ASX Announcement

Thursday 16th May 2019

EM CONDUCTOR CONFIRMED IN GROUND FOLLOW UP OF VTEM ANOMALIES, FINLAND

Key points

- **Part of the Company's magmatic nickel-copper-PGM exploration program being run in parallel with its gold exploration program**
- **EM conductor confirmed in initial ground follow-up of selected VTEM anomalies at Ruopas, Finland**
- **Conductor models as a large (280 metre x 240 metre) steep NE plunging moderate conductance body**
- **Coincides with a prominent gravity anomaly, concealed ultramafic rocks and anomalous nickel and copper in historic base of till (BOT) drilling undertaken by the GTK (the Finnish Geological Survey)**
- **Located on central part of large Exploration Licence application prioritised for granting with TUKES (the Finnish Mineral Title agency)**
- **Diamond drilling will commence when grant and access approved**

S2 Resources Ltd ("S2" or the "Company") advises that initial ground-based electromagnetic (EM) surveys have confirmed a significant electromagnetic (EM) conductor initially identified in its large VTEM survey of its Ruopas exploration licence application area. The Ruopas area is considered prospective for magmatic nickel-copper-PGM sulphide deposits such as Anglo American's giant Sakatti deposit, located 85 kilometres to the east. It is located approximately 55 kilometres south of S2's Paana ground, where the Aarnivalkea gold target has recently been identified (see S2 ASX announcement of 1st May 2019).

The conductor has moderate conductance and models very well as an east-west striking body measuring 280 metres by 240 metres, with a moderate easterly plunge. The conductor is spatially associated with a number of important features, as shown in Figure 1 and summarized below:

- The conductor is located on the axis of a large gravity anomaly, which suggests the presence of dense rocks such as mafics and ultramafics

- There is no outcrop near the anomaly but ultramafics have been identified along strike in limited subcrop 3.5 kilometres to the west and 1.5 kilometres to the east

- The conductor is situated at the eastern end of an extensive >200ppm copper anomaly and coincident narrower but equally strike extensive >1000ppm nickel anomaly defined by historic base of till (BOT) drilling undertaken in the 1980's on 500 metre by 20 metre spacing by the GTK (the Finnish Geological Survey). This BOT drilling program was conducted in winter over a frozen swamp and the copper-nickel anomaly is concealed beneath this thin layer of cover

- The conductor is close to a historic (1980's) GTK diamond drill hole that appears to have terminated at least 100 metres short of the modelled position of the conductor

