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S2 RESOURCES LTD

ABN: 18 606 128 090

HALF YEAR FINANCIAL REPORT

31 December 2022

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ABN: 18 606 128 090

HALF YEAR FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2022

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S2 Resources Ltd
Half Year Financial Report
For the half year ended 31 December 2022

Corporate Directory

Directors

Mark Bennett	Executive Chairman
Jeff Dowling	Non-Executive Director
Anna Neuling	Non-Executive Director

Company Secretary

Andrea Betti

Principal

Level 8, 350 Collins Street,
Melbourne, Victoria 3000
Telephone: +61 8 6166 0240
Website: www.s2resources.com.au

Registered Office

Level 2, 22 Mount Street,
Perth, Western Australia 6000

Auditor

BDO Audit (WA) Pty Ltd
Level 9 Mia Yellagonga Tower 2
5 Spring Street
Perth WA 6000
Telephone: (08) 6382 4600

Share Registry

Computershare Investor Services Pty Limited
Level 2, 45 St Georges Terrace
Perth, Western Australia 6000
Telephone: 1300 787 575

Stock Exchange Listing

S2 Resources Ltd shares are listed on the Australian Securities Exchange.

ASX Code

S2R

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Directors' Report

The Directors of S2 Resources Ltd ("Directors") present their report on S2 Resources Ltd ("Company" or "S2") and the entities it controlled at the end of, or during, the half year ended 31 December 2022 ("Consolidated Entity" or "Group").

Directors

The names and details of the Directors in office during the half year ended 31 December 2022 and until the date of this financial report are as follows. The Directors were in office for the entire period unless otherwise stated.

Jeff Dowling
Mark Bennett
Anna Neuling

Principal Activities

The principal continuing activity of the Group is mineral exploration.

Review of Operations

Operating Result

The loss from continuing operations for the half year ended 31 December 2022 after providing for income tax amounted to \$3,396,690 (2021: \$4,551,809).

The loss results from \$2,070,032 of exploration expenditure incurred and expensed, \$926,995 of administration costs, \$64,456 of business development costs, \$360,650 of share-based payments expenses, \$66,106 depreciation costs and \$91,549 of other income and net gains/(losses) including finance costs. The exploration expenditure incurred and expensed mainly relates to the Company's Finnish and Australian projects.

Dividends

No dividends were paid or proposed to be paid to members during the half year ended 31 December 2022.

Significant Changes in the State of Affairs

On 1 August 2022 Executive Director Anna Neuling moved to a Non-Executive Director role.

As part of this role change, Anna relinquished her Company Secretary responsibilities effective 26 July 2022 and Andrea Betti was appointed Company Secretary to the Company and its subsidiaries.

Ms Betti is an accounting and corporate professional with over 20 years' experience in accounting, corporate governance, finance and corporate banking. She has acted as Chief Financial Officer and Company Secretary for a number of companies in the private and publicly listed sectors. Ms Betti is currently a Director of a corporate advisory company based in Perth that provides corporate and other advisory services to public listed companies.

On 12 August 2022 S2 Resources Ltd advised changes to key roles, its registered office, and its principal place of business.

Principal place of business was changed from Perth to Melbourne. The address of the new office is Level 8, 350 Collins Street, Melbourne, VIC 3000.

This reflects the Company's commitment to planned exploration at its flagship Greater Fosterville project in central Victoria. Mark Bennett S2's Melbourne based Executive Chairman will manage the Company's activities and Victoria based personnel from the new Melbourne office.

Directors' Report (continued)

As a result of this change, the Perth based position of Chief Executive Officer has become redundant, and consequently, Mr Matthew Keane ceased his role as CEO.

After Balance Date Events

On 6 March 2023, the Group completed its placement by issuing 53,166,667 shares to institutional and sophisticated investors at an issue price of \$0.12 resulting in the Group having additional working capital of \$6,380,000. The placement was undertaken with the Group's 25% capacity under ASX Listing Rule 7.1 and 7.1A and accordingly no shareholder approval was required in connection with the equity raising.

There has been no other matter or circumstance that has arisen since 31 December 2022 that has significantly affected, or may significantly affect:

- the Group's operations in future financial years;
- the result of those operations in future financial years; or
- the Group's state of affairs in future financial years.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of *the Corporations Act 2001* is set out on page 23 of the interim financial report.

Signed in accordance with a resolution of the Board of Directors.



