FINLAND EXPLORATION UPDATE

Key points

- **More gold anomalous trends and anomalies identified in regional ionic leach geochemical survey on several licences**
- **Coincident nickel-copper-cobalt-palladium anomalies identified in regional ionic leach geochemical survey on Ruopas licence**
- **Electromagnetic (EM) conductors also identified in large VTEM survey over Ruopas licence**

S2 Resources Ltd ("S2" or the "Company") advises that its summer exploration campaign in northern Finland has successfully identified more gold and base metal anomalies in its regional ionic leach geochemical program, and a number of electromagnetic (EM) anomalies in its recent large VTEM survey of its magmatic nickel-copper sulphide prospective Ruopas licence area. These results will guide a winter program comprising base of till (BOT) drilling and ground-based EM, to provide more focused gold and nickel-copper targets for diamond drilling later in 2019.

The regional geochemical soil survey has now been completed with a total of 15,325 first pass and infill samples collected and results received for all but 800 of these. This has highlighted a number of anomalous trends and discrete anomalies.

In addition to the robust gold anomalies initially identified on the Paana licence to the northwest of Agnico Eagle's 8 million ounce Kittila gold mine (refer to S2's previous ASX announcement of 3rd August 2018), subsequent results have identified additional gold anomalies on its Home, Putaanpera, Kerjonen and Ruopas licences, as well as several coincident nickel-copper-cobalt-palladium anomalies on its Ruopas licence.

First pass and subsequent infill sampling at the Home licence to follow up one of the strongest gold anomalies in the Finnish Geological Survey's national till geochemistry database has defined a coherent 3 kilometre long linear gold anomaly that appears to follow an ENE trending structural contact zone (see Figure 1). BOT drilling will be used to test this further and also define any strike extensions of this anomaly where soil sampling was not possible due to swampy ground.

Sampling of the Putaanpera and Kerjonen licences located on the Sirkka shear zone has defined a 4.5km long linear gold anomaly that is open to the east where the ground conditions becomes swampy and hence not suitable for soil sampling (see Figure 2). The anomaly is broadly coincident with the interpreted location of the shear zone that can be traced in magnetics to the east.

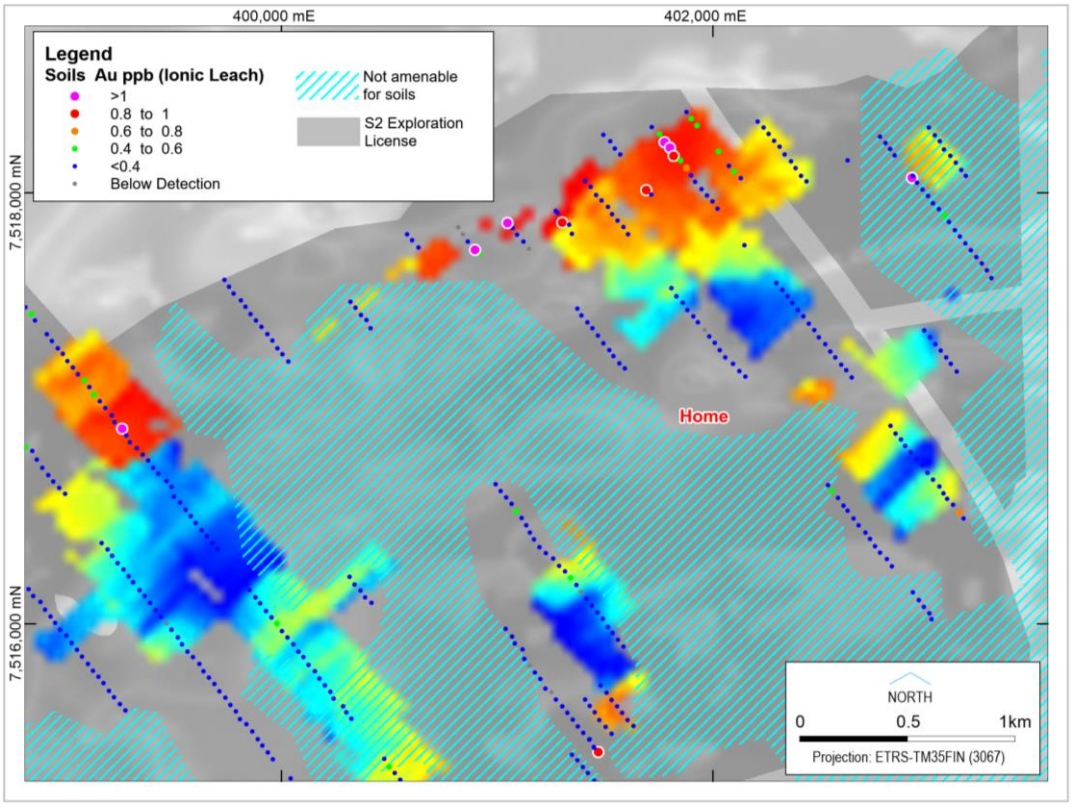


Figure 1. Gold anomaly in the northeastern part of the Home licence, which may trend beneath the transported cover of boglands along strike to the west where the anomalism reappears.

