



S2 Resources Ltd

ACN 606 128 090

Notice of 2016 Annual General Meeting

Time: 2:00pm (WST)

Date: Friday, 7 October 2016

Place: Rendezvous Hotel,
148 The Esplanade
Scarborough WA 6019

This Notice of Annual General Meeting contains important information and should be read in its entirety. Shareholders are encouraged to contact their professional advisers if they require advice as to how to vote

NOTICE IS GIVEN that the Annual General Meeting (**AGM** or **Meeting**) of shareholders of S2 Resources Limited (**S2** or the **Company**) will be held at Rendezvous Hotel, 148 The Esplanade, Scarborough WA 6019 on Friday, 7 October 2016 at 2:00pm (WST).

Attached to, and forming part of, this Notice of Meeting are Explanatory Notes that provide shareholders with background information and further details on the Resolutions to assist shareholders to determine how they wish to vote on the Resolutions. This Notice of Meeting, including the Explanatory Notes, Other Information and the Proxy Form, should be read in its entirety.

BUSINESS

1. CONSIDERATION OF ANNUAL REPORTS

To receive and consider the financial report of the Company and the reports of the Directors and auditor for the year ended 30 June 2016.

2. RESOLUTION 1 - ADOPTION OF THE REMUNERATION REPORT

To consider and, if thought fit, pass the following as an **ordinary resolution**:

"That the remuneration report, which forms part of the report of the Directors for the year ended 30 June 2016, be adopted."

Note: The vote on this resolution is advisory only and does not bind the Directors or the Company.

Voting restrictions:

Under the Corporations Act, a vote on Resolution 1 must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the key management personnel (**KMP**) details of whose remuneration are included in the remuneration report; and
- (b) a closely related party of such a member (such as close family members and controlled companies),

(together, **prohibited persons**), except where the prohibited person votes as a proxy for a person other than a prohibited person, and either:

- (c) the Proxy Appointment Form specifies the way the proxy is to vote on Resolution 1; or
- (d) the proxy is the Chairman of the Meeting and the Proxy Appointment Form:
 - (i) does not specify the way the proxy is to vote on Resolution 1; and
 - (ii) expressly authorises the Chairman of the Meeting to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP.

The Company will disregard any votes cast on Resolution 1 by prohibited persons. The Chairman of the Meeting intends to vote all available undirected proxies in favour of Resolution 1.

3. RESOLUTION 2 - ELECTION OF MR GREY EGERTON-WARBURTON AS A DIRECTOR

To consider, and if thought fit, pass the following as an **ordinary resolution**:

"That Mr Grey Egerton-Warburton, who was appointed as a Director by the Board on 29 April 2016 and is retiring in accordance with rule 3.3 of the Company's constitution, and being eligible, offers himself for election, be elected as a Director of the Company."

4. **RESOLUTION 3 - RE-ELECTION OF MS ANNA NEULING AS A DIRECTOR**

To consider, and if thought fit, pass the following as an **ordinary resolution**:

"That Ms Anna Neuling, who is retiring from the office of Director in accordance with rule 3.6(c) of the Company's constitution, and being eligible, offers herself for re-election, be re-elected as a Director of the Company."

5. **RESOLUTION 4 - ISSUE OF APPOINTMENT OPTIONS TO MR GREY EGERTON-WARBURTON**

To consider and, if thought fit, pass the following as an **ordinary resolution**:

"Contingent on his election as a Director at this meeting, that approval is given (under ASX Listing Rule 10.14, Chapter 2E of the Corporations Act and for all other purposes) for the issue to Mr Grey Egerton-Warburton of 1,000,000 Appointment Options with an exercise price of \$0.35, on the terms and conditions set out in the Explanatory Notes. The issue to Mr Grey Egerton-Warburton of any Shares subscribed for by him on exercise of the Appointment Options is also approved."

Voting exclusion statement:

In accordance with the ASX Listing Rules, the Company will disregard any votes cast on Resolution 4:

- (a) by a Director (who is eligible to participate in any employment incentive scheme in respect of which approval is sought) and any associates of that Director; and
- (b) an associate of that person (or those persons).

However, the Company need not disregard a vote for the purposes of the ASX Listing Rules if:

- (c) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Appointment Form; or
- (d) it is cast by the Chairman of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Appointment Form authorising the Chairman of the Meeting to vote as the Chairman decides.

Voting restrictions:

Under the Corporations Act, a vote on Resolution 4 must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the key management personnel (**KMP**) details of whose remuneration are included in the remuneration report; and
- (b) a closely related party of such a member (such as close family members and controlled companies),

(together, **prohibited persons**), except where the prohibited person votes as a proxy for a person other than a prohibited person, and either:

- (c) the Proxy Appointment Form specifies the way the proxy is to vote on Resolution 4; or
- (d) the proxy is the Chairman of the Meeting and the Proxy Appointment Form:
 - (i) does not specify the way the proxy is to vote on Resolution 4; and
 - (ii) expressly authorises the Chairman of the Meeting to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP.

