AAKENUSVAARA EXPLORATION LICENCE GRANTED

Key points

- **Aakenusvaara exploration licence granted by the Finnish mining authority, TUKES**

- **Licence covers an ex-Outokumpu gold prospect with historic drill intercepts including 11 metres at 9.6g/t gold in AAV3 and 4.8 metres at 10g/t gold in AAV10**

- **Located immediately east along strike from the historic Saattopora gold-copper mine**

- **Drilling scheduled to start early August**

S2 Resources Ltd ("S2" or the "Company") advises that the Finnish mining authority, TUKES, has granted S2 an exploration licence covering the Aakenusvaara gold prospect. The licence covers a gold prospect originally discovered by Outokumpu in the 1980's (refer to S2's ASX Quarterly Report of 29th January 2019 for further information).

Aakenusvaara is located immediately along strike from Outokumpu's former Saattopora gold-copper mine in the Central Lapland Greenstone Belt of northern Finland (see Figure 1). Diamond drilling between 1984 and 1989 totalled 33 holes for 3,125 metres. The prospect was subsequently further tested with 9 shallow reverse circulation percussion (RC) holes in 1994.

Best intercepts* from the historical diamond drilling are quoted in an Outokumpu technical report as follows (Table 1 summarises all drillholes):

- 11 metres @ 9.6 g/t gold from 113 metres in AAV-3
- 4.8 metres @ 10 g/t gold from 37.4 metres, including 1.75 metres @ 23.1 g/t from 39.25 metres in AAV-10
- 2.8 metres @ 2.1 g/t gold from 57.4 metres, and 3.2 metres @ 3.9 g/t gold from 74.5 metres in AAV-11
- 4.6 metres @ 2.3 g/t gold from 102.2 metres in AAV-24
- 5.1 metres @ 2.3 g/t gold from 50.2 metres in AAV-26

*It is important to note that the results are historical, having been drilled in the 1980's and 1990's by Outokumpu. No digital data exists for the holes drilled before 1986 and the quoted intercepts are from an Outokumpu Mining internal report written in 1992 and now public domain via the Geological Survey of Finland (GTK). Remaining drill core has been inspected at the GTK's core library in southern Finland by S2 and check assaying of three holes is in progress. The core is in good condition and appears to have been prepared and sampled to a high standard. However, the quoted historical results would not be suitable for any current JORC resource and are quoted purely to indicate the potential prospectivity of the area.