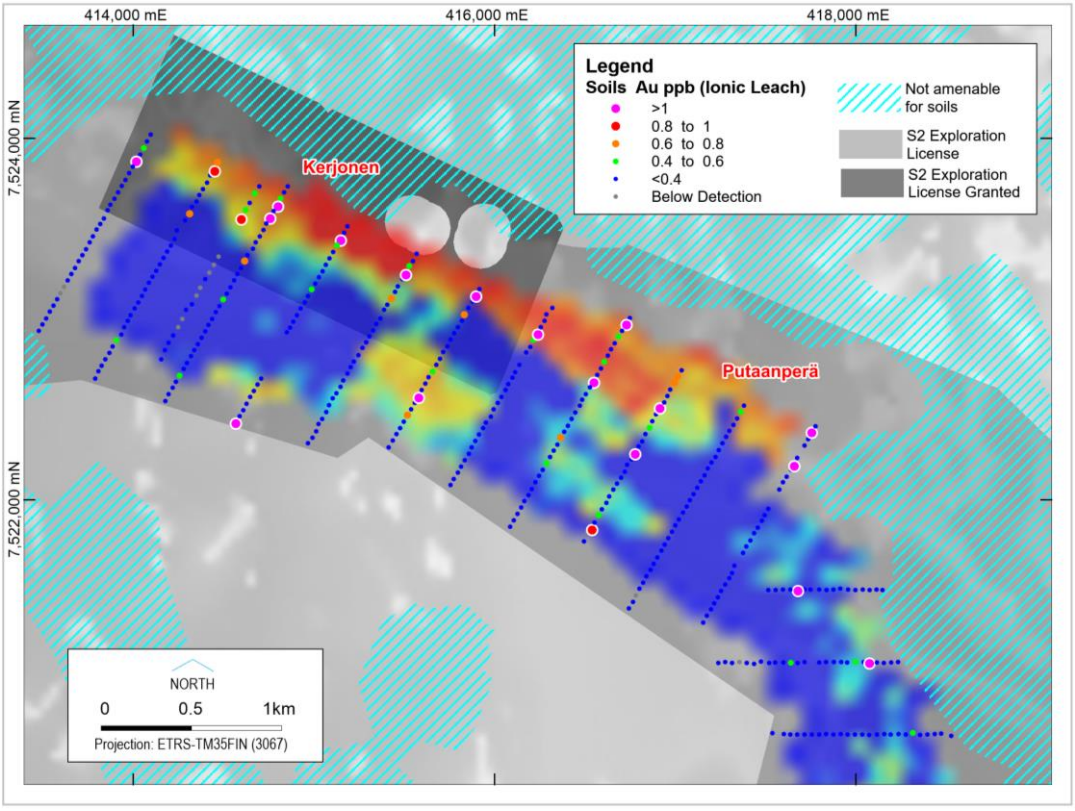


Figure 2. Gold anomaly on the Putaanpera and Kerjonen licences. This linear anomaly follows the trend of the Sirkka shear zone and may continue to the east beneath transported cover of boglands.

First pass sampling on the Nuttio licence has defined a broad north-south trending zone of gold anomalism (see Figure 3). This area now requires BOT drilling to better define the anomaly.

