



OPERATIONS UPDATE

Key points

- **Diamond drilling scheduled to start in Finland this week has been deferred and personnel repatriated in order to pre-empt potential Covid-19 related issues**
- **Exploration is to commence in the Fraser Range, Western Australia, where two of the Company's three exploration licenses have now been granted**
- **Notwithstanding the Company's strong cash balance of \$7.7 million at end February, all directors will take a 40% pay cut until 30 June 2020**

S2 Resources Ltd ("S2" or the "Company") advises that it has taken certain precautionary measures in response to the current COVID-19 pandemic.

Given the ongoing termination of flights, closures of borders and various measures being imposed by governments, the Company has decided that it is prudent to suspend its overseas exploration activities and repatriate its Australian, Irish, French and Belgian personnel. As a result, drilling scheduled to commence this week in Finland that was to test a strong base of till (BOT) gold trend has been deferred until such time as normal business conditions resume.

The Company's head office in Perth has also been closed until 31st March, at which point this will be reassessed and may be extended if appropriate. Exploration activities will, however, continue on the Company's Australian exploration projects with an initial focus on the Fraser Range, where two of the Company's three Exploration Licences have recently been granted.

The company maintains a strong cash balance as at February 2020 of \$7.7 million. In order to conserve this position, all directors will take a 40% pay cut until 30 June 2020 at which point that will be reassessed. If normal activities resume during that time, then this measure will be rescinded.

The scale and potential duration of this pandemic and its market consequences are such that the Board considers it wise to take every step necessary to protect its people and preserve its cash to enable the Company to act strongly and actively once this situation has abated.

Polar Bear

Assay results have been received for the first of two WA Government co-funded holes drilled at the Gwardar prospect in February. Hole SPBD0364 intersected numerous narrow intervals of disseminated nickel sulphide mineralisation and 1.63 metres of massive sulphide on the basal contact of a thick channel some 260 metres down plunge from previous drilling. Mineralised intervals comprised:

- 4.57 metres @ 0.53% Ni from 313.43 metres
- 0.94 metres @ 0.54% Ni, 0.01% Cu from 348.06 metres
- 1 metre @ 0.54% Ni from 375 metres
- 1 metre @ 0.42% Ni from 397 metres
- 1 metre @ 0.50% Ni from 403 metres
- 0.98 metres @ 0.66% Ni, 0.04% Cu from 424.27 metres
- 1.63 metres @ 2.22% Ni, 0.19% Cu, 0.54 g/t Pt+Pd from 429.37 metres

Although no significant thicknesses of massive sulphide appear to be present in the plunge extent drilled to date, the intercepts demonstrate that the Gwardar lava channel is pervasively mineralised. Assays are still awaited for the second hole.

This announcement has been provided to the ASX under the authorization of Mark Bennett, Managing Director & CEO.

For further information, please contact:

Mark Bennett
Managing Director & CEO
+61 8 6166 0240

Anna Neuling
Executive Director & Company Secretary
+61 8 6166 024

Competent Persons statement

The information in this report that relates to Exploration Results from Australia is based on information compiled by John Bartlett, who is an employee and shareholder of the Company. Mr Bartlett 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 Bartlett consents to the inclusion in this report of the matters based on information in the form and context in which it appears.

Annexure 1

Hole ID	Zone	Depth	North	East	RL	Azi	Dip	From (m)	To (m)	Interval (m)	Ni (pct)	Cu (pct)
SPBD0083	Gwardar	286.23	6472647	388748	266	272	-60	NSI				
SPBD0360	Gwardar	268.02	6472440	388840	266	270	-60	159.00	166.00	7.00	0.47	0.04
and								183.00	200.83	17.83	0.69	0.05
including								194.53	195.28	0.75	2.41	0.08
and, including								200.15	200.83	0.68	3.31	0.43
and								223.67	227.00	3.33	1.38	0.24
SPBD0361	Gwardar	286.9	6472470	388825	266	290	-60	248.90	254.6	5.70	0.57	0.07
SPBD0362	Gwardar	240.26	6472400	388870	266	250	-55	186.30	188.09	1.79	0.60	0.04
and								211.20	212.42	1.22	1.38	0.05
including								212.27	212.42	0.15	6.16	0.09
SPBD0363	Gwardar	57.6	6472400	388877	266	230	-79	Hole Abandoned				
SPBD0364	Gwardar	491.8	6472400	388879	266	230	-77.5	313.43	318	4.57	0.53	<0.01
and								348.06	349.00	0.94	0.54	0.01
and								375.00	376.00	1.00	0.54	<0.01
and								397.00	398.00	1.00	0.42	<0.01
and								403.00	404.00	1.00	0.50	0.01
and								424.27	425.25	0.98	0.66	0.04
and								429.37	431.00	1.63	2.22	0.19
SPBD0365	Gwardar	390.7	6472440	388841	266	260	-74	AWR				