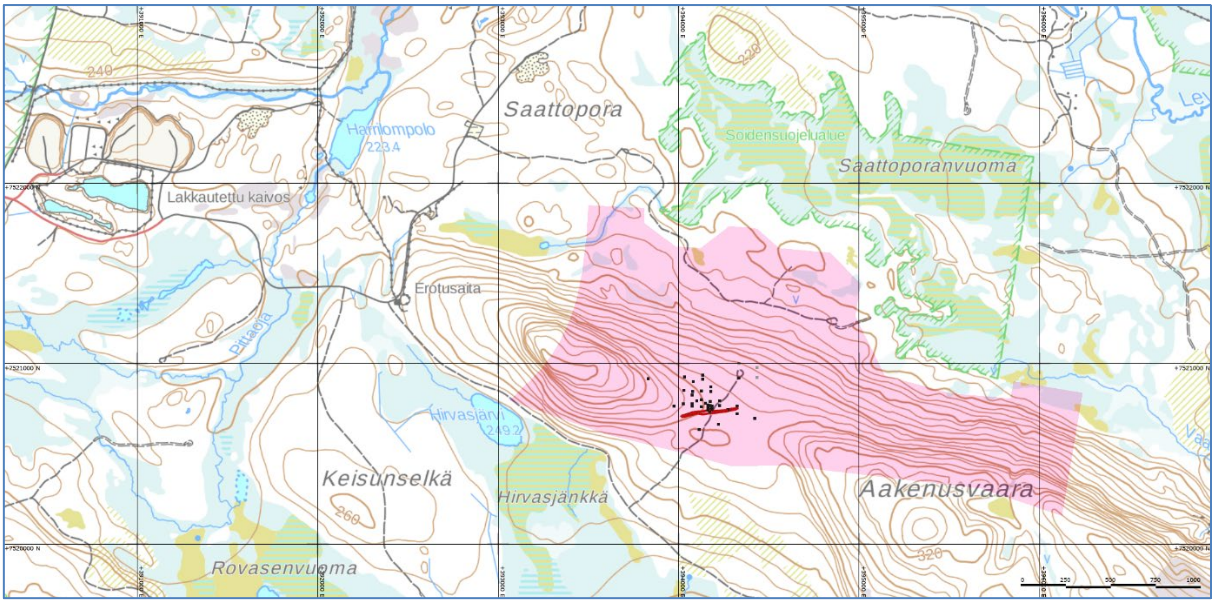

Figure 1. Aakenusvaara Exploration lease (pink) overview showing access, historic collar positions and location of Saattopora Mine.

The initial diamond drilling was designed to test various geophysical and geochemical targets defined by base of till (BOT) drilling and ground based electromagnetic surveys. This was primarily reconnaissance drilling so potential down dip or down plunge extensions to these intersections were not necessarily followed up. Many of the 33 diamond holes were drilled to test geophysical (sulphide) targets and did not target the main subcropping gold mineralisation defined by the BOT drilling. Furthermore, six of these holes were drilled at a shallow angle to the north, which appears to be subparallel to the interpreted dip of the mineralisation, and therefore failed to test it (see Figure 2).

Subsequent RC drilling by Outokumpu was restricted to shallow holes to trial this drilling method on a known prospect (at the time the RC method was not commonly used in northern Finland). No further testing of the mineralisation defined by the deeper intersection in diamond hole AAV-3 was undertaken.

Three dimensional (3D) capture and modelling of available data suggests that the main envelope of mineralisation dips moderately to the north. S2 intends to drill approximately 1,500m of diamond core to test for down dip/plunge extensions around AAV-3 (11m @ 9.6 g/t). This drilling is scheduled to commence in early August once the first phase of reconnaissance drilling has been completed at the Aarnivalkea anomaly (see S2's ASX announcement of 1st May 2019), and drilling is expected to take about a month, during which time the assay results from the Aarnivalkea program are expected.