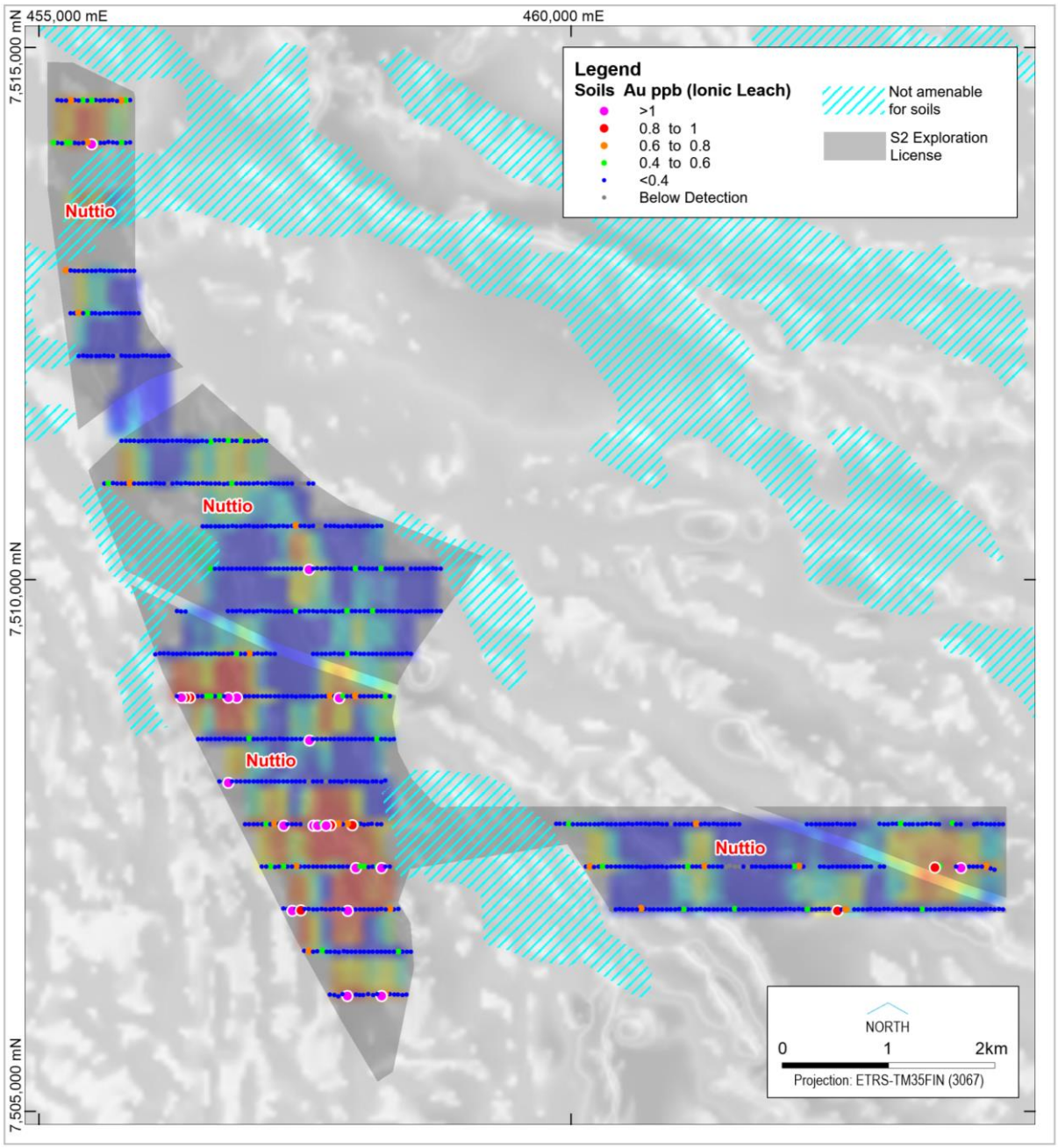


Figure 3. Broad cluster of gold anomalism in the southwestern part of the Nuttio licence. This requires infill soil sampling and/or BOT sampling.

At the large Ruopas licence, first pass and infill soil sampling has defined both gold and base metal anomalies. The base metal anomalies generally comprise discrete clusters of coincident elevated nickel, copper, cobalt