The Company will disregard any votes cast on Resolution 4 by prohibited persons. The Chairman of the Meeting intends to vote all available undirected proxies in favour of Resolution 4.

6. **RESOLUTION 5 – ISSUE OF DIRECTOR OPTIONS TO DR MARK BENNETT**

To consider and, if thought fit, pass the following as an **ordinary resolution**:

"That approval is given (under ASX Listing Rule 10.14, Chapter 2E of the Corporations Act and for all other purposes) for the issue of 3,000,000 Director Options to Dr Mark Bennett, a Director of the Company, on the terms and conditions set out in the Explanatory Notes. The issue to Dr Mark Bennett of any Shares subscribed for by him on exercise of the Director Options is also approved."

7. **RESOLUTION 6 - ISSUE OF DIRECTOR OPTIONS TO MS ANNA NEULING**

To consider and, if thought fit, pass the following as an **ordinary resolution**:

"Contingent on her re-election as a Director at this meeting, that approval is given (under ASX Listing Rule 10.14, Chapter 2E of the Corporations Act and for all other purposes) for the issue of 1,500,000 Director Options to Ms Anna Neuling, a Director of the Company on the terms and conditions set out in the Explanatory Notes. The issue to Ms Anna Neuling of any Shares subscribed for by her on exercise of the Director Options is also approved."

8. **RESOLUTION 7 - ISSUE OF DIRECTOR OPTIONS TO MR JEFF DOWLING**

To consider and, if thought fit, pass the following as an **ordinary resolution**:

"That approval is given (under ASX Listing Rule 10.14, Chapter 2E of the Corporations Act and for all other purposes) for the issue of 1,000,000 Director Options to Mr Jeff Dowling, a Director of the Company on the terms and conditions set out in the Explanatory Notes. The issue to Mr Jeff Dowling of any Shares subscribed for by him on exercise of the Director Options is also approved."

9. **RESOLUTION 8 - ISSUE OF DIRECTOR OPTIONS TO MR GREY EGERTON-WARBURTON**

To consider and, if thought fit, pass the following as an **ordinary resolution**:

"Contingent on his election as a Director at this meeting, that approval is given (under ASX Listing Rule 10.14, Chapter 2E of the Corporations Act and for all other purposes) for the issue of 1,000,000 Director Options to Mr Grey Egerton-Warburton, a Director of the Company on the terms and conditions set out in the Explanatory Notes. The issue to Mr Grey Egerton-Warburton of any Shares subscribed for by him on exercise of the Director Options is also approved."

Voting exclusion statement:

In accordance with the ASX Listing Rules, the Company will disregard any votes cast on Resolutions 5, 6, 7 and 8:

- (a) by a Director (who is eligible to participate in the employment incentive scheme in respect of which approval is sought) and any associates of that Director; and
- (b) an associate of that person (or those persons).

However, the Company need not disregard a vote for the purposes of the ASX Listing Rules if:

- (c) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Appointment Form; or
- (d) it is cast by the Chairman of the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Appointment Form authorising the Chairman of the meeting to vote as the Chairman decides.

Voting restrictions:

Under the Corporations Act, a vote on Resolution 5, 6, 7 or 8 must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the key management personnel (**KMP**) details of whose remuneration are included in the remuneration report; and
- (b) a closely related party of such a member (such as close family members and controlled companies),

(together, **prohibited persons**), except where the prohibited person votes as a proxy for a person other than a prohibited person, and either:

- (c) the Proxy Appointment Form specifies the way the proxy is to vote on Resolution 5, 6, 7 or 8; or
- (d) the proxy is the Chairman of the Meeting and the Proxy Appointment Form:
 - (i) does not specify the way the proxy is to vote on Resolution 5, 6, 7 or 8; and
 - (ii) expressly authorises the Chairman of the Meeting to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP.

The Company will disregard any votes cast on Resolution 5, 6, 7 or 8 by prohibited persons. The Chairman of the Meeting intends to vote all available undirected proxies in favour of Resolutions 5, 6, 7 and 8.

10. **RESOLUTION 9 – PLACEMENT OF OPTIONS TO SERVICE PROVIDERS**

To consider and, if thought fit, pass the following as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to allot and issue up to 2,000,000 Options on the terms and conditions set out in the Explanatory Notes."

Voting exclusion statement:

The Company will disregard any votes cast on Resolution 9 by:

- (a) a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if Resolution 9 is passed; and
- (b) an associate of that person (or those persons).

However, the Company need not disregard a vote if:

- (c) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions of the Proxy Appointment Form; or
- (d) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Appointment Form authorising the Chairman of the Meeting to vote as the Chairman decides.

