



EXPLORATION UPDATE - SWEDEN

Key points

- **First drilling of winter campaign intersects narrow zone of high grade zinc mineralization 170 metres down plunge from last intercept at Bjurtraskgruvan VMS deposit**
- **XRF readings indicate massive sulphides grade 10-44% zinc**
- **Rig moved to new prospect at Granbergs (Holmtjarn area) while assays awaited**

S2 Resources Ltd (“S2” or the “Company”) provides the following update regarding its winter drilling program at its 100% owned Skellefte project in Sweden, where it is systematically reconnaissance drilling a number of targets identified and prioritized during the summer field season.

Bjurtraskgruvan VMS deposit

In the first drilling of S2’s Swedish winter drilling campaign, diamond core hole SBJK170008 confirmed the continuation of VMS mineralization 170 metres down plunge from its previous drilling at the Bjurtraskgruvan deposit, undertaken at end of last winter’s drilling program.

Hole SBJK170008 intersected a narrow (1 metre) zone of sphalerite (zinc sulphide) dominant massive sulphide mineralization (see Figure 1). Assay results will not be available until late January, but spot XRF readings taken across the massive sulphides in this zone range from 10.7% to 44.6% zinc. It is not yet known if this is accompanied by any precious metals.

This was the second hole of this program, with the first (hole SBJK170007) having lifted and missed the EM conductor.

The new intercept confirms the presence of VMS style mineralization over a plunge extent of 600 metres at Bjurtraskgruvan (see Figure 2).

Although the deposit remains open down plunge and is not fully delineated, the thickness of the mineralization is not considered sufficient to warrant diversion of the rig at this time from the many other targets scheduled for reconnaissance drilling over the next few months. Consequently, the rig has moved and begun drilling the new Granbergs target at Holmtjarn.



Figure 1. Photograph of massive sulphide zone in hole SBJK170008.