and palladium (see Figures 4 to 6) and a number of these also coincide with ultramafic rocks identified in concurrent geological mapping. These soil anomalies are considered good indicators for the presence of magmatic nickel-copper sulphides on ground considered prospective for this style of mineralization.

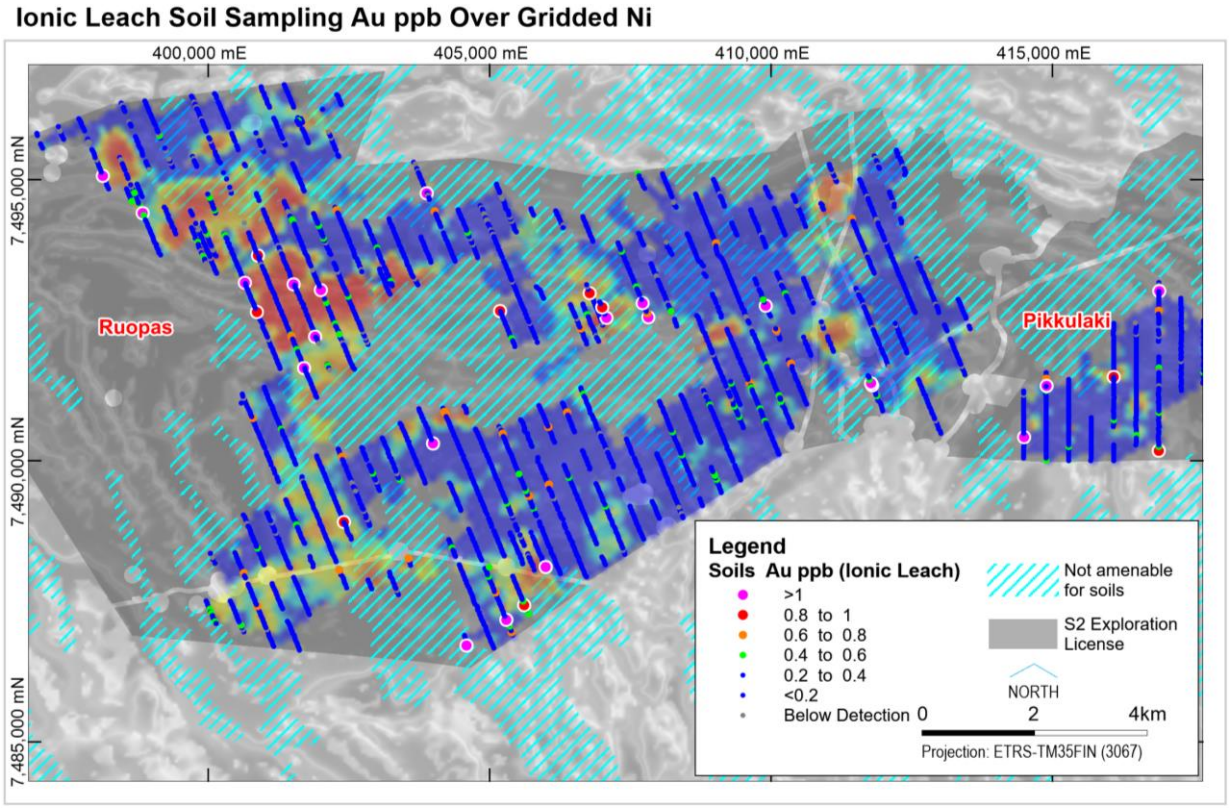
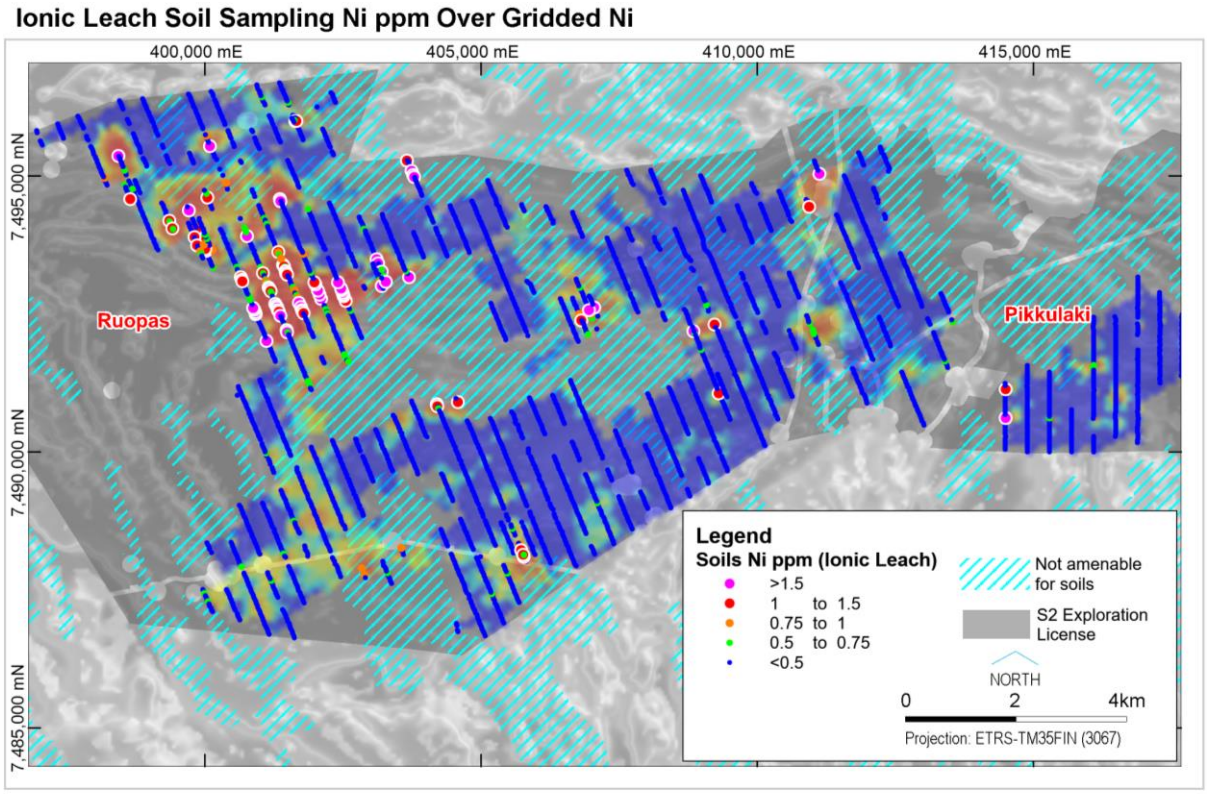


