal and proximal alteration zones with pyrite-rich stringer and semi-massive zinc rich sulphides. The lack of systematic deeper drilling in this area of VMS style mineralization represents a significant opportunity (see Figure 3).

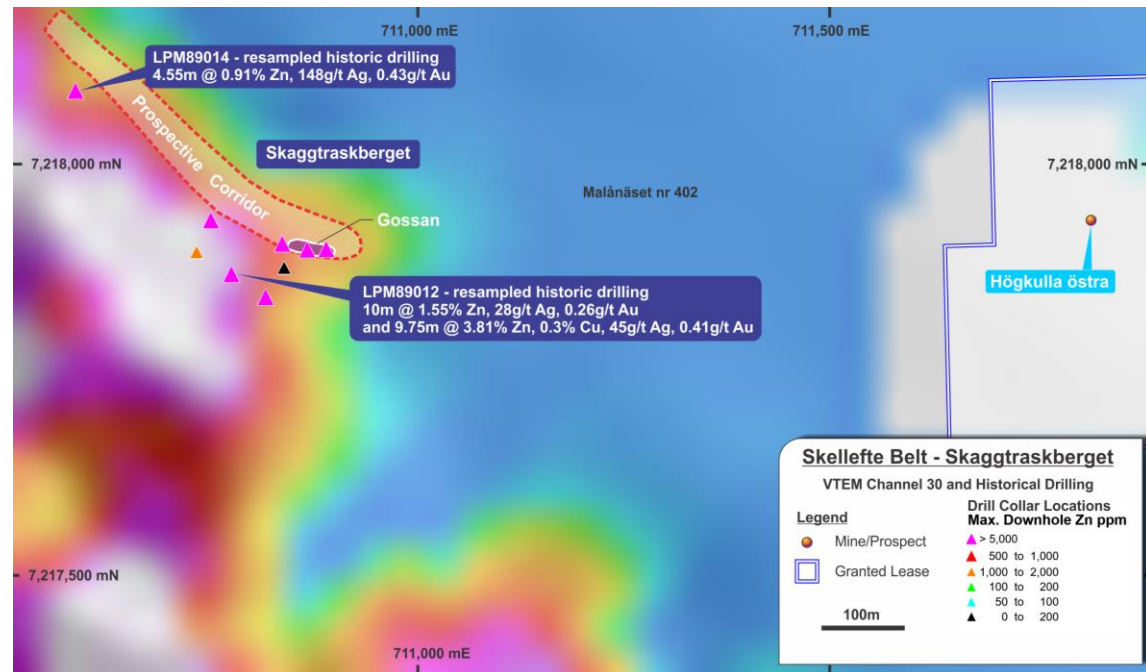


Figure 3. Skagstraskberget Prospect showing VTEM conductivity, gossan outcrop, and historic drillhole collars.

Nastvattnet Prospect

Exploration has started at this prospect located at the western end of the Skelleftea belt (Fig 2) which has mineralized boulders of polymetallic sulphides (with individual boulders containing up to 3.85% copper, 17.2% zinc, 9.2% lead, and 680g/t silver).

Although limited drilling has been conducted in the area by the SGU, nothing to explain the mineralization has been intersected. An IP survey is planned for the 3rd quarter and prospecting and geochemical work is being planned with a view to defining drill target for the winter season. Applications for work programs have been submitted.

Tenure

The Company continues to consolidate its ground position in the Skellefte belt with four exploration licences being granted for during the quarter, namely; Rengard 403, Tjalmtrask 402, Tjalmtrask 403 and Nasvattnet 402. One additional exploration application was made during the quarter at Laxselmyran 406.

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 is in the process of 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 4), and is in a strong strategic position in this emerging gold province. A summer prospecting campaign has commenced to prioritise these areas and generate drilling targets.

