GOLD-SILVER MINERALIZED ZONES IDENTIFIED AT STORGROVEN, SWEDEN

Key points

- **Follow up base of till drilling defines two adjacent coherent zones of gold-silver mineralization at the Storgroven target**
- **7 holes end in mineralization grading more than 1g/t gold and 20g/t silver**
- **Best hole ends in 2.5g/t gold and 60g/t silver**
- **Northern zone measures 150 x 80 metres at >0.5g/t gold contour**
- **Southern zone measures 80 metres across at >0.5g/t gold contour and is open to the southeast**
- **Both zones have trace element suite like that of other local VMS deposits**
- **Both zones are blind and concealed by transported glacial till**
- **Diamond drilling scheduled to start in March**

S2 Resources Ltd ("S2" or the "Company") advises that follow up base of till drilling at its Storgroven target within its 100% owned Skellefte project in Sweden has identified two adjacent zones of gold-silver mineralization, with seven base of till holes ending in mineralization greater than 1g/t gold and 20g/t silver, and peak end of hole assays being 2.5g/t gold and 60g/t silver in the southern zone and 2.3g/t gold and 42g/t silver in the northern zone.

115 holes were drilled on a nominal 25 x 25 metre grid to follow up an anomaly identified in earlier broad spaced (400 x 50 metre) reconnaissance base of till drilling (refer to December 2017 Quarterly Report issued on 22nd January 2018). The infill drilling has outlined two zones of strong sericite-silica-sulphide hydrothermal alteration with gold and silver anomalism or mineralization at the end of numerous holes defining a broad gold-silver anomaly measuring 300 x 200 metres (see Figure 1).

The southern zone measures 80 metres across at the >0.5g/t gold contour and is open to the southeast, with the peak end of hole sample assaying 2.5g/t gold and 60g/t silver. This zone also contains elevated zinc with the peak end of hole value being 1.0% zinc.

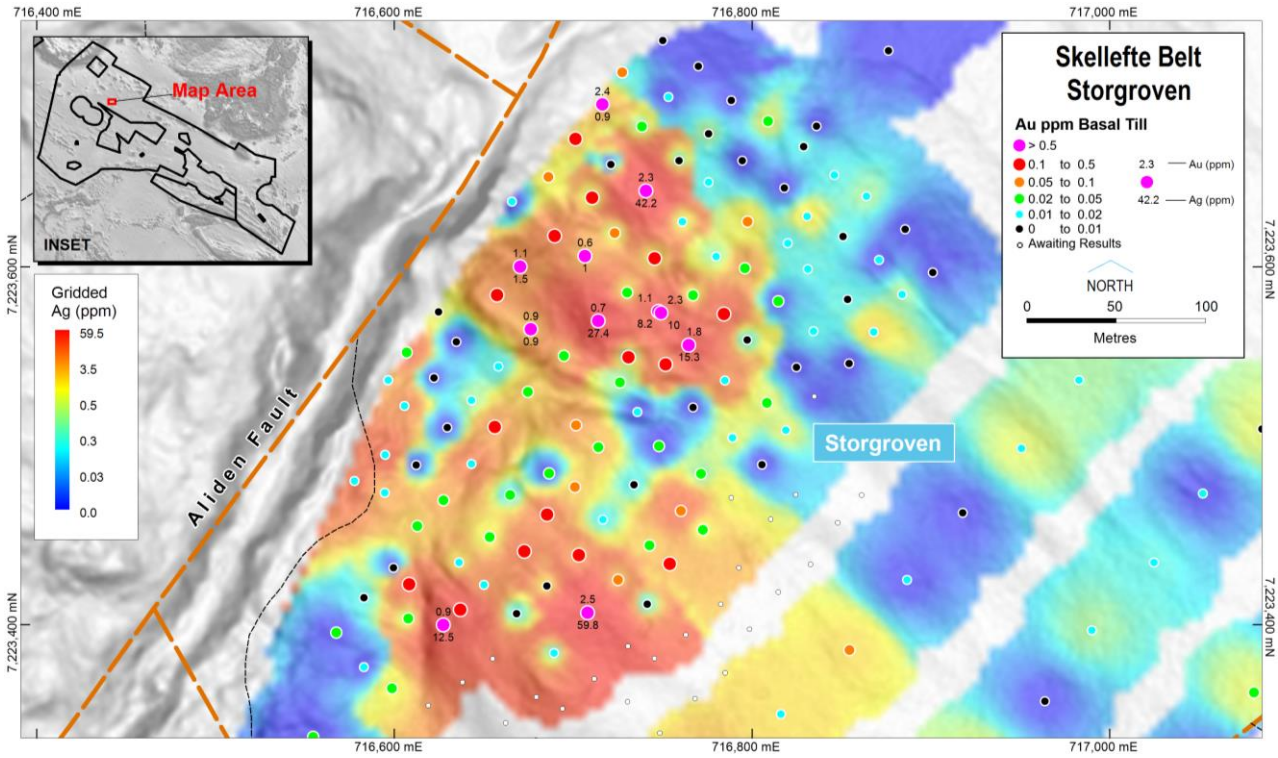

Figure 1. Storgroven base of till drillhole locations with end of hole gold (dots) and silver (colour background) assays.