Figure 4. Gold anomalies on the Ruopas licence. Several trends are evident.

A large airborne VTEM survey over the same area at Ruopas has also identified a number of discrete late-time electromagnetic (EM) conductors within broader conductive zones that may also represent magmatic massive sulphide targets (see Figure 7).

The combined gold and base metal geochemical results together with the VTEM results will guide the selective fast tracking of granting of specific areas to enable BOT drilling of gold anomalies and ground EM over selected base metal geochemical and VTEM anomalies during the coming winter. The objective of the BOT drilling is to “tighten up” the ionic leach geochemical anomalies to the point of being more focused targets suitable for the planning of subsequent diamond drilling, and the objective of the ground EM is to verify, spatially constrain and model the VTEM conductors to guide future diamond drilling.



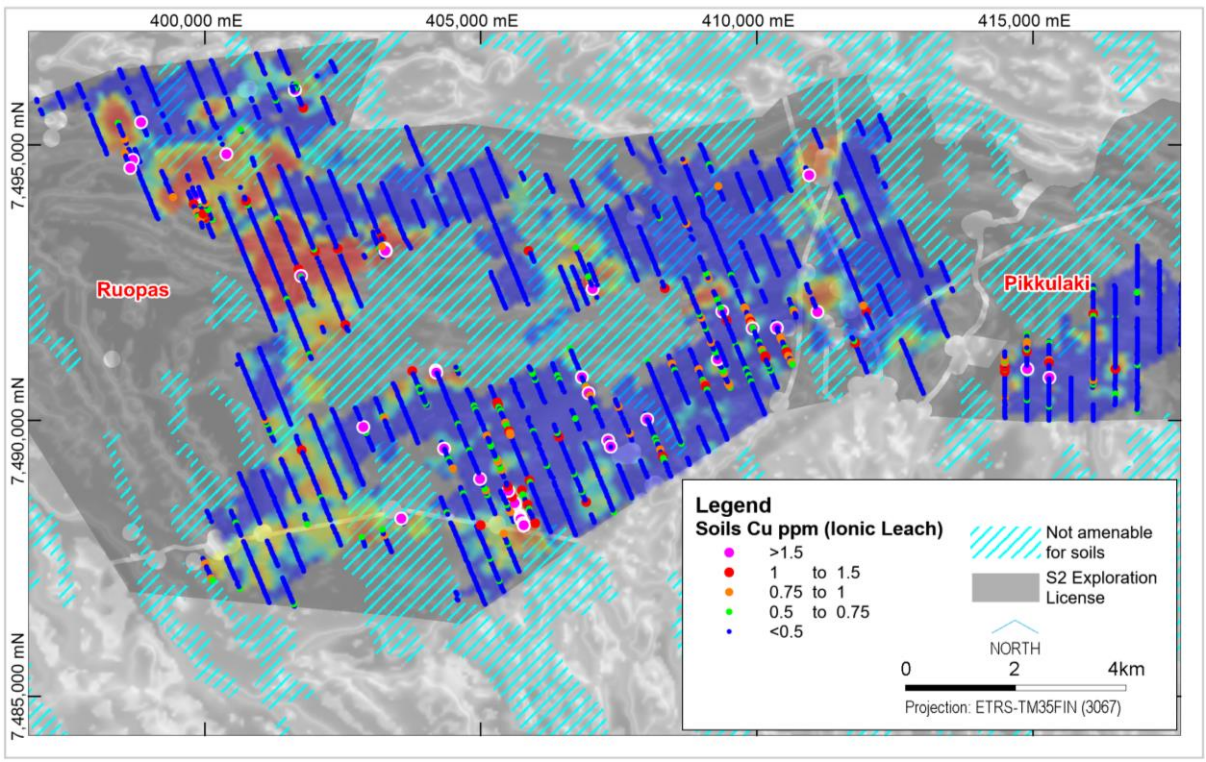
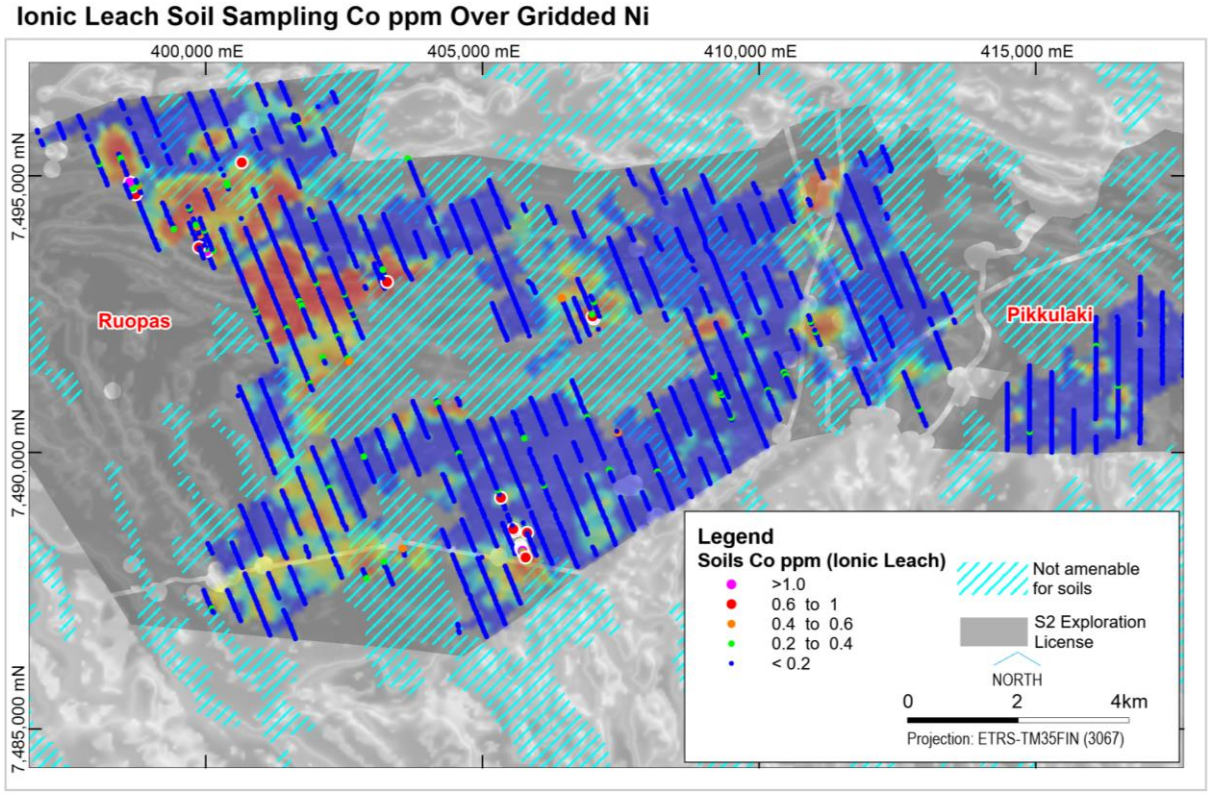


Figure 5. Nickel and copper soil anomalies (coloured dots) over nickel anomalism (colour background) in ionic leach soil sampling on the Ruopas licence. Several clusters of copper anomalism coincide with zones of nickel anomalism, with some trending beneath bogs not amenable to soil sampling.



