



JUNE 2016 QUARTERLY ACTIVITIES REPORT

Highlights

- High grade gold intersections at Nanook prospect, on the Polar Bear project
- Initial Inferred Mineral Resource estimate for Nanook palaeochannel of 84,000 oz gold
- Assays confirm volcanogenic massive sulphide (VMS) style mineralisation in first drilling of first VTEM conductor at Skellefte project, Sweden
- Appointment of Grey Egerton-Warburton to the board
- A\$15.9 million cash
- Subsequent to the quarter's end, completion of metallurgy, hydrology, geotech and environmental studies continue at Baloo
- Subsequent to quarter's end, broad, high grade gold intersections at Monsoon prospect, on the Polar Bear project

The June 2016 quarter was the third full quarter of activities since the listing of S2 Resources Ltd ("S2" or the "Company") on the Australian Securities Exchange (ASX) in October 2015.

Progress made during the quarter included high grade gold intersections in drilling at the Nanook and Monsoon prospects, and completion of the initial Mineral Resource estimate for the Nanook palaeochannel deposit (Polar Bear, Western Australia), and ongoing prioritization work on the numerous targets identified in the Company's recent VTEM airborne geophysical survey in the Skellefte district of northern Sweden in preparation for a major drill campaign during the northern winter. Grey Egerton-Warburton was also appointed to the board as an independent non-executive director.

Subsequent to the end of the quarter, reverse circulation (RC) drilling to follow up high grade gold intercepts in previous aircore drilling at the Monsoon prospect identified a significant zone of gold mineralization with intersections up to 66m@11.4g/t gold (uncut), and various technical studies pertaining to the potential mining of the Baloo gold deposit yielded very favourable outcomes.

CORPORATE

Finance

A total of A\$1.9 million was spent during the quarter, comprising A\$1.4 million on exploration and A\$0.5 million on corporate costs comprising business development costs, overheads and payments for fixed assets. Cash at the end of the quarter comprised A\$15.9 million.

Planned expenditure for the coming quarter is anticipated to be approximately A\$2.6 million, and budgeted expenditure for the current year is approximately A\$10 million.

Capital structure

No shares were issued during the quarter, and the Company has 215.8 million shares on issue.

800,000 unlisted options were issued during the quarter under the Company's employee and service provider option plans. The Company had 30.9 million unlisted options at the end of the quarter (see Appendix 5B - Quarterly Cashflow Report for details).

Board

Grey Egerton-Warburton was appointed to the board as a non-executive director during the quarter. Grey is a very experienced corporate financier, with a strong background in natural resources, having spent 16 years with Hartleys Limited, including most recently as head of corporate finance. He has extensive experience in equity capital markets, acquisitions, divestments and domestic and international change of control transactions, having led a substantial number of capital raisings, takeovers and mergers for many ASX listed companies, across many sectors. While at Hartleys, Grey worked closely with Sirius Resources as its corporate advisor from mid-2012 until the completion of the merger between Sirius and Independence Group.

EXPLORATION

Exploration during the quarter focused on drilling and resource estimation of the Nanook palaeochannel gold deposit, drilling at the Monsoon gold prospect, and engineering studies of the Baloo gold deposit at the Company's 100% owned Polar Bear project in Western Australia, and on completion of initial drilling at the Svan Vit zinc prospect at the Company's 100% owned Skellefte project in Sweden, for which assay results were received.

Subsequent to the quarter's end, favourable results were received for the mining studies conducted at Baloo and from the first RC drilling undertaken at the Monsoon gold prospect.

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 Metals X Limited.

S2 has defined three gold “hotspots” over a 10 kilometre distance on a single trend at Polar Bear, defining a 123,000 oz Indicated and Inferred Mineral Resource at Baloo in the previous quarter (see ASX announcement of 4th March 2016), defining an 84,000 oz Inferred Mineral Resource at Nanook together with high grade mineralization in bedrock beneath it in the current quarter (see ASX announcements of 3rd May 2016 and 6th May 2016), and a potentially significant zone of high grade bedrock gold mineralization in drilling at Monsoon in between these two (see ASX announcement of 21st July 2016 and Figure 1).

Monsoon gold prospect

Ten reverse circulation (RC) holes were drilled at the Monsoon gold prospect during the quarter and subsequent to the quarter's end to follow up high grade gold mineralization encountered in previous reconnaissance aircore drilling. Assay results for these were received during July (see ASX announcement of 21st July 2016).

The previous aircore results included intersections of 32 metres @ 2.47g/t gold in SPBA2833 (see previous ASX announcement made by Sirius Resources on 3rd August 2015) and 12 metres @ 26.5g/t gold in SPBA3740 (see previous ASX announcement of 14th April 2016), which ended in mineralization grading 12.8g/t gold.

Two of the RC holes intersected significant gold mineralization as follows:

- Composite zone of 66 metres @ 11.4g/t gold from 74 metres to end of hole in SPBC0313 (uncut) or @ 4.2g/t gold (cut), drilled 20 metres north of the original high grade aircore intersections, including the following sub-zones:
 - o 8 metres @ 70.5g/t gold from 77 metres (uncut) or 11.0g/t gold (cut), including 4 metres @ 139.0g/t gold from 77 metres (uncut) or 20.0g/t gold (cut)
 - o 13 metres @ 8.0g/t gold from 90 metres, including 4 metres @ 14.4g/t gold from 95 metres
 - o 13 metres @ 3.6g/t gold from 110 metres, including 2 metres @ 13.5g/t gold from 117 metres
 - o 8 metres @ 3.3g/t gold from 130 metres

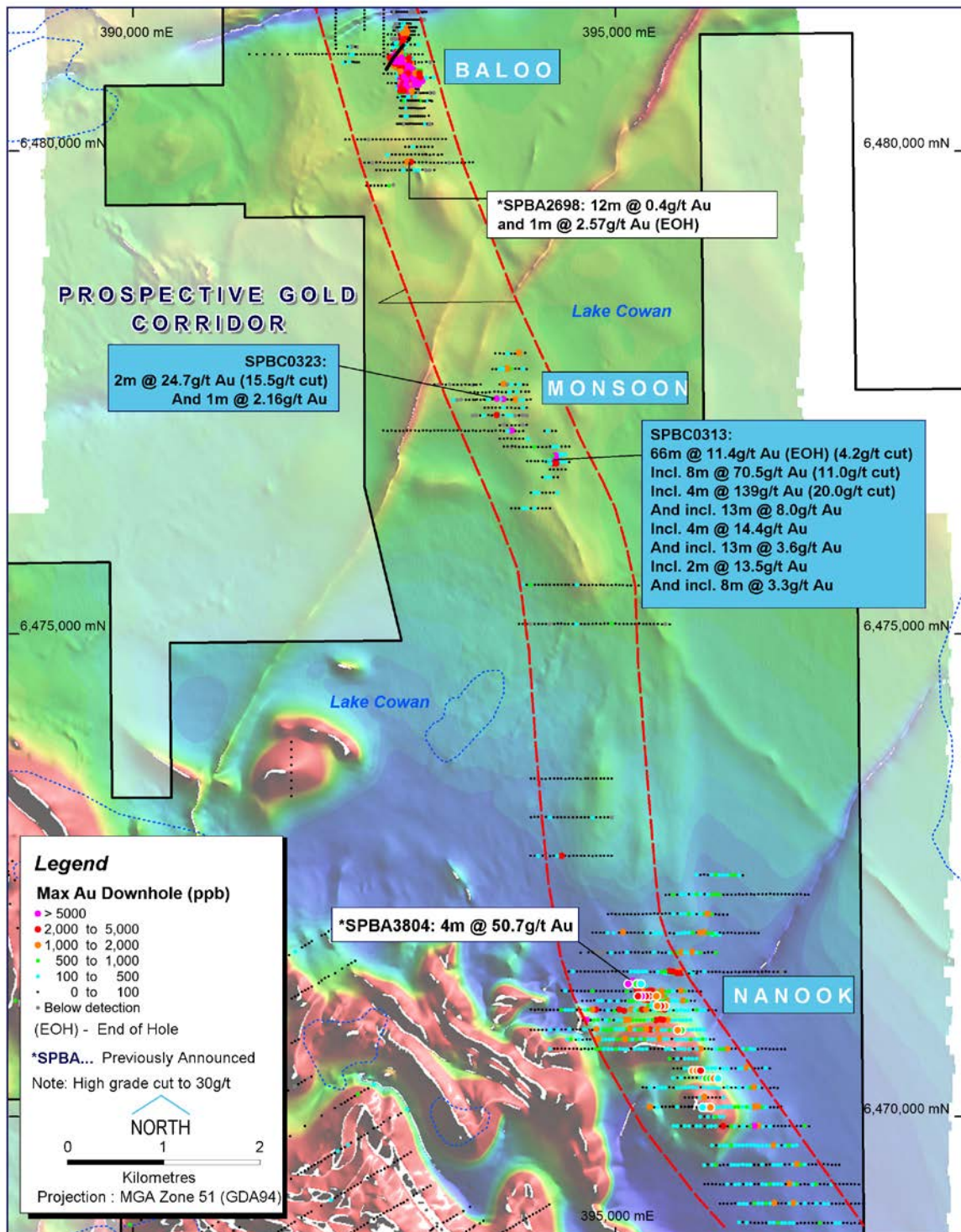


Figure 1. Plan showing Baloo-Monsoon-Nanook mineralised trend.

- Composite zone of 38 metres @ 6.41g/t gold from 75 metres in SPBC0320 (uncut) or 1.78g/t gold (cut), drilled 40 metres north of RC hole SPBC0313, including the following sub-zones:
 - o 8 metres @ 26.7g/t gold from 75 metres (uncut) or 4.7g/t gold (cut)
 - o 9 metres @ 2.1g/t gold from 90 metres
 - o 3 metres @ 1.11g/t gold from 103 metres
 - o 1 metre @ 4.93g/t gold from 112 metres

RC hole SPBC0313 terminated at a depth of 140 metres in mineralization due to the rig reaching its limit of effective penetration. The broad composite mineralized zone intersected in this hole is 20 metres to the north of and deeper than the mineralized zone defined by two previous aircore holes, and the intercept in RC hole SPBC0320 is a further 40 metres north of SPBC0313 and at approximately the same depth.

Collectively, these intercepts appear to define a steeply dipping and north plunging mineralized zone that remains open along strike and down plunge to the north (see Figures 2 and 3).

The gold mineralization occurs on a sheared basalt-shale contact, similar to Baloo, and is associated with a large altered shear zone that contains sericite-carbonate alteration and quartz-carbonate-sulphide veining, primarily developed within the basalt.

Some of the individual constituent samples within selected intersections are very high grade and indicate the presence of coarse (“nuggety”) gold, which is consistent with that seen in the previous aircore drilling at Monsoon and Nanook, and in recent gravity recovery metallurgical testwork at Baloo (see below). Therefore, where applicable, the gold intersections summarized below are quoted both as “uncut” (using the actual assayed grades for each sample within the selected interval) and “cut” (where samples grading greater than 30g/t gold within the selected interval are arbitrarily capped at 30g/t gold) to demonstrate the potential impact of the presence of coarse gold. Note that the widths quoted are downhole widths because true widths cannot be reliably estimated at this time. However, on the basis of the current interpretation of the geometry of the mineralization and the angle of drilling it appears that the true width of the mineralization may be approximately half that of the downhole widths quoted, but this may be subject to change once further drilling provides more information.