Mark Bennett
Executive Chairman
Melbourne
8 March 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the half year ended 31 December 2022

	Notes	31 December 2022 \$	31 December 2021 \$
Other income		58,274	160,941
Salaries and wages		(603,440)	(310,783)
Travel expenditure		(41,303)	(13,627)
Consulting and legal fees		(116,458)	(68,202)
Share & Company registry		(37,255)	(53,073)
Listing fees		(45,422)	(44,112)
Rent, insurance & variable outgoings		(83,117)	(64,606)
Business development		(64,456)	(98,603)
Depreciation expense		(66,106)	(69,372)
Share based payments	6	(360,650)	(1,130,065)
Other gains/(losses)		36,200	(9,984)
Finance costs		(2,925)	(4,865)
Exploration expenditure expensed as incurred	3	(2,070,032)	(2,845,458)
Loss before income tax		(3,396,690)	(4,551,809)
Income tax (expense)/benefit		-	-
Loss for the period		(3,396,690)	(4,551,809)
Other comprehensive income			
<i>Items that will not be classified to profit or loss</i>			
Changes in the fair value of Investments at fair value through other comprehensive income		(621,311)	(150,508)
<i>Items that may be classified to profit or loss</i>			
Exchange differences on translation of foreign operations		12,653	(16,272)
Total Comprehensive loss for the period attributable to the members of S2 Resources Ltd		(4,005,348)	(4,718,589)
Loss per share for the period attributable to the Members of S2 Resources Ltd			
		Cents	Cents
Basic loss per share		(0.95)	(1.33)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

as at 31 December 2022

	Notes	31 December 2022 \$	30 June 2022 \$
CURRENT ASSETS			
Cash and cash equivalents		2,625,960	5,411,615
Restricted cash		314,079	310,729
Trade and other receivables		216,931	86,870
Financial assets held at fair value through other comprehensive income	12	1,486,105	2,107,417
TOTAL CURRENT ASSETS		4,643,075	7,916,631
NON-CURRENT ASSETS			
Exploration and evaluation	3	2,366,972	2,366,972
Property, plant and equipment		132,674	120,855
Right-of-use assets		89,591	106,406
TOTAL NON-CURRENT ASSETS		2,589,237	2,594,233
TOTAL ASSETS		7,232,312	10,510,864
CURRENT LIABILITIES			
Trade and other payables		606,624	281,915
Provisions		94,819	107,203
Lease Liabilities		84,929	87,795
TOTAL CURRENT LIABILITIES		786,372	476,913
NON-CURRENT LIABILITIES			
Lease Liabilities		15,900	33,593
Provision for annual leave		68,724	61,844
TOTAL NON-CURRENT LIABILITIES		84,624	95,437
TOTAL LIABILITIES		870,996	572,350
NET ASSETS		6,361,316	9,938,514
EQUITY			
Share capital	4	65,899,125	65,831,625
Reserves	5	2,733,511	3,080,648
Accumulated losses		(62,271,320)	(58,973,759)
TOTAL EQUITY		6,361,316	9,938,514

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

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Consolidated Statement of Changes in Equity

for the half year ended 31 December 2022

Attributable to equity holders of the Group in \$ dollars	Share capital	Share based payment Reserves	Other Reserve	Foreign Currency Translation Reserve	Fair Value Other Comprehensive Income ("FVOCI") Reserve	Accumulated losses	Total
Balance at 1 July 2022	65,831,625	3,388,852	144,517	321,702	(774,423)	(58,973,759)	9,938,514
Loss for the half year	-	-	-	-	-	(3,396,690)	(3,396,690)
Other comprehensive income	-	-	-	12,653	(621,311)	-	(608,658)
Total comprehensive loss for the period	-	-	-	12,653	(621,311)	(3,396,690)	(4,005,348)
Transactions with owners, recorded directly in equity							
<i>Contributions by and distributions to owners</i>							
Options converted (net of costs)	26,750	-	-	-	-	-	26,750
Share-based payment transactions	40,750	360,650	-	-	-	-	401,400
Transfer of lapsed and expired options value to accumulated losses	-	(99,129)	-	-	-	99,129	-
Total contributions by and distributions to owners	67,500	261,521	-	-	-	99,129	428,150
Balance at 31 December 2022	65,899,125	3,650,373	144,517	334,355	(1,395,734)	(62,271,320)	6,361,316

