



**S2 RESOURCES LTD**

**ABN: 18 606 128 090**

**HALF YEAR FINANCIAL REPORT**

**31 December 2024**

**S2 RESOURCES LTD**  
**ABN: 18 606 128 090**

**HALF YEAR FINANCIAL REPORT**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2024**

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**S2 Resources Ltd**  
**Half Year Financial Report**  
**For the half year ended 31 December 2024**

## Corporate Directory

### Directors

Mark Bennett	Executive Chairman
Jeff Dowling	Non-Executive Director
Anna Neuling	Non-Executive Director

### Company Secretary

Andrea Betti

### Principal Place of Business

Level 14, 333 Collins Street,  
Melbourne, Victoria 3000  
Telephone: +61 8 6166 0240  
Website: [www.s2resources.com.au](http://www.s2resources.com.au)

### Registered Office

Level 2, 22 Mount Street,  
Perth, Western Australia 6000

### Auditor

BDO Audit Pty Ltd  
Level 9 Mia Yellagonga Tower 2  
5 Spring Street  
Perth WA 6000  
Telephone: (08) 6382 4600

### Share Registry

Computershare Investor Services Pty Limited  
Level 17, 221 St Georges Terrace  
Perth, Western Australia 6000  
Telephone: 1300 787 575

### Stock Exchange Listing

S2 Resources Ltd shares are listed on the Australian Securities Exchange.

### ASX Code

S2R

## Directors' Report

The Directors of S2 Resources Ltd ("Directors") present their report on S2 Resources Ltd ("Company" or "S2") and the entities it controlled at the end of, or during, the half year ended 31 December 2024 ("Consolidated Entity" or "Group").

### Directors

The names and details of the Directors in office during the half year ended 31 December 2024 and until the date of this financial report are as follows. The Directors were in office for the entire period unless otherwise stated.

Jeff Dowling  
Mark Bennett  
Anna Neuling

### Principal Activities

The principal continuing activity of the Group is mineral exploration.

## Review of Operations

### Operating Result

The loss from continuing operations for the half year ended 31 December 2024 after providing for income tax amounted to \$3,850,093 (2023: Loss of \$3,768,863), with a gain on the sale of discontinued operations of \$6,189,406.

The loss on continuing operations results from \$2,166,837 of exploration expenditure incurred and expensed, \$553,552 of administration including business development costs, \$778,336 of share-based payments expenses, \$53,015 depreciation costs, \$158,533 of other income and net gains/(losses) including finance costs and share of our consolidated statement of loss \$456,886. The exploration expenditure incurred and expensed mainly relates to the Company's Australian projects.

### Dividends

No dividends were paid or proposed to be paid to members during the half year ended 31 December 2024.

## Significant Changes in the State of Affairs

On 4 March 2024, the Company signed a Letter of Intent (LOI) with Outback Goldfields Corp (subsequently renamed to Valkea Resources Corp) (Outback, Valkea), a TSX-V listed entity based in Vancouver, Canada. As part of this LOI, Outback were to purchase Sakumpu Exploration Oy, a wholly owned subsidiary of the Company, which is the holder of the Company's Finnish exploration assets. The LOI also included an option for the Company to earn majority interests in Outback's Victorian exploration projects.

On 10 May 2024, pursuant to the LOI, S2 Resources Ltd entered into a Share Purchase Agreement (SPA) with Outback to sell its wholly owned Finnish subsidiary, Sakumpu Exploration Oy, for a total consideration of C\$7 million comprising C\$1.5million in cash and C\$5.5 million in shares in Outback.

Sakumpu Exploration Oy is the holder of the Group Finnish exploration assets, which includes the Aarnivalkea gold prospect, and interests in two current exploration earn in deals with Kinross Gold Corporation and Rupert Resources

The transaction was completed on 18 September 2024 and resulted in the Group acquiring 13,750,000 shares in the renamed Valkea Resources Corp (Valkea). In addition, the Group also participated in the placement associated with the transaction, and purchasing 6,250,000 ordinary shares in Valkea for C\$250,000. As part of this transaction, Valkea also undertook a share consolidation on a 1 for 10 basis.

## Directors' Report (continued)

bringing the Group's total shareholding in Valkea to 14,375,000 shares. The Group now holds a 44.58% interest in Valkea.

Mark Bennett was appointed as a director on the Board of Valkea Resources on 18 September 2024.