A further two RC holes were drilled to follow up a previous aircore intersection comprising 12 metres @ 16.9g/t gold (see previous ASX announcement made by Sirius Resources on 30th March 2015) located approximately 800 metres to the northwest along strike of the drilling described above. The deeper of these two holes (SPBC0323) intersected:

- 2 metres @ 24.7g/t gold from 105 metres (uncut) or 15.5g/t gold (cut)

Follow-up RC drilling will resume at Monsoon as soon as the RC rig can be remobilised to site, most likely in late August.

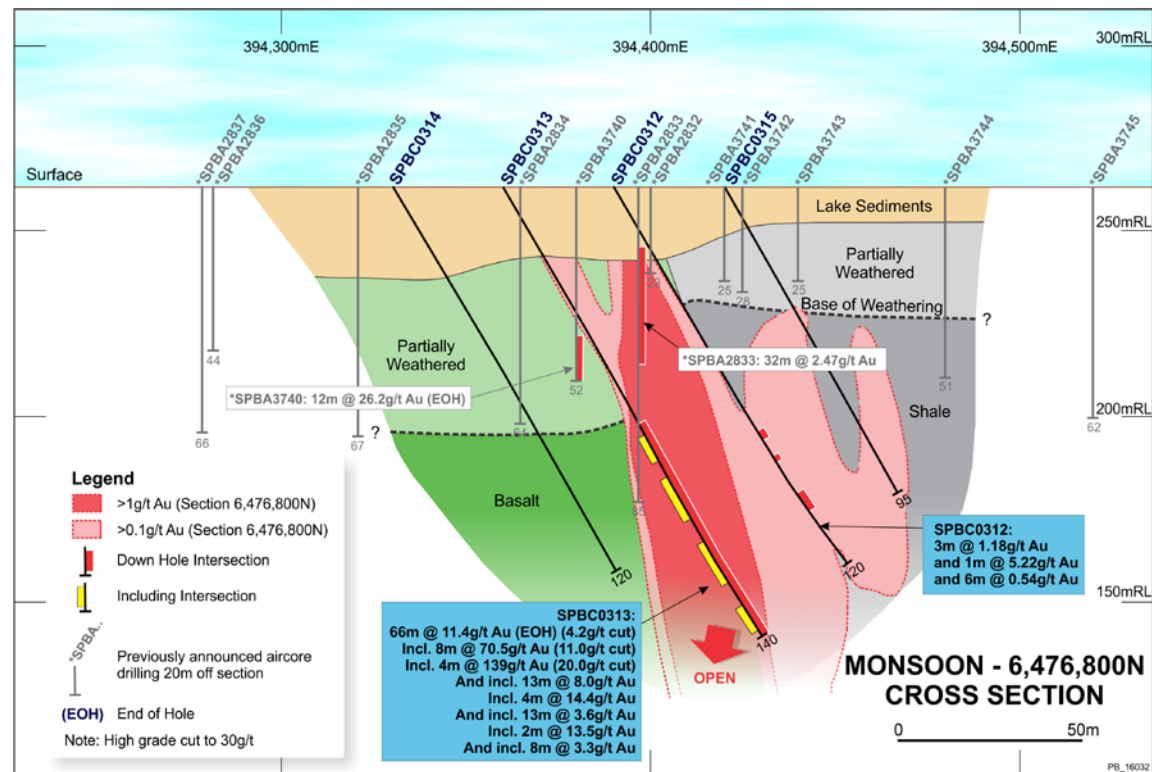


Figure 2. Cross section of Monsoon gold prospect showing high grade quartz lode.

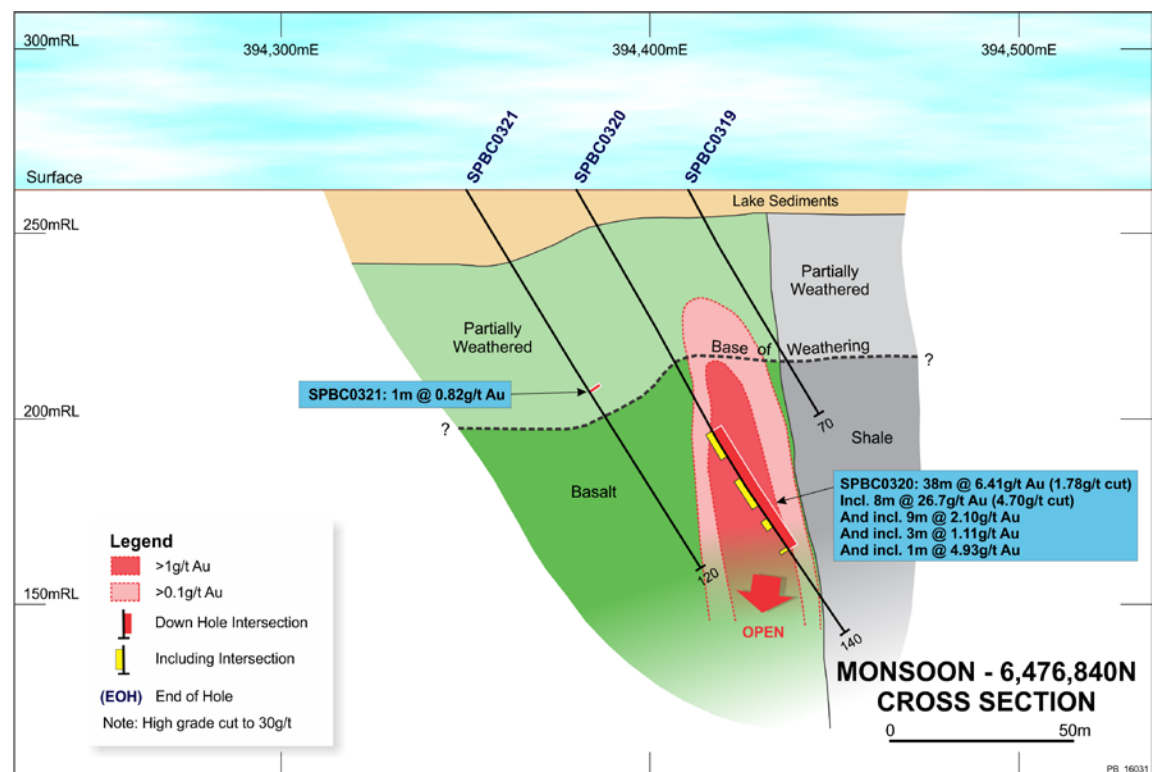


Figure 3. Cross section of Monsoon gold prospect showing high grade quartz lode.

Nanook gold prospect

The first Mineral Resource estimate for the palaeochannel hosted gold mineralization at the Nanook gold prospect was completed during the quarter (see ASX announcement of 6th May 2016).

The gold at Nanook occurs in quartz gravels occupying the base of a paleochannel, which represents an ancient layer of gravel and rubble that appears to have been at least partly locally derived from an underlying bedrock source, largely located in a broad, northeast trending ancient valley now filled in and concealed by salt lake sediments (see Figure 4). This interpretation is supported by the recent nearby intersection of in-situ high grade gold mineralization in weathered bedrock adjacent to the highest grade part of the palaeochannel and on the same northwest trending geological contact as that beneath the highest grade part of the palaeochannel (see ASX announcement of 3rd May 2016 and Figures 4 and 5).

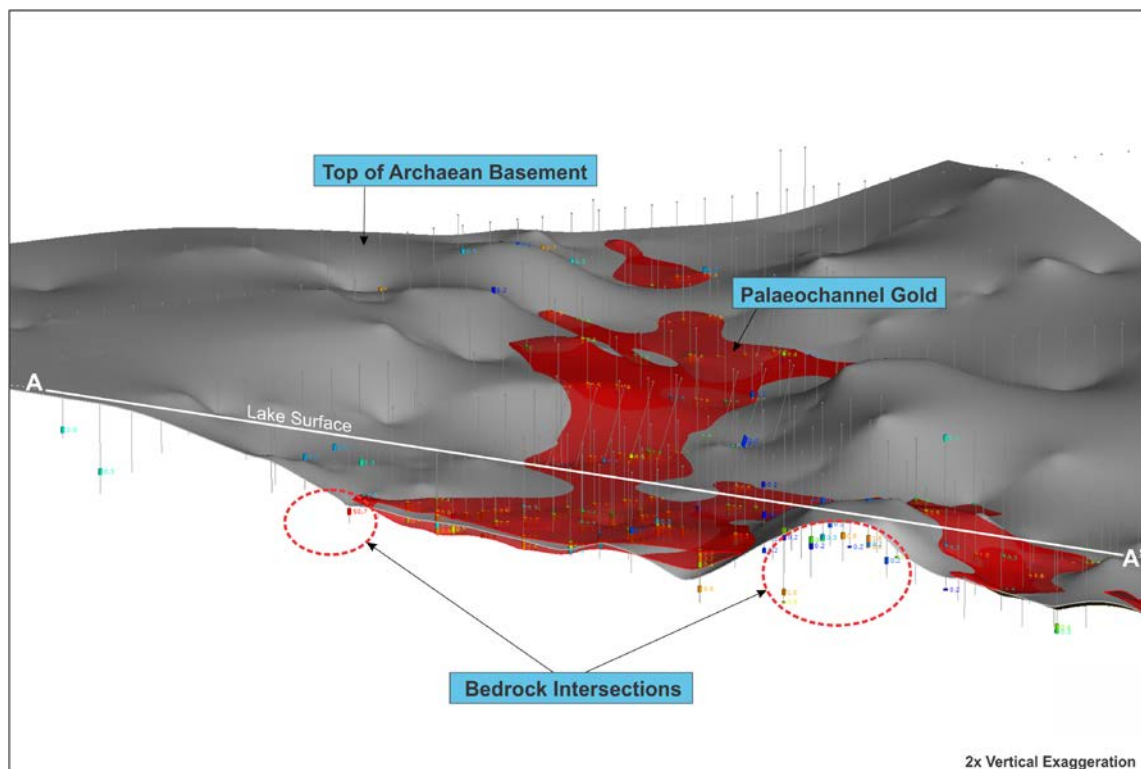


Figure 4. Nanook Gold Deposit – isometric view looking northeast along the palaeochannel, showing the gold resource occupying a broad ancient valley now concealed beneath the salt lake, together with nearby bedrock gold intersections.

The resource estimation is based on 821 aircore drill holes and 12 reverse circulation (RC) drill holes. All constituent individual sample assays were subject to a top cut of 8g/t gold irrespective of their actual grade in order to ensure that the high grade intercepts in drillholes in the high grade part of the palaeochannel do not influence the overall resource estimate.