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

for the half year ended 31 December 2021

Attributable to equity holders of the Group in \$ dollars	Share capital	Share based payment Reserves	Other Reserve	Foreign Currency Translation Reserve	Fair Value Other Comprehensive Income ("FVOCI") Reserve	Accumulated losses	Total
Balance at 1 July 2021	61,184,670	2,862,214	144,517	352,665	3,536,932	(52,445,739)	15,635,259
Loss for the half year	-	-	-	-	-	(4,551,809)	(4,551,809)
Other comprehensive income	-	-	-	(16,272)	(150,508)	-	(166,780)
Total comprehensive loss for the period	-	-	-	(16,272)	(150,508)	(4,551,809)	(4,718,589)
Transactions with owners, recorded directly in equity							
<i>Contributions by and distributions to owners</i>							
Issue of share capital net of capital raising costs	4,646,955	-	-	-	-	-	4,646,955
Share-based payment transactions		1,130,065	-	-	-	-	1,130,065
Transfer of lapsed and expired options value to accumulated losses	-	(837,605)	-	-	-	837,605	-
Total contributions by and distributions to owners	4,646,955	292,460	-	-	-	837,605	5,777,020
Balance at 31 December 2021	65,831,625	3,154,674	144,517	336,393	3,386,424	(56,159,943)	16,693,690

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

for the half year ended 31 December 2022

	Notes	31 December 2022 \$	31 December 2021 \$
Cash flows from operating activities			
Cash paid to suppliers and employees for administration activities		(1,113,534)	(759,121)
Cash paid to suppliers and employees for exploration activities		(1,705,924)	(3,161,837)
Interest received		24,585	6,440
Interest and other finance costs paid		(5,069)	(7,103)
Net cash used in operating activities		(2,799,942)	(3,921,621)
Cash flows from investing activities			
Payments for property, plant and equipment		(53,006)	(16,270)
Net proceeds from sale of assets		47,232	-
Net proceeds from sale of data		-	155,409
Net cash provided by/(used in) investing activities		(5,774)	139,139
Cash flows from financing activities			
Net receipts / (payments) for cash backed guarantees		(297)	5,266
Proceeds from issue of shares & other equity securities		28,000	4,978,041
Share issue transaction costs		(2,500)	(331,086)
Principal elements of lease payments		(43,488)	(46,375)
Net cash provided by financing activities		(18,284)	4,605,846
Net increase / (decrease) used in cash and cash equivalents		(2,824,000)	823,364
Effects of exchange rate changes on cash and cash equivalents		38,345	(7,746)
Cash and cash equivalents at 1 July		5,411,615	7,316,846
Cash and cash equivalents at 31 December		2,625,960	8,132,464

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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Notes to the Consolidated Financial Statements

for the half year ended 31 December 2022

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and *AASB 134 Interim Financial Reporting*. Compliance with Australia Accounting Standards ensures compliance with International Financial Reporting Standard *IAS 34 Interim Financial Reporting*. The half-year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report and any public announcements made during the half year.

Basis of preparation

The consolidated financial statements have been prepared on the basis of historical costs, except for the revaluation of certain non-current assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Group's annual financial report for the financial year ended 30 June 2022. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Standards and Interpretations applicable to 31 December 2022

In the period ended 31 December 2022, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current reporting period. None of which have a material impact on the Group.

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the period ended 31 December 2022. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Group and, therefore, no change is necessary to Group accounting policies.

Use of estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, that it believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below that are new in relation to this half year report:

Notes to the Consolidated Financial Statements

for the half year ended 31 December 2022

NOTE 2: SEGMENT INFORMATION

For management purposes, the Group has three reportable segments as follows:

- Finland exploration activities, which includes exploration and evaluation of mineral tenements in Central Lapland.
- Australia exploration activities, which includes exploration and evaluation of mineral tenements in Western Australia, New South Wales and Victoria.
- Unallocated, which includes all other expenses that cannot be directly attributed to any of the segments above.

Segment information that is evaluated by the Chief Operating Decision Maker (as defined by AASB 8 Operating Segments) is prepared in conformity with the accounting policies adopted for preparing the financial statements of the Group.