On 4 December 2024 S2 Resources Ltd entered into an earn-in agreement with Valkea based on the terms outlined in the LOI, as executed on 4 March 2024.

Under the terms of the earn-in agreement, S2 has the right to earn an 80% interest in Ballarat West, Silver Spoon and Yeungroon projects by spending a total of \$1.2 million across these three projects, within 4 years. The agreement is subject to Valkea obtaining the approval of the TSX Venture exchange and also receiving Ministerial approval and registration under section 71 of the Mineral Resources (Sustainable Development) Act 1990 in Victoria, Australia.

The four-year earnin period is deemed to start once the above conditions have been met. S2 can withdraw from any or all of the projects at any time providing the tenements are in good standing on a pro-rata expenditure commitment basis for a minimum of three months from the date of its withdrawal notice. In the event of S2 being unable to undertake exploration as a consequence of land access or permitting delays or restrictions outside of its reasonable control, then S2 will be entitled to a fair and reasonable extension to the earn-in term.

Should S2 complete its earnin, Valkea can elect to contribute its share of expenditure or dilute. In the latter circumstance, should Valkea's participating interest decrease to less than 10% it will revert to a 2% Net Smelter Return (NSR) royalty, which S2 can buy back for C\$1.5 million at any time.

The three projects comprise the Silverspoon, Yeungroon and Ballarat West exploration projects, which are all located in the central Victorian Goldfields, and which provide the Company with a variety of gold exploration options.

### After Balance Date Events

Subsequent to the end of the period, on 24 February 2025, pursuant to the LOI executed 4 March 2024, the Company entered into a final agreement with Valkea, for the Glenfine Joint Venture. Under the terms of this agreement, the Company has the right to earn Valkea's 51% interest in the Glenfine Joint Venture by sole funding a total expenditure of \$200,000 within 4 years.

The Glenfine Joint Venture covers an area of 92 square kilometres, comprising two granted exploration licences (EL5344 and EL5434), and is located to the south of the Silverspoon, Yeungroon and Ballarat West exploration projects.

The four year earn-in period is deemed to start once TSX-V approval has been obtained and Ministerial approval is obtained and registered. S2 can withdraw at any time providing the tenements are in good standing on a pro-rata expenditure commitment basis for a minimum of three months from the date of its withdrawal notice. In the event of S2 being unable to undertake exploration as a consequence of land access or permitting delays or restrictions outside of its reasonable control, then S2 will be entitled to a fair and reasonable extension to the earn-in term.

This is the final component of the transactions considered within the LOI executed with Outback Goldfields Corp on 4 March 2024.

There has been no other matter or circumstance that has arisen since 31 December 2024 that has significantly affected, or may significantly affect:

- the Group's operations in future financial years;
- the result of those operations in future financial years; or
- the Group's state of affairs in future financial years.

## Directors' Report (continued)

A copy of the Auditor's Independence Declaration as required under Section 307C of *the Corporations Act 2001* is set out on page 23 of the interim financial report.

Signed in accordance with a resolution of the Board of Directors.



Mark Bennett  
Executive Chairman  
Melbourne  
12 March 2025

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the half year ended 31 December 2024

	Notes	31 December 2024 \$	31 December 2023 \$
Other income		151,182	97,435
Salaries and wages		(352,757)	(303,139)
Business Development & consulting		(45,533)	(352,710)
Share & Company registry		(36,901)	(36,141)
Listing fees		(47,087)	(43,900)
Rent, insurance & variable outgoings		(71,274)	(75,810)
Depreciation expense		(53,015)	(82,680)
Share based payments	7	(778,336)	(504,185)
Gain on sale of exploration permit		-	35,728
Other gains/(losses)		9,492	(9,323)
Finance costs		(2,141)	(3,242)
Exploration expenditure expensed as incurred	3	(2,166,837)	(2,490,896)
Share of associate's loss	4	(456,886)	-
<b>Loss before income tax from continuing operations</b>		<b>(3,850,093)</b>	<b>(3,768,863)</b>
Income tax (expense)/benefit		-	-
<b>Loss after income tax from continuing operations</b>		<b>(3,850,093)</b>	<b>(3,768,863)</b>
Gain after income tax from discontinued operations	12	6,189,406	-
<b>Gain / (Loss) for the period</b>		<b>2,339,313</b>	<b>(3,768,863)</b>
<b>Other comprehensive income</b>			
<i>Items that will not be classified to profit or loss</i>			
Changes in the fair value of Investments at fair value through other comprehensive income		(19,021)	(150,507)
<i>Items that may be classified to profit or loss</i>			
Exchange differences on translation of foreign operations		30,321	(6,149)
<b>Total Comprehensive Gain / (Loss) for the period attributable to the members of S2 Resources Ltd</b>		<b>2,350,613</b>	<b>(3,925,519)</b>
<b>Loss per share for continuing operations for the period attributable to the Members of S2 Resources Ltd</b>			
Basic Loss per share	10	Cents <b>(0.85)</b>	Cents <b>(0.91)</b>
<b>Total Gain / (Loss) per share for the period attributable to the Members of S2 Resources Ltd</b>			
Basic gain / (loss) per share	10	Cents <b>0.52</b>	Cents <b>(0.91)</b>