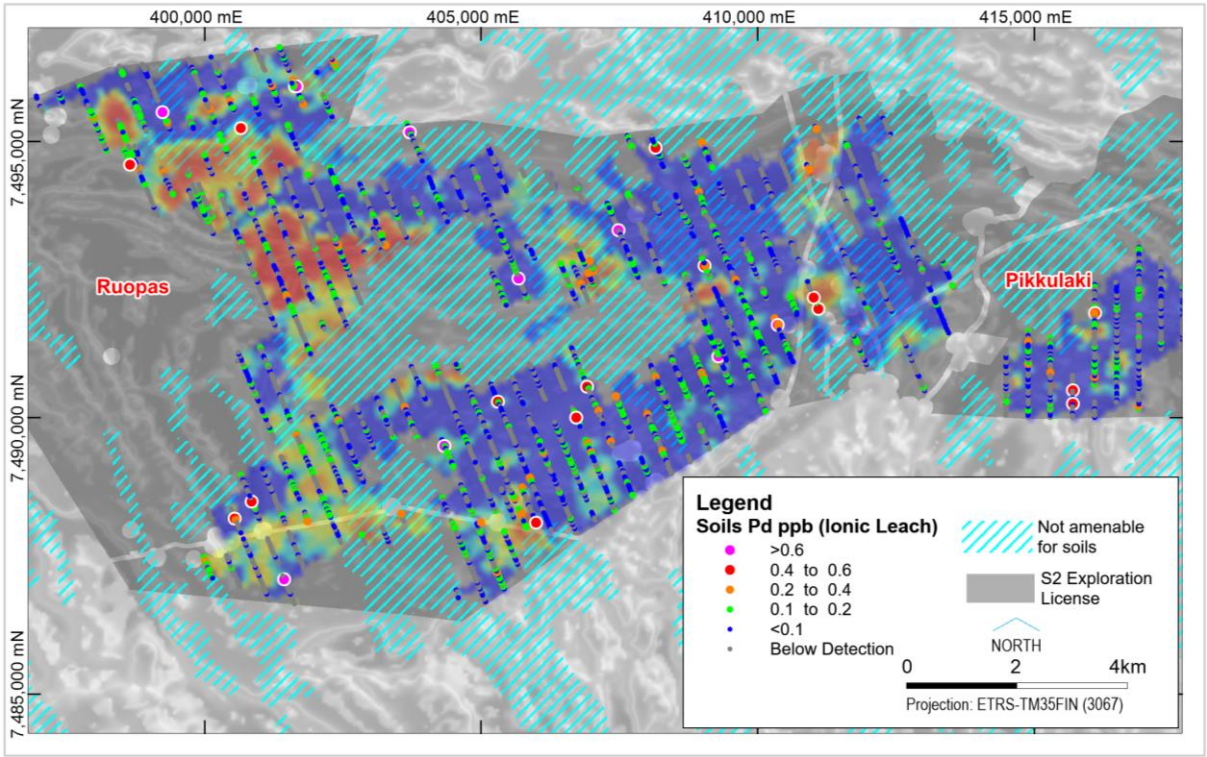
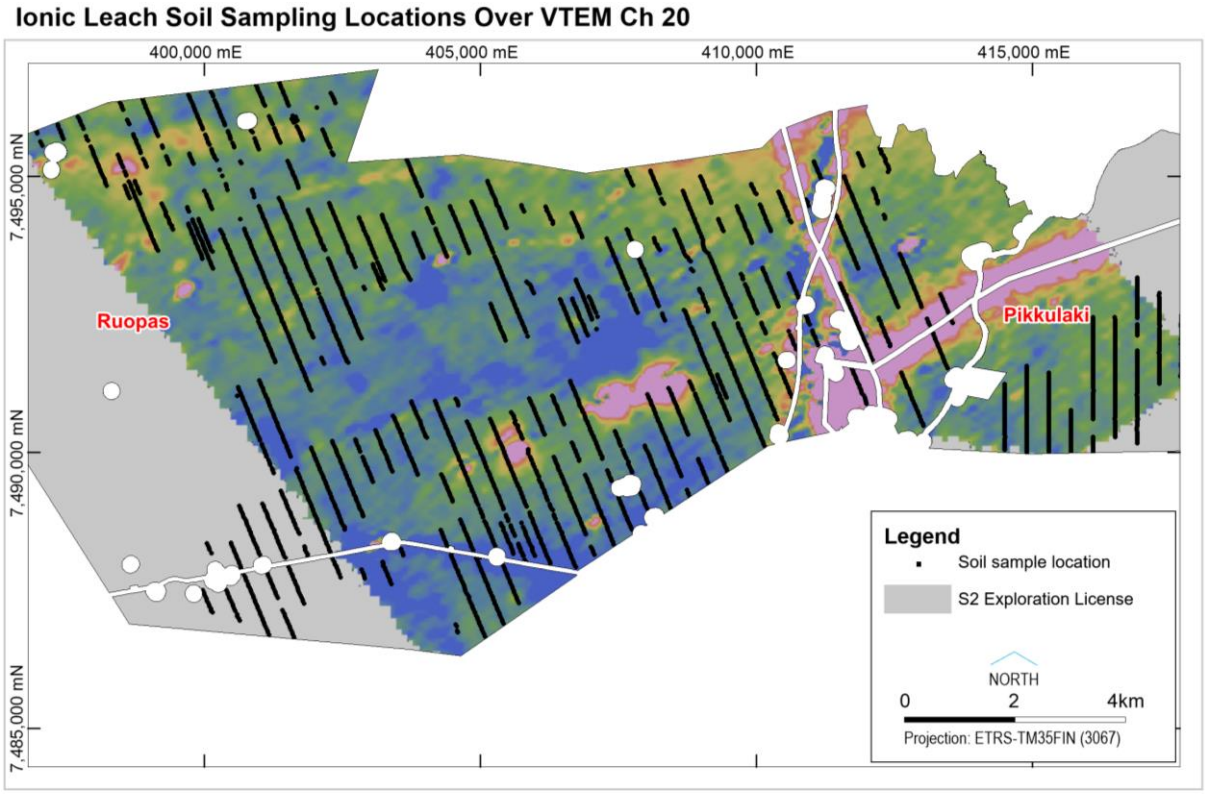


Figure 6. Cobalt and palladium soil anomalies (coloured dots) over nickel anomalism (colour background) in ionic leach soil sampling on the Ruopas licence. Several clusters of cobalt and palladium anomalism coincide with zones of nickel and copper anomalism, with some trending beneath bogs not amenable to soil sampling.