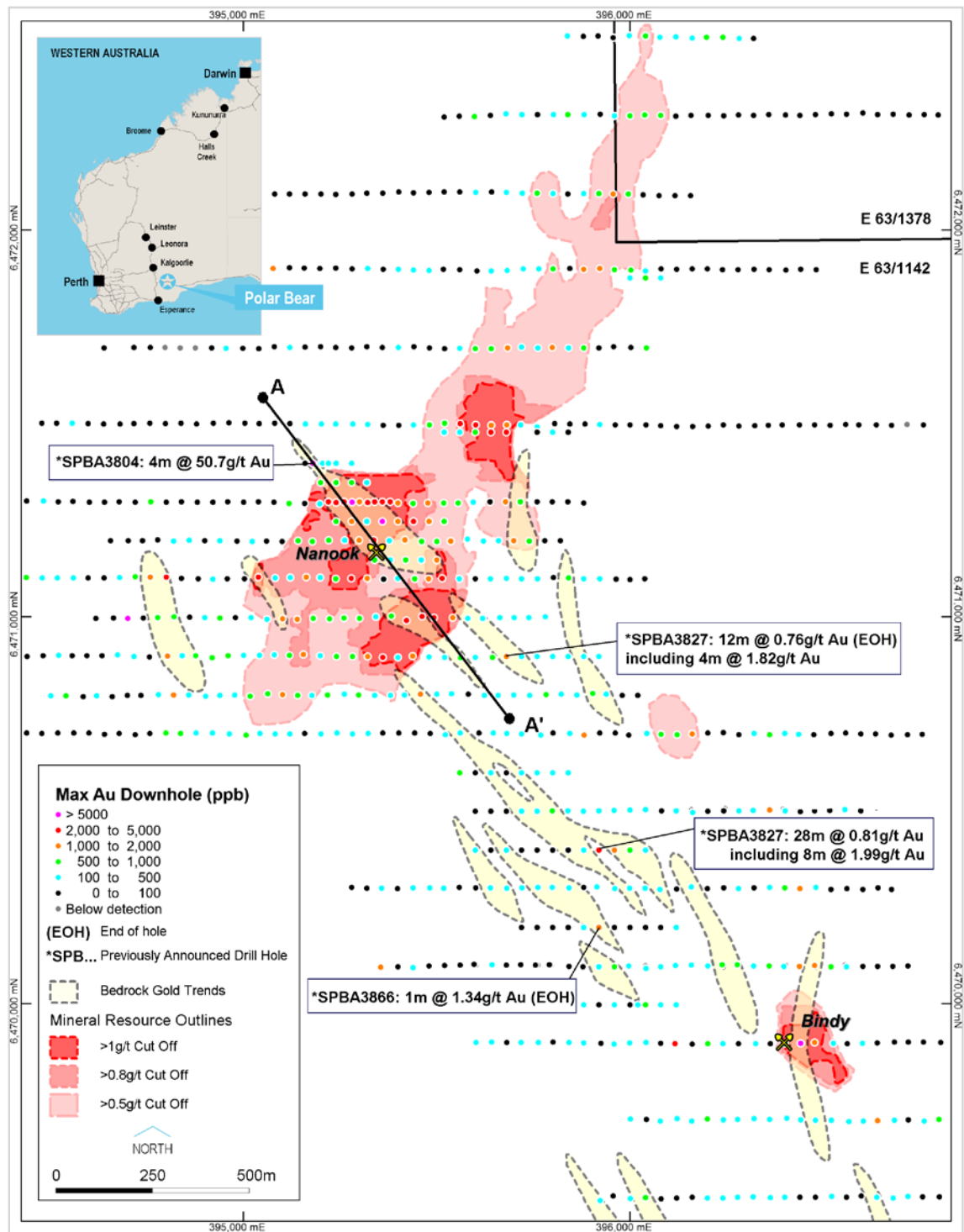


Figure 5. Plan of drilling in the Nanook palaeochannel and outline of Mineral Resource at various lower cut off grades.

Table 1 and Figure 6 show the variation in tonnage, grade and contained gold at a variety of lower cut-off grade thresholds. At a lower LCOG of 0.5g/t gold, the resource comprises 5,300,000 tonnes at a grade of 0.9g/t gold for a contained 148,000 ounces of gold, whereas at a higher

LCOG of 1.0g/t gold, the resource comprises 1,400,000 tonnes at a grade of 1.4g/t gold for a contained 61,000 ounces of gold.

The Inferred classification is based on good confidence in the geological domain countered by high nugget values, sampling method of 4m composites, variable drill spacing and no direct Dry Bulk Density measurements.

Inferred			
LCOG (g/t Au)	Tonnes (000's)	g/t Au	Oz Au
0.5	5,300	0.9	148,000
0.8	2,200	1.2	84,000
1.0	1,400	1.4	61,000

Table 1. Nanook Palaeochannel Gold Deposit - Statement of Resources May 2016. All Mineral Resources are reported to JORC 2012 standards. Nanook Mineral Resource reported at 0.8g/t Au LCOG (lower cut-off grade). All figures are rounded to reflect appropriate levels of confidence. Apparent differences may occur due to rounding.

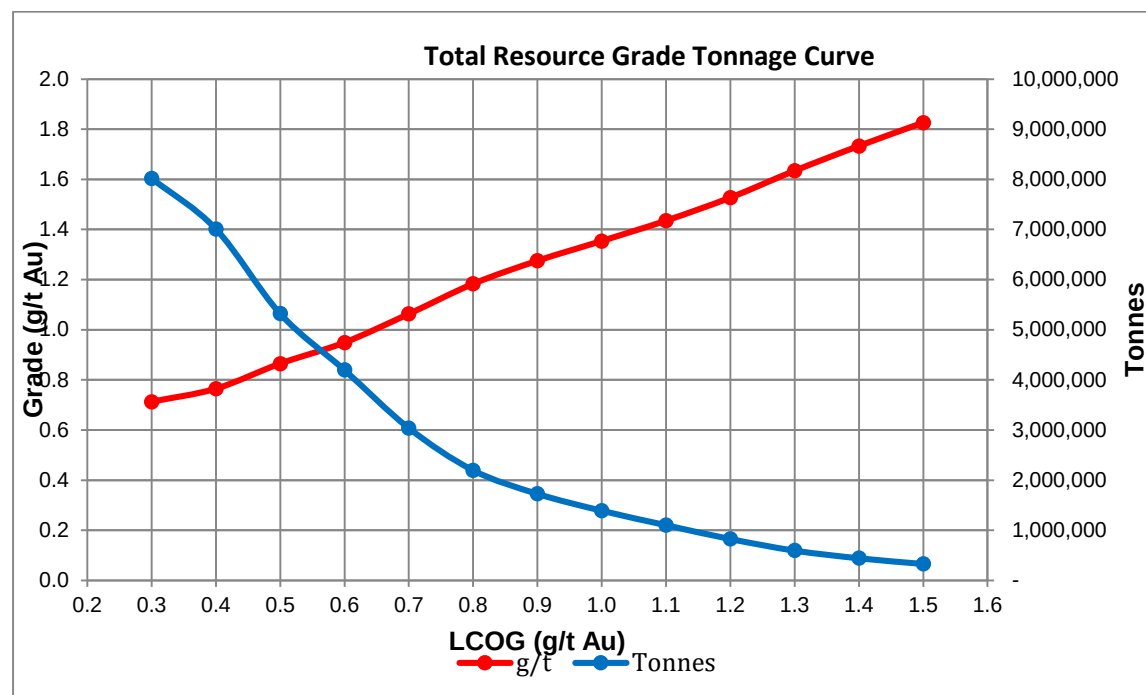


Figure 6. Grade-tonnage curve for the Nanook palaeochannel Mineral Resource. All Mineral Resources are reported to JORC 2012. LCOG is lower cut-off grade.

27 reconnaissance RC drill holes were also completed at the Nanook prospect during the quarter with the aim of identifying various possible local bedrock sources for the extensive zone of gold hosted within gravels at the base of the Nanook palaeochannel. This drilling was co-funded by the Government of Western Australia under its Exploration Incentive Scheme (EIS).

The RC drilling confirmed the continuity and thickness of gold mineralisation in gravels at the base of the Nanook palaeochannel, and extending into the weathered bedrock immediately beneath it (see Figures 1 and 2, and ASX announcement of 3rd May 2016). Results from this zone include:

- 12m @ 1.95 g/t Au from 57m in SPBC0290
- 5m @ 1.64 g/t Au from 58m in SPBC0291
- 7m @ 2.06 g/t Au from 55m in SPBC0292
- 5m @ 1.25 g/t Au from 53m in SPBC0293
- 8m @ 1.43 g/t Au from 53m in SPBC0296

A line of drill holes was also completed to the north of the palaeochannel to follow-up an in-situ high grade gold intersection from earlier aircore drilling (4m @ 50.7 g/t Au from 48m in SPBA3804). The RC hole drilled along strike from this previous aircore intersection intersected gold mineralisation associated with quartz veining in weathered bedrock as follows:

- 2m @ 6.42 g/t Au from 55m in SPBC0289

A number of other narrow zones of bedrock gold mineralisation were also intersected in other RC holes but the limited drilling completed to date has not yet identified an obvious source for the large palaeochannel gold resource at Nanook (see Figure 7 and Annexure 1).

Baloo gold deposit

As disclosed in the ASX announcement of 20th July 2016, initial metallurgical studies, comprising comminution, gravity recovery and leach recovery testwork, have been completed by ALS. Testwork was undertaken on four representative composite samples of oxide and transition zone material at two different grind sizes (nominal 75 and 106 micron grind sizes). Good metallurgical recoveries were achieved in all material types at a nominal 75 micron grind size, with a significant proportion (21.4% – 45.5%) of the gold being recovered by gravity prior to leaching and overall recoveries after 24 hours of leaching ranging from 89.4% to 98.2%. Results for the four composites are detailed in Table 2 and key points are summarized below:

- Composite 1, comprising oxide zone black shale hosted mineralization: 45.5% gold recovered in a gravity circuit and a total gold recovery of 98.2% after a 24 hour leach
- Composite 2, comprising oxide zone intermediate volcanic hosted mineralization: 23.3% gold recovered in a gravity circuit and a total gold recovery of 95.1% after a 24 hour leach

- Composite 3, comprising transition zone black shale hosted mineralization: 31.2% gold recovered in a gravity circuit and a total gold recovery of 92.6% after a 24 hour leach
- Composite 4, comprising transition zone intermediate volcanic hosted mineralization: 21.4% gold recovered in a gravity circuit and a total gold recovery of 89.4% after a 24 hour leach