11. **RESOLUTION 10 - APPROVAL OF ADDITIONAL 10% PLACEMENT CAPACITY**

To consider and, if thought fit, pass the following as a **special resolution**:

"That approval is given under ASX Listing Rule 7.1A and for all other purposes for the Company to have additional capacity to issue equity securities of up to 10% of the issued capital of the Company, calculated in accordance with ASX Listing Rule 7.1A.2 during the period specified in ASX Listing Rule 7.1A.1 and on the terms and conditions set out in the Explanatory Notes."

Voting Exclusion Statement:

In accordance with the ASX Listing Rules, the Company will disregard any votes cast on Resolution 10 by:

- (a) any person who may participate in the issue of equity securities under this resolution and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed; and

(b) an associate of that person (or those persons),

However, the Company need not disregard a vote for the purposes of the ASX Listing Rules if:

(c) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Appointment Form; or

(d) it is cast by the Chairman of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Appointment Form authorising the Chairman of the Meeting to vote as the Chairman decides.

12. **RESOLUTION 11 – APPOINTMENT OF AUDITOR**

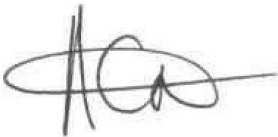
To consider, and if thought fit, pass the following as an **ordinary resolution**:

"That BDO Audit (WA) Pty Ltd be appointed as auditor of the Company."

Chairman voting intention: The Chairman of the Meeting (where appropriately authorised) intends to vote all available undirected proxies **in favour of** Resolutions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, and 11.

Date 29 August 2016

By order of the Board

A handwritten signature in black ink, appearing to read 'ANeuling', with a long horizontal stroke extending to the right.

Anna Neuling

Company Secretary

NOTES

These Notes form part of the Notice of Meeting.

The business at the Meeting affects your shareholding and your vote is important.

Entitlement to vote at the Meeting

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations that, for the purpose of voting at the Meeting, the members eligible to vote are those persons who are the registered holders of shares at 5:00pm (WST) on Wednesday, 5 October 2016.

If more than one joint holder of shares is present at the Meeting (whether personally or by proxy, attorney or representative) and tenders a vote, only the vote of the joint holder whose name appears first on the register will be counted.

Voting in person

To vote in person, attend the AGM at the time, date and location mentioned in this Notice of Meeting.

Voting by proxy

Each member entitled to vote at the AGM may appoint a proxy to attend and vote at the AGM.

A proxy need not be a member of the Company and can be an individual or a body corporate.

A body corporate appointed as a member's proxy may appoint a representative to exercise any of the powers the body may exercise as a proxy at the AGM. The representative should bring to the meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

A member entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. For an appointment of a proxy for the meeting to be effective:

- the Proxy Appointment Form; and
- if the Proxy Appointment Form is signed by the appointor's attorney – the authority under which the Proxy Appointment Form was signed (eg a power of attorney) or a certified copy of it,

must be received by the Company at least 48 hours before the Meeting.

The following addresses are specified by the Share Registry for the purposes of receipt of proxies:

Online: www.investorvote.com.au	
By mail: Computershare Investor Services Pty Limited GPO Box 242 Melbourne VICTORIA 3001	By fax: 1800 783 447 (within Australia) +61 3 9473 2555 (outside Australia)

Shareholders should be aware in appointing a proxy that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chairman, who must vote the proxies as directed.

Corporate representatives

A body corporate that is also a Shareholder, or that has been appointed as a proxy, may appoint an individual as its representative to exercise any of the powers the body may exercise at meetings of a company's members. The appointment may be a standing one. Unless the appointment states otherwise, the representative may exercise all of the powers that the appointing body could exercise at a meeting or in voting on a resolution.

The representative should bring to the meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

Shareholders can download and fill out the "Appointment of Corporate Representative" form from the Computershare website:

<https://cda-au.computershare.com/Content/c1acf4d9-e87a-4e63-91a9-a4880af8fe32>

EXPLANATORY NOTES, COMMENTARY AND RECOMMENDATIONS

This information forms part of the Notice of Meeting.

1. ANNUAL REPORT

The Company's 2016 Annual Report, including the financial report, the Directors' report and the auditor's report for the year ended 30 June 2016, will be considered. The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. Shareholders can view the Company's 2016 Annual Report, which contains these reports, in the "Investor" section on the Company's website (www.s2resources.com.au) and on the ASX market announcements platform at www.asx.com.au.

The auditor, BDO Audit (WA) Pty Ltd, will be present at the meeting. The Chairman will give Shareholders a reasonable opportunity to ask the auditor questions relevant to:

- (a) the conduct of the audit;
- (b) the preparation and content of the auditor's report;
- (c) the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit.

