



SALE OF FINLAND ASSETS FOR C\$7 MILLION CASH & SHARES

Key Points

- S2 signs Letter Of Intent (“LOI”) to sell its wholly-owned Finnish subsidiary to Outback Goldfields (“Outback”) for total consideration of C\$7 million
- Consideration comprises C\$1.5 million cash and C\$5.5 million shares in Outback
- Transaction is subject to Outback successfully undertaking a concurrent ~\$5 million financing to fund exploration of S2 ground in Finland
- S2 to emerge with an estimated 35-45% shareholding in Outback, post-planned C\$5 million financing
- S2 to also have an option to earn majority interests in Outback’s Victorian gold exploration projects
- Transaction subject to other shareholder and regulatory approvals
- Cash component supplements S2’s healthy cash position
- S2’s shareholding in Outback will provide significant continuing exposure to exploration upside of S2’s Finnish ground position

S2 Resources Ltd (“S2” or the “Company”) advises that following the satisfactory completion of due diligence by Vancouver-based Outback Goldfields (“Outback”, TSX.V: OZ) on the assets of the Company’s wholly-owned Finnish subsidiary Sakumpu Exploration Oy (“Sakumpu”), Outback and S2 have entered into a Letter of Intent (“LOI”) in which Outback will purchase Sakumpu from S2 for a total consideration of C\$7 million, comprising C\$1.5 million in cash and C\$5.5 million in shares in Outback.

The transaction is subject to a number of terms and conditions which are set out in the LOI and summarised below.

Outback intends to undertake a concurrent non-brokered private placement to raise C\$5 million as an integral condition of the transaction (the “Offering”) in order to position itself to explore S2’s highly



prospective land holding in the Central Lapland Greenstone Belt (“CLGB”) of northern Finland, and in particular, advance drilling of the Aarnivalkea gold prospect near Agnico Eagle’s Kittila gold mine.

The proposed transaction will provide S2 with C\$1.5 million (approximately A\$1.7 million) cash to supplement its existing treasury, and C\$5.5 million (approximately A\$6.2 million) worth of shares in Outback.

It is anticipated that subject to the exact pricing and size of the Offering, S2 will own approximately 35-45% of Outback on conclusion of the financing, thereby maintaining material exposure to the exploration upside of the CLGB whilst being able to focus its own funds on its Australian exploration activities.

As part of the transaction, S2 will also have the exclusive option to earn majority interests in Outback’s four Victorian gold projects, where Outback has recently identified several gold targets (see TSX.V:OZ announcements of 30th May, 24th August and 18th December 2023). These properties augment S2’s 100% owned Greater Fosterville project, which surrounds Agnico Eagle’s Fosterville gold mine.

The intended transaction is fully described in Outback’s TSX.V announcement of 1st March 2024 and Corporate Presentation of the same date. It is anticipated that subject to various shareholder and regulatory approvals being received, a definitive agreement will be completed on or around 6th April 2024. It represents a highly positive outcome for both S2 and Outback, as summarised below.

Key benefits of the transaction for S2 are:

- S2 receives C\$1.5 million cash to supplement its existing cash reserves
- It enables S2’s time and money to be focussed on its core Australian projects
- It eliminates costs and overheads associated with holding the Finnish ground
- S2 retains material exposure to the exploration upside of the Finnish assets via its potential significant (~35-45%) shareholding in Outback
- The potential value enhancement of the Finnish assets for S2 by virtue of the greater value recognition for Finnish assets in the Canadian market compared with that on the ASX
- It ensures the Finnish assets are more efficiently and aggressively explored, with these being Outback’s focus
- It broadens S2’s exposure to the gold potential of the Victorian goldfields

Key benefits of the transaction for Outback are:

- The transaction provides Outback with instant exposure to the gold potential of the emerging CLGB province via one of the more significant ground holdings in this highly endowed yet under-explored region which hosts Agnico Eagle’s Kittila gold mine,

Anglo American's Sakatti Ni-Cu-PGE deposit, and Rupert Resources recent Ikkari gold discovery

- It provides Outback with direct exploration opportunities at various stages, ranging from compelling but untested geochemical anomalies to partly-drilled gold prospects such as Aarnivalkea
- The Offering will provide Outback with a strong balance sheet to actively pursue these opportunities
- The transaction also provides Outback with instant externally-funded exposure to exploration activity and upside via Sakumpu's existing earnins with Kinross Gold and Rupert Resources
- It is a turnkey opportunity in terms of utilising Sakumpu's existing commercial and legal support systems and relationships by Kinross and Rupert Resources on some of Sakumpu's ground
- The transaction does not trigger the Right Of First Refusal (ROFR) held by Kinross over some of Sakumpu's tenure, as the ROFR is specific to those tenements and not any transaction at the corporate level

Transaction terms

The key terms of the LOI are as follows:

- Outback to buy S2's wholly owned subsidiary, Sakumpu Exploration Oy, which is the holder of S2's Finnish exploration assets, including the Aarnivalkea gold prospect, and interests in two current exploration earnin deals with Kinross Gold Corporation and Rupert Resources
- As consideration, S2 will receive C\$1.5 million (approximately A\$1.7 million) cash and C\$5.5 million (approximately A\$6.2 million) worth of Outback shares at a deemed issuance price equal to shares issued pursuant to the Offering (see below)
- Outback will undertake a concurrent financing to raise a minimum C\$5 million gross via a non-brokered private placement (the "Offering") to continue exploring S2's Finnish tenure
- S2 will own a significant portion (possibly 35-45%) of Outback post-financing, which may constitute a "Reverse Takeover" in accordance with *Policy 5.2 – Changes of Business and Reverse Takeovers* of the TSX Venture Exchange
- The parties are now committed to proceeding with the transaction subject to the terms and conditions of the LOI, which include:
 - Negotiation and execution of a Definitive Agreement, on or around 6th April 2024
 - Completion of the Offering
 - Approval of shareholders of Outback
 - Preparation of a NI43-101 compliant technical report(s) acceptable to the TSXV and Outback

- Receipt of all required regulatory, stock exchange, creditor, court, security holder and other approvals, consents, permits, waivers, exemptions and orders
- If required by the TSXV, delivery of a sponsor report
- S2 will also have the option to earn majority interests in Outback's four Victorian gold projects, as follows:
 - S2 can earn an 80% interest in each of the Ballarat West, Silver Spoon and Yuengroon projects by spending a total of A\$1.2 million across the three projects over a period of four years
 - S2 can earn a 51% interest in the Glenfine project by spending a total of A\$200,000 over four years (note: this is subject to a pre-emptive right held by third parties)
 - Outback will retain a 2% NSR royalty on the Ballarat West, Silver Spoon and Yuengroon projects, which S2 can buy for C\$2 million, and also a 2% NSR royalty on the Glenfine project, which S2 can buy 1% for C\$1 million
- S2 will have the right to a position on the board of directors of Outback as long as it has a minimum 20% ownership of Outback
- S2 will also have the right to maintain its pro-rata shareholding if it so elects

The Company will seek formal advice from the ASX regarding the requirement for shareholder approval but at this stage believes this is not likely to be necessary based on the considerations applied to such transactions.

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

For further information, please contact:

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