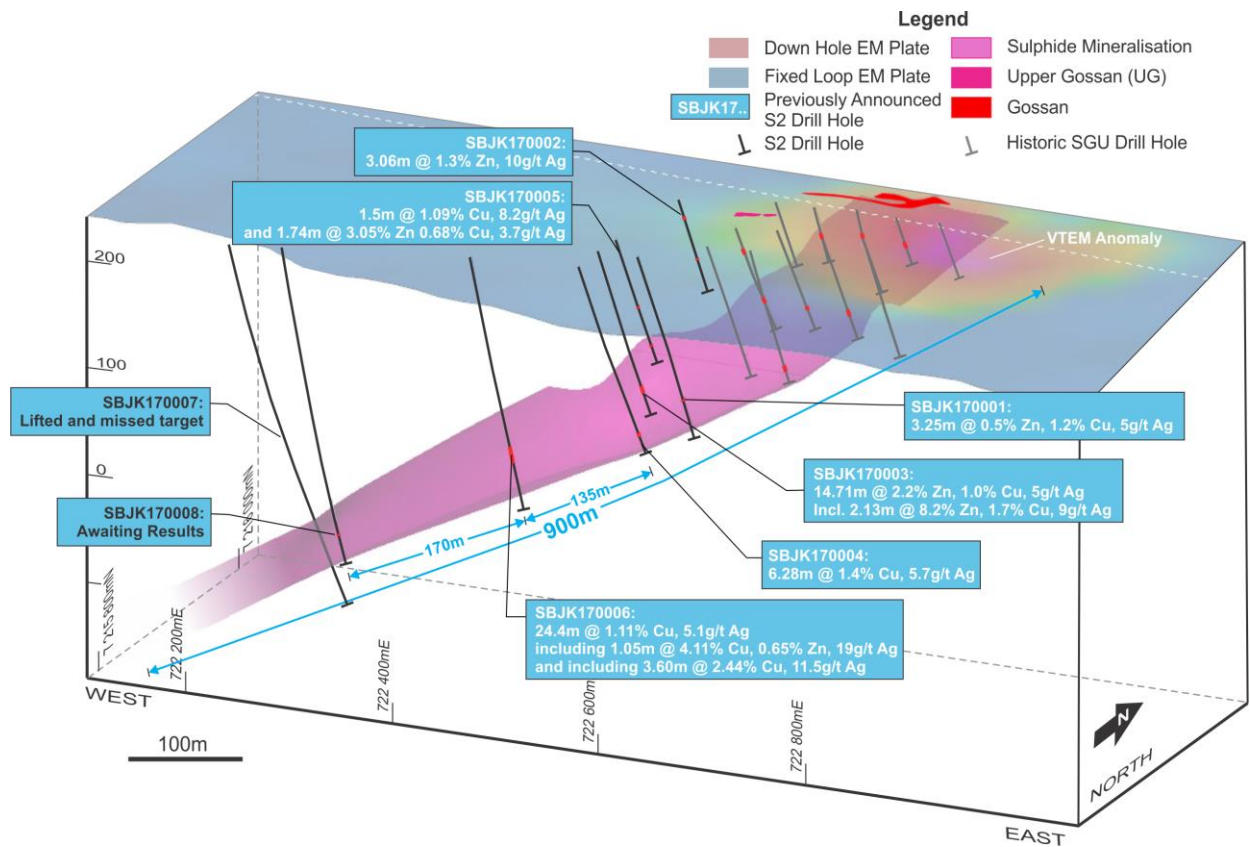


Figure 2. Status of drilling at the Bjurtraskgruvan VMS deposit.

Granbergs target

The first of three reconnaissance diamond core holes planned as an initial test of the Granbergs target is underway.

The Granbergs target was identified as a result of induced polarization (IP) geophysics and base of till (BOT) sampling undertaken in the Holmtjärn area over the summer. It is located to the south of the main Holmtjärn trend (refer to ASX presentations of 17th October and 21st November 2017) which is along strike from a gold-rich VMS deposit mined by Boliden in the 1950's.

The target comprises a 500 metre long IP chargeability anomaly coinciding with strong lead-silver-copper-gold-arsenic-antimony anomalism in BOT sampling (see Figure 3).

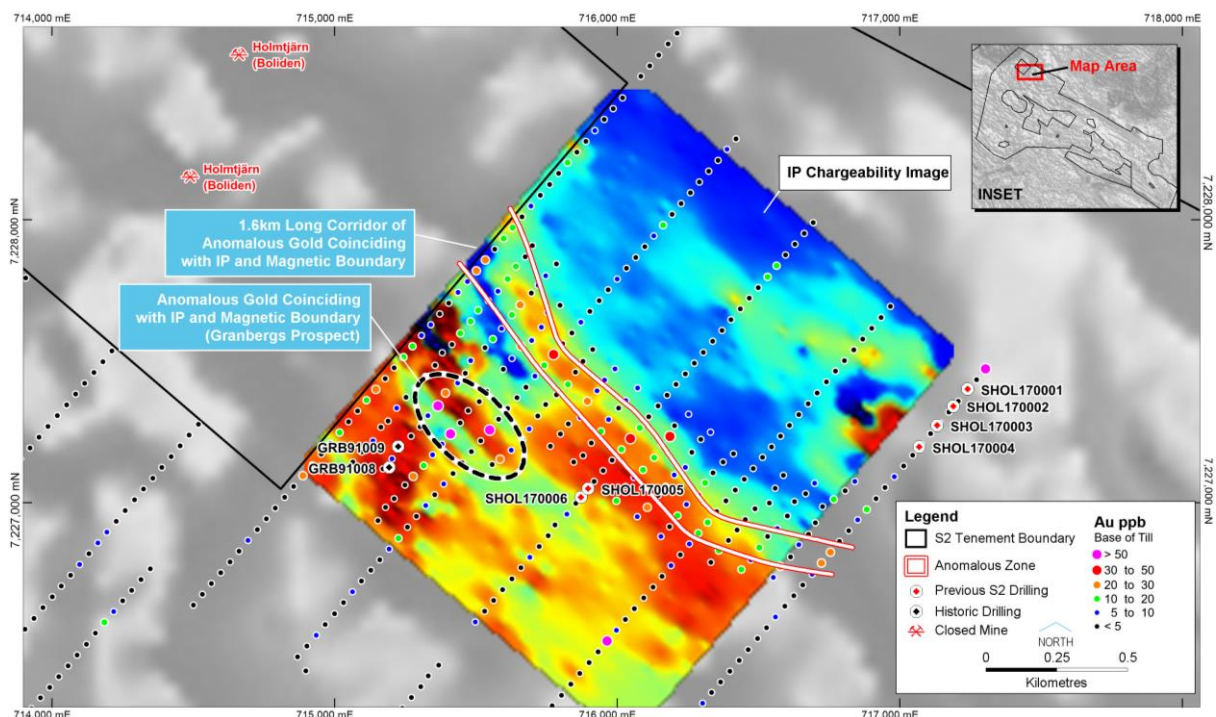


Figure 3. Summary plan of the Granbergs prospect, Holmtjärn.