The northern zone measures 150 x 80 metres at the >0.5g/t gold contour and is potentially open to the northwest, with the peak end of hole sample assaying 2.3g/t gold and 42g/t silver.

The end of hole samples from the base of till drilling may represent in-situ bedrock, partially eroded in-situ rubble (elluvium) at the bedrock-basal till interface, or locally derived but transported boulders on the bedrock-basal till interface. All samples from the end of these holes comprise a mixture of strongly deformed and hydrothermally altered felsic volcanics with sulphide pitting, gossanous chips and partially weathered sulphides (see Figure 2).

Figure 2. End of hole samples from base of till drilling at Storgroven. LHS: end of hole sample 17593 from southern zone grading 2.45g/t Au, 59.8g/t Ag. RHS: End of hole sample 17545 from northern zone grading 2.25g/t Au, 10g/t Ag.

The mineralization has a trace element signature consistent with a classic VMS and/or epithermal style system with coincident gold-silver-zinc-arsenic-bismuth-mercury-antimony anomalism. The signature also resembles that of other local VMS deposits.

Storgroven is located 5 kilometres along strike to the southeast of the Holmtjarn mine operated by Boliden between 1984 and 1992, and adjacent to a major transverse fault that is considered to represent an original basin extension and inversion transfer structure, of the kind which are thought to be important controlling structures for known mineralized VMS deposits in the Skellefte belt (see Figure 3).

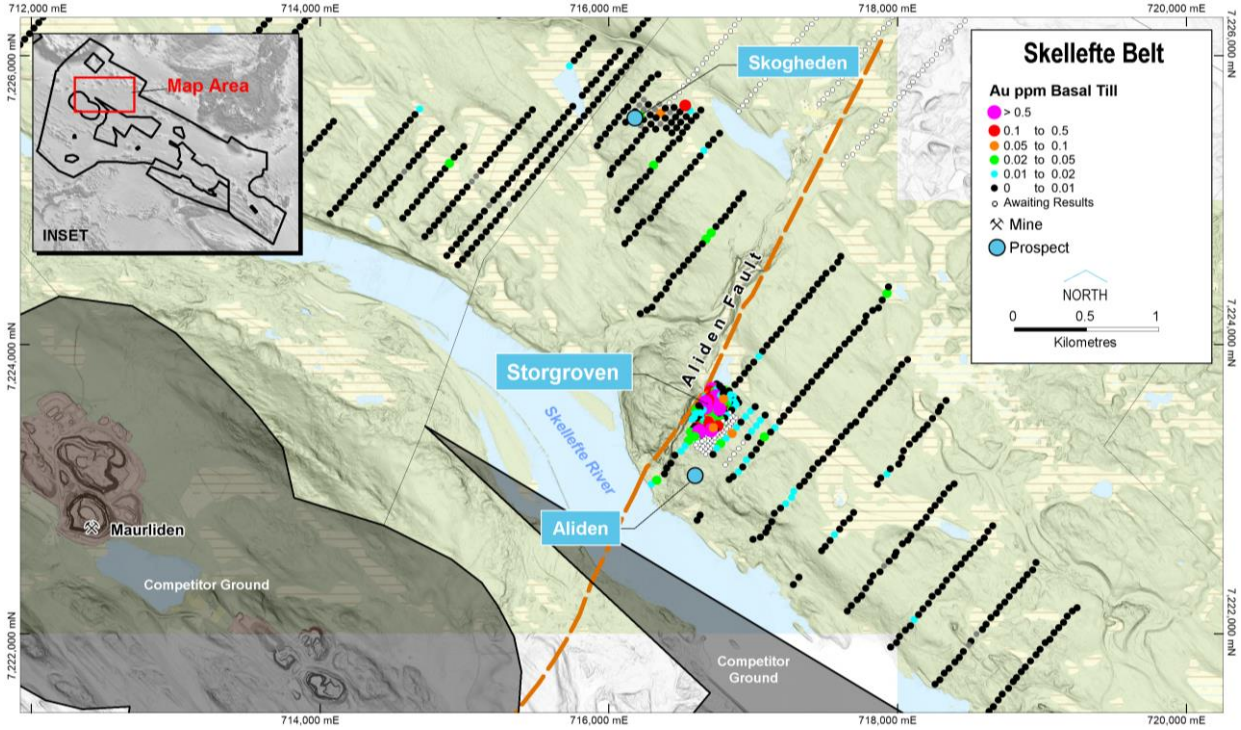

Figure 3. Overview of the Storgroven area showing location of S2's Storgroven prospect, and Aliden and Skogheden VMS occurrences, with gold values in base of till drillhole samples overlying LIDAR (laser scanned terrain) image.