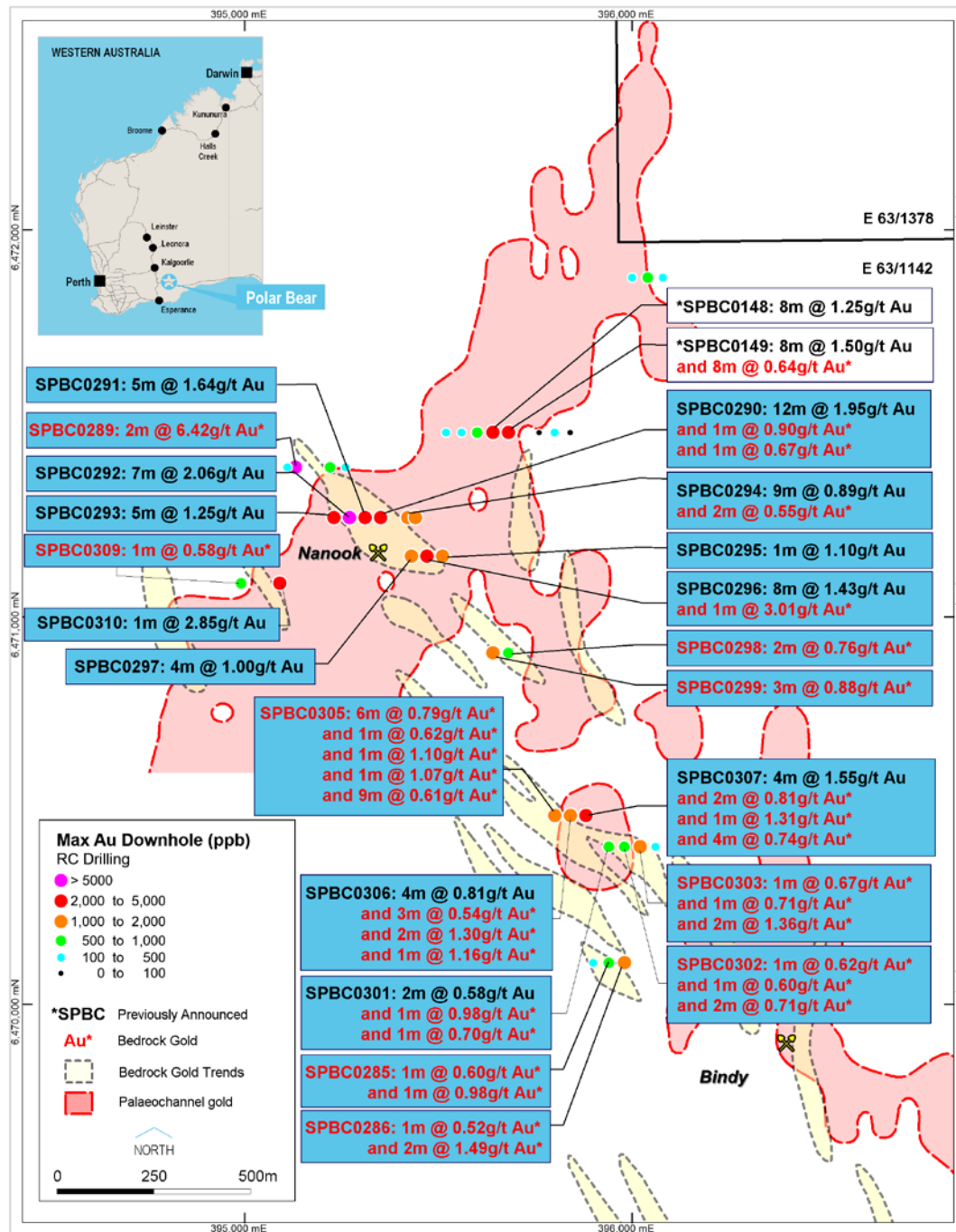


Figure 7. RC drilling at Nanook.

Importantly, overall gravity and leach recoveries in the oxide and transition zone black shale hosted mineralization were good, indicating that there is no significant “preg robbing” in this material. The large proportion of gold recovered by gravity, together with the apparent insensitivity of the overall recoveries to grind size, and the variation in repeatability of head assay grades, suggests that most of the gold is present as free gold and that it is relatively coarse grained.

It is noteworthy that a number of the head grades calculated from the leach testwork were noticeably higher than the assayed head grades. Such a disparity can occur when gold is irregularly distributed and coarse grained (“nuggety” gold) and can result in individual samples, their assays, and the consequent resource estimations potentially under-representing the grade and therefore the contained gold. A program of screen-fire gold assaying of selected Baloo samples is currently underway to further quantify their coarse gold component and what implications this may have for the overall grade and gold content of the Baloo mineralization.

LEACH TESTWORK: SUMMARY OF RESULTS											
Test #	Sample ID	Grind Size P80 (µm)	Au Head Grade (g/t)		Au Extraction (%)						Au Tail Grade (g/t)
			Assay	Calc.	Gravity	2-hr	4-hr	8-hr	24-hr	48-hr	
BK8434	COMPOSITE 1: OXIDE BS	106	3.20/1.66	2.91	42.4	88.7	93.0	95.3	97.8	97.8	0.07
BK8435		75		2.99	45.5	89.3	94.8	95.7	98.2	98.2	0.06
BK8436	COMPOSITE 2: OXIDE IV	106	1.93/1.98	1.74	21.9	84.1	91.3	93.0	96.1	97.1	0.05
BK8437		75		2.04	23.3	86.2	92.9	92.9	95.1	97.3	0.06
BK8438	COMPOSITE 3: TRANS BS	106	1.16/1.51	1.96	39.4	80.3	87.5	90.1	92.0	93.4	0.13
BK8439		75		1.54	31.2	75.1	86.2	91.1	92.6	92.8	0.11
BK8440	COMPOSITE 4: TRANS IV	106	1.96/1.83	2.23	29.4	60.4	73.0	81.0	86.4	86.8	0.30
BK8441		75		2.13	21.4	56.1	71.6	80.5	89.4	89.4	0.23

Table 2. Gravity and cyanide leach testwork results for four Baloo composite samples.

First pass testwork on the amenability of the Baloo gold mineralization to extraction by heap leaching has also been undertaken in order to assess the potential viability of heap leaching as an alternative option to conventional processing via toll treatment.

Preliminary testwork on the amenability of an oxide composite and a transition zone composite to heap-leach treatment was also undertaken at two crushing sizes of 6.3mm and 12.5mm over a ten day period. Gold extraction for both composites was 85% for the 6.3mm samples, and 80-82% for the coarser crushed equivalents (see Table 3). Gold recoveries continued to increase to the end of the ten day testing period, indicating that gold extraction may increase further with

greater residence time. These results are encouraging, and suggest that the oxide and transition zone of the Baloo mineralization is amenable to heap leach extraction.

COARSE-CRUSH LEACH TESTWORK: SUMMARY OF RESULTS									
Test #	Sample ID	Crush Size (mm)	Au Head Grade (g/t)		Au Extraction (%)				Au Tail Grade (g/t)
			Assay	Calc.	24-hr	72-hr	120-hr	240-hr	
BK8579	OXIDE COMPOSITE	<12.5	0.86	1.53	43.4	55.9	64.0	80.4	0.30
BK8580		<6.3		1.71	61.5	72.7	78.7	85.4	0.25
BK8581	TRANSITION COMPOSITE	<12.5	0.78	0.84	42.7	59.4	69.8	82.0	0.15
BK8582		<6.3		0.94	57.6	71.6	78.5	85.1	0.14

Table 3. Coarse crush leach testwork results for two Baloo composite samples.

It should be noted that the testwork undertaken to date has used Perth water and that the water that might ultimately be used for processing may vary depending on a variety of potential future treatment options and locations. Water of differing salinity and acidity can affect gold recoveries, leaching times and reagent consumption.

An initial geotechnical assessment of the Baloo project has been completed by Peter O'Bryan & Associates, with the overall rock properties in line with the Company's expectations. Should an open pit prove to be economically viable, the study recommends overall pit slope angles through the weathered profile of 43° and 39° for the eastern and western walls of such a pit, assuming adequate depressurization is achieved by prior dewatering. These angles are within the normal range for open pits within the Goldfields and will be used in any future pit optimization studies.

Initial hydrological testwork, including assessment of core data, short duration permeability pump testing and ground water quality assessment has been completed by AQ2 consultants.

As expected, the ground water in the vicinity of the Baloo deposit is typical for the salt lake drainage systems and aquifers of the Goldfields region, being hypersaline and ranging from 310,000 – 330,000 mg/L TDS (total dissolved solids). Analysis of the groundwater also indicates that arsenic levels are either very low or below detection.

Pump testing estimates potential water in-flow rates of 18 – 37 L/s (litres per second). A preliminary design for a dewatering network has been proposed with up to five water extraction boreholes developed around the perimeter of a potential future pit. Importantly, a lengthy dewatering program is not expected to be required.

Environmental studies comprising flora and fauna, lake ecology and waste rock characterization have been coordinated by MBS Environmental Consultants.

Baseline flora and fauna studies undertaken within the Mining Lease Application area, as well as along likely access routes, found no issues likely to impact a potential mining project at Baloo.

A baseline lake ecology survey was also undertaken in the immediate vicinity of the Baloo deposit as well as over the greater Lake Cowan area. The biodiversity and richness of aquatic invertebrates and diatoms of the lake was found to be typical for salt lakes within Australia, with the immediate Baloo area displaying a lower richness than the surrounding area.

Preliminary waste rock characterization work has, as expected, identified the transitional mineralized material as being potentially acid forming, due to the presence of minor amounts of sulphide minerals in it. This is not unusual, and would require appropriate design and management when constructing a waste dump facility. All materials were classified as saline, but this is not considered an issue for a potential waste dump facility on a salt lake.

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 Metals X Limited.

Two reconnaissance lines of aircore drilling were completed. No significant results were returned (refer to Annexure 1).

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 work was undertaken during the quarter.

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 476 square kilometres of ground, which it considers highly prospective for similar polymetallic VMS mineralisation and also magmatic copper-nickel-PGM, and orogenic shear zone hosted lode gold mineralisation.

Three diamond holes were drilled at the Svan Vit prospect to test the first of many VTEM conductor's identified on the Company's Skellefte project area. The visual outcomes from these holes were announced to the ASX on 21st April, and included in the March quarterly operations report released on 26th April 2016. Assay results for these holes were received later in the current quarter (see ASX announcement of 9th May).

The three holes drilled on a single section to test an EM anomaly first identified in an airborne versatile transient electromagnetic (VTEM) survey and subsequently confirmed with ground EM (see Figure 8 and ASX announcement of 21st April 2016). Two of these holes intersected sulphide

mineralization, including zinc sulphide mineralization (sphalerite) and the third hole missed (see Figure 9), although it did intersect several alteration zones with minor sulphides.

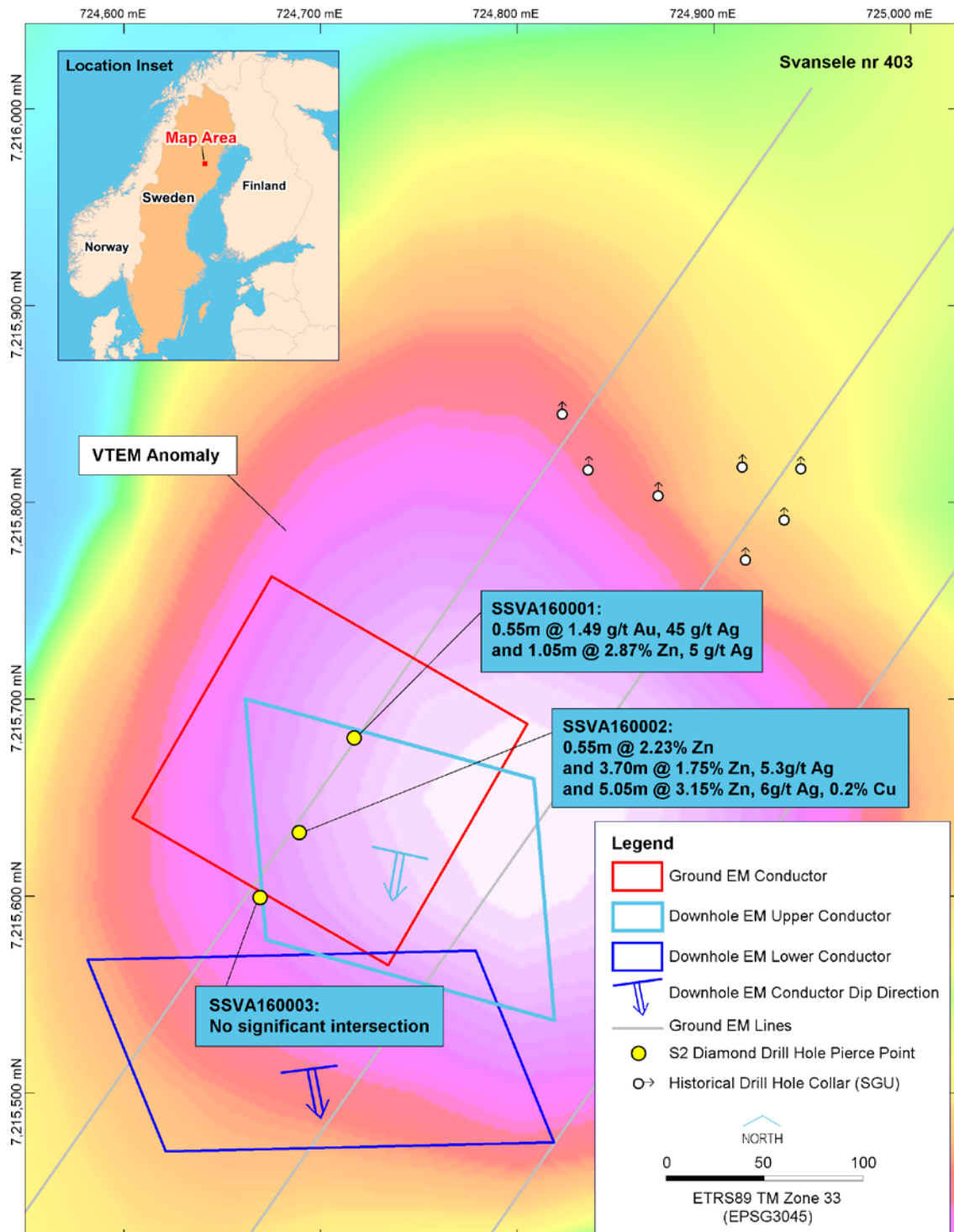


Figure 8. Plan of Svan Vit prospect showing original VTEM anomaly (colour), conductor as modelled from ground EM (red outlined shape), drillhole intercepts (yellow dots), and conductors as defined in subsequent downhole EM (blue outlined shapes).