The BOT anomaly comprises a coherent cluster of strongly anomalous samples over a 350 x 100 metre area, with peak samples being 1.25% lead, 88g/t silver, 946ppm copper, 89ppb gold and >10000ppm arsenic (see Figure 4).

The coincident IP and BOT anomaly at Granbergs is located approximately 400 metres northwest of two diamond core holes drilled by S2 in early 2017 (holes SHOL170005 and SHOL170006). These holes were drilled before the IP and BOT data was collected, but nonetheless intersected substantial widths of sulphide-bearing rhyolite breccias with broad zones of anomalous copper and gold with peak values of 0.6g/t gold and 0.66% copper (refer to ASX announcement of 8th May 2017), located 400 metres along strike of the new Granbergs target.

Holes GRB91008 and GRB91009 are old holes drilled in a southeasterly direction by Boliden approximately 200 metres south of the new Granbergs target.

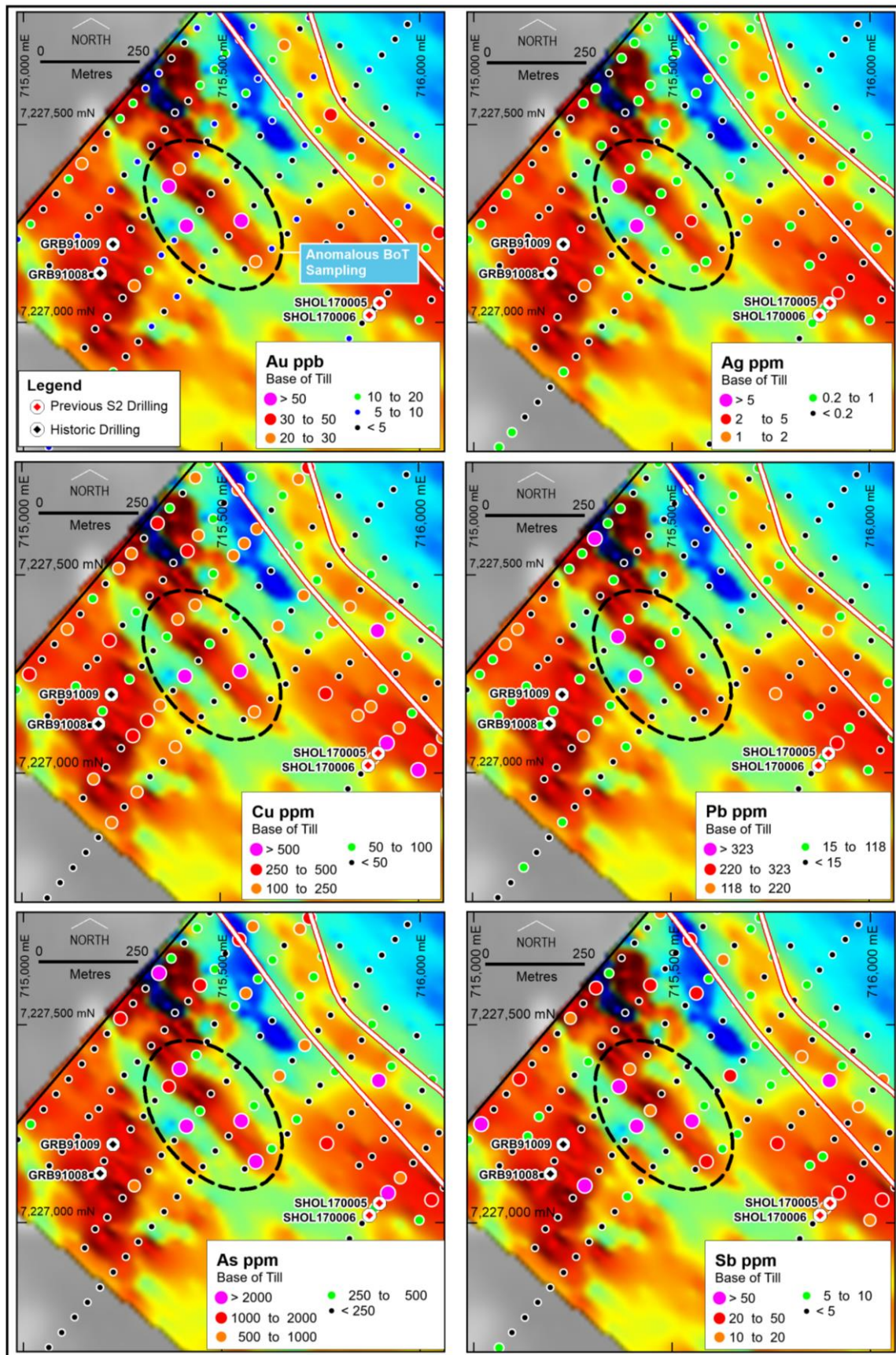


Figure 4. Granbergs prospect BOT sampling, showing gold, silver, copper, lead, arsenic and antimony values.

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Drilling at the Granbergs prospect, Sweden.

Competent Persons statement

The information in this report that relates to Exploration Results from Sweden and Finland is based on information compiled by Andy Thompson, who is an employee and shareholder of the Company. Mr Thompson is a member of the Australian Institute of Mining and Metallurgy (MAusIMM) and has sufficient experience of relevance to the style of mineralization and the types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Thompson consents to the inclusion in this report of the matters based on information in the form and context in which it appears.

Annexure 1