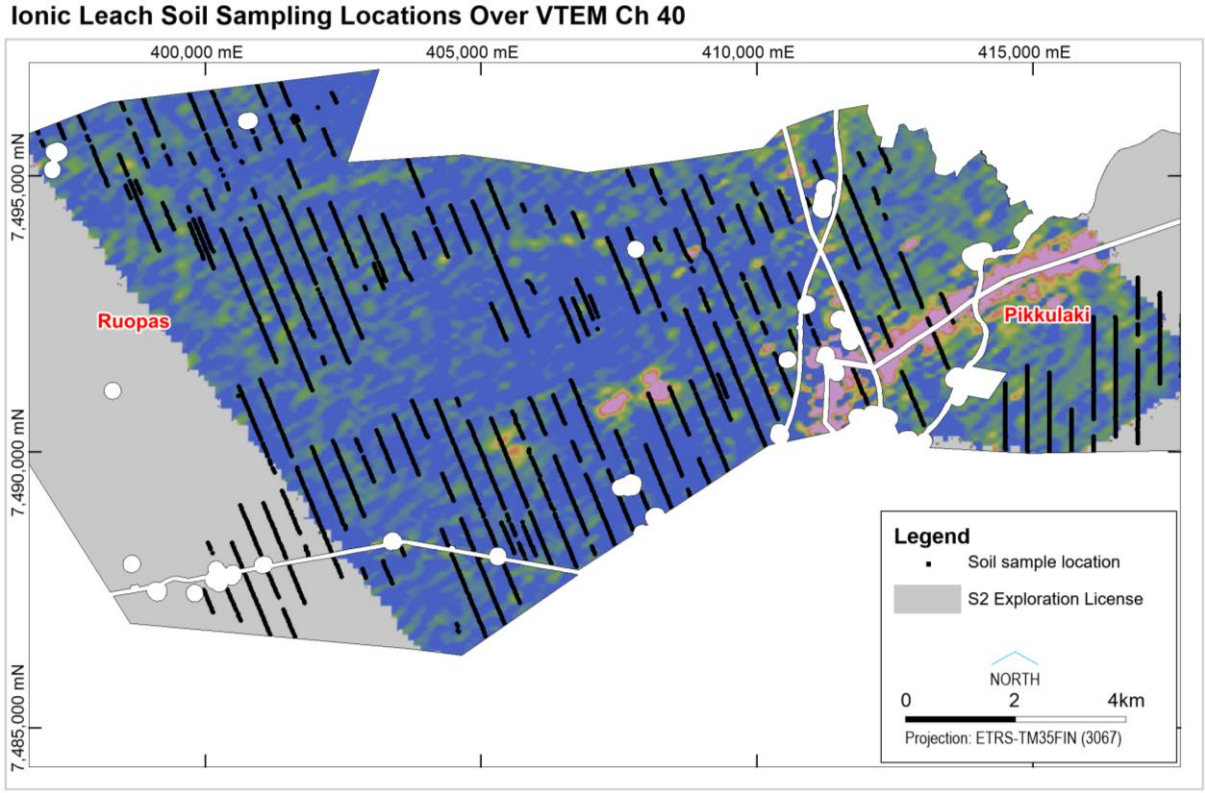


Figure 7. Channels 20 (mid-time) and 40 (late-time) of the Ruopas VTEM survey, showing broader zones of higher conductance and discrete late time EM anomalies within them. Selected anomalies will be followed up with ground based EM during the Finnish winter. The linear features on the right hand side are spurious anomalies caused by cultural features (powerlines, substations etc).

About the Central Lapland Greenstone Belt

The Central Lapland Greenstone Belt is a Proterozoic belt of volcanics and sediments that contains Agnico Eagle's 8 million ounce Kittila gold mine and Anglo American's 44 million tonne Sakatti nickel-copper deposit. Both are world class examples of their respective commodity and deposit style, with Kittila being lode gold and Sakatti being magmatic sulphide. Despite the presence of these two significant deposits, there has been relatively little effective exploration – particularly drilling - in comparison to regions such as Western Australia, so the potential mineral endowment and the potential for additional discoveries is considered very high.

S2 has a large and strategic ground position in this belt and is systematically undertaking greenfields exploration with the aim of discovering another significant gold or base metal deposit. This staged approach involves initial reconnaissance techniques such as regional geochemical surveys and airborne geophysics as a necessary prerequisite to managing the cost of its ground holdings and defining more focused drill targets, and is therefore a long term strategy.