Segment Results

Statement of loss for the half year ended 31 December 2022

	Finland exploration activities	Australia exploration activities	Unallocated	Total
Other income	-	-	58,274	58,274
Corporate expenses	-	-	(885,692)	(885,692)
Business Development	-	-	(64,456)	(64,456)
Travel	-	-	(41,303)	(41,303)
Depreciation expense	-	-	(66,106)	(66,106)
Share-based payments	-	-	(360,650)	(360,650)
Other gain/(losses) - net	-	-	36,200	36,200
Finance cost	-	-	(2,925)	(2,925)
Exploration expenditure expensed as incurred	(272,184)	(1,786,420)	(11,428)	(2,070,032)
Loss before income tax	(272,184)	(1,786,420)	(1,338,086)	(3,396,690)
Income tax expense	-	-	-	-
Loss after income tax for the half year	(272,184)	(1,786,420)	(1,338,086)	(3,396,690)

Notes to the Consolidated Financial Statements

for the half year ended 31 December 2022

Statement of loss for the half year ended 31 December 2021

	Finland exploration activities	Australia exploration activities	Unallocated	Total
Other income	-	-	160,941	160,941
Corporate expenses	-	-	(540,776)	(540,776)
Business Development	-	-	(98,603)	(98,603)
Travel	-	-	(13,627)	(13,627)
Depreciation expense	-	-	(69,372)	(69,372)
Share-based payments	-	-	(1,130,065)	(1,130,065)
Other gain/(losses) - net	-	-	(9,984)	(9,984)
Finance cost	-	-	(4,865)	(4,865)
Exploration expenditure expensed as incurred	(1,413,209)	(1,431,027)	(1,222)	(2,845,458)
Loss before income tax	(1,413,209)	(1,431,027)	(1,707,573)	(4,551,809)
Income tax expense	-	-	-	-
Loss after income tax for the half year	(1,413,209)	(1,431,027)	(1,707,573)	(4,551,809)

SEGMENT ASSETS AND LIABILITIES

The Group's other assets (excluding exploration assets) are mostly attributable to the unallocated segment therefore assets attributable to exploration in Finland and Australia is immaterial for disclosure.

Notes to the Consolidated Financial Statements

for the half year ended 31 December 2022

NOTE 3. EXPLORATION AND EVALUATION

	31 December 2022 \$	30 June 2022 \$
Exploration costs	2,366,972	2,366,972
Movement during the period		
Balance at beginning of the period	2,366,972	2,366,972
Exploration expenditure incurred during the period (i)	2,070,032	4,720,963
Exploration expenditure incurred during the period and expensed	(2,070,032)	(4,720,963)
Exploration expenditure relating to acquisitions	-	-
Exploration impairment expense	-	-
Foreign currency translation differences	-	-
Balance at end of the period	2,366,972	2,366,972

- (i) During the half year ended 31 December 2022 the exploration expenditure incurred pertains to the following:

Australian Projects

Exploration expenditure incurred and expensed for Australian Projects was \$1,786,420.

Finland Projects

Exploration expenditure incurred and expensed for Finland was \$272,184.

US Projects

Exploration expenditure incurred and expensed for the US was \$11,428.

Notes to the Consolidated Financial Statements

for the half year ended 31 December 2022

NOTE 4. SHARE CAPITAL

	31 December 2022 No of Shares	31 December 2022 \$
Ordinary shares fully paid	356,874,855	65,899,125
Ordinary shares fully paid		
Balance at beginning of period	356,374,855	65,831,625
Shares issued at 14 cents for consulting services net of costs	300,000	40,750
Options exercised at 14 cents net of costs	200,000	26,750
Balance at period end	356,874,855	65,899,125

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Group in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Notes to the Consolidated Financial Statements

for the half year ended 31 December 2022

NOTE 5. RESERVES

	31 December 2022 \$	30 June 2022 \$
Share-based payments reserve (i)	3,650,373	3,388,852
Other reserve (ii)	144,517	144,517
Foreign currency translation reserve (iii)	334,355	321,702
Revaluation Reserve (iv)	(1,395,734)	(774,423)
	2,733,511	3,080,648

- (i) The share-based payments reserve recognises the fair value of the options issued to Directors, employees and service providers.

Each share option converts into one ordinary share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

In the period ended 31 December 2022, \$99,129 in relation to the fair value of options which has lapsed or expired was transferred to accumulated losses.

- (ii) The other reserve recognises the remaining non-controlling interest (33%) that was purchased from the Sakumpu vendors on 30 November 2015. Sakumpu Exploration Oy is a registered entity in Finland.
- (iii) Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.
- (iv) The revaluation reserve recognises the change in fair value of investments. Please refer to note 12 of these financials.

Notes to the Consolidated Financial Statements

for the half year ended 31 December 2022

NOTE 6. SHARE BASED PAYMENTS

The following share-based payments arrangements were issued during the current and prior period.