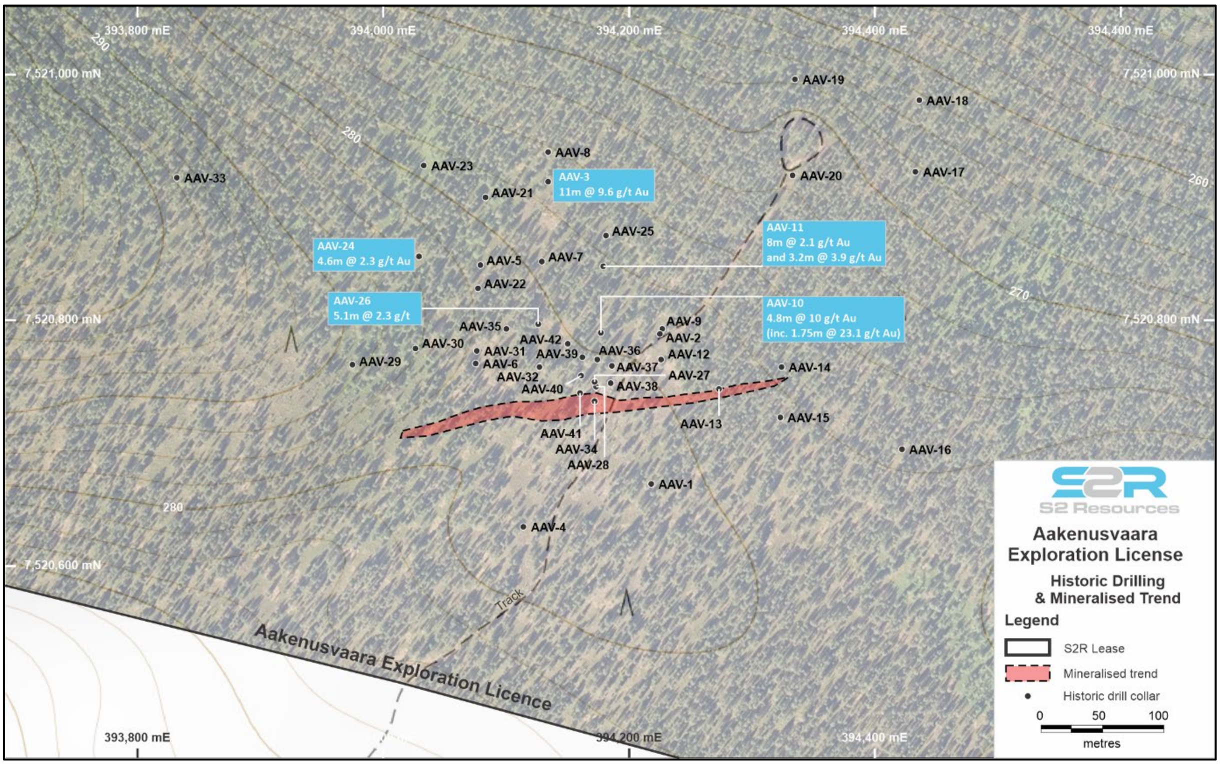

Figure 2. Collar Plan of historic drilling. The red outline is the estimated subcrop of the main mineralised trend. Highlighted collars show intersections from Outokumpu summary report.

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Competent Persons statement

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.

The following Tables are provided to ensure compliance with the JORC code (2012) edition requirements for the reporting of exploration results.