The following tables are provided to ensure compliance with the JORC code (2012) edition requirements for the reporting of exploration results. Co-ordinates in this table are given in the Swedish National Grid SWEREF 99TM.

Bjurtraskgruvan S2 drilling

Hole No.	Total Depth	North	East	RL	Dip	Azim	From, m	To, m	Width, m	Zn%	Cu%	Ag g/t
SBJK170001	231	7215800	722580	227	-60	000	185.10	188.35	3.25	0.5	1.2	5.4
SBJK170002	120.5	7215950	722550	230	-60	000	21.30	24.36	3.06	1.3	<0.1	9.7
SBJK170003	216.8	7215800	722540	230	-60	000	176.00	190.71	14.71	2.2	1.0	5.4
including							177.00	179.13	2.13	8.2	1.7	8.5
SBJK170004	246.9	7215760	722540	230	-60	000	142.50	142.9	0.4	2.21	0.24	6.0
and							144.50	145.50	1.0	2.08	<0.1	1.0
and							221.12	227.40	6.28	<0.1	1.40	5.7
SBJK170005	168.0	7215840	722540	230	-60	000	40.0	41.0	1.0	1.08	<0.1	3.0
and							90.4	91.9	1.5	<0.1	1.09	8.2
and							143.71	145.45	1.74	3.05	0.68	3.7
SBJK170006	289.4	7215751	722440	229	-70	000	220.7	245.1	24.4	<0.1	1.11	5.1
including							221.5	222.55	1.05	0.65	4.11	19
and including							224.3	227.9	3.6	0.17	2.44	11.5
and including							235.0	236.0	1.0	<0.1	3.11	14
SBJK170007	443.6	7215673	722242	233	-65	000	Results pending					
SBJK170008	343	7215680	722285	233	-72	000	Results pending					

Holmtjarn Prospect

Hole No.	Total Depth	North	East	RL	Dip	Azim	From, m	To, m	Width, m	Zn%	Cu%	Ag g/t	Au g/t
SHOL170001	161.2	7227402	717241	227	-60	040	NSI						
SHOL170002	90.5	7227341	717190	230	-60	040	NSI						
SHOL170003	181.1	7227273	717133	230	-60	040	NSI						
SHOL170004	97.8	7227197	717069	230	-60	040	NSI						
SHOL170005	167.2	7227049	715898	230	-70	040	16.32	18.00	1.68	<0.1	0.64	4	0.15
							74.82	75.82	1.10	0.2	0.66	2	0.6
SHOL170006	171.6	7227019	715872	229	-60	043	NSI						

The following Tables are provided to ensure compliance with the JORC code (2012) edition requirements for the reporting of exploration results.