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

# Consolidated Statement of Financial Position

as at 31 December 2024

	Notes	31 December 2024 \$	30 June 2024 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		3,472,940	5,322,413
Other Assets		294,905	399,358
Trade and other receivables		239,761	304,201
Financial assets held at fair value through other comprehensive income		57,062	76,083
Assets Held for Sale		-	990,962
<b>TOTAL CURRENT ASSETS</b>		<b>4,064,668</b>	<b>7,093,017</b>
<b>NON-CURRENT ASSETS</b>			
Exploration and evaluation	3	1,709,897	1,709,898
Property, plant and equipment		75,857	104,570
Investment in Associate	4	5,987,857	-
Right-of-use assets		60,203	79,618
<b>TOTAL NON-CURRENT ASSETS</b>		<b>7,833,814</b>	<b>1,894,086</b>
<b>TOTAL ASSETS</b>		<b>11,898,482</b>	<b>8,987,103</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		416,692	615,428
Liabilities associated with Asset Held for Sale		-	26,700
Provisions		91,040	46,516
Lease Liabilities		48,082	82,911
<b>TOTAL CURRENT LIABILITIES</b>		<b>555,814</b>	<b>771,555</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease Liabilities		23,145	43,705
Provision for long service leave		101,529	82,798
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>124,674</b>	<b>126,503</b>
<b>TOTAL LIABILITIES</b>		<b>680,488</b>	<b>898,058</b>
<b>NET ASSETS</b>		<b>11,217,994</b>	<b>8,089,045</b>
<b>EQUITY</b>			
Share capital	5	78,725,836	78,725,836
Reserves	6	1,668,136	2,382,563
Accumulated losses		(69,175,978)	(73,019,354)
<b>TOTAL EQUITY</b>		<b>11,217,994</b>	<b>8,089,045</b>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

## Consolidated Statement of Changes in Equity

for the half year ended 31 December 2024

Attributable to equity holders of the Group in \$ dollars	Share capital	Share based payment Reserves	Other Reserve	Foreign Currency Translation Reserve	Fair Value Other Comprehensive Income ("FVOCI") Reserve	Accumulated losses	Total
Balance at 1 July 2024	78,725,836	4,507,628	144,517	363,474	(2,633,056)	(73,019,354)	8,089,045
Gain for the half year	-	-	-	-	-	2,339,313	2,339,313
Other comprehensive income	-	-	-	30,321	(19,021)	-	11,300
<b>Total comprehensive gain for the period</b>	-	-	-	30,321	(19,021)	2,339,313	2,350,613
<b>Transactions with owners, recorded directly in equity</b>							
<i>Contributions by and distributions to owners</i>							
Transfer of Reserve	-	-	(144,517)	-	-	144,517	-
Share-based payment transactions	-	778,336	-	-	-	-	778,336
Transfer of lapsed and expired options value to accumulated losses	-	(1,359,546)	-	-	-	1,359,546	-
Total contributions by and distributions to owners	-	(581,210)	(144,517)	-	-	1,504,063	778,336
<b>Balance at 31 December 2024</b>	78,725,836	3,926,418	-	393,795	(2,652,077)	(69,175,978)	11,217,994