The first hole (SSVA160001), which clipped the top of the ground EM conductor model and intersected a narrow zone of mixed sulphide mineralization (see ASX announcement of 21st April 2016), intersected:

- 0.55m @ 1.49 g/t Au, 45 g/t Ag from 25.3m, and 1.05m @ 2.87% Zn, 5 g/t Ag from 88.7m

The second hole (SSVA160002), drilled 90 metres down dip of the first through several zones of mixed sulphide mineralization (see ASX announcement of 21st April 2016), intersected:

- 0.55m @ 2.23% Zn from 164m, 3.70m @ 1.75% Zn, 5.3g/t Ag from 170.2m, and 5.05m @ 3.15% Zn, 6g/t Ag, 0.2% Cu from 184.6m

The mineralized intervals in these two drill holes broadly coincide with the position of an EM conductor identified in a subsequent downhole EM survey (see Figure 9). The first two drill holes appear to have intersected the northern and western margins of this conductor and did not test the central part of it. This conductor is modelled as a plate measuring 160m in strike and 180m down dip, but in reality may be more of a plunging elongate lens, as is common in this district.

The third hole, drilled some 70 metres down dip from the second hole, passed slightly to the west of this conductor, and downhole EM surveying in this hole (SSVA160003) identified a second EM conductor, which is modelled as measuring 200m along strike and 255m down dip. This deeper conductor is situated below and east of the deepest hole in a position that is broadly co-planar and co-axial with the upper conductor intersected by the first two holes (see Figure 10). Together, these two modelled plates define a southeasterly plunging conductive zone that may reflect single or multiple plunging elongate lenses as is typical of VMS deposits in this district.

The outcomes of the downhole EM suggest that the three holes drilled to date have only tested the margins of a potentially much more extensive zone. Further drilling will be required to adequately test the Svan Vit prospect given that two of these holes intersected low grade zinc and silver bearing VMS-style mineralization on the margin of the upper conductor, and the third missed both conductors.

These three holes have successfully confirmed that VTEM is a very useful tool for targeting VMS mineralization in this district. The VTEM anomaly that is now the Svan Vit prospect is the first of the Company's many VTEM conductors identified on its Skellefte project to be tested (see Figure 11). The remainder of the VTEM anomalies so far identified will be prioritised with ground EM and base of till sampling (where ground conditions permit) over the northern summer ready for systematic drill testing later in the year.

A major diamond drilling program will commence in October with the aim of following up these drillholes at the Svan Vit prospect and systematically testing another nine of the top priority VTEM targets in the belt.

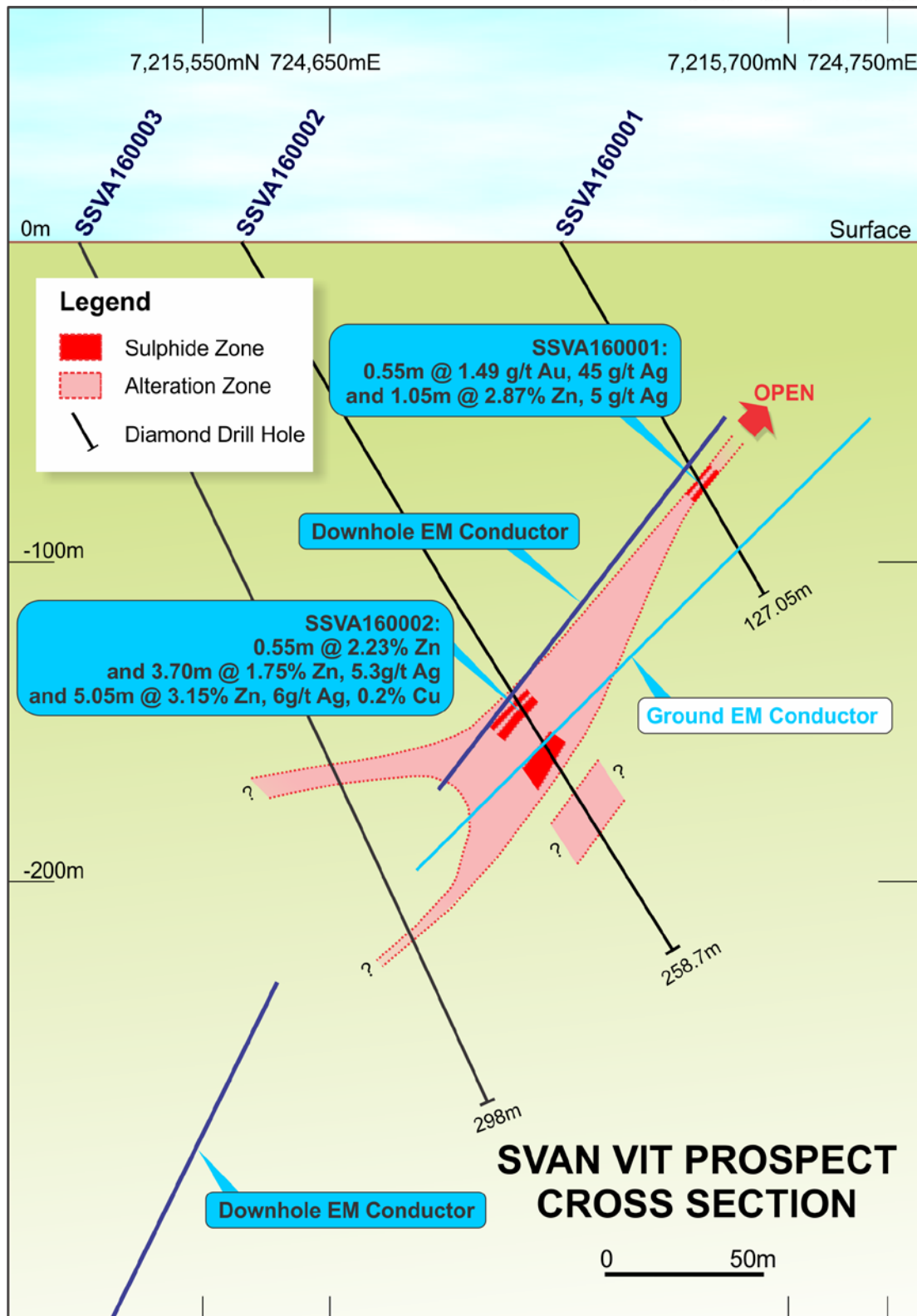


Figure 9. Cross section of drilling at Svan Vit prospect.

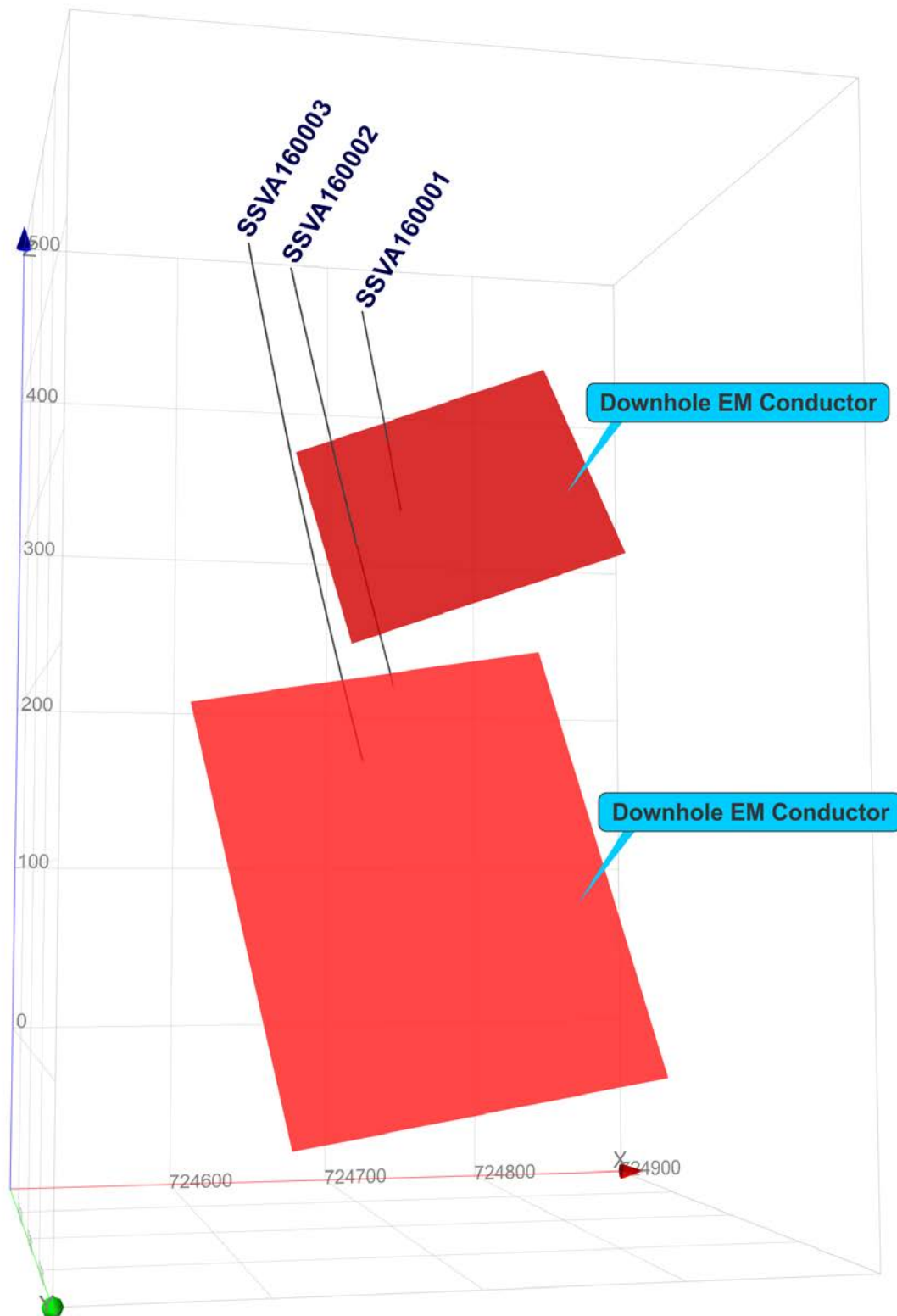


Figure 10. 3D view of Svan Vit drillholes and conductors modelled from downhole EM.