SECTION 1 SAMPLING TECHNIQUES AND DATA

Criteria	JORC Code explanation	Commentary
Sampling techniques	<i>Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</i>	Drilling is undertaken by Arctic Drilling or Oy Kati AB of Kalajoki Finland drilling NQ2 rod size with a DDH size of 75.7mm and core size of 50.7mm. NQ2 core samples are logged and marked up by S2 personnel. Unbiased core sample intervals were cut in half by diamond saw with half core sent for analysis at ALS Laboratories. All rock grab and rock float samples are collected from outcrop by S2 personnel and marked into sample books and a representative portion of the sample retained. All are forwarded for analyses by ALS Laboratories.
	<i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used</i>	Sampling and QAQC procedures are carried out using S2 protocols as per industry best practice.
	<i>Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information</i>	Diamond drilling was used to obtain core samples that have been cut and sampled on intervals that are determined by lithology and mineralisation. The drill core samples are sent to ALS Laboratories for analyses for gold and base metals. Drill core is sampled at S2's facilities in Mala, Sweden.
Drilling techniques	<i>Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</i>	Diamond drilling with NQ2 wireline bit producing a 50.7mm diameter core.
Drill sample recovery	<i>Method of recording and assessing core and chip sample recoveries and results assessed</i>	Diamond Drill core recoveries are visually estimated qualitatively on a metre basis and are recorded in the database.
	<i>Measures taken to maximise sample recovery and ensure representative nature of the samples</i>	Sample quality is qualitatively logged on a metre basis, recording sample condition.
	<i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i>	No relationship has been seen to exist
Logging	<i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i>	The logging uses a standard legend developed by S2 which is suitable for wireframing. Exploration holes are not geotechnically logged but resource holes are.
	<i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i>	All core has been photographed both dry and wet. Geological logging of the diamond drill holes is onto physical log sheets followed by importing into S2's central database

Criteria	JORC Code explanation	Commentary
	<i>The total length and percentage of the relevant intersections logged</i>	All drill holes were logged in full.
Sub-sampling techniques and sample preparation	<i>If core, whether cut or sawn and whether quarter, half or all core taken.</i>	Core sawn in half and half core taken.
	<i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i>	All samples are core.
	<i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i>	Samples were delivered by S2 personnel to ALS Minerals laboratory in Mala, Sweden. All samples were forwarded to ALS Minerals Ojebyn, Sweden Laboratory where they are to be crushed with >70% <2mm (code CRU-31), split by riffle splitter (code SPL-21), and pulverised 1000g to 85% <75 um (code PUL-32). Crushers and pulverizers are washed with QAQC tests undertaken (codes CRU-QC, PUL-QC). The prepared samples are forwarded to ALS Minerals Loughrea, Ireland, for analysis.
	<i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i>	Full QAQC system in place to determine accuracy and precision of assays
	<i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i>	For DDH's non biased core cutting through using an orientation line marked on core and cut to the line
	<i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i>	Samples of appropriate size
Quality of assay data and laboratory tests	<i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i>	All samples were analysed by ALS Minerals Loughrea, Ireland. Samples analysed for gold undergo a 50g fire assay with AA finish (code Au-AA26). Samples analysed for Ag, As, Bi, Ca, Cd, Cu, Fe, Hg, Mg, Mn, Mo, Ni, P, Pb, S, Sb, Ti & Zn undergo an oxidising digestion with ICP-AES Finish (code ME-ICPORE).
	<i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i>	No geophysical tools were used to determine any element concentrations.
	<i>Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.</i>	Full QAQC system in place including Certified Standards and blanks of appropriate matrix and levels
Verification of sampling and assaying	<i>The verification of significant intersections by either independent or alternative company personnel.</i>	Andy Thompson, GM Fenno-Scandia has personally inspected all drill cores and rock samples.
	<i>The use of twinned holes.</i>	No twin holes have been drilled on the project to date.
	<i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i>	Primary sampling data is collected in a set of standard Excel templates. The information is managed by S2's database manager for validation and compilation into S2's central database.
	<i>Discuss any adjustment to assay data.</i>	No adjustments made
Location of data points	<i>Accuracy and quality of surveys used to locate drillholes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i>	Drill hole collars were located with a differential GPS with an accuracy of within 1 metre.
	<i>Specification of the grid system used.</i>	The grid system used is the Standard Swedish National Grid – SWEREF 99 TM unless otherwise stated.