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

## Consolidated Statement of Changes in Equity

for the half year ended 31 December 2023

Attributable to equity holders of the Group in \$ dollars	Share capital	Share based payment Reserves	Other Reserve	Foreign Currency Translation Reserve	Fair Value Other Comprehensive Income ("FVOCI") Reserve	Accumulated losses	Total
Balance at 1 July 2023	71,911,364	4,069,570	144,517	341,792	(1,956,601)	(65,630,307)	8,880,335
Loss for the half year	-	-	-	-	-	(3,768,863)	(3,768,863)
Other comprehensive income	-	-	-	(6,149)	(150,507)	-	(156,656)
<b>Total comprehensive loss for the period</b>	-	-	-	<b>(6,149)</b>	<b>(150,507)</b>	<b>(3,768,863)</b>	<b>(3,925,519)</b>
<b>Transactions with owners, recorded directly in equity</b>							
<i>Contributions by and distributions to owners</i>							
Issue of share capital	7,100,300	-	-	-	-	-	7,100,300
Capital raising costs	(434,024)	-	-	-	-	-	(434,024)
Options converted (net of costs)	-	-	-	-	-	-	-
Share-based payment transactions	-	504,185	-	-	-	-	504,185
Transfer of lapsed and expired options value to accumulated losses	-	(801,585)	-	-	-	801,585	-
Total contributions by and distributions to owners	6,666,276	297,400	-	-	-	801,585	7,170,461
<b>Balance at 31 December 2023</b>	<b>78,577,640</b>	<b>3,772,170</b>	<b>144,517</b>	<b>335,643</b>	<b>(2,107,108)</b>	<b>(68,597,585)</b>	<b>12,125,277</b>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

## Consolidated Statement of Cash Flows

for the half year ended 31 December 2024

	Notes	31 December 2024 \$	31 December 2023 \$
<b>Cash flows from operating activities</b>			
Cash paid to suppliers and employees for administration activities		(849,863)	(868,436)
Cash paid to suppliers and employees for exploration activities		(2,027,673)	(2,370,456)
Interest received		109,888	104,882
Interest and other finance costs paid		(5,316)	(5,894)
<b>Net cash used in operating activities</b>		<b>(2,772,964)</b>	<b>(3,139,904)</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(2,604)	(52,035)
Payment of exploration activities capitalised		-	(159,898)
Payment for Associate		(276,769)	-
Net proceeds from sale of assets		19	1,199
Net proceeds from sale of subsidiary		1,172,582	-
Net proceeds from sale of tenement		-	35,728
Other		50,000	-
<b>Net cash provided by/(used in) investing activities</b>		<b>943,228</b>	<b>(175,006)</b>
<b>Cash flows from financing activities</b>			
Net receipts / (payments) for cash backed guarantees		(9,724)	(43,300)
Proceeds from issue of shares & other equity securities		-	7,100,300
Share issue transaction costs		-	(434,024)
Principal elements of lease payments		(22,680)	(51,059)
<b>Net cash provided by financing activities</b>		<b>(32,404)</b>	<b>6,571,917</b>
Net increase / (decrease) used in cash and cash equivalents		(1,862,140)	3,257,007
Effects of exchange rate changes on cash and cash equivalents		12,667	(6,671)
Cash and cash equivalents at 1 July		5,322,413	5,767,312
<b>Cash and cash equivalents at 31 December</b>		<b>3,472,940</b>	<b>9,017,648</b>

*The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.*

# Notes to the Consolidated Financial Statements

for the half year ended 31 December 2024

## NOTE 1. STATEMENT OF MATERIAL ACCOUNTING POLICIES

### Statement of Compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with Australia Accounting Standards ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report and any public announcements made during the half year.

### Basis of preparation

The consolidated financial statements have been prepared on the basis of historical costs, except for financial assets held at fair value. All amounts are presented in Australian dollars, unless otherwise noted. The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Group's annual financial report for the financial year ended 30 June 2024. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The only additional accounting policy required is:

#### *Principles of consolidation and equity accounting*

##### *Associates*

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for by using the equity method of accounting after being initially recognised at cost.

##### *Equity method*

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income.

Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment each reporting period.

##### *Significant influence – Interest in Associates*

As per the Shareholder Rights Agreement between the Company and its associate, Valkea Resources Corp, the Group retains a board member on Valkea's board of directors if the shareholding is above 10% with the right to designate a second nominee if their shareholding is above 20% subject to meeting the following conditions:

- at least one of the two nominees must be independent;
- S2R to give 30 days notice in writing; and
- the Board to remain at a maximum of 5 directors until a Board Increase Event.

If Valkea Resources undertakes a share issue / placement and the Groups shareholding is above 10% at the time, then the Group has the right but not the obligation to participate in the new issue on the same terms as the other participants up to such additional number of shares in order to maintain its ownership percentage.

# Notes to the Consolidated Financial Statements

for the half year ended 31 December 2024

Therefore, the Company in accordance with AASB 128, determined it has significant influence over Valkea Resources due to its 44.58% holding and retention of a Board member in Valkea Resources for the half year ended 31 December 2024.