AWR – results awaited

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>	<p>The Gwardar prospect was sampled in four diamond drill holes, undertaken by DDH1 Pty Ltd. Drilling is orientated in a westerly direction, with specific azimuth modified to gain desired separation along strike.</p> <p>Sampling has been carried out by cutting and sampling half core through areas of visible mineralisation, with sample intervals to lithological contacts, to a maximum length of 1.2 metres.</p> <p>All are forwarded for analyses by Minanalytical Laboratories Services Australia Pty Ltd in Perth.</p>
	<i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used</i>	Sampling and QAQC procedures are carried out using S2 protocols as per industry best practice.
	<i>Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information</i>	The diamond core is HQ and NQ2 size, sampled on geological intervals (0.2 m to 1.2 m), cut into half (NQ2) or quarter (HQ) core to give sample weights under 3 kg. Samples were crushed, dried and pulverised (total prep) to produce a sub sample for analysis by four acid digest with an ICP/OES
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>	Drilling is standard diamond coring, using either HQ triple tube or NQ2 core diameter. The core has been orientated using an Ace orientation tool.
Drill sample recovery	<i>Method of recording and assessing core and chip sample recoveries and results assessed</i>	Diamond core recoveries are logged and recorded in the database. Overall recoveries are >>95%.
	<i>Measures taken to maximise sample recovery and ensure representative nature of the samples</i>	Diamond core is reconstructed into continuous runs on an angle iron cradle for orientation marking. Depths are checked against the depth given on the core blocks and rod counts are routinely carried out by the drillers.
	<i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i>	No relationship has been seen to exist
Logging	<i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i>	<p>Logging of diamond core and RC samples records lithology, mineralogy, mineralisation, structural (DDH only), weathering, colour and other features of the samples</p> <p>logging uses a standard legend developed by S2 which is suitable for wireframing of the basement interface.</p> <p>Exploration holes are not routinely geotechnically logged but resource holes are.</p>

Criteria	JORC Code explanation	Commentary
	<i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i>	All core is photographed in both dry and wet form.
	<i>The total length and percentage of the relevant intersections logged</i>	All drillholes were logged in full to end of hole.
Sub-sampling techniques and sample preparation	<i>If core, whether cut or sawn and whether quarter, half or all core taken.</i>	Core was cut in half (NQ2) and quarter core (HQ) onsite using an automatic core saw. All samples were collected from the same side of the core.
	<i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i>	No non-core sampling was completed
	<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 involving oven drying, coarse crush and pulverisation of entire sample to minimum of 85% passing -75um.
	<i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i>	Full QAQC system in place to determine accuracy and precision of assays
	<i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i>	Non-biased sampling using the orientation line as a guide for cutting with the same half used for all sampling. No duplicate samples have been collected at this stage
	<i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i>	The sample sizes are considered to be appropriate to correctly represent the sought after mineralisation style
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>	For core samples the analytical techniques used a four acid digest multi element suite with ICP/OES or ICP/MS finish (25 gram or 50 gram FA/AAS for precious metals). The acids used are hydrofluoric, nitric, perchloric and hydrochloric acids, suitable for silica based samples. The method approaches total dissolution of most minerals.
	<i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i>	No geophysical tools were used to determine any element concentrations.
	<i>Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.</i>	Full QAQC system in place including Certified Standards and blanks of appropriate matrix and levels.
Verification of sampling and assaying	<i>The verification of significant intersections by either independent or alternative company personnel.</i>	The S2 Exploration Manager has personally inspected all sampled core and assay results.
	<i>The use of twinned holes.</i>	No twinned holes were drilled within the main infilled anomaly.
	<i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i>	Primary sampling data is collected in a set of standard Excel templates. The information is managed by S2's database manager for validation and compilation into S2's central database.
	<i>Discuss any adjustment to assay data.</i>	No adjustments made