Criteria	JORC Code explanation	Commentary
	<i>Quality and adequacy of topographic control.</i>	Excellent quality topographic maps produced by the Swedish Authorities - Landmateriat
Data spacing and distribution	<i>Data spacing for reporting of Exploration Results.</i>	Drill holes are exploratory at this stage and drilled to test geochemical and geophysical target. No set spacing of drillholes at this stage.
	<i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i>	Data spacing and distribution is not sufficient at this stage to allow the estimation of mineral resources.
	<i>Whether sample compositing has been applied.</i>	No sample compositing has been applied
Orientation of data in relation to geological structure	<i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i>	Drillhole orientation is designed to test geophysical targets and is not necessarily drilled perpendicular to the orientation of the intersected mineralisation.
	<i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i>	The drilling at this stage is preliminary and exploratory. It is not possible to assess if any sample bias has occurred due to hole orientation at this stage.
Sample security	<i>The measures taken to ensure sample security.</i>	Chain of custody is managed by S2 personnel. Drill core is visually checked at the drill rig and then transported to S2's logging and cutting facilities by S2 personnel for logging, cutting and sampling. Bagged samples are transferred to ALS Laboratories in Malå, Sweden by S2 personnel.
Audits or reviews	<i>The results of any audits or reviews of sampling techniques and data.</i>	No audits or reviews have been conducted at this stage.

SECTION 2 REPORTING OF EXPLORATION RESULTS

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.	The Bjurtraskgruvan prospect is located within the Vargfors 401 Exploration Licence. The Holmtjärn targets are located on the Holmtjärn 401 Licence. The exploration licences are 100% owned by S2 Sverige AB, a Swedish registered 100% owned subsidiary of S2
	The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	All of the Exploration Licences are in good standing and no known impediments exist on the tenements being actively explored.
Exploration done by other parties	Acknowledgment and appraisal of exploration by other parties.	The Bjurtraskgruvan prospect was drilled, trenched and mapped in 1944 and 1979-80. Drilling was undertaken by the Swedish Geological Survey (SGU) for a total of 481m in 1944 and 1250m in 1979-80. The 1944 data was largely twinned by the later drilling and also more comprehensively sampled. The historical geological mapping has been georeferenced in relation to the drillhole collars and also correlates well with the modelled moving loop ground TEM plate. Drillhole collars have been located and surveyed by S2 personnel. All available public domain historic reports and logs at the SGU in Mala have been reviewed and collated.
Geology	Deposit type, geological setting and style of mineralisation.	The area occupies the central portion of the Skellefte Belt, a productive base and precious metal mining district dominated by bimodal volcanics, primarily felsic in composition. The mineralisation style is structurally remobilised volcanogenic massive sulphide style mineralisation within greenschist grade metamorphic rocks.

Criteria	JORC Code explanation	Commentary
Drill hole Information	<p>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</p> <ul style="list-style-type: none"> • easting and northing of the drill hole collar • elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar • dip and azimuth of the hole • down hole length and interception depth • hole length. 	Refer to Annexure 1 above
Data aggregation methods	In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.	All reported intersections of drilling undertaken by S2 have been length weighted and density weighted. A nominal 1% Zn or 0.5% Cu lower cut-off is used for diamond drill intersections (unless otherwise stated in polymetallic intersections).
	Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.	High grade intervals internal to broader zones of mineralisation are reported as included intervals.
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	None used.
Relationship between mineralisation widths and intercept lengths	<p>These relationships are particularly important in the reporting of Exploration Results.</p> <p>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</p> <p>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').</p>	<p>The trend of mineralisation at the targets/prospects described is not known at present but core angles indicate that mineralisation is approximately true width.</p> <p>Refer to Annexure 1 and Figures in body of text.</p>
Diagram	Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	Refer to Figures in body of text.
Balanced reporting	Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	All results considered significant are reported.
Other substantive exploration data	Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	The area has numerous VTEM anomalies generated from a 2015 VTEM survey. Most anomalies being drilled have been ground checked using moving loop EM to confirm anomalism and enable modelling of specific drill targets. Base of till sampling is also undertaken for interface geochemical information. At the Bjurtraskgruvan prospect, rock chips have been taken from outcropping gossans. Historic data from the SGU has been compiled and modelled in 3D. Moving loop EM has confirmed the VTEM anomaly as shown in the body of the text.

Criteria	JORC Code explanation	Commentary
Further work	<p>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).</p> <p>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive</p>	<p>Drilling at Holmtjärn will continue through 2018 to test geochemical and geophysical anomalies. Downhole geophysics will be used as required to further refine drilling targets.</p>