## Standards and Interpretations applicable to 31 December 2024

In the period ended 31 December 2024, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current reporting period. None of which have a material impact on the Group.

## Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the period ended 31 December 2024. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Group and, therefore, no change is necessary to Group accounting policies.

## Use of estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, that it believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below:

### *Share-based payment transactions*

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Refer to Note 7.

### *Exploration and evaluation costs*

Exploration and evaluation costs for each area of interest in the early stages of the project life are expensed as they are incurred except for acquisition costs, until they satisfy the requirements that are stated below.

Exploration and evaluation costs are capitalised in an identifiable area of interest upon announcement of a JORC 2012 compliant resource and costs will be amortised in proportion to the depletion of the mineral resources at the commencement of production. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

### *Significant influence*

The Group has considered its investment in Valkea and the rights and obligations contained within the Shareholder Rights Agreement (dated 18 September 2024) concluding the Group has significant influence but not control or joint control.

### *Impairment*

The Group assesses at each reporting period whether there are any indicators of impairment for the

# Notes to the Consolidated Financial Statements

for the half year ended 31 December 2024

investment in associate. None were noted for the period from acquisition to 31 December 2024.

## NOTE 2: SEGMENT INFORMATION

For management purposes, the Group has one reportable segment as follows:

- Australia exploration activities, which includes exploration and evaluation of mineral tenements in Western Australia, New South Wales and Victoria.
- Corporate costs and all other expenses that cannot be directly attributed to Australian exploration are presented as unallocated costs when segment information is provided to Chief Operating Decision Maker (CODM)

Segment information that is evaluated by the CODM (as defined by AASB 8 Operating Segments) is prepared in conformity with the accounting policies adopted for preparing the financial statements of the Group.

### Segment Results

#### Statement of loss for the half year ended 31 December 2024

	Australia exploration activities	Unallocated	Total
Other income	-	151,182	151,182
Admin expenses	-	(553,552)	(553,552)
Depreciation expense	-	(53,015)	(53,015)
Share-based payments	-	(778,336)	(778,336)
Other gain/(losses) - net	-	9,492	9,492
Finance cost	-	(2,141)	(2,141)
Gain on disposal of subsidiary	-	6,229,169	6,229,169
Share of associate's loss	-	(456,886)	(456,886)
Exploration expenditure expensed as incurred	(2,159,953)	(46,647)	(2,206,600)
Loss before income tax	(2,159,953)	4,499,266	2,339,313
Income tax expense	-	-	-
Loss after income tax for the half year	(2,159,953)	4,499,266	2,339,313

#### Statement of loss for the half year ended 31 December 2023

	Finland exploration activities	Australia exploration activities	Unallocated	Total
Other income	-	-	97,435	97,435
Admin expenses	-	-	(811,700)	(811,700)
Depreciation expense	-	-	(82,680)	(82,680)
Share-based payments	-	-	(504,185)	(504,185)
Other gain/(losses) - net	-	-	(9,323)	(9,323)
Finance cost	-	-	(3,242)	(3,242)
Gain on disposal of tenement	-	-	35,728	35,728
Exploration expenditure expensed as incurred	(101,308)	(2,387,455)	(2,133)	(2,490,896)
Loss before income tax	(101,308)	(2,387,455)	(1,280,100)	(3,768,863)

# Notes to the Consolidated Financial Statements

for the half year ended 31 December 2024

Income tax expense	-	-	-	-
Loss after income tax for the half year	(101,308)	(2,387,455)	(1,280,100)	(3,768,863)

	Finland exploration activities	Australia exploration activities	Total
Exploration assets 31 Dec 24	-	1,709,898	1,709,898
Exploration assets 30 Jun 24	990,962	1,709,898	2,700,860

## SEGMENT ASSETS AND LIABILITIES

The Group's other assets (excluding exploration assets) are mostly attributable to the unallocated segment.

## NOTE 3. EXPLORATION AND EVALUATION

	31 December 2024 \$	30 June 2024 \$
Exploration asset held for sale	-	990,962
Exploration costs	1,709,898	1,709,898
<b>Movement during the period</b>		
Balance at beginning of the period	2,700,860	2,426,570
Exploration expenditure incurred during the period (i)	2,206,600	5,655,140
Exploration expenditure incurred during the period and expensed	(2,206,600)	(5,655,140)
Exploration asset sold (ii)	(990,962)	
Exploration expenditure relating to acquisitions	-	250,300
Foreign currency translation difference (ii)	-	23,990
<b>Balance at end of the period</b>	<b>1,709,898</b>	<b>2,700,860</b>

- (i) During the half year ended 31 December 2024 the exploration expenditure incurred pertains to the following:

### Australian Projects

Exploration expenditure incurred and expensed for Australian Projects was \$2,159,953.