Options

Options Series	Number	Grant Date	Expiry Date	Exercise Price \$	Fair value at Grant Date \$
(17) Issued 12 November 2021	11,050,000	12/11/2021	11/11/2025	0.29	0.13
(18) Issued 19 April 2022	300,000	19/04/2022	18/04/2026	0.25	0.11
(19) Issued 28 April 2022	200,000	28/04/2022	27/04/2026	0.23	0.10
(20) Issued 21 October 2022	3,100,000	21/10/2022	20/10/2026	0.20	0.09
(21) Issued 16 November 2022	5,000,000	16/11/2022	20/10/2026	0.20	0.11

(17) The 11,050,000 options in series 17 comprised 6,500,000 were issued to Directors under the Directors Share Option Plan which vest immediately, 4,450,000 were issued to employees under the Employee Share Option Plan which vest one year from grant date and 100,000 options were issued to service providers which vest one year from grant date. For the service provider options, the value of services received was unable to be measured reliably and therefore the value of services received was measured by reference to the fair value of options issued.

(18) The 300,000 options in series 18 which vest one year from grant date were issued to an employee under the Employee Share Option Plan.

(19) The 200,000 options in series 19 which vest one year from grant date were issued to an employee under the Employee Share Option Plan.

(20) The 3,100,000 options in series 20 which vest one year from grant date comprised 2,800,000 issued to employees under the Employee Share Option Plan and 300,000 issued to service providers. For the service provider options, the value of services received was unable to be measured reliably and therefore the value of services received was measured by reference to the fair value of options issued.

(21) The 5,000,000 options in series 21 which vest one year from proposed date were issued to directors under the Employee Share Option Plan.

The weighted average fair value of the share options granted during the period is \$0.20.

The weighted average contractual life for options outstanding at the end of the period was 2.09 years.

The total expense of the share based payments for the period was:

	31 December 2022
	\$
Options issued under Employee Share Plan	360,650
	<hr/> 360,650

Options granted during the half year ended 31 December 2022, were priced using a Black-Scholes option pricing model using the inputs below:

Notes to the Consolidated Financial Statements

for the half year ended 31 December 2022

	Series 20	Series 21
Grant date share price	0.14	0.16
Exercise price	0.20	0.20
Expected volatility	100%	100%
Option life	4 years	4 years
Dividend yield	0.00%	0.00%
Interest rate	3.75%	3.20%

The following reconciles the outstanding share options granted in the half year ended 31 December 2022:

	31 December 2022	31 December 2022	31 December 2021	31 December 2021
	Number of Options	Weighted average exercise price \$	Number of Options	Weighted average exercise price \$
Balance at the beginning of the period	41,000,000	0.31	40,300,000	0.29
Granted during the period	8,100,000	0.20	11,050,000	0.29
Exercised during the period	(200,000)	0.14	-	-
Expired/cancelled during the period (i)	(2,200,000)	0.14	(10,100,000)	0.23
Balance at the end of the period	46,700,000	0.18	41,250,000	0.31
Un-exercisable at the end of the period	8,600,000	0.20	4,550,000	0.29
Exercisable at end of the period	38,100,000	0.32	36,700,000	0.31

(i) *Options expired or cancelled during the period*

During the half year ended 31 December 2022, 200,000 service provider options expired, and 2,000,000 employee share options expired.

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Notes to the Consolidated Financial Statements

for the half year ended 31 December 2022

NOTE 7. RELATED PARTIES

During the half year ended 31 December 2022, options were issued to the following Directors and Key Management Personnel:

	Grant Date	Number of Options	Total value of share based payment \$	Share based payment expensed in current period \$
Management				
Mark Bennett	16.11.22	3,000,000	317,400	61,741
Anna Neuling	16.11.22	1,000,000	105,800	20,580
Jeff Dowling	16.11.22	1,000,000	105,800	20,580
		5,000,000	529,000	102,901

Other than the Key Management Personnel stated above, there were no new related party transactions for the half year ended 31 December 2022.

NOTE 8. EVENTS OCCURRING AFTER THE REPORTING DATE

On 6 March 2023, the Group completed its placement by issuing 53,166,667 shares to institutional and sophisticated investors at an issue price of \$0.12 resulting in the Group having additional working capital of \$6,380,000. The placement was undertaken with the Group's 25% capacity under ASX Listing Rule 7.1 and 7.1A and accordingly no shareholder approval was required in connection with the equity raising.