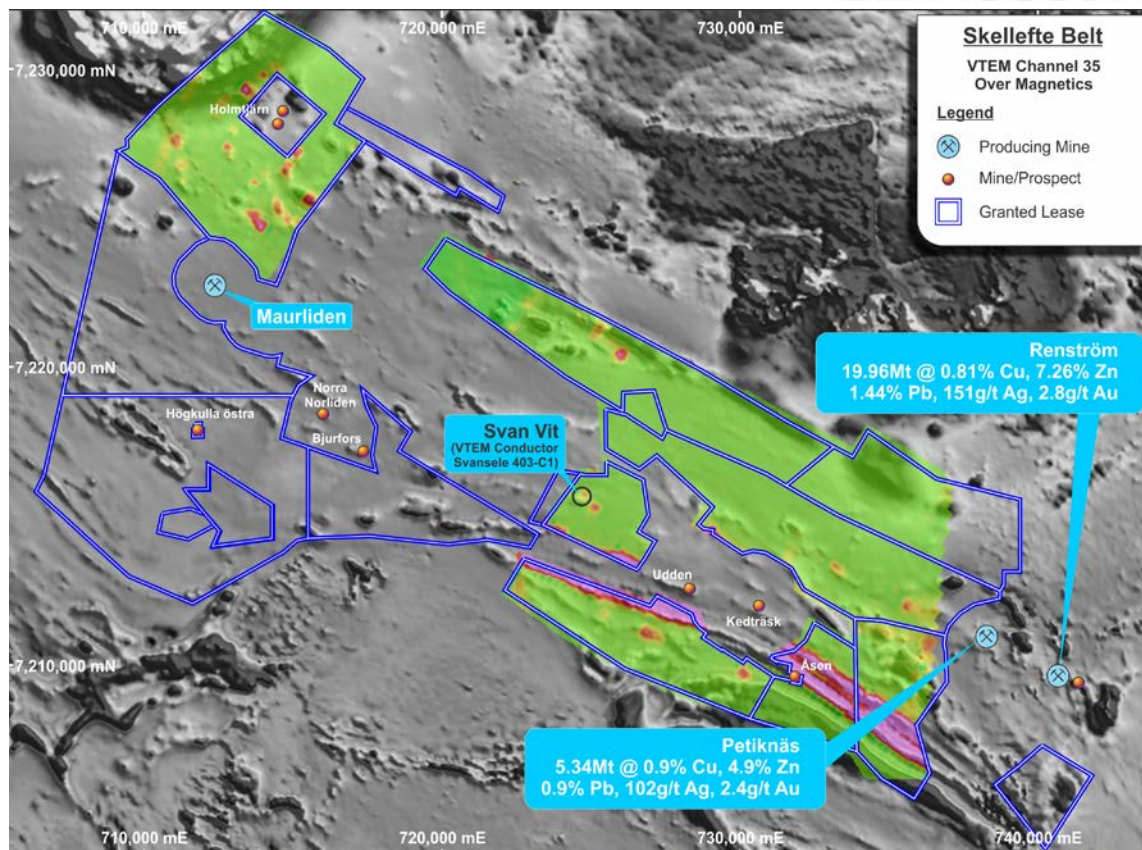


Figure 11. Overview of conductors identified in the first VTEM survey of the Skellefte belt.

In the meantime, work has focused on prioritizing these targets, using a combination of ground EM and base of till sampling.

During the quarter, planning and approvals were finalized for a 1,400 line kilometer VTEM geophysical survey. This will be S2's second major VTEM survey in the Skellefte belt and it will cover the ground acquired since the first survey.

An additional Exploration Licence ("Vargfors 401") was granted during the quarter. This covers 42.7 square kilometres of ground to the west and along strike from the Svan Vit prospect.

S2 is now the pre-eminent ground holder in the Skellefte Belt, with Licenses covering an area of 518.7 square kilometres.

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Competent Person's statement

The information in this report that relates to:

- Australian Exploration Results is based on, and fairly represents, information compiled by John Bartlett who is an employee of the company. Mr Bartlett is a member of the Australasian Institute of Mining and Metallurgy. Mr Bartlett has sufficient experience of relevance to the style of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as Competent Persons as defined in the 2012 Edition of the Joint Ore Reserves Committee Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code).
- Scandinavian Exploration Results is based on information compiled by James Coppard who is a consultant to the company. Mr Coppard is a Chartered Geologist, European Geologist and Fellow of the Geological Society of London. Mr Coppard 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 Competent Persons 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 Coppard consents to the inclusion in this report of the matters based on information in the form and context in which it appears.
- Mineral Resource estimation is based on information compiled by Mr Brian Wolfe, Principal Consultant Geologist – IRS Pty Ltd and Mr Andrew Thompson, an employee and shareholder of the Company. Mr Wolfe and Mr Thompson are members of the Australasian Institute of Mining and Metallurgy and have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the JORC Code. Mr Wolfe and Mr Thompson consent to the inclusion in this report of the matters based on their information in the form and context in which they appear.

The Company confirms that it is not aware of any new information or data that materially affects the Exploration Results set out in or referenced in this report. The Company confirms that all material assumptions and technical parameters underpinning the Mineral Resource Estimate continue to apply and have not materially changed.

Annexure 1

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

Nanook RC:

Hole No.	Zone	Total Depth	North	East	RL	Dip	Azim	From, m	To, m	Width, m	Au, ppm	Comment
SPBC0142	Nanook	110	6471880	396000		-60	270			NSI		
SPBC0143	Nanook	120	6471880	396040		-60	270			NSI		
SPBC0144	Nanook	110	6471880	396080		-60	270			NSI		
SPBC0145	Nanook	95	6471480	395520		-60	270			NSI		
SPBC0146	Nanook	60	6471480	395560		-60	270			NSI		
SPBC0147	Nanook	100	6471480	395600		-60	270			NSI		
SPBC0148	Nanook	115	6471480	395640		-60	270	60	68	8	1.25	palaeochannel
SPBC0149	Nanook	130	6471480	395680		-60	270	60	68	8	1.50	palaeochannel
AND								80	88	8	0.64	bedrock
SPBC0150	Nanook	7	6471480	395720		-60	270			NSI		
SPBC0151	Nanook	120	6471480	395760	262	-60	270			NSI		
SPBC0152	Nanook	135	6471480	395800	262	-60	270			NSI		
SPBC0153	Nanook	70	6471480	395840	262	-60	270			NSI		
SPBC0285	Nanook	120	6470110	395940	262	-60	270	88	89	1	0.60	bedrock
AND								111	112	1	0.98	bedrock
SPBC0286	Nanook	120	6470110	395980	262	-60	270	36	37	1	0.52	bedrock
AND								48	50	2	1.49	bedrock
SPBC0287	Nanook	125	6471390	395220	262	-60	270	51	52	1	0.52	Interface
SPBC0288	Nanook	120	6471390	395260	262	-60	270			NSI		

Hole No.	Zone	Total Depth	North	East	RL	Dip	Azim	From, m	To, m	Width, m	Au, ppm	Comment
SPBC0289	Nanook	120	6471390	395130	262	-60	90	55	57	2	6.42	bedrock
SPBC0290	Nanook	135	6471260	395350	262	-60	90	57	69	12	1.95	Interface
AND								82	83	1	0.90	bedrock
AND								125	126	1	0.67	bedrock
SPBC0291	Nanook	100	6471260	395310	262	-60	90	58	63	5	1.64	Interface
SPBC0292	Nanook	135	6471260	395270	262	-60	90	55	62	7	2.06	Interface
SPBC0293	Nanook	120	6471260	395230	262	-60	90	53	58	5	1.25	Interface
SPBC0294	Nanook	120	6471260	395420	262	-60	270	55	64	9	0.89	Interface
AND								66	68	2	0.55	bedrock
SPBC0295	Nanook	99	6471160	395510	262	-60	90	54	55	1	1.10	Interface
SPBC0296	Nanook	130	6471160	395470	262	-60	90	53	61	8	1.43	Interface
AND								87	88	1	3.01	bedrock
SPBC0297	Nanook	120	6471160	395430	262	-60	90	54	58	4	1.00	Interface
SPBC0298	Nanook	100	6470910	395680	262	-60	90	39	41	2	0.76	bedrock
SPBC0299	Nanook	100	6470910	395640	262	-60	90	31	34	3	0.88	bedrock
SPBC0300	Nanook	80	6470110	395900	262	-60	270			NSI		
SPBC0301	Nanook	85	6470410	395940	262	-60	270	39	41	2	0.58	Interface
AND								62	63	1	0.98	bedrock
AND								67	70	3	0.70	bedrock
SPBC0302	Nanook	125	6470410	395980	262	-60	270	61	62	1	0.62	bedrock
AND								80	81	1	0.60	bedrock
AND								121	122	1	0.71	bedrock
SPBC0303	Nanook	120	6470410	396020	262	-60	270	30	31	1	0.67	bedrock
AND								54	55	1	0.71	bedrock
AND								112	114	2	1.36	bedrock
SPBC0304	Nanook	120	6470410	396060	262	-60	270			NSI		
SPBC0305	Nanook	120	6470490	395800	262	-60	270	24	30	6	0.79	bedrock
AND								41	42	1	0.62	bedrock
AND								46	47	1	1.10	bedrock
AND								60	61	1	1.07	bedrock
AND								85	94	9	0.61	bedrock
SPBC0306	Nanook	120	6470490	395840	262	-60	270	12	16	4	0.81	Transported
AND								53	56	3	0.54	bedrock
AND								75	77	2	1.30	bedrock
AND								112	113	1	1.16	bedrock
SPBC0307	Nanook	120	6470490	395880	262	-60	270	34	38	4	1.55	Interface
AND								90	92	2	0.81	bedrock
AND								99	100	1	1.31	bedrock
AND								108	112	4	0.74	bedrock
SPBC0308	Nanook	100	6471260	395440	262	-60	270	59	64	5	1.13	Interface
SPBC0309	Nanook	125	6471090	394990	262	-60	90	51	52	1	0.58	bedrock
SPBC0310	Nanook	120	6471090	395090	262	-60	270	62	63	1	2.84	Interface
SPBC0311	Nanook	120	6471390	394990	262	-60	90			NSI		

Reconnaissance aircore:

Hole No.	Zone	Total Depth	North	East	RL	Dip	Azim	From, m	To, m	Width, m	Au, g/t	Comment
SPBA3790	Regional	69	6473880	391640	262	-90	360				NSI	
SPBA3791	Regional	64	6473800	391640	262	-90	360				NSI	
SPBA3792	Regional	65	6473720	391640	262	-90	360				NSI	

Hole No.	Zone	Total Depth	North	East	RL	Dip	Azim	From, m	To, m	Width, m	Au, g/t	Comment
SPBA3793	Regional	68	6473640	391640	262	-90	360				NSI	
SPBA3794	Regional	33	6473560	391640	262	-90	360				NSI	
SPBA3795	Regional	35	6473480	391640	262	-90	360				NSI	
SPBA3796	Regional	50	6473400	391640	262	-90	360				NSI	
SPBA3797	Regional	56	6473320	391640	262	-90	360				NSI	
SPBA3880	Regional	7	6468140	396800	262	-90	360				NSI	
SPBA3881	Regional	6	6468140	396840	262	-90	360				NSI	
SPBA3882	Regional	18	6468140	396880	262	-90	360				NSI	
SPBA3883	Regional	7	6468140	396920	262	-90	360				NSI	
SPBA3884	Regional	7	6468140	396960	262	-90	360				NSI	
SPBA3885	Regional	9	6468140	397000	262	-90	360				NSI	
SPBA3886	Regional	5	6468140	397040	262	-90	360				NSI	
SPBA3887	Regional	12	6468140	397080	262	-90	360				NSI	
SPBA3888	Regional	11	6468140	397120	262	-90	360				NSI	
SPBA3889	Regional	17	6468140	397160	262	-90	360				NSI	
SPBA3890	Regional	26	6468140	397200	262	-90	360				NSI	
SPBA3891	Regional	36	6468140	397240	262	-90	360				NSI	

Table 1:

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>	The mineralised trend at Nanook and Monsoon is sampled by RC and aircore drilling on a nominal 40 m hole spacing and 100 m lines, with local infill to 100m x 20m and 50m x 20m spacing. All holes drilled to refusal. For RC sampling, a 1 metre split is taken directly from a cone splitter mounted beneath the rigs cyclone. The cyclone and splitter are cleaned regularly to minimise any contamination. A second reference split is also taken from each metre and stored on site. Aircore holes are sampled using an aluminium scoop to produce a four metre composite sample.
	<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 is carried out using S2 protocols as per industry best practice.

