



## **S2 TO SELL TWO FINLAND EXPLORATION LICENCE APPLICATIONS TO KINROSS**

### **Key Points**

- **Following receipt by S2 of a third party offer, Kinross has exercised its Right Of First Refusal (ROFR) to buy two of S2's Exploration Licence Applications (ELA's) in Finland**
- **Consideration comprises USD175,000 cash (approximately AUD260,000) with USD150,000 payable on closing and a further USD25,000 payable on grant of the licences**
- **Closing is defined as when the transfers of the ELA's are registered with the relevant Finnish authorities, expected to be within a few weeks**
- **This transaction is part of a broader strategic rationalisation of the Company's Finnish assets, through a mix of maximising value via monetisation, and maintaining exposure to future success via joint ventures and corporate transactions, while minimising holding costs**
- **These two ELA's represent 15% of S2's strategically significant ground holdings in Finland, which cover 464 square kilometres, including the Aarnivalkea gold prospect**
- **S2 also retains its interests in two joint ventures with Kinross and Rupert Resources**

S2 Resources Ltd ("S2" or the "Company") advises that it has signed a binding agreement with KG Finland Exploration Oy, a subsidiary of Kinross Gold Corporation (Kinross) for Kinross to buy two Exploration Licence Applications (ELA's) from S2's wholly owned Finnish subsidiary Sakumpu Exploration Oy. The two ELA's are part of a series of tenements over which Kinross has a Right Of First Refusal (ROFR) under the terms of its farm-in agreement with S2 (see S2 ASX announcement of 3<sup>rd</sup> June 2021). Kinross elected to exercise its ROFR following receipt by S2 of an offer from a third party.

Under the terms of the agreement, S2 will receive a cash consideration of USD175,000, which equates to approximately AUD260,000 at an exchange rate of 0.67. USD150,000 of this is payable on Completion, which is deemed to be when the Finnish Mining Authority (TUKES) transfers the ELA's.

This process usually takes several weeks. The USD25,000 balance of the consideration is payable on the ELA's being granted by TUKES.

The ELA's being sold to Kinross are ML2017:0029 known as Paana East, and ML2021:0057 known as Paana Silas. These represent approximately 15% of S2's ground holdings in Finland (see Figure 1).