Criteria	JORC Code explanation	Commentary
Location of data points	<i>Accuracy and quality of surveys used to locate drillholes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i>	Drill hole collar locations were recorded using handheld Garmin GPS. Elevation values were in AHD RL and values recorded within the database. Expected accuracy is + or – 5 m for easting, northing and 10m for elevation coordinates. Downhole surveys using an Axis north-seeking gyro with readings at surface and then every 30m downhole.
	<i>Specification of the grid system used.</i>	The grid system is MGA_GDA94 (zone 51), local easting and northing are in MGA.
	<i>Quality and adequacy of topographic control.</i>	Topographic surface uses handheld GPS elevation data, which is adequate at the current stage of the project.
Data spacing and distribution	<i>Data spacing for reporting of Exploration Results.</i>	The nominal drillhole spacing is project specific, refer to figures in text
	<i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i>	Data spacing, sampling technique and distribution is not sufficient at this stage to allow the estimation of mineral resources.
	<i>Whether sample compositing has been applied.</i>	No sample compositing has been applied.
Orientation of data in relation to geological structure	<i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i>	Geochemical sampling of basement interface only.
	<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>	Drilling of diamond core is on a nominal 60 degrees to the west, which is broadly orthogonal to the mineralisation.
Sample security	<i>The measures taken to ensure sample security.</i>	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 on site at the S2 remote camp. Bagged samples are transferred to Minanalytical Laboratory in Kalgoorlie by S2 personnel.
Audits or reviews	<i>The results of any audits or reviews of sampling techniques and data.</i>	No audits or reviews have been conducted at this stage.

SECTION 2 REPORTING OF EXPLORATION RESULTS

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.	The Gwardar prospect is located on tenement M63/230 owned by Polar Metals Pty Ltd (a wholly owned subsidiary of Royal Nickel Corp) and is part of the Polar Bear Project. S2 retains rights to nickel mineralisation within the Polar Bear project. M63/230 is located 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.	All of the Exploration Licences are in good standing and no known impediments exist on the tenements being actively explored.

Criteria	JORC Code explanation	Commentary
Exploration done by other parties	Acknowledgment and appraisal of exploration by other parties.	<p>Historical drilling by Anaconda Nickel Ltd drilled a number of diamond and percussion drill holes along the interpreted ultramafic basal contact. Collar locations from historical drill holes have not been field verified.</p> <p>INCO conducted a reconnaissance small loop Slingram type EM survey. Six diamond holes were drilled (none at Gwardar).</p> <p>Sirius Resources undertook MLEM and RC and diamond drilling along the Taipan – Gwardar trend, with a total of one diamond hole and six RC holes within the Gwardar prospect.</p> <p>The collar locations for all INCO and Sirius drill holes have been verified by S2 personnel.</p>
Geology	Deposit type, geological setting and style of mineralisation.	<p>The geology at Polar Bear is dominated by complexly deformed Achaean greenstone assemblages of the Norseman-Wiluna Greenstone Belt which have been metamorphosed to upper greenschist facies.</p> <p>The Eudyne Mafic Sequence (EMS) consists of tightly folded ultramafic and mafic intrusives and extrusives with minor interflow sediments. The rocks are frequently talc-carbonate altered and moderately well foliated. The ultramafic rocks are typically komatiites and komatiitic basalt.</p> <p>The deposit style sought after is analogous to Kambalda-style nickel copper sulphide deposits.</p>
Drill hole Information	<p>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</p> <ul style="list-style-type: none"> • easting and northing of the drill hole collar • elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar • dip and azimuth of the hole • down hole length and interception depth • hole length. 	Refer Annexure 1.
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.	Reported assay results for diamond drilling have been length and bulk density weighted. Intervals have been calculated using a 0.4% nickel lower cut-off, with maximum of 2m internal dilution.
	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.	Individual sample intervals vary between 0.2 and 1.2 metres, selected based on lithological contacts.
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	No reporting of metal equivalent has been used.

Criteria	JORC Code explanation	Commentary
Relationship between mineralisation widths and intercept lengths	<p>These relationships are particularly important in the reporting of Exploration Results.</p> <p>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</p> <p>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').</p>	<p>The trend of mineralisation at the prospects described is broadly NNW, dipping at approximately 60 degrees to the ENE. RC and Diamond drilling has been used to determine this.</p> <p>Refer to figures in body of text.</p>
Diagram	<p>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.</p>	<p>Refer to Figures in body of text.</p>
Balanced reporting	<p>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.</p>	<p>All results considered significant are reported.</p>
Other substantive exploration data	<p>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.</p>	<p>No other exploration data present.</p>
Further work	<p>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).</p> <p>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive</p>	<p>Detailed assessment of all available data, including DHEM and petrology prior to planning any future work programs.</p>