Criteria	JORC Code explanation	Commentary
	<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>	Aircore samples are composited at 4 m to produce a bulk 3 kg sample. Samples were dried, pulverised (total prep), and split to produce a 25 g sub sample which is analysed using aqua-regia digestion with ICP-MS finish with a 1 ppb detection limit. High grades were repeated using 25g or 50g Lead Collection fire assay with an ICP/MS finish. RC drilling is sampled a 1m "cone" split sample, to produce a bulk 3 kg sample. Sample preparation was the same as for the aircore drilling. A nominal 50gram sub-sample was collected and analysed by Samples were to produce a sub sample for analysed by fire assay with an AA finish. A 1m end of hole sample was collected for all aircore holes. Sample preparation was the same as above and were analysed using a four acid digest with an ICP/OES and fire assay. The following elements are included in the assay suite: Ag, Al, As, Au, Ba, Be, Bi, Ca, Cd, Ce, Co, Cr, Cu, Fe, K, La, Mg, Mn, Mo, Na, Ni, P, Pb, Sb, Sc, Sr, Te, Ti, Tl, V, W, Zn.
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>	RC drilling is carried out using a face sampling hammer with a nominal diameter of 140mm. Aircore drilling is carried out using a 3 ½ inch blade bit. Where necessary a 3 ½ inch face sampling hammer is employed to penetrate through hard zones.
Drill sample recovery	<i>Method of recording and assessing core and chip sample recoveries and results assessed</i>	RC and aircore sample 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 and contamination. Various drilling additives (including muds and foams) have been used to condition RC and aircore drill holes to maximise recoveries and sample quality. Drill cyclone and sample buckets are cleaned between rod-changes and after each hole to minimise down hole and/or cross-hole contamination.
	<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>	Insufficient drilling and geochemical data is available at the present stage to evaluate potential sample bias. Aircore drilling samples are occasionally wet which may have resulted in sample bias due to preferential loss/gain of fine/coarse material. The limited RC drilling with 1m sampling through the mineralized gravels shows a good correlation with the AC results
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>	Lithology, alteration and veining is recorded directly to a digital format and imported into S2 Resources central database. The logging is considered of sufficient standard to support a geological resource.
	<i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i>	Logging of aircore and RC records lithology, mineralogy, mineralisation, weathering, colour and other features of the samples, and is qualitative in nature.
	<i>The total length and percentage of the relevant intersections logged</i>	All drillholes were logged in full.

Criteria	JORC Code explanation	Commentary
Sub-sampling techniques and sample preparation	<i>If core, whether cut or sawn and whether quarter, half or all core taken.</i>	No core drilling completed.
	<i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i>	Aircore samples consist of a 4 metre composite of 1 metre samples are collected via an on-board cone splitter. Samples were collected both wet and dry.
	<i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i>	The sample preparation follows industry best practice in sample preparation. All samples are pulverised utilising Essa LM1, LM2 or LM5 grinding mills determined by the size of the sample. Samples are dried, crushed as required and pulverized to produce a homogenous representative sub-sample for analysis. A grind quality target of 85% passing 75µm has been established and is relative to sample size, type and hardness.
	<i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i>	Quality control procedures include submission of Certified Reference Materials (CRM's), blanks and duplicate samples with each batch of samples. Selected samples are also re-analysed to confirm anomalous results. Grind size checks are routinely completed to ensure samples meet the industry standard of 85% passing through a 75µm mesh.
	<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>	Field duplicates are taken at regular intervals. Samples are selected to weigh less than 3kg to ensure total preparation at the pulverisation stage.
	<i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i>	Sample sizes are considered appropriate for gold mineralisation.
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>	RC and diamond core samples are analysed for Au only using a 40g or 50g Lead Collection fire Assay with either an ICP/MS or AAS finish. 4m composite samples from AC drilling are analysed for Au only using a 25g aqua-regia digestion with an ICP/MS finish. The method gives a near total digestion of the regolith intercepted in aircore drilling and is suitable for the estimation of palaeochannel gold deposits. High grades were repeated using 25g or 50g Lead Collection fire assay with an ICP/MS finish. All aircore holes have a 1m end-of-hole sample collected for all AC holes. An extensive multi-element suite (including Ag, Al, As, Ba, Be, Bi, Ca, Cd, Ce, Co, Cr, Cu, Fe, K, La, Mg, Mn, Mo, Na, Ni, P, Pb, Sb, Sc, Sr, Te, Ti, Tl, V, W, Zn) is analysed using a four acid digest with an ICP/OES and ICP/MS finish. Au, Pt and Pd is analysed for using 25g or 50g Lead Collection fire assay with an ICP/MS finish.
	<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>	Sample preparation checks for fineness were carried out by the laboratory as part of their internal procedures to ensure the grind size of 85% passing 75 micron was being attained. Laboratory QA/QC involves the use of internal lab standards using certified reference material, blanks, splits and replicates as part of the in-house procedures.

Criteria	JORC Code explanation	Commentary
Verification of sampling and assaying	<i>The verification of significant intersections by either independent or alternative company personnel.</i>	The Exploration Manager of S2 has visually verified significant intersections.
	<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 data was collected using a set of standard Excel templates using lookup codes. The information was sent to an external database consultant for validation and compilation into a Perth based SQL database.
	<i>Discuss any adjustment to assay data.</i>	No adjustments or calibrations were made to any assay data reported.
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>	Drillhole collars were located GPS with an accuracy is +/- 5m.
	<i>Specification of the grid system used.</i>	The grid system used at Polar Bear is GDA94 (MGA), zone 51.
	<i>Quality and adequacy of topographic control.</i>	A topographic surface has been created from aerial geophysical data, This has been calibrated with DGPS survey data. All reconnaissance drill holes have been corrected to this surface where DGPS pickup is not available.
Data spacing and distribution	<i>Data spacing for reporting of Exploration Results.</i>	Data spacing is currently defined by the geological criteria regarded appropriate to determine the extents of mineralisation. Reconnaissance AC drilling is on a nominal spacing of between 100m x 40m and 50m x 40m drill pattern. RC drilling is on individual lines of varying intervals, with holes spaced on a nominal 40m separation along the line.
	<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>	Drilling is considered to be of sufficient spacing to allow an inferred mineral resource to be estimated at Nanook.
	<i>Whether sample compositing has been applied.</i>	No compositing has been applied to the exploration results.
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>	The drilling is not necessarily drilled perpendicular to the orientation of the intersected mineralisation. All reported intervals are downhole intervals and not calculated true width. This will be established with further drilling.
	<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>	No orientation biased sampling bias has been identified in the data at this point.
Sample security	<i>The measures taken to ensure sample security.</i>	Chain of custody is managed by S2 Resources. Samples are stored on site and either delivered by S2 personnel to Perth and then to the assay laboratory, or collected from site by Centurion Transport and delivered direct to the assay laboratory. Whilst in storage, they are kept on a locked yard. Tracking sheets have been set up to track the progress of batches of samples.
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 Nanook and Monsoon prospects are located within Exploration License <i>E63/1142</i>, which is located within the Polar Bear Project, 100% owned by Polar Metals Pty Ltd, a wholly owned subsidiary of S2 Resources Ltd. A very minor portion of Nanook is situated in <i>E63/1738</i>, which is 80% owned by Polar Metals. The balance is held by Shumwari Pty Ltd as part of the Eundynie Joint Venture. All projects are situated within the Ngadju Native Title Claim (WC99/002).
	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.	The tenement is in good standing and no known impediments exist on tenement actively explored.
Exploration done by other parties	Acknowledgment and appraisal of exploration by other parties.	<u>Gold Exploration</u> Plutonic Operations Limited and Homestake Gold of Australia Limited conducted reconnaissance AC drilling (PBAC prefix) over Lake Cowan on predominantly 100 m drillhole spacing and 800 m line spacing from 1997-1999. Location of these drillholes cannot be verified as the collars are now mostly obscured. AC sampling was done by 4 m composites with 1 m re-splits on samples greater than 0.1 g/t. Samples were assayed by aqua-regia digest with AAS finish although this cannot be verified as the original laboratory.
Geology	Deposit type, geological setting and style of mineralisation.	The Polar Bear project is situated within the Archaean Norseman-Wiluna Belt which locally includes basalts, komatiites, metasediments, and felsic volcanoclastics. The primary gold mineralisation is related to hydrothermal activity during multiple deformation events. Indications are that gold mineralisation is focused on or near to the stratigraphic boundary between the Killaloe and Buldania Formation. The mineralisation modelled at Nanook is situated at or close to the Tertiary / Archaean unconformity, primarily within unconsolidated quartz rich sands and gravel. The mineralisation is interpreted to be either elluvial or alluvial in nature, although a supergene overprint is present. It may be derived from a nearby basement source. Recent drilling has defined a number of potential gold trends to the Northwest associated with sheared mafic and mafic-shale contact as well as to the southwest in and adjacent to the Nanook granodiorite body.

Criteria	JORC Code explanation	Commentary
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 Annexure1 in body of 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 assays have been length weighted. A nominal 0.2 g/t Au lower cut-off is used to report AC 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 gold 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.	No metal equivalent values are used for reporting exploration results.
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 bedrock trend of mineralisation at Nanook and Monsoon are not known at present due to the lack of deeper drilling and the early stage of exploration. Alluvial/elluvial gold has been defined within two discrete palaeochannel systems trending roughly N-S and NNE. Downhole thicknesses of the palaeochannel gold can be regarded as true thickness due to the flat orientation. The orientation of the bedrock mineralisation is currently unknown, but it is likely the true thickness is less than the down hole intervals Refer to Annexure 1 and 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.	The accompanying document is conserved to represent a balanced report with grades and/or widths reported in a consistent manner.

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.	No other exploration data collected to date is considered material or meaningful at this stage.
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	Ongoing exploration activities will be undertaken throughout the Polar Bear project.

