



S2 CONCLUDES SALE OF FINLAND PROJECTS TO OUTBACK GOLDFIELDS, NOW NAMED VALKEA RESOURCES CORP.

Key Points

- **S2 has completed the sale of its wholly-owned Finnish subsidiary Sakumpu to Outback Goldfields (“Outback”), which is now known as Valkea Resources Corp. (“Valkea”)**
- **Total consideration to S2 of C\$7 million comprises C\$1.5 million cash (before costs) and C\$5.5 million shares in Valkea**
- **S2 now has a ~44% equity stake in Valkea**
- **Provides S2 shareholders with significant continuing exposure to Valkea’s potential exploration success on Sakumpu’s ground in northern Finland**
- **Mark Bennett appointed to Valkea board as S2’s representative**

S2 Resources Ltd (“S2” or the “Company”) advises that the sale of its wholly owned Finnish subsidiary, Sakumpu Exploration Oy (“Sakumpu”), has been completed. S2 entered into a Letter Of Intent with Vancouver-based Outback Goldfields (“Outback”, TSX.V: OZ), now renamed Valkea Resources Corp (“Valkea”), in March 2024 (see S2 ASX announcement of 4th March 2024). The transaction was subject to Outback obtaining shareholder approval and raising C\$5 million, which have now been achieved (see Outback/Valkea’s TSXV releases of 5th and 16th September 2024).

The Toronto Venture Exchange (TSXV) deemed the transaction a reverse takeover of Outback, so completion was also subject to the satisfaction of numerous conditions, which have also now been met (see Outback/Valkea’s TSXV release of 18th September 2024).

S2 has received a total consideration of C\$7 million, comprising a cash component of C\$1.5 million (before costs) and a share consideration of C\$5.5 million. Following the completion of the concurrent C\$5 million financing by Valkea, S2 now has a ~44% equity stake in Valkea, whose TSXV ticker will remain as OZ.

The net cash component will supplement the Company’s cash reserves, which stood at A\$5.3 million at the end of June (see S2 ASX June 2024 Quarterly Report of 25th July 2024).



The S2 shares issued as part of this transaction are subject to escrow requirements in accordance with TSXV Policy 5.4 – *Escrow, Vendor Considerations and Resale Restrictions*, whereby blocks of shares are released from escrow every six months over a period of 36 months.

Through the equity component, S2 shareholders retain exposure to independently funded potential exploration success on Sakumpu's highly prospective ground in northern Finland, including at the Aarnivalkea gold prospect, where S2 previously drilled intercepts such as 20.4 metres @ 4.0g/t gold in FAVD0064 and 6.8 metres @ 11.8g/t gold in FAVD0074 (see S2 ASX announcement of 11th October 2021). As part of the transaction, S2 has the right to maintain its pro-rata shareholding in Valkea, so can maintain its exposure in the event of exploration success.

As a ~44% shareholder in Valkea, S2 also has the right to representation on Valkea's board of directors, and Valkea shareholders have approved the appointment of S2's executive chairman, Mark Bennett as a director of Valkea, effective completion of the transaction (see Outback/Valkea's TSXV release of 5th September 2024).

S2's Executive Chairman, Mark Bennett, commented *"It is very pleasing to conclude this transaction, which provides S2 with a number of positive outcomes, including some additional cash to fund its core exploration activities, significant cost savings related to holding its Finnish assets, and importantly, continued exposure to potential future exploration success in Finland via a major shareholding in Valkea."*

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

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