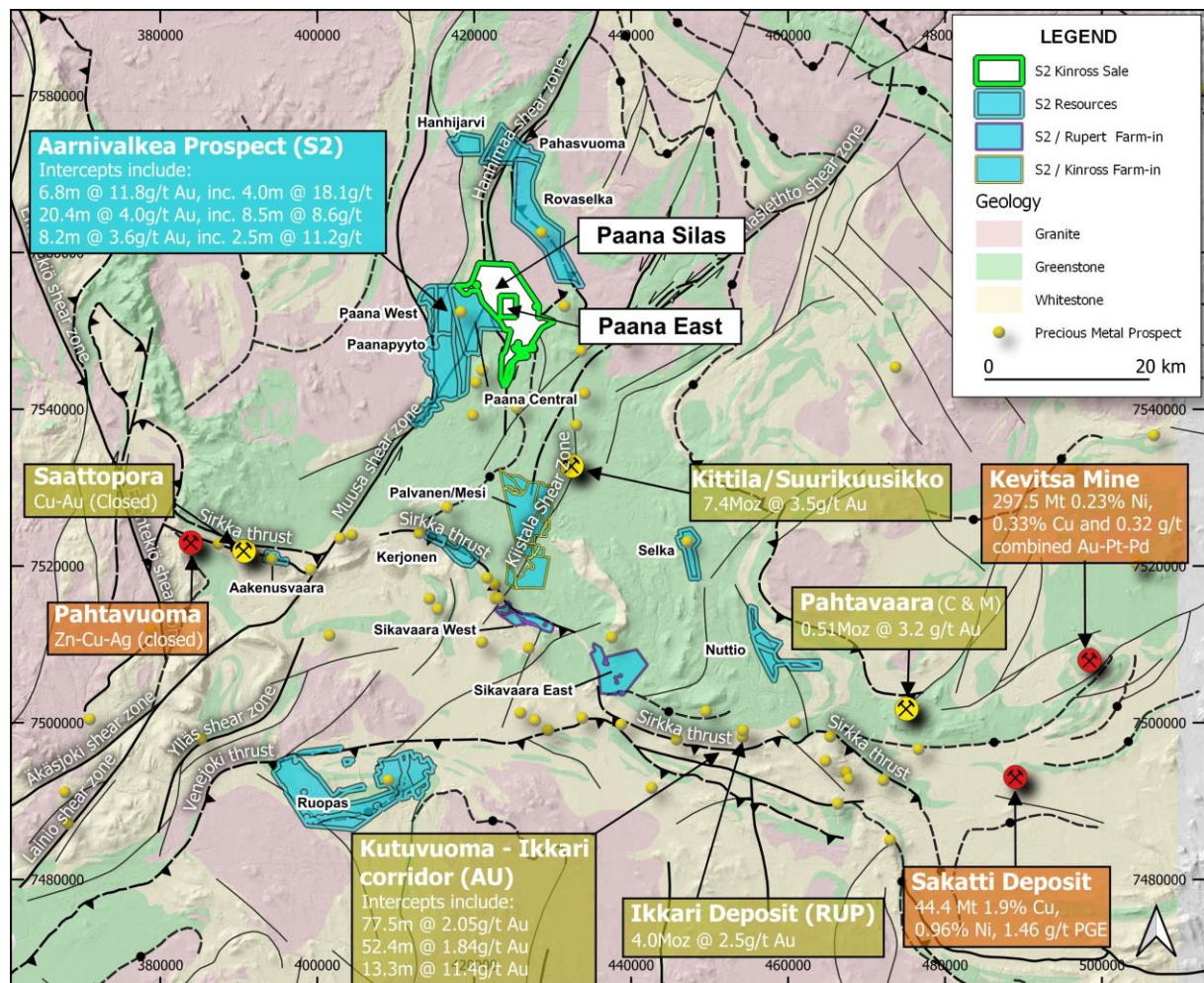


Figure 1: Map showing sale, farm-in, and 100% owned tenements, which include Paana and the Aarnivalkea gold prospect.

The sale is part of an ongoing broader strategic rationalisation of the Company's Finnish assets aimed at maximising their value via monetisation, maintaining exposure to future success via joint ventures and other corporate transactions, and minimising holding costs. To this end, the Company is actively assessing various options relating to its remaining 100% owned tenements which cover 301 square kilometres of ground, including the Paana tenements which contain the Aarnivalkea gold prospect.

Separately to this, the Company also has two active farmouts - with Kinross and Rupert Resources having the option to earn up to a 70% interest, as summarised below:

- Kinross can earn a 70% interest in 58 square kilometres of ground along strike from Agnico Eagle's Kittilä gold mine by spending USD6.5million (~AUD10 million) over 6 years (see S2 ASX announcements of 3<sup>rd</sup> June 2021 and 25<sup>th</sup> January 2023)



- Rupert Resources can earn a 70% interest in 37 square kilometres of ground along strike from their Ikkari gold discovery, by spending CAD3.4 million (~AUD3.8 million) over 5 years (see S2 ASX announcement of 11<sup>th</sup> August 2021)

S2's Executive Chairman, Mark Bennett commented that "This transaction is one strand of a bigger strategy in Finland, where we aim to maximise value for shareholders through a combination of monetisation of assets and maintaining exposure to success and minimising costs via joint ventures and other corporate transactions. This is in turn part of our overall mantra of maintaining a disciplined approach to exploration which comprises: identifying, testing and turning over opportunities; focussing spending where most appropriate; exiting where and when appropriate; and managing both sides of the balance sheet to explore the best opportunities as much as we can whilst preserving our capital structure and not unnecessarily diluting our long term supporters".

*This announcement has been provided to the ASX under the authorisation of the S2 Board.*

**For further information, please contact:**

Mark Bennett  
Executive Chairman  
+61 8 6166 0240