### Finland Projects

Exploration expenditure incurred and expensed for Finland was \$39,763.

### US Projects

Exploration expenditure incurred and expensed for the US was \$6,884.

- (ii) Relates to the exploration assets recognised in the Groups balance sheet relating to Finnish assets. On 10 May 2024 the Group entered into a Share Purchase Agreement (SPA) with Vancouver based and TSXV listed company Outback Goldfields Corp (Outback) to sell its wholly owned subsidiary, Sakumpu Exploration Oy, for a total consideration of C\$7 million comprising C\$1.5million in cash and C\$5.5 million in shares in Outback.

Sakumpu Exploration Oy is the holder of the Group's Finnish exploration assets, including the Aarnivalkea gold prospect, and interests in two current exploration earn in deals with Kinross Gold Corporation and Rupert Resources

# Notes to the Consolidated Financial Statements

for the half year ended 31 December 2024

The transaction was completed on 18 September 2024 and resulted in the Group acquiring 13,750,000 shares in the renamed Valkea Resources Corp (Valkea). In addition, the Group also participated in the placement associated with the transaction and purchasing 6,250,000 ordinary shares in Valkea for C\$250,000 bringing the total shareholding in Valkea Resources to 14,375,000 shares. The Group now holds a 44.58% interest in Valkea.

## NOTE 4. INTEREST IN ASSOCIATE

The entity listed below have share capital consisting of ordinary shares and warrants of which 44.58% of the ordinary shares are held directly by the Group. The proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Country of incorporate	Place of business	% of ownership interest	Nature of relationship	Measurement method	Carrying amount	Fair Value
			2024 %			2024 \$	2024 \$
Valkea Resources Corp.	Canada	Vancouver	44.58	Associate	Equity method	5,987,857	5,987,857

In September 2024, as part of the transaction for the sale of the Groups Finnish subsidiary Sakumpu Exploration Oy, and including participation in the associated placement for C\$250,000, the Group acquired a 44.58% stake in Valkea Resources Corp (Formerly Outback Goldfields Corp.)

Dr Mark Bennett, Executive Chairman of S2 Resources Ltd joined as a Non-Executive director of Valkea.

### Summarised financial information for associates

The tables below provide provisionally accounted summarised financial information of Valkea that are material to the Group. The information disclosed reflects the amounts presented in the financial statement of the relevant associates and not the Group's share of those amounts. The amounts have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policies.

#### Summarised balance sheet

	31-Dec 2024 \$
Current assets	1,981,221
Non current assets (i)	11,882,970
<b>Total assets</b>	<b>13,864,191</b>
Current liabilities	432,480
<b>Total liabilities</b>	<b>432,480</b>
<b>NET ASSETS</b>	<b>13,431,711</b>

#### Reconciliation to carrying amounts

	31-Dec 2024 \$
S2R's initial investment 19 September 2024	6,151,582
Group's share of loss for the period (44.58%)	(456,886)
Forex on investment	293,161
<b>Carrying amount</b>	<b>5,987,857</b>

# Notes to the Consolidated Financial Statements

for the half year ended 31 December 2024

(i) Net current assets and loss for the period has been modified to align Valkea's accounting policies to the Group's accounting policies. Valkea's accounting policy is to capitalise all exploration and evaluation expenditure whereas the Group expense all ongoing exploration and evaluation expenditure until such a time where a JORC 2012 compliant resource is announced in relation to the identifiable area of interest.

## NOTE 5. SHARE CAPITAL

	31 December 2024 No of Shares	31 December 2024 \$
<b>Ordinary shares fully paid</b>		
Balance at beginning of period	452,857,993	78,725,836
<b>Balance at period end</b>	<b>452,857,993</b>	<b>78,577,640</b>

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Group in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

## NOTE 6. RESERVES

	31 December 2024 \$	30 June 2024 \$
Share-based payments reserve (i)	3,926,418	4,507,628
Other reserve (ii)	-	144,517
Foreign currency translation reserve (iii)	393,795	363,474
Revaluation Reserve (iv)	(2,652,077)	(2,633,056)
	<b>1,668,136</b>	<b>2,382,563</b>

- (i) The share-based payments reserve recognises the fair value of the options issued to Directors, employees and service providers.