S2 Resources

Table 1

hole_id	Dip	Azimuth	NAT_East	NAT_North	RL	Depth	Drill type	Year	Commentary
AAV-1	-44.9	3	394218	7520667	281	164.3	DDH	1984	Hole drilled parallel to lode - NSI
AAV-2	-45.5	3	394225	7520789	280	162	DDH	1984	Hole drilled parallel to lode - NSI
AAV-3	**-44.9**	**183**	**394134**	**7520913**	**278**	**184.4**	**DDH**	**1984**	**Significant Gold intersection quoted by Outokumpu**
AAV-4	-45	3	394114	7520632	282	49.4	DDH	1984	Hole drilled parallel to lode - NSI
AAV-5	-45	3	394079	7520845	283	179.8	DDH	1984	Hole drilled parallel to lode - NSI
AAV-6	-45.6	3	394075	7520765	283	108.4	DDH	1984	Hole drilled parallel to lode - NSI
AAV-7	-55	183	394129	7520848	281	87.6	DDH	1985	Low grade lode intersection
AAV-8	-46.3	3	394134	7520937	277	89	DDH	1985	Hole drilled parallel to lode - NSI
AAV-9	-45.5	183	394227	7520793	280	92.4	DDH	1985	Low grade lode intersection
AAV-10	**-49.5**	**183**	**394177**	**7520790**	**282**	**62.4**	**DDH**	**1985**	**Significant Gold intersection quoted by Outokumpu**
AAV-11	**-53.7**	**183**	**394179**	**7520844**	**280**	**82.5**	**DDH**	**1985**	**Significant Gold intersection quoted by Outokumpu**
AAV-12	-45	183	394226	7520768	281	75.3	DDH	1985	NSI
AAV-13	-49.5	183	394273	7520744	281	79	DDH	1985	Hole drilled south off main gold trend
AAV-14	-45	183	394324	7520762	279	79.6	DDH	1985	Hole drilled south off main gold trend
AAV-15	-49.5	183	394323	7520721	280	70.9	DDH	1985	Hole drilled south off main gold trend
AAV-16	-45	183	394422	7520695	279	108.6	DDH	1985	Hole drilled south off main gold trend
AAV-17	-45	183	394433	7520921	270	81.6	DDH	1985	Hole drilled to test EM anomaly? Off main gold trend
AAV-18	-45	183	394436	7520979	265	96.2	DDH	1985	Hole drilled to test EM anomaly? Off main gold trend
AAV-19	-45	183	394335	7520996	267	142	DDH	1985	Hole drilled to test EM anomaly? Off main gold trend
AAV-20	-43.5	183	394333	7520918	273	63.7	DDH	1985	Hole drilled to test EM anomaly? Off main gold trend
AAV-21	-45	183	394083	7520900	280	108	DDH	1986	Hole drilled too shallow? NSI
AAV-22	-45	183	394077	7520826	283	59.1	DDH	1986	Hole drilled too shallow? NSI
AAV-23	-46.4	183	394033	7520926	280	136	DDH	1986	Hole drilled too shallow? NSI
AAV-24	**-45**	**183**	**394029**	**7520852**	**284**	**111.8**	**DDH**	**1986**	**Significant Gold intersection quoted by Outokumpu**
AAV-25	-58.5	183	394181	7520869	279	130.9	DDH	1986	Low grade lode intersection
AAV-26	**-58.5**	**183**	**394126**	**7520797**	**283**	**67.4**	**DDH**	**1986**	**Significant Gold intersection quoted by Outokumpu**
AAV-27	-57.4	183	394172	7520750	282	72.9	DDH	1986	Low grade lode intersection
AAV-28	-90	3	394173	7520746	282	16	RC	1986	Water Bore
AAV-29	-54.9	180	393975	7520764	289	72.5	DDH	1989	Low grade lode intersection
AAV-30	-55	183	394026	7520777	285	87.1	DDH	1989	NSI
AAV-31	-45	183	394076	7520775	284	55.7	DDH	1989	Low grade lode intersection
AAV-32	-45	183	394127	7520762	282	50.5	DDH	1989	NSI
AAV-33	-50	183	393832	7520916	299	113.4	DDH	1989	Hole drilled to test EM anomaly? Off main gold trend
AAV-34	-54.6	183	394172	7520734	282	25	RC	1994	Shallow RC "grade control type" test hole
AAV-35	-49.1	183	394100	7520793	283	60	RC	1994	Shallow RC "grade control type" test hole
AAV-36	-51	183	394174	7520768	282	40	RC	1994	Shallow RC "grade control type" test hole
AAV-37	-55	183	394186	7520763	282	40	RC	1994	Shallow RC "grade control type" test hole
AAV-38	-54.1	183	394185	7520749	282	36	RC	1994	Shallow RC "grade control type" test hole
AAV-39	-49.5	183	394162	7520770	282	50	RC	1994	Shallow RC "grade control type" test hole
AAV-40	-48.9	183	394161	7520755	282	35	RC	1994	Shallow RC "grade control type" test hole
AAV-41	-48.1	183	394160	7520741	282	25	RC	1994	Shallow RC "grade control type" test hole
AAV-42	-49.7	183	394150	7520781	282	57	RC	1994	Shallow RC "grade control type" test hole

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.*	Drilling was undertaken by Outokumpu. Core has been inspected by S2 staff at the GTK core library at Loppi. The core has been sawn in half and appears to have been sample well as would be expected of a company of Outokumpu. Core size is comparable to BQ but the exact specification of the drill is unknown. The assaying method for the quoted intersections by Outokumpu is not known.

Criteria	JORC Code explanation	Commentary
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used	Sampling and QAQC procedures used by Outokumpu are not known.
	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	Diamond drilling was used to obtain core samples that have been cut and sampled. No information of assay method is available. .
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).*	Base of Till drilling is by a percussion flow through sample bit that can collect a 20cm sample of bedrock material at the base of glacial deposits up to 20m thick. Diamond drilling with BQ type core. RC drilling methodology is unknown.
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed*	No information is available on core recovery but inspection of historic core suggest recovery and ground condition were good.
	Measures taken to maximise sample recovery and ensure representative nature of the samples	Not recorded or documented therefore unknown
	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.	Not recorded or documented therefore unknown
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.*	Not recorded or documented therefore unknown
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.	Not recorded or documented therefore unknown
	The total length and percentage of the relevant intersections logged	Not recorded or documented therefore unknown
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.*	Core sawn in half and half core taken for assay.
	If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.	Not recorded or documented therefore unknown
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	Not recorded or documented therefore unknown
	Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.	Not recorded or documented therefore unknown