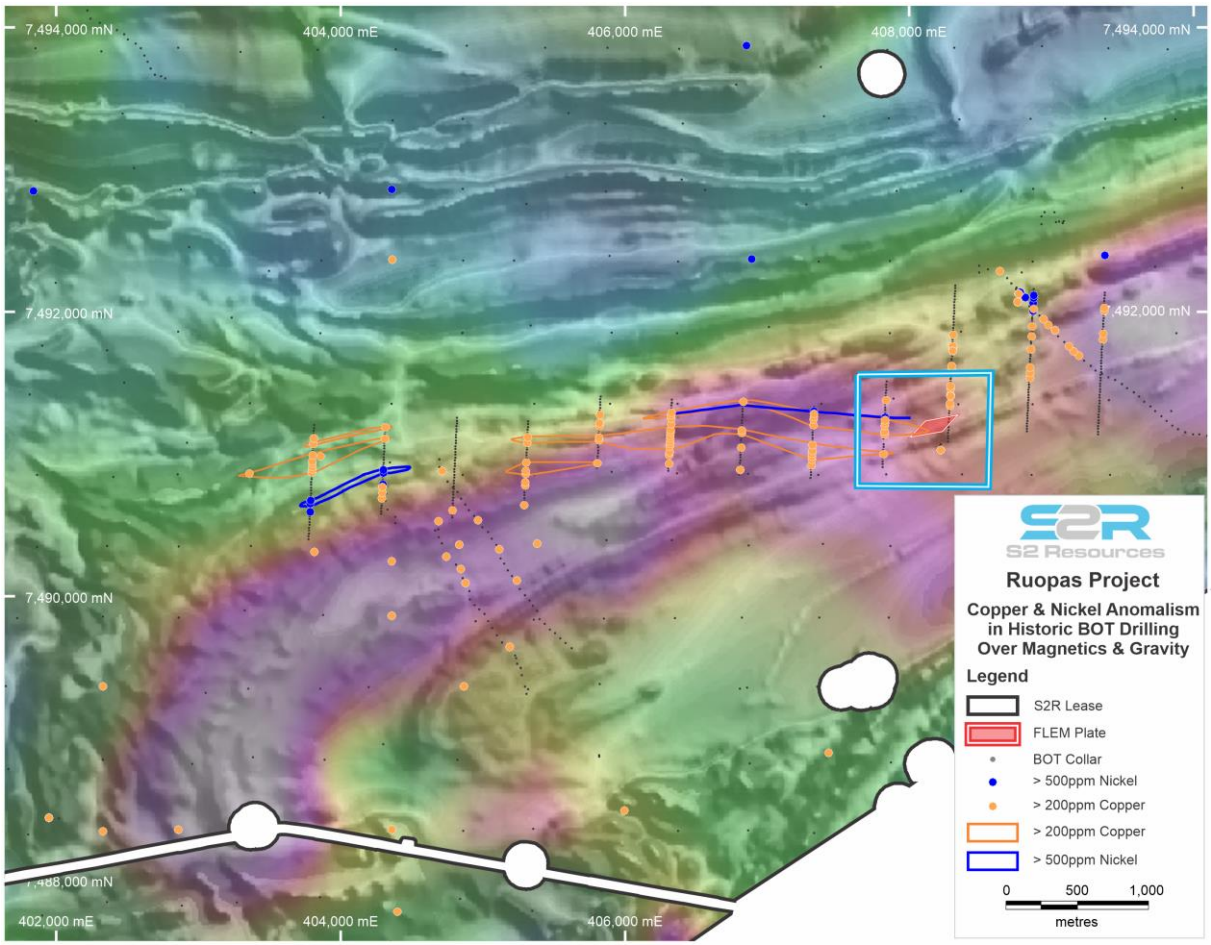

Figure 1. Location of EM conductor on a gravity ridge (colour) and at the eastern end of a base of till copper-nickel anomaly. The conductor plunges to the east so any eroded up-plunge component would have been located to the west where the anomalism occurs. The conductor and associated copper-nickel anomaly are concealed by a shallow bog but the conductor can be drilled from more elevated ground accessible all year round. Magnetics, gravity and BOT drilling courtesy of the GTK.

Drilling will commence as soon as possible once the expedited part of the exploration licence application is granted, which is anticipated to be during the northern summer or autumn. Drilling should be possible all year round.

Ground-based EM surveying has only been completed on four initial areas (as shown in Figure 2) selected from the airborne VTEM survey results. Ground EM coverage will be sequentially extended as other priorities and circumstances permit.