No prior drilling or prospect pitting is documented in this area, but it is not possible to verify this until the spring thaw. The nearest known historic diamond drilling and trenching is at the Aliden VMS deposit, located 450 metres to the south on S2's ground.

The first phase of diamond drilling to test the source of this mineralization is scheduled to commence next week. Further infill and extensional base of till drilling is continuing.

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Base of till drilling at Storgroven 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.

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	*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.*	Base of Till (BoT) drilling is undertaken by Moreenityo Macklin Oy of Sattanen, Finland. Holes are drilled to bedrock or blade refusal and a 20cm sample is collected at the end of hole for geochemical analysis and lithological logging. Drilling is undertaken using Arctic Drilling of Rovaniemi, Finland or by 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.
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used	Sampling and QAQC procedures are carried out using S2 protocols as per industry best practice.
	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	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	*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).*	Base of Till drilling is by a percussion flow through sample bit that can collect a 20cm sample of bedrock material at the base of glacial deposits up to 20m thick. Diamond drilling with NQ2 wireline bit producing a 50.7mm diameter core.
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed*	BoT samples are visually inspected to assess if they are likely to be a basement sample or whether the hole has failed to reach basement due to boulders or excessive cover thickness. Diamond Drill core recoveries are visually estimated qualitatively on a metre basis and are recorded in the database.
	Measures taken to maximise sample recovery and ensure representative nature of the samples	Sample quality is qualitatively logged on a metre basis, recording sample condition.
	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.	No relationship has been seen to exist
Logging	*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.*	The logging uses a standard legend developed by S2 which is suitable for wireframing. Exploration holes are not geotechnically logged but resource holes are.

Criteria	JORC Code explanation	Commentary
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.	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
	The total length and percentage of the relevant intersections logged	All drill holes were logged in full.
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.*	Core sawn in half and half core taken.
	If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.	Bot samples are dried and sieved at 2mm and the fine fraction submitted for assay. The coarse fraction is retained and logged
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	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 1000grm 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.
	Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.	Full QAQC system in place to determine accuracy and precision of assays
	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.	For DDH's non biased core cutting through using an orientation line marked on core and cut to the line
	Whether sample sizes are appropriate to the grain size of the material being sampled.	Samples of appropriate size
Quality of assay data and laboratory tests	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	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, Tl & Zn undergo an oxidising digestion with ICP-AES Finish (code ME-ICPORE).
	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.	No geophysical tools were used to determine any element concentrations.
	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.	Full QAQC system in place including Certified Standards and blanks of appropriate matrix and levels
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.*	Andy Thompson has personally inspected all drill cores and rock samples.
	The use of twinned holes.	A second BoT hole was drilled within 3m of the initial high value sample that returned 1.1g/t gold at Storgroven to assess the repeatability of the sample. The repeated BoT hole returned 2.2g/t gold in a similar lithology.
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	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.

Criteria	JORC Code explanation	Commentary
	Discuss any adjustment to assay data.	No adjustments made
Location of data points	*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.*	BoT collars were located with a handheld GPS with an accuracy of within 3 metres.
	Specification of the grid system used.	The grid system used is the Standard Swedish National Grid – SWEREF 99 TM unless otherwise stated.
	Quality and adequacy of topographic control.	Excellent quality topographic maps produced by the Swedish Authorities - Landmateriat
Data spacing and distribution	*Data spacing for reporting of Exploration Results.*	Drill holes are BoT geochemical samples at this stage and drilled to define geochemical and geophysical targets. No set spacing of drillholes at this stage.
	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.	Data spacing and distribution is not sufficient at this stage to allow the estimation of mineral resources.
	Whether sample compositing has been applied.	No sample compositing has been applied
Orientation of data in relation to geological structure	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	Drillhole orientation is designed to test geophysical targets and is not necessarily drilled perpendicular to the orientation of the intersected mineralisation.
	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.	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	*The measures taken to ensure sample security.*	Chain of custody is managed by S2 personnel. Drill samples and 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	*The results of any audits or reviews of sampling techniques and data.*	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 Storgroven prospect is located within the Petitrask 402 Exploration 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.	Storgroven is 550m north of an historic VMS prospect named Aliden that was trenched in the 1930's and drilled by Boliden. The drillhole collars into Aliden have been located and are 450m south of the Storgroven anomaly. Minor historic trenching has been located 500m south east.

Criteria	JORC Code explanation	Commentary
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.
Drill hole Information	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: • 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 sample plans in text.
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	These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. 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').	The trend of mineralisation at the targets/prospects described is not known at present. Planned diamond drilling will determine this. Refer to figures in body of text.
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.

Criteria	JORC Code explanation	Commentary
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.	Geological mapping by Dr Tobias Bauer of Lulea University has been used to help determine the prospective sediment / volcanic contact and cross faults.
Further work	The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive	Permits to drill at Storgroven are currently being processed. Drilling will be possible in both winter and summer. Fixed Loop electromagnetics is being planned over the defined subcropping gossans. Diamond drilling is being planned at Storgroven to test the gossan and down plunge potential. Downhole EM will be used on each hole as required.