Criteria	JORC Code explanation	Commentary
	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.	For DDH's non biased core cutting through using an orientation line marked on core and cut to the line
	Whether sample sizes are appropriate to the grain size of the material being sampled.	Not recorded or documented therefore unknown
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.*	Not recorded or documented therefore unknown
	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.	Not recorded or documented therefore unknown
	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.	Not recorded or documented therefore unknown
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.*	Johan Vandaele, an S2 consultant geologist has personally inspected all remaining cores. Three holes were ¼ core sampled with results awaited.
	The use of twinned holes.	No twinned holes have been drilled.
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	Not recorded or documented therefore unknown
	Discuss any adjustment to assay data.	Not recorded or documented therefore unknown
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.*	Diamond and RC drill collars have been located and surveyed using a Trimble DGPS to +/- 0.1m accuracy. Co-ordinates use Standard Finnish National Grid ETRS-TM35FIN. Downhole surveys of the dip variation for the diamond drilling has been recorded but no azimuth surveys are available.
	Specification of the grid system used.	The grid system used is the Standard Finnish National Grid ETRS-TM35FIN.
	Quality and adequacy of topographic control.	Elevation data for all collars is determined by a digital elevation model derived from public domain 2m Lidar data. Topographic control and map data is excellent.
Data spacing and distribution	*Data spacing for reporting of Exploration Results.*	Historic drilling was generally on 100m spaced reconnaissance sections with some infill to 50m. These sections are available in pdf format and have been georeferenced in 3D.
	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 spacing, distribution and quality is not sufficient 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.*	Drillhole orientation of historic holes was variable with six holes drilled to the north at angles that would appear to be sub-parallel to the plane of mineralisation. South dipping holes would appear to be the optimal orientation for sampling.

Criteria	JORC Code explanation	Commentary
	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.	The drilling at this stage is historic and not to JORC standards. It is not possible to assess if any sample bias has occurred due to drillhole orientation at this stage.
Sample security	*The measures taken to ensure sample security.*	Not recorded or documented therefore unknown
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.	The Aakenusvaara prospect is located within the Aakenusvaara Exploration Licence. ML2018:0105-01 The exploration licences 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 Aakenusvaara is a historic prospect discovered by Outokumpu Oy using BoT drilling along the Sirkka Shear zone in 1984. The multiple high grade (up to 50g/t) till anomalies were tested by predominantly shallow diamond holes with several gold bearing zones intersected. Drilling was relatively limited in what appears to be the main plane of continuity and better intersections were not followed up. Follow up drilling was restricted to shallow RC drilling to “test” the method on a known occurrence.
Geology	Deposit type, geological setting and style of mineralisation.	The prospect is a shear zone hosted orogenic gold deposit within the Sirkka shear zone of the Paleoproterozoic Central Lapland Greenstone belt. Alteration assemblages include albite, sericite, carbonate, chlorite with disseminated pyrite, pyrrhotite and arsenopyrite.
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 plans and tabulations 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.	All reported intersections are taken from an Outokumpu technical report and are not exhaustive so may not be fully representative of the drilling.

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S2 Resources

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.	High grade intervals internal to broader zones of mineralisation are reported as included intervals in the limited intersection reported by Outokumpu.
	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').	The trend of mineralisation at the targets/prospects described is estimated to be dipping moderately to the north at about 40 deg. True widths are not known and only downhole widths are quoted by Outokumpu
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 to the potential prospectivity of the area are reported. Full results are not available from the historic drilling
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.	None at present
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	Diamond drilling to twin and test down dip and determine potential plunge controls will be initiated in early august 2019.