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Competent Persons statements

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

Annexure 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	*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.*	Soil sampling is undertaken by S2 employees and contractors using handheld mattocks. Samples are collected from 20-25cm beneath the base of organic ground cover. Samples are double bagged in zip lock bags. All rock grab and rock float samples are collected from outcrop by S2 personnel and marked into sample books and a representative portion of the sample retained. All are forwarded for analyses by ALS Laboratories.
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used	Sampling and QAQC procedures are carried out using S2 protocols as per industry best practice.

Criteria	JORC Code explanation	Commentary
	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	Geochemical samples only were collected for inclusion in this report.
Drilling techniques	*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).*	Soil sampling was the only technique used for data inclusion in this report and technique is described elsewhere in this table.
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed*	Soil sampling was the only technique used for data inclusion in this report and technique is described elsewhere in this table.
	Measures taken to maximise sample recovery and ensure representative nature of the samples	Soil sampling was the only technique used for data inclusion in this report and technique is described elsewhere in this table.
	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.	Soil sampling was the only technique used for data inclusion in this report and technique is described elsewhere in this table.
Logging	*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.*	The logging of soil samples uses a standard legend developed by S2 which is suitable for domaining different soil type domains. This is suitable to provide data to assess quality control and statistical analysis of geochemical anomalism
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.	Logging is qualitative, based on a logging system developed during orientation surveys in 2017.
	The total length and percentage of the relevant intersections logged	All samples are logged.
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.*	Geochemical sampling only.
	If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.	No sieving of samples. Obvious coarse organics are removed
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	Samples were delivered by S2 personnel to ALS Minerals laboratory in Sodankyla, Finland. Samples are only weighed in Finland and then sent to ALS, Loughrea Ireland for Ionic Leach.
	Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.	No sub-sampling takes place.
	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.	No sub-sampling takes place.
	Whether sample sizes are appropriate to the grain size of the material being sampled.	Samples are of appropriate size at 150-250g.

Criteria	JORC Code explanation	Commentary
Quality of assay data and laboratory tests	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	All samples were analysed by ALS Minerals Loughrea, Ireland. Using Ionic leach (code ME-MS22) Ionic Leach is a static sodium cyanide leach using chelating agents ammonium chloride, citric acid and EDTA with the leachant buffered at pH 8.5. Analytes are measured using Inductively Coupled Plasma - Mass Spectrometry (ICP-MS). Elements analysed are: Ag,As,Au,Ba,Be,Bi,Br,Ca,Cd,Ce,Co,Cr,Cs,Cu,Dy,Er,Eu,Fe,Ga Gd,Ge,Hf,Hg,Ho,I,In,La,Li,Lu,Mg,Mn,Mo,Nb,Nd,Ni,Pb,Pd,Pr, Rb,Re,Sb,Sc,Se,Sm,Sn,Sr,Ta,Tb,Te,Th,Ti,Tl,Tm,U,W,Y,Yb,Zn,and Zr
	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.	No geophysical tools were used to determine any element concentrations.
	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.	Field duplicates are taken to assess laboratory repeat quality.
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.*	Andy Thompson has worked with all the soil sampling team members to verify field sampling procedures are adhered to.
	The use of twinned holes.	Soil sampling only.
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	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.
	Discuss any adjustment to assay data.	No adjustments made
Location of data points	*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.*	Sample are located with a handheld GPS with an accuracy of within 3 metres.
	Specification of the grid system used.	The grid system used is the ETRS-TM35FIN National Grid.
	Quality and adequacy of topographic control.	Excellent quality topographic maps (2m or 8m gridded Lidar) produced by the Finnish Authorities.
Data spacing and distribution	*Data spacing for reporting of Exploration Results.*	Data is geochemical sampling at this stage and drilled to define geochemical and geophysical targets. A nominal 400m x 40m spacing is used.
	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.	Data type is not appropriate at this stage to allow the estimation of mineral resources.
	Whether sample compositing has been applied.	No sample compositing has been applied
Orientation of data in relation to geological structure	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	Soil samples only.
	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.	Soil samples only.

Criteria	JORC Code explanation	Commentary
Sample security	*The measures taken to ensure sample security.*	Chain of custody is managed by S2 personnel. Soil samples are sorted and checked every day for bag sequence and integrity and then bagged samples are transferred to ALS Laboratories in Sodankyla, Finland by S2 personnel.
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	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.	S2R has title of its Finland tenements and applications through its wholly owned subsidiary Sakumpu Oy.
	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 and applications are in good standing and no known impediments exist on the tenements being actively explored.
Exploration done by other parties	Acknowledgment and appraisal of exploration by other parties.	The areas have been explored by government regional programs over the last 40 years with wide spaced till sampling. Assay suites were often limited to base metal and detection limits are variable.
Geology	Deposit type, geological setting and style of mineralisation.	Orogenic lode gold and magmatic intrusion related nickel-copper.
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.	No drilling conducted. Geochemical sampling only.
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.	No drilling conducted. Geochemical sampling only
	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.	No drilling conducted. Geochemical sampling only
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	No drilling conducted. Geochemical sampling only

Criteria	JORC Code explanation	Commentary
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').	No drilling conducted. Geochemical sampling only
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.	All results considered significant are reported.
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.	A 902line kilometre Helicopter-borne VTEM (Versatile Time Domain Electromagnetic) survey was completed in late September 2018 over Ruopas, Pikkulaki and Nuttio tenement applications.
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	BoT drill program planned at Paana and Lisma for winter 2018-2019. Ground EM follow-up of VTEM anomalies.