Each share option converts into one ordinary share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

In the period ended 31 December 2024, \$1,359,546 in relation to the fair value of options which has lapsed or expired was transferred to accumulated losses.

- (ii) The other reserve recognised the remaining non-controlling interest (33%) that was purchased from the Sakumpu vendors on 30 November 2015. Due to the sale of Sakumpu Exploration Oy this reserve has been reduced to nil.

- (iii) Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

- (iv) The revaluation reserve recognises the change in fair value of investments.

# Notes to the Consolidated Financial Statements

for the half year ended 31 December 2024

## NOTE 7. SHARE BASED PAYMENTS

The following share-based payments arrangements were issued during the current.

### Options

Options Series	Number	Grant Date	Issue Date	Expiry Date	Exercise Price \$	Fair value at Grant Date \$
(22) 1 July 2024	3,750,000	01/07/2024	01/07/2024	01/07/2028	0.135	0.06
(22) 1 July 2024	10,000,000	29/11/2024	01/07/2024	01/07/2028	0.135	0.04

(22) The 3,750,000 options in series 22 which vest one year from grant date comprised 3,250,000 issued to employees under the Employee Share Option Plan and 500,000 issued to service providers. For the service provider options, the value of services received was unable to be measured reliably and therefore the value of services received was measured by reference to the fair value of options issued. The 10,000,000 options in series 22 which vest one year from proposed date were approved at the AGM and granted to directors.

The weighted average exercise price of the share options granted during the period is \$0.135.

The weighted average contractual life for options outstanding at the end of the period was 2.34 years.

The total expense of the share based payments for the period was:

	31 December 2024 \$
Options issued under Employee Share Plan	778,336
	<b>778,336</b>

Options granted during the half year ended 31 December 2024, were priced using a Black-Scholes option pricing model using the inputs below:

	Series 22	Series 22 Directors
Grant date share price	0.094	0.070
Exercise price	0.135	0.135
Expected volatility	100%	100%
Option life	4 years	4 years
Dividend yield	0.00%	0.00%
Interest rate	4.04%	3.84%

# Notes to the Consolidated Financial Statements

for the half year ended 31 December 2024

The following reconciles the outstanding share options granted in the half year ended 31 December 2024:

	31 December 2024 Number of Options	31 December 2024 Weighted average exercise price \$	31 December 2023 Number of Options	31 December 2023 Weighted average exercise price \$
Balance at the beginning of the period	41,600,000	0.31	46,650,000	0.31
Granted during the period	13,750,000	0.14	13,350,000	0.25
Exercised during the period	-	-	-	-
Expired during the period (i)	(10,100,000)	0.36	(18,200,000)	0.30
<b>Balance at the end of the period</b>	<b>45,250,000</b>	<b>0.28</b>	<b>41,800,000</b>	<b>0.28</b>
Un-exercisable at the end of the period	13,000,000	0.135	13,350,000	0.25
<b>Exercisable at end of the period</b>	<b>32,250,000</b>	<b>0.25</b>	<b>28,450,000</b>	<b>0.29</b>

(i) *Options expired or cancelled during the period*

During the half year ended 31 December 2024, 400,000 service provider options expired, 5,200,000 employee share options and 4,500,000 director share options expired or cancelled.

## NOTE 8. RELATED PARTIES

During the half year ended 31 December 2024, options were approved at the AGM were issued to the following Directors and Key Management Personnel:

	Grant Date	Number of Options	Total value of share based payment \$	Share based payment expensed in current period \$
<b>Management</b>				
Mark Bennett	29/11/24	5,000,000	197,500	99,562
Anna Neuling	29/11/24	2,500,000	98,750	49,781
Jeff Dowling	29/11/24	2,500,000	98,750	49,781
		<b>10,000,000</b>	<b>395,000</b>	<b>199,123</b>

Other than the Key Management Personnel stated above, there were no new related party transactions for the half year ended 31 December 2024.

## NOTE 9. EVENTS OCCURRING AFTER THE REPORTING DATE

There has been no matter or circumstance that has arisen since 31 December 2024 that has significantly affected, or may significantly affect:

- the Group's operations in future financial years;
- the result of those operations in future financial years; or
- the Group's state of affairs in future financial years.