SECTION 3 ESTIMATION AND REPORTING OF MINERAL RESOURCES

Criteria	JORC Code explanation	Commentary
Database integrity	Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.	Data templates with lookup tables and fixed formatting are used for logging, spatial and sampling data. Data transfer is electronic via e-mail. Sample numbers are unique and pre-numbered bags are used. These methods all minimise the potential of these types of errors.
	<i>Data validation procedures used.</i>	Data validation checks are run by the database management consultant.
Site visits	<i>Comment on any site visits undertaken by the Competent Person and the outcome of those visits.</i>	Multiple site visits to the Baloo deposit by Andy Thompson during diamond and RC drilling to verify sampling integrity and recovery. Site visit by Andy Thompson and Brian Wolfe acting as Competent Persons, inspected the deposit area, the core logging and sampling facility. During this time, notes and photos were taken along with discussions were held with site personnel regarding the available RC samples and diamond core. No issues were encountered. A site visit was made to the Nanook deposit by Andy Thompson during AC drilling to verify sampling integrity and recovery. No issues were encountered. Brian Wolfe has not undertaken a site visit as of the data of reporting.
	<i>If no site visits have been undertaken indicate why this is the case.</i>	Not applicable
Geological interpretation	<i>Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.</i>	The confidence in the geological interpretation at Baloo is considered good. The deposit is a mesothermal lode gold style typical of the Kalgoorlie Archaean terrane. The confidence in the geological interpretation at Nanook is considered good. The deposit is a palaeochannel alluvial / alluvial gold deposit style typical of the Higginsville area.
	<i>Nature of the data used and of any assumptions made.</i>	At Baloo, petrography has been used to assist identification of the rock type subdivisions applied in the interpretation process. At Nanook, the geological model dominated the mineralized alluvial material which is situated at the Tertiary / Archaean boundary.

Criteria	JORC Code explanation	Commentary
	<i>The effect, if any, of alternative interpretations on Mineral Resource estimation.</i>	The deposits are well constrained and predictable with clear boundaries which define the mineralised domains. Infill drilling has supported and refined the model and the current interpretation is thus considered to be robust.
	<i>The use of geology in guiding and controlling Mineral Resource estimation.</i>	At Baloo, geological controls and relationships were used to define sub-domains. Key features are quartz veining in a deformed lithological contact zone. At Nanook, key features are quartz rubble and sands logged at the Tertiary / Archaean unconformity.
	<i>The factors affecting continuity both of grade and geology.</i>	At Baloo, gold grades are strongly related to deformed quartz veining within a shearzone formed on the contact of basalt, black shale and volcanoclastics At Nanook, geological continuity is strong in the interpreted horizon at the current scale of the drilling. Grade continuity appears good but requires top cutting to reduce the impact of extremely high local grades. A top cut of 8 g/t was used.
Dimensions	<i>The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource</i>	The Baloo Mineral Resource area has dimensions of 700 m (north) by 350 m (east) and 250 m (elevation). The Nanook Mineral Resource area has overall dimensions of dimensions of 2700 m (north) by 1100 m (east) with a central core of 900m (north) by 400m (east). The deposit has approximately 40m of cover.

Criteria	JORC Code explanation	Commentary
Estimation and modelling techniques	<i>The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.</i>	Baloo: The Mineral Resource estimate was generated via MIK and indirect lognormal change of support to emulate mining selectivity. Additionally, areas of mineralization of less certain grade continuity unsuited to grade estimation via MIK have been estimated by ordinary Kriging. Mineralised domain interpretation was completed as described above and approximates a 0.3g/t Au lower cutoff. The interpretation was coded to the drill hole database and 3m length composites were generated within the mineralisation boundary. A series of indicator transforms were applied to the composites as determined by statistical evaluation and indicator semivariograms were modelled for each cut-off. The semivariograms were input in preparation for kriging of the indicator transformed data. Hard boundaries were applied to the kriging. A search neighbourhood was applied parallel to the strike and dip with radii of 50m, 50m and 15m in the strike, down dip and across strike directions respectively. Sample counts for the estimates were set at a minimum of 24 and a maximum of 36. In the case of the domains estimated by OK, an expanded search ellipsoid of 100m x 100m x 30m and a sample count of 6 were applied. Any blocks not estimated in the first estimation pass were estimated in a second pass with expanded search neighbourhoods and relaxed sample limits to allow the domains to be fully estimated. Extrapolation of the drillhole composite data is generally limited to approximately 50m down dip. Change of support via the indirect lognormal method has been applied to the indicator kriging results to emulate selectivity at the mining stage. Nanook: The Mineral Resource estimate was generated via OK. Mineralised domain interpretation was completed as described above and as such does not incorporate a lower cutoff grade. The interpretation was coded to the drill hole database and 4m length composites were generated within the mineralisation boundary. A single omni-directional semi-variogram was calculated and was input in preparation for kriging of the gold grade data. Hard boundaries were applied to the kriging. A horizontally orientated search neighbourhood was applied with radii of 150m in the horizontal direction and 25m in the vertical directions respectively. Sample counts for the estimates were set at a minimum of 8 and a maximum of 12. Any blocks not estimated in the first estimation pass were estimated in a second pass with an expanded search neighbourhood to allow the domains to be fully estimated. Extrapolation of the drillhole composite data is generally limited to approximately 50m to 100m beyond the edges of the interpreted mineralization however is commonly constrained by drilling on adjacent sections. Change of support has not been applied to emulate selectivity at the mining stage.
	<i>The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.</i>	This is a maiden Mineral Resource for the Baloo deposit and no previous mining activity has taken place in this area. This is a maiden Mineral Resource for the Nanook Palaeochannel and no previous mining activity has taken place in this area.
	<i>The assumptions made regarding recovery of by-products.</i>	No by-products are assumed.

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	<i>Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation).</i>	No other elements have been assayed.
	<i>In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.</i>	Baloo: The parent block size is 20mN x20mE x 10mRL, with sub-celling to 5mE x 5mN x 2.5mRL for domain volume resolution. The parent block size was chosen based on estimation methodology and relates to a drill section spacing of 40m to 20m and an on-section drill spacing of approximately 20m. The search ellipse was oriented with axes rotated parallel to the mineralised bodies as previously described. Search ellipse dimensions were chosen to encompass several drillholes up and down dip and several lines of drilling along strike. Nanook: The parent block size within the estimated domain is 25mN x25mE x 4mRL, with sub-celling to 5mE x 5mN x 1.0mRL for domain volume resolution. The parent block size was chosen based on mineralised bodies dimension and orientation, estimation methodology and relates to a drill section spacing of 100m to 50m and an on-section drill spacing of approximately 40m. The search ellipse was horizontally oriented as previously described. Search ellipse dimensions were chosen to encompass adjacent drillholes on sections and adjacent lines of drilling along strike
	<i>Any assumptions behind modelling of selective mining units.</i>	At Baloo, selective mining unit assumptions were based on dimension and spacing of drill sampling, geometry of the mineralisation, likely method of mining (open pit) and equipment used, likely grade control and drill and blast dimensions. In consideration of the parent cell dimension described above, an SMU of 5mE x 5mN x 2.5mRL has therefore been applied. No assumption on selective mining were made at Nanook.
	<i>Any assumptions about correlation between variables.</i>	Not applicable
	<i>Description of how the geological interpretation was used to control the resource estimates.</i>	The geological model at Baloo domained the oxide, transitional and primary mineralisation to geological and structural zones. These domains were used as hard boundaries to select sample populations for variography and estimation. The geological model at Nanook domained the mineralized alluvial material which is situated at the Tertiary / Archaean boundary.
	<i>Discussion of basis for using or not using grade cutting or capping.</i>	Baloo: Top cutting of grades is not relevant in the context of MIK methodology and has only been considered in the case of the grade variogram used to calculate the change of support variance reduction coefficient. In the case of the OK estimates, grade has been capped to either 15g/t Au or 20g/t Au depending on the domain. Nanook: A number of extremely high grade composites have been identified which are considered true outliers to the data. Given the relative lack of numbers of very high grade composites and their potential impact on the grade estimate, these samples have been cut to 8g/t Au

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	<i>The process of validation, the checking process used, the comparison of model data to drillhole data, and use of reconciliation data if available.</i>	No mining has taken place; therefore no reconciliation data is available.
Moisture	<i>Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.</i>	The tonnages are estimated on a dry basis.
Cut-off parameters	<i>The basis of the adopted cut-off grade(s) or quality parameters applied</i>	A 0.8g/t Au cut-off grade was used to report the Mineral Resources. This cut-off grade is estimated to be the minimum grade required for economic extraction. At Baloo, a range of additional cut-off grades have been reported up to 1.5g/t Au At Nanook, additional cut-off grades have been reported at 0.5g/t and 1.0g/t Au
Mining factors or assumptions	<i>Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.</i>	Mining of the Baloo deposit will by open cut mining methods. The geometry of the deposit will make it amenable to mining methods currently employed in many gold open pits in the Kalgoorlie district. It is assumed that any pit will be mined on 2.5m benches with grade control drilling density sufficient to allow selectivity assumed in the estimation. No assumptions have been made as to possible mining method at Nanook.
Metallurgical factors or assumptions	<i>The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.</i>	Preliminary metallurgical testwork in the primary mineralisation at Baloo indicates that the mineralisation is amenable to standard cyanide leach extraction. No metallurgical testwork has been performed fro Nanook.
Environmental factors or assumptions	<i>Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made</i>	No assumptions have been made.

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Bulk density	<i>Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.</i>	Baloo: Dry Bulk Densities were determined by the Archimedes principle (immersion) where possible and also by the direct measurement method (caliper) in the oxide clay. Samples were measured directly from the rig (wet bulk density) and then the samples were dried at Minanalytical to determine moisture content so that Dry Bulk Density (DBD) could be calculated. In total 86 oxide samples, 77 transition zone samples and 282 primary zone samples were collected from mineralized zones. Nanook: Dry Bulk Densities have been assumed as 1.8 gm/cm³. No direct measurements have been taken.
	<i>The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit,</i>	Baloo: Bulk density has been estimated from density measurements carried out on PQ3 core samples using the Archimedes method (immersion) of dry weight versus weight in water using clingwrap to waterproof the core. The caliper method was also used in saprolitic oxide clay and showed good correlation with the immersion method.
	<i>Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.</i>	At Baloo, the bulk density values were assigned as an average value to the three weathering domains, oxide, transition and fresh. At Nanook, the bulk density values were assigned as a single value in the gravels using data accepted as typical for such deposits.
Classification	<i>The basis for the classification of the Mineral Resources into varying confidence categories</i>	The Mineral Resource classification at Baloo is based on good confidence in the geological and grade continuity, along with 20 m by 20 m or 20 x 40m spaced drillhole density. The Mineral Resource at Nanook has been entirely classified as Inferred. The classification is based on good confidence in the geological domain countered by high nugget values, sampling method of 4m composites, variable drill spacing and no direct Dry Bulk Density measurements.
	<i>Whether appropriate account has been taken of all relevant factors (i.e. relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).</i>	The input data is comprehensive in its coverage of the mineralisation and does not favour or misrepresent in-situ mineralisation. The validation of the block model shows good correlation of the input data to the estimated grades.
	<i>Whether the result appropriately reflects the Competent Person's view of the deposit.</i>	The Mineral Resource estimate appropriately reflects the view of the Competent Persons.
Audits or reviews	<i>The results of any audits or reviews of Mineral Resource estimates.</i>	This is the maiden Baloo deposit Mineral Resource estimate. This is the maiden Nanook Palaeochannel gold deposit Mineral Resource estimate.

Criteria	JORC Code explanation	Commentary
	<i>Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate</i>	The relative accuracy of the Mineral Resource estimate is reflected in the reporting of the Mineral Resource as per the guidelines of the 2012 JORC Code.
	<i>The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used</i>	The statement relates to global estimates of tonnes and grade.
	<i>These statements of relative accuracy and confidence of the estimate should be compared with production data, where available</i>	No production data is available.