There has been no other matter or circumstance that has arisen since 31 December 2022 that has significantly affected, or may significantly affect:

- the Group's operations in future financial years;
- the result of those operations in future financial years; or
- the Group's state of affairs in future financial years.

NOTE 9. LOSS PER SHARE

(a) Reconciliation of loss used in calculating Loss Per Share

Basic loss per share

Loss attributable to the ordinary equity holders used in calculating basic loss per share

31 December 2022 \$	31 December 2021 \$
(3,396,690)	(4,551,809)

(b) Weighted average number of shares used as the Denominator

Ordinary shares used as the denominator in calculating basic loss per share

31 December 2022 Number	31 December 2021 Number
356,521,303	342,546,963

(c) Loss per share

Basic loss per share

31 December 2022 Cents	31 December 2021 Cents
(0.95)	(1.33)

Where loss per share is non-dilutive, it is not disclosed.

Notes to the Consolidated Financial Statements

for the half year ended 31 December 2022

NOTE 10. COMMITMENTS AND CONTINGENCIES

Commitments

There were no material changes to the Group's commitments since 30 June 2022.

Contingencies

For the half year ended 31 December 2022, there were no contingencies to disclose for the Group.

NOTE 11. SUBSIDIARIES

Name of entity	Country of incorporation	Class of Shares	2022	2021
Third Eye Pty Ltd	Australia	Ordinary	100%	100%
Southern Star Exploration Pty Ltd	Australia	Ordinary	100%	100%
Dark Star Exploration Pty Ltd	Australia	Ordinary	100%	-
Sirius Europa Pty Ltd	Australia	Ordinary	100%	100%
Norse Exploration Pty Ltd	Australia	Ordinary	100%	100%
Sakumpu Exploration Oy	Finland	Ordinary	100%	100%
S2RUS LLC	USA	Ordinary	100%	100%
Nevada Star Exploration LLC	USA	Ordinary	100%	100%
S2 Exploration Quebec Inc.	Canada	Ordinary	100%	100%

NOTE 12. FAIR VALUE MEASUREMENT

This note provides an update on the judgements and estimates in determining the fair values of the financial instruments since the last annual financial report.

Fair Value Hierarchy

To provide the indication about the reliability of the inputs used in determining fair value. The Group classifies its financial instruments into the three levels prescribed under accounting standards. An explanation of each level follows underneath the table.

The following table presents the Group's financial assets and financial liabilities measured and recognised at fair value.

	Level 1	Level 2	Level 3	Total \$
As at 31 December 2022	\$	\$	\$	
Financial assets as FVOCI – Equity Securities	1,486,105	-	-	1,486,105
As at 30 June 2022	\$	\$	\$	
Financial assets as FVOCI – Equity Securities	2,107,417	-	-	2,107,417

There were no transfers between levels during the year. The Group's policy is to recognise transfers into and out of the fair value hierarchy levels at balance date.

Notes to the Consolidated Financial Statements

for the half year ended 31 December 2022

The fair value of the financial assets and liabilities held by the Group must be estimated for recognition, measurement and /or disclosure purposes. The Group measures fair value by level, per the following fair value measurement hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or the liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Valuation techniques used to determine fair values

The Group did not have any financial instruments that are recognised in the financial statements where their carrying value differed from the fair value. The fair value of assets and liabilities are included at an amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The carrying value of amounts of cash and short-term trade and other receivables, trade payables and other current liabilities approximate their fair value largely due to the short term maturities of these payments.

Financial assets at fair value through other comprehensive income - equity securities

The fair value of the equity holdings held in ASX and TSXV companies are based on the quoted market prices from the ASX and TSXV on the last trading day prior to the period end.

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Directors' Declaration

The Directors of the Company declare that:

1. The interim financial statements and notes set out on pages 11 to 21 are in accordance with the Corporations Act 2001 and other professional reporting requirements including:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - (b) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2022 and of its performance for the period then ended.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Mark Bennett
Executive Chairman
Melbourne
8 March 2023

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DECLARATION OF INDEPENDENCE BY ASHLEIGH WOODLEY TO THE DIRECTORS OF S2 RESOURCES LIMITED

As lead auditor for the review of S2 Resources Limited for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of S2 Resources Limited and the entities it controlled during the period.



Ashleigh Woodley

Director

BDO Audit (WA) Pty Ltd

Perth

8 March 2023

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of S2 Resources Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of S2 Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'Ashleigh Woodley', is written over a small, faint BDO logo.

Ashleigh Woodley

Director

Perth

8 March 2023

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