The Chairman will also give the auditor a reasonable opportunity to answer written questions submitted by Shareholders that are relevant to the content of the auditor's report or the conduct of the audit. A list of written questions, if any, submitted by Shareholders will be made available at the start of the meeting and any written answer tabled by the auditor at the meeting will be made available as soon as practicable after the meeting.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 Introduction

Pursuant to Section 250R(2) of the Corporations Act, a resolution that the remuneration report be adopted is required to be put to the vote at the Company's AGM. While the vote on the resolution is advisory only and does not bind the Directors or the Company, the Board will take into consideration the outcome of voting on this resolution when reviewing the remuneration practices and policies of the Company.

The remuneration report describes the Company's remuneration policy for non-executive Directors, executive Directors and other senior executives. The remuneration report is set out in the Company's 2016 Annual Report, which can be viewed in the "Investor" section on the Company's website (www.s2resources.com.au).

The Chairman will give Shareholders a reasonable opportunity to ask questions about or make comments on the remuneration report.

2.2 Voting consequences

Shareholders should note that if at least 25% of the votes cast on the adoption of the Company's remuneration report at two consecutive annual general meetings are against adopting the Company's remuneration report, and a resolution was not put to the vote at the first of those consecutive annual general meetings under a prior application of the two strikes rule, then Shareholders will have the opportunity to vote on a "spill resolution".

2.3 **Previous voting results**

This is the Company's first AGM since it was admitted to the official list of the ASX on 19 October 2015. Accordingly, a spill resolution is not relevant for this AGM.

2.4 **Proxy voting restrictions**

Shareholders appointing a proxy for this Resolution 1 should note the following:

- (a) If you appoint a member of the KMP (other than the Chairman) whose remuneration details are included in the remuneration report, or a closely related party of such a member as your proxy, you must direct your proxy how to vote on this Resolution 1. Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution 1.
- (b) If you appoint the Chairman as your proxy (where he is also a member of the KMP whose remuneration details are included in the remuneration report, or a loosely related party of such a member) or if you appoint any other person as your proxy you do not need to direct your proxy how to vote on this Resolution 1, and you do not need to mark any further acknowledgement in the Proxy Appointment Form. Board recommendation

Board recommendation: *The Board recommends that Shareholders vote in favour of Resolution 1 to adopt the remuneration report.*

3. **RESOLUTION 2 - ELECTION OF MR GREY EGERTON-WARBURTON AS A DIRECTOR**

3.1 **Introduction**

Shareholder approval is sought for the election of Mr Grey Egerton-Warburton as a Non-Executive Director of the Company.

Rule 3.3 of the Company's constitution allows the Directors to appoint at any time, except during a general meeting, a person to be a Director as an addition to the existing Directors, provided the total number of Directors does not exceed the maximum number specified by the constitution.

Pursuant to rule 3.4 of the Company's constitution and ASX Listing Rule 14.4, any Director so appointed holds office until the next following annual general meeting and is then eligible for election by shareholders.

3.2 **Experience**

Mr Egerton-Warburton was appointed as a Non-Executive Director by the Board in April 2016. At the AGM Mr Egerton-Warburton will automatically retire from the office of Director in accordance with rule 3.3 of the Company's constitution. Being eligible, Mr Egerton-Warburton offers himself for election as a Director at the AGM.

Mr Egerton-Warburton is an experienced corporate financier, with a strong background in natural resources, having spent 16 years with Hartleys Limited, including most recently as head of corporate finance. He has extensive experience in equity capital markets, acquisitions, divestments and domestic and international change of control transactions, having led a substantial number of capital raisings, takeovers and mergers for many ASX listed companies, across many sectors. While at Hartleys, Mr Egerton-Warburton worked closely with Sirius Resources as its corporate advisor from mid-2012 until the completion of the merger between Sirius and Independence Group.

Mr Egerton-Warburton currently serves as Deputy Chair of the Women and Infants Research Foundation, the charitable arm of King Edward Memorial Hospital in Perth, Western Australia.

3.3 **Corporate governance**

The Company's corporate governance processes require that all material information relevant to whether or not to elect or re-elect a director is provided to Shareholders as part of the Notice of Meeting and Explanatory Notes for the meeting of Shareholders which addresses the election or re-election of a director. The Board confirms that the appropriate reviews have been conducted.

Board recommendation: *The Board (excluding Mr Egerton-Warburton) recommends that Mr Egerton-Warburton be elected as a Director by Shareholders.*

4. **RESOLUTION 3 - RE-ELECTION OF MS ANNA NEULING AS A DIRECTOR**

4.1 **Introduction**

Shareholder approval is sought for the re-election of Ms Anna Neuling as a Director of the Company.

ASX Listing Rule 14.5 provides that an entity which has directors must hold an election at each annual general meeting.

Ms Anna Neuling retires as required by rule 3.6 of the Company's constitution and, being eligible, offers herself for re-election as a Director of the Company. Ms Neuling holds office until the conclusion of the AGM. If Resolution 3 is passed, Ms Neuling will be re-elected and continues as a Director of the Company.