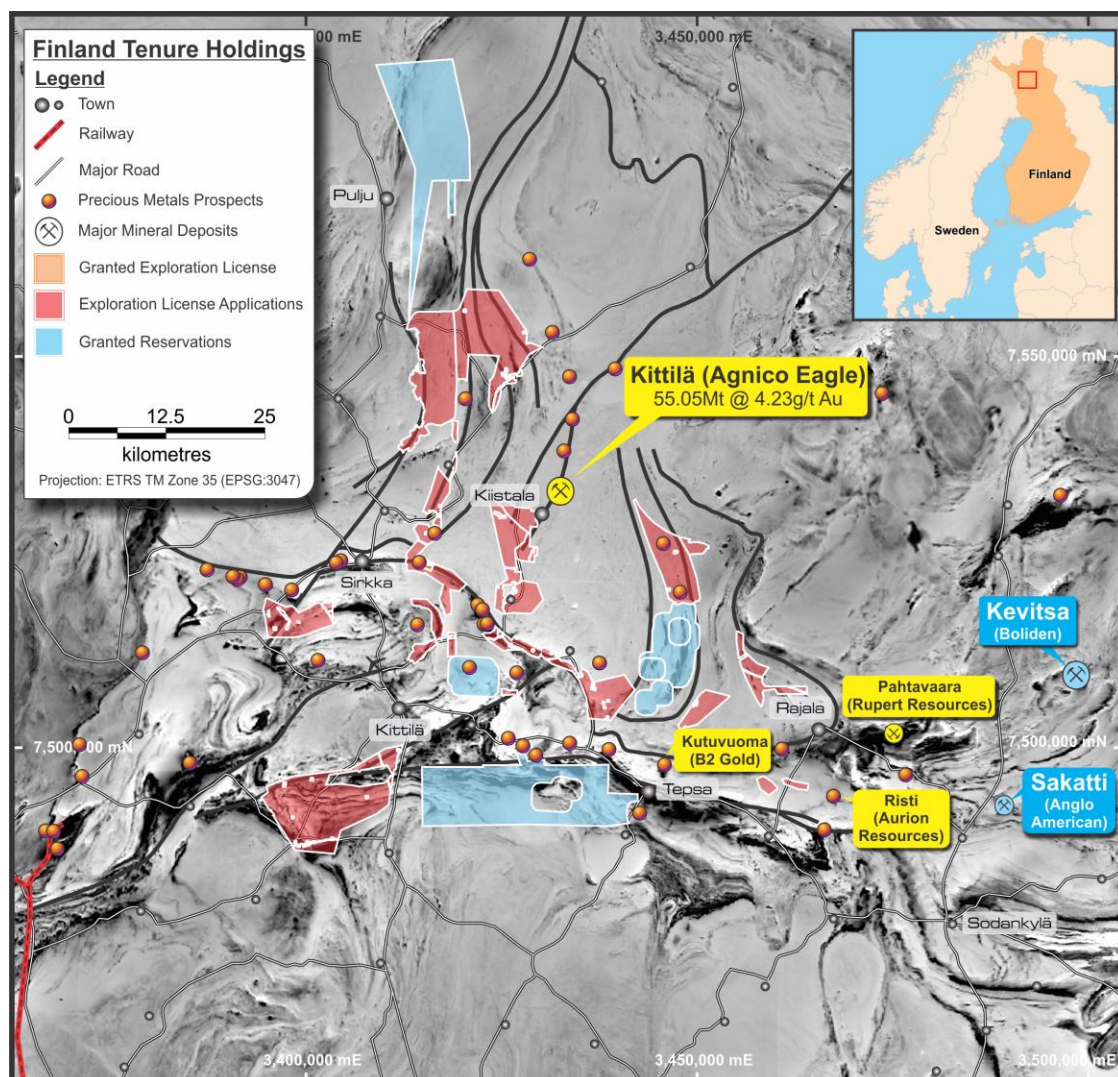


Figure 4. S2's tenure in the Central Lapland Greenstone Belt of northern Finland.

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.

No field activities were undertaken during the quarter.

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 June 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 June 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	0%	Lapsed
Polar Bear	P15/5168	Polar Metals Pty Ltd	Lake Cowan	0%	Lapsed
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	Tjålträsk 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%	Granted
Skellefte	Rengård nr 403	S2 Sverige AB	Skellefte	100%	Granted
Skellefte	Tjålträsk nr 402	S2 Sverige AB	Skellefte	100%	Granted
Skellefte	Tjålträsk nr 403	S2 Sverige AB	Skellefte	100%	Granted
Skellefte	Laxselmyran nr 406	S2 Sverige AB	Skellefte	100% when granted	Application
Finland					
<i>Reservations</i>					
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	Torvinen	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
Central Lapland	Selkä	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	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

Central Lapland	Selkä	Sakumpu Exploration Oy	Central Lapland	100% when granted	Application
Central Lapland	Mesi	Sakumpu Exploration Oy	Central Lapland	100% when granted	Application
Central Lapland	Lisma	Sakumpu Exploration Oy	Central Lapland	100% when granted	Application
Central Lapland	Ruopas	Sakumpu Exploration Oy	Central Lapland	100% when granted	Application
Central Lapland	Nuttio	Sakumpu Exploration Oy	Central Lapland	100% when granted	Application
Central Lapland	Home	Sakumpu Exploration Oy	Central Lapland	100% when granted	Application