# Notes to the Consolidated Financial Statements

for the half year ended 31 December 2024

## NOTE 10. GAIN / LOSS PER SHARE

### (a) Reconciliation of gain /loss used in calculating Gain / Loss Per Share

#### *Basic gain (loss) per share*

Gain / (Loss) attributable to the ordinary equity holders used in calculating basic loss per share

31 December 2024 \$	31 December 2023 \$
2,339,313	(3,768,863)

### (b) Weighted average number of shares used as the Denominator

Ordinary shares used as the denominator in calculating basic loss per share

31 December 2024 Number	31 December 2023 Number
452,857,993	412,653,660

### (c) Gain / (Loss) per share

Basic gain / (loss) loss per share

31 December 2024 Cents	31 December 2023 Cents
0.52	(0.91)

### (d) Reconciliation of loss used in calculating Loss Per Share for continuing operations

#### *Basic loss per share*

Gain / (Loss) attributable to the ordinary equity holders used in calculating basic loss per share for continuing operations

31 December 2024 \$	31 December 2023 \$
(3,850,093)	(3,768,863)

### (e) Loss per share for continuing operations

Loss per share

31 December 2024 Cents	31 December 2023 Cents
(0.85)	(0.91)

Where loss per share is non-dilutive, it is not disclosed.

## NOTE 11. COMMITMENTS AND CONTINGENCIES

### Commitments

There were no material changes to the Group's commitments since 30 June 2024.

### Contingencies

For the half year ended 31 December 2024, there were no contingencies to disclose for the Group.

## NOTE 12. DISCONTINUED OPERATIONS

On 10 May 2024, pursuant to the LOI, S2 Resources Ltd entered into a Share Purchase Agreement (SPA) with Outback to sell its wholly owned Finnish subsidiary, Sakumpu Exploration Oy, for a total consideration of C\$7 million comprising C\$1.5million in cash and C\$5.5 million in shares in Outback.

The transaction was completed on 18 September 2024 and resulted in the Group acquiring 13,750,000 shares in the renamed Valkea Resources Corp (Valkea).

# Notes to the Consolidated Financial Statements

for the half year ended 31 December 2024

Financial Performance information	31 December 2024 \$	30 June 2024 \$
Cash consideration	1,620,909	-
Shares (valued at market price at date of disposal)	5,874,813	-
Exploration expenditure expensed	(39,763)	(470,478)
Disposal costs	(466,539)	-
Carrying amount of net assets disposed	(1,068,160)	-
Derecognition of foreign currency reserve	268,146	-
<b>Gain / (Loss) before income tax</b>	<b>6,189,406</b>	<b>(470,478)</b>
Income tax benefit/(expense)	-	-
<b>Gain / (Loss) after income tax for the year</b>	<b>6,189,406</b>	<b>(470,478)</b>
<b>Total comprehensive Gain / (Loss) for the year</b>	<b>6,189,406</b>	<b>(470,478)</b>

Cash flow information	31 December 2024 \$	30 June 2024 \$
Net cash from discontinued activities	1,079,539	(521,963)
<b>Net increase in cash and cash equivalents from discontinued operations</b>	<b>1,079,539</b>	<b>(521,963)</b>

## Directors' Declaration



The Directors of the Company declare that:

1. The interim financial statements and notes set out on pages 6 to 21 are in accordance with the Corporations Act 2001 and other professional reporting requirements including:
  - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
  - (b) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2024 and of its performance for the period then ended.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to read 'Mark Bennett'.

Mark Bennett  
Executive Chairman  
Melbourne  
12 March 2025



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## DECLARATION OF INDEPENDENCE BY ASHLEIGH WOODLEY TO THE DIRECTORS OF S2 RESOURCES LIMITED

As lead auditor for the review of S2 Resources Limited for the half-year ended 31 December 2024, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of S2 Resources Limited and the entities it controlled during the period.

**Ashleigh Woodley**  
Director

**BDO Audit Pty Ltd**  
Perth  
12 March 2025

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of S2 Resources Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of S2 Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, material accounting policy information and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- i. Giving a true and fair view of the Group's financial position as at 31 December 2024 and of its financial performance for the half-year ended on that date; and
- ii. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

#### Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility for the review of the financial report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2024 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**BDO Audit Pty Ltd**

A handwritten signature in black ink, appearing to read 'Ashleigh Woodley', is written over a faint, larger 'BDO' logo.

**Ashleigh Woodley**

**Director**

Perth, 12 March 2025