4.2 **Experience**

Ms Neuling was appointed to the Board of the Company on 29 May 2015 as an Executive Director and Company Secretary following the demerger of the Company from Sirius. Ms Neuling previously held the positions of Executive Director and Company Secretary of Sirius. Ms Neuling is a chartered accountant (UK) who has held a number of senior finance positions with resources companies, including chief financial officer and company secretarial roles at several listed companies.

4.3 **Corporate governance**

As outlined in section 3.3 above, the Board confirms that appropriate reviews with respect to Ms Neuling's re-election have been conducted.

Board recommendation: *The Board (excluding Ms Neuling) recommends that Ms Neuling be re-elected as a Director of the Company.*

5. **RESOLUTIONS 4 TO 8 - ISSUE OF APPOINTMENT OPTIONS TO MR GREY EGERTON-WARBURTON AND ISSUE OF DIRECTOR OPTIONS TO DR MARK BENNETT, MS ANNA NEULING, MR JEFF DOWLING AND MR GREY EGERTON-WARBURTON**

5.1 **Introduction**

Contingent on his election as a Director at the AGM and Shareholder approval, the Company has agreed to issue a total of 1,000,000 Options to Mr Grey Egerton-Warburton (or his nominee/s) in consideration for his appointment to the Board of the Company (**Appointment Options**).

The Company has also agreed, subject to obtaining Shareholder approval, to issue Options to each of the Company's Directors, being:

- (a) Dr Mark Bennett;
 - (b) Ms Anna Neuling (contingent on her re-election at the AGM);
 - (c) Mr Jeff Dowling; and
 - (d) Mr Grey Egerton-Warburton (contingent on his election at the AGM),
- (together, the **Director Options**).

The Appointment Options and the Director Options are together referred to in this Notice of Meeting as the **AGM Options**.

Subject to the relevant Resolutions being passed, the AGM Options will be issued pursuant to the terms and conditions set out in Schedule 1, and as set out in the Director Share Option Terms and Conditions released on ASX on 15 October 2015.

5.2 **Chapter 2E of the Corporations Act**

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

Without an exception, the issue of the Appointment Options to Mr Egerton-Warburton, and the issue of Director Options to the Directors, both require Shareholder approval because:

- (c) the issue of the AGM Options constitutes giving a financial benefit; and
- (d) the Directors (including Mr Egerton-Warburton) are related parties of the Company by virtue of being Directors of the Company.

Section 211 of the Corporations Act provides an exception from the requirement to obtain shareholder approval in the context of a financial benefit that is considered to be "reasonable remuneration" in light of the circumstances of the company and the related party's circumstances (including the responsibilities involved in the office or employment). The Board (excluding each Director in relation to his or her own proposed issue of AGM Options) considers the grant of the AGM Options is an appropriate and reasonable component of the remuneration for the Directors. Nevertheless, the Board considers it appropriate to seek Shareholder approval for the purposes of Chapter 2E of the Corporations Act (and in any event is required to seek Shareholder approval for the purposes of ASX Listing Rule 10.14, as outlined below).

Accordingly, Shareholder approval is sought for the issue of the Appointment Options to Mr Egerton-Warburton, and the issue of the Director Options to the Directors.

5.3 **ASX Listing Rule 10.14**

ASX Listing Rule 10.14 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities under an employee incentive scheme to a director of

the entity, an associate of the director, or a person whose relationship with the entity, director or associate of the director is, in ASX's opinion, such that approval should be obtained.

As the issue of the AGM Options involves the issue of securities to a Director pursuant to the Director Share Option Terms and Conditions, Shareholder approval under ASX Listing Rule 10.14 is required for the issue of the AGM Options.

Approval of ASX Listing Rule 7.1 is not required in order to issue the AGM Options to the Directors as approval is being obtained under ASX Listing Rule 10.14. Accordingly, neither the issue of the Appointment Options to Mr Egerton-Warburton nor the issue of the Director Options to the Directors will be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

5.4 **Technical information required by ASX Listing Rule 10.14 and section 219 of the Corporations Act**

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act and ASX Listing Rule 10.15, the following information is provided in relation to Resolutions 4 8:

- (a) The related parties are Dr Mark Bennett, Ms Anna Neuling, Mr Jeff Dowling and Mr Grey Egerton-Warburton and they are related parties by virtue of being Directors of the Company.
- (b) The maximum number of AGM Options to be issued to the Directors (or their nominee/s) are:
 - (i) 3,000,000 Director Options to Dr Bennett;
 - (ii) 1,500,000 Director Options to Ms Neuling;
 - (iii) 1,000,000 Director Options to Mr Dowling; and
 - (iv) 1,000,000 Appointment Options and 1,000,000 Director Options to Mr Egerton-Warburton.
- (c) The AGM Options will be issued for nil cash consideration. Accordingly, no funds will be raised from the issue of the AGM Options.
 - (i) The exercise price of the Appointment Options is \$0.35, being 143% of the 5 day VWAP as at 29 April 2016. As such, the Company will receive \$350,000 in cash consideration if all of the Appointment Options are exercised.
 - (ii) The exercise price of the Director Options will be set at 143% of the 5 day VWAP as at the date of the AGM. As such, the Company will receive cash consideration as a result of the issue of Shares on an exercise of Director Options, being an amount equal to the exercise price multiplied by the number of Director Options that are exercised.
- (d) The Company has previously issued the following securities under the Director Share Option Terms and Conditions, following the granting by ASX of a waiver from ASX Listing Rule 10.14 as part of the demerger of the Company from Sirius:

Name	Number of Director Options received	Acquisition price
Dr Mark Bennett	12,500,000	Nil
Ms Anna Neuling	8,750,000	Nil
Mr Jeff Dowling	2,500,000	Nil

- (e) As at the date of this Notice of Meeting, the only people declared by the Board to be eligible to be issued Options under the Director Share Option Terms and Conditions that is covered by ASX Listing Rule 10.14 are the Directors and Nominated Parties.
- (f) No loan will be provided by the Company to the Directors in relation to the issue (or the exercise) of either the Appointment Options or the Director Options (the AGM Options are being issued for nil cash consideration).
- (g) It is expected that the AGM Options will be issued to the Directors after the AGM but, in any event, no later than 12 months after the date of the AGM (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules). It is anticipated all the AGM Options will be issued on the same date.
- (h) The AGM Options issued to the Directors will be on the terms set out in Schedule 1, being the Director Share Option Terms and Conditions as released on ASX on 15 October 2015.
- (i) The value of the AGM Options and the pricing methodology is set out in Schedule 2.
- (j) The relevant interests of the Directors in securities of the Company are set out below:

Name	Shares	Options
Dr Mark Bennett	4,595,001	12,500,000
Ms Anna Neuling	350,000	8,750,000
Mr Jeff Dowling	500,000	2,500,000
Mr Grey Egerton-Warburton	200,4000	Nil

- (k) If all of the AGM Options issued to the Directors are exercised, a total of 7,500,000 Shares would be issued. This will increase the number of Shares on issue from 246,002,452 to 253,502,452 (assuming that no other options are exercised and no other Shares are issued) with the effect that the shareholding of existing shareholders would be diluted by an aggregate of 3.05%.
- (l) The market price for shares during the term of the AGM Options would normally determine whether or not the AGM Options are exercised. If, at any time any of the AGM Options are exercised and the Shares are trading on ASX at a price that is higher than the respective exercise prices of the Appointment Options and the Director Options, there may be a perceived cost to the Company.

- (m) The trading history of the shares on ASX in the 12 months before the date of this Notice of Meeting is set out below:

	Price	Date
Highest	\$0.855	25 August 2016
Lowest	\$0.11	9 February 2016, 17 February 2016
Last	\$0.68	29 August 2016

- (n) The primary purpose of the issue of the Appointment Options to Mr Egerton-Warburton is to provide an initial sign-on component in the remuneration package for Mr Egerton-Warburton to enable the recruitment of Mr Egerton-Warburton.
- (o) The primary purpose of the issue of the Director Options to the Directors is to better align the interests of the Directors with the interests of Shareholders.
- (p) The issue of AGM Options is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Directors. It is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the AGM Options on the terms proposed.
- (q) The Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 4 to 8.

Board recommendation:

- (a) *Dr Mark Bennett declines to make a recommendation to Shareholders in relation to Resolution 5 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Director Options in the Company should Resolution 5 be passed. However, in respect of Resolutions 4, 6, 7 and 8, Dr Bennett recommends that Shareholders vote in favour of those Resolutions for the reasons set out below.*
- (b) *Ms Anna Neuling declines to make a recommendation to Shareholders in relation to Resolution 6 due to her material personal interest in the outcome of the Resolution on the basis that she is to be granted Director Options in the Company should Resolution 6 be passed. However, in respect of Resolutions 4, 5, 7 and 8, Ms Neuling recommends that Shareholders vote in favour of those Resolutions for the reasons set out below.*
- (c) *Mr Jeff Dowling declines to make a recommendation to Shareholders in relation to Resolution 7 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Director Options in the Company should Resolution 7 be passed. However, in respect of Resolutions 4, 5, 6 and 8, Mr Dowling recommends that Shareholders vote in favour of those Resolutions for the reasons set out below.*
- (d) *Mr Grey Egerton-Warburton declines to make a recommendation to Shareholders in relation to Resolutions 4 and 8 due to his material personal interest in the outcome of the Resolutions on the basis that he is to be granted the Appointment Options and Director Options in the Company should Resolutions 4 and 8 be passed.*

However, in respect of Resolutions 5, 6 and 7, Mr Egerton-Warburton recommends that Shareholders vote in favour of those Resolutions for the reasons set out below.