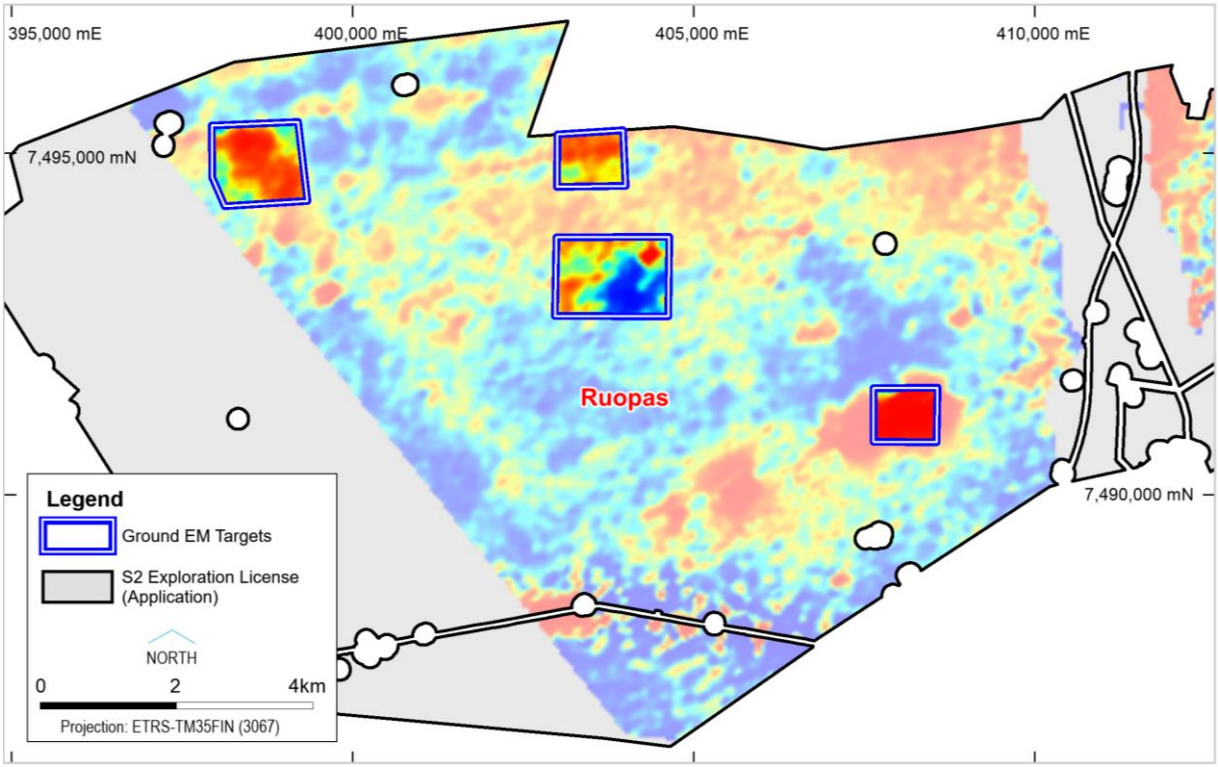

Figure 2. Four initial areas of ground-based EM surveys, showing the location of the survey that has confirmed the large EM conductor in this announcement (bottom right), over VTEM channel 30 conductivity image.

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.

For further information, please contact:

Mark Bennett
Managing Director & CEO
+61 8 6166 0240

Anna Neuling
Executive Director & Company Secretary
+61 8 6166 0240

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 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 Isovaara prospect is located within the Ruopas Exploration Licence application. ML2017:0040 The exploration licence applications are 100% owned by Sakumpu Exploration Oy, a Finnish registered 100% owned subsidiary of S2
	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.
Exploration done by other parties	Acknowledgment and appraisal of exploration by other parties.	The Isovaara prospect has had 500m x 20m BOT drilling conducted by the GTK that has defined a broad copper anomaly and discreet Ni anomalies under a large swamp with no outcrop. Mapping has defined subcrops of ultramafic lithologies to the west and east of the prospect. 3 diamond drillholes drilled by the GTK 1989 tested a VLFr anomaly would not have tested the modelled conductor.
Geology	Deposit type, geological setting and style of mineralisation.	The prospect style is a magmatic intrusion related nickel, copper PGE sulphides.
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.	Refer to sample plans in text.
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.	Historic results are single point geochemical samples at the end of the BoT hole.

Criteria	JORC Code explanation	Commentary
	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.	None used.
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	None used.
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 relationship known about mineralisation and the conductor at this stage Refer to figures in body of text.
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 Fixed Loop Electromagnetic survey was conducted using a 1000m x 400m loop with 75m x 50m stations. The work was conducted on frozen ground during march 2019 by Finnish contractors Geovisa. A very well constrained NE plunging conductor measuring 280m x 240m with a conductance of 200S and time decay of 5ms has been defined by geophysical consultant Newexco.
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	The prospect is in the process of being granted by TUKES. Diamond drilling will be possible in both winter and summer and will commence when the area has been granted.