



S2 TO SELL WEST MURCHISON AND FRASER RANGE EXPLORATION PROJECTS INTO NEW ENTITY

Key Points

- **S2 to vend its West Murchison and Fraser Range tenements into Pacific State Metals (Holdings) Ltd (Pacific State) for a material shareholding in Pacific State**
- **S2 will emerge as a major shareholder in an independently managed and financed company that has plans to list on ASX by 30 June 2024**

S2 Resources Ltd (“S2” or the “Company”) advises that it has signed a binding agreement with Pacific State Metals (Holdings) Ltd (“Pacific State”) to vend its West Murchison and Fraser Range tenements into Pacific State. Pacific State is an unlisted Australian-incorporated public company that has indicated to S2 that it has an intention to list on the Australian Securities Exchange (“ASX”) by 30 June 2024.

In return for the sale of its West Murchison and Fraser Range tenements to Pacific State, S2 will receive 7,000,000 ordinary fully paid shares in the issued capital of Pacific State, representing approximately 28.6% of Pacific State’s issued capital (on a post-transaction basis). Based on the agreed proforma capital structure post the planned initial public offering (IPO) on ASX, it is expected that S2 will hold approximately 13% of the issued capital in Pacific State post-completion of the IPO.

As part of the sale agreement, Pacific State has undertaken to use its reasonable endeavours to seek to list on ASX as soon as practicable.¹ In the meantime, Pacific State is required to keep the tenements in good standing. Should Pacific State not complete an ASX listing by 30 June 2024 (or such later date as the parties may otherwise agree), then each of S2 and Pacific State must do all things necessary to unwind the transaction (such that the West Murchison and Fraser Range tenements will be transferred back to S2 and S2 will surrender the shares it holds in Pacific State).

The transaction has a number of elements that align with the Company’s overall strategy, namely:

- The West Murchison and Fraser Range tenements are considered non-core to S2
- The transaction enables S2 to retain exposure to any upside associated with these projects via a shareholding in Pacific State

¹

S2 has agreed not to dispose of its shareholding in Pacific State prior to completion of an ASX listing by Pacific State. Further, should Pacific State complete an ASX listing, ASX may impose disposal (escrow) restrictions on the Pacific State shares issued to S2 in connection with the transaction in accordance with the requirements of the ASX Listing Rules.



- The transaction enables the tenements to receive more focus and expenditure than if they remained within S2, and therefore better positions the projects for exploration success
- The transaction eliminates for S2 the direct holding cost of maintaining these tenements (ie, rents, rates and minimum expenditure commitments) and enables the Company to focus its time and expenditure on its core exploration projects at Fosterville and Koonenberry

S2's Executive Chairman, Mark Bennett commented that "this transaction aligns with our strategy of turning over, minimising our spend on, and monetising our non-core projects, whether via creating direct value from cash sales, indirect value via scrip deals such as this, or ongoing asset-level exposure to upside via joint ventures. This assists us to focus our time and spend on our core projects whilst mitigating the need for equity funding and consequent dilution."

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

For further information, please contact:

Mark Bennett
Executive Chairman
+61 8 6166 0240