Reasons for recommendation:

- (a) In forming their recommendation with respect to the Appointment Options, each Director considered the experience of Mr Egerton-Warburton, the current market price of the Shares, and current market practices when determining the number of Appointment Options to be granted as well as the exercise price and expiry date of those Appointment Options.
- (b) In forming their recommendations with respect to the Director Options, each Director considered the experience of each other Director, the current market price of Shares, and current market practices when determining the number of Director Options to be issued as well as the exercise price and expiry date of those Director Options.

6. RESOLUTION 9 - PLACEMENT OF OPTIONS TO SERVICE PROVIDERS

6.1 Introduction

Resolution 9 seeks Shareholder approval for the allotment and issue of 2,000,000 Options to service providers (**Placement**) in accordance with the terms and conditions set out in Schedule 3.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 9 will be to allow the Company to issue the Options pursuant to the Placement during the period of three months after the Meeting (or a longer period, if allowed by ASX, without using the company's 15% annual placement capacity.

The Company has agreed, subject to obtaining shareholder approval, to issue options to the service providers on the terms and conditions set out in Schedule 3.

6.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Placement:

- (a) The maximum number of Options the Company is to issue to the service providers is 2,000,000.
- (b) The Options will be issued on 7 October 2016, being a date no later than three months after the date of the Meeting and it is intended that allotment will occur on the same date.
- (c) The Options will be issued for nil cash consideration to service providers.
- (d) The Options will be issued to the following persons in the following quantities:

Name	Number of Options
James Coppard	1,000,000
Graham Brown	1,000,000

- (e) The Options will be issued on the terms and conditions set out in Schedule 3 to this Notice of Meeting.
- (f) No funds will be raised from the Placement as the Options are being issued in consideration for geological services provided by the service providers. However, funds will be received by the Company if those Options are exercised.

6.3 **Information about Service Providers**

Graham Brown is the former head of global exploration for Anglo American plc, having led the teams that discovered numerous world class ore deposits including the Los Sulfatos porphyry copper deposit in Chile and the Sakatti magmatic copper-nickel-PGM deposit in Finland. He was co-recipient of PDAC's 2011 Thayer Lindsley Award for an international discovery. Graham has 35 years of experience in a range of commodities in over 25 countries. He has a BSc in Geology from the University of Strathclyde and an MSc from James Cook University, is a Fellow of the SEG and the Geological Society, and has Chartered Geologist and European Geologist professional status. Graham is a consultant to S2.

James Coppard is the former head of arctic exploration for Anglo American plc, and led the team that discovered the Sakatti magmatic copper-nickel-PGM deposit in Finland, receiving the Fennoscandian Mining Award in 2011 and the Nordic Exploration Award in 2012 for his role in this discovery and the Rakkurijarvi IOCG deposit in Sweden. Jim has worked for Rio Tinto, British Geological Survey and Anglo American exploring for gold, diamonds, base metals, iron ore and industrial minerals throughout Sweden, Finland, Greenland, Norway, Russia and Canada. He has a BSc in Geology from Kings College London, and an MSc and DIC from the Royal School of Mines, is a Fellow and Councillor of the Geological Society of London, a Fellow of the SEG and has Chartered Geologist and European Geologist professional status. Jim is a consultant to S2.

7. **RESOLUTION 10 - APPROVAL OF ADDITIONAL 10% PLACEMENT CAPACITY**

7.1 **Introduction**

ASX Listing Rule 7.1A provides that an eligible entity may seek shareholder approval at its AGM to allow it to issue equity securities up to an additional 10% of its issued capital.

Accordingly, the effect of Resolution 1.0 if passed, will be to allow the Company to issue that number of equity securities that is equal to 10% of the number of equity securities that are on issue during the period ending on the date that is 12 months after the AGM (**Additional Placement Capacity**), in addition to the 15% permitted under ASX Listing Rule 7.1 and without subsequent Shareholder approval.

If Shareholders approve Resolution 11, the total number of equity securities the Company may issue pursuant to the Additional Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out in section 7.2 below).

As at the date of this Notice of Meeting, the Company has 246,002,452 equity securities on issue. If the resolutions as per the Notice of General Meeting to be held on 9th September 2016 are approved by shareholders, the Company currently has the capacity to issue 36,900,367 equity securities under ASX Listing Rule 7.1. If passed, the Company will have the capacity to issue a further 24,600,245 equity securities under ASX Listing Rule 7.1A.

Shareholders should note that the Board has no current intention to use the Additional Placement Capacity, but considers it prudent in the current economic climate to have the capacity to do so.

Resolution 10 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the AGM must be in favour of Resolution 10 for it to be passed.

Set out below is more background information on ASX Listing Rule 7.1A and the specific disclosures required by ASX Listing Rule 7.3A.

7.2 **ASX Listing Rule 7.1A**

ASX Listing Rule 7.1A enables an eligible entity to seek shareholder approval by special resolution at its annual general meeting to have the Additional Placement Capacity.

An entity will be an "**eligible entity**" if, as at the date of the relevant annual general meeting, the relevant entity:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300 million.

The Company is an eligible entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of approximately \$167 million.¹

Pursuant to the Additional Placement Capacity, the Company may only issue equity securities belonging to an existing quoted class of the Company's equity securities. As at the date of this Notice of Meeting, the classes of the Company's equity securities that are quoted on ASX are shares (ASX: S2R).

The exact number of equity securities that the Company may issue under an approval under ASX Listing Rule 7.1A will be calculated according to the following formula:

(A x D) – E

Where:

A is the number of equity securities on issue 12 months before the date of issue or agreement:

- (i) plus the number of fully paid equity securities issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
- (ii) plus the number of partly paid equity securities that became fully paid equity securities in the previous 12 months;
- (iii) plus the number of equity securities issued in the previous 12 months with approval of shareholders under ASX Listing Rules 7.1 and 7.4. This does not include an issue of equity securities under the Company's 15% placement capacity without shareholder approval; and
- (iv) less the number of equity securities cancelled in the previous 12 months.

D is 10%.

E is the number of equity securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue

¹ The Company's market capitalisation was determined by reference to the Company's closing share price on 29 August 2016 (being the last practicable trading date prior to the date of this Notice or Meeting).

that are not issued with the approval of holders of ordinary securities under ASX Listing Rule 7.1 or 7.4.

7.3 **Information required by ASX Listing Rule 7.3A**

In accordance with ASX Listing Rule 7.3A, the Company provides the following information:

(a) Maximum number and timing of issue

The maximum number of Shares to be issued under the Additional Placement Capacity is not known at this time, as the Board has no current intention to use the Additional Placement Capacity, but considers it prudent in the current economic climate to have the capacity to do so.

(b) Minimum issue price

The minimum price at which Shares can be issued is 75% of the VWAP of Shares, calculated over the 15 trading days on which trades in that class of securities recorded immediately before:

- (i) the date on which the price at which the Shares are to be issued is agreed; or
- (ii) if the Shares are not issued within 5 trading days of the date in paragraph (i), the date on which the Shares are issued.

(c) Date of issue / term of the approval

Shares may be issued under the Additional Placement Capacity during the period commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under ASX Listing Rule 7.1A ceases to be valid).

(d) Risk of voting dilution

If Shares are issued pursuant to the Additional Placement Capacity, there is a risk of economic and voting dilution of existing shareholders, including the following risks:

- (i) the market price for Shares may be significantly lower on the issue date than on the date of the approval under ASX Listing Rule 7.1A (ie the date of the AGM, if Resolution 10 is passed); and
- (ii) Shares may be issued under the Additional Placement Capacity at a discount to the market price for those Shares on the issue date,

which may have an effect on the amount of funds raised by the issue of the Shares.

The table below shows the potential dilution of existing shareholders calculated in accordance with the formula in ASX Listing Rule 7.1A.2 (assuming that Resolution 11 is passed by shareholders), on the basis of the current market price of shares

and the current number of equity securities on issue as at the date of this Notice of Meeting.

The table shows the potential dilution of existing Shareholders calculated in accordance with the formula in ASX Listing Rule 7.1A.2 (assuming that Resolution 11 is passed by Shareholders), on the basis of the current market price of Shares and the current number of Shares on issue as at the date of this Notice of Meeting.

Number of Shares on issue ("A" in ASX Listing Rule 7.1A.2)	Dilution			
	Issue price per Share	\$0.34 50% decrease in issue price	\$0.68 Issue price (ie closing price as at 29 August 2016)	\$1.36 100% increase in issue price
Scenario 1 246,002,452 Current variable "A"	Shares issued – 10% voting dilution	24,600,245	24,600,245	24,600,245
	Funds raised	\$8,364,083	\$16,728,167	\$33,456,333
Scenario 2 369,003,678 50% increase in variable "A"	Shares issued – 10% voting dilution	36,900,368	36,900,368	36,900,368
	Funds raised	\$12,546,125	\$25,092,250	\$50,184,500
Scenario 3 492,004,904 100% increase in variable "A"	Shares issued – 10% voting dilution	49,200,490	49,200,490	49,200,490
	Funds raised	\$16,728,167	\$33,456,333	\$66,912,667

The Board is of the view that Scenarios 2 and 3 are unlikely to arise, however, certain aspects of these scenarios are specifically required to be set out by the ASX Listing Rules and are therefore included in compliance with those requirements. Accordingly, the assumptions below are hypothetical and should not be interpreted as an indication of future issue prices, the performance of the Company's Share price or the number of Shares on issue.

The table assumes differing numbers of Shares on issue (ie variable "A" in the above formula) and the issue prices for Shares over three scenarios, but in each scenario it is assumed that the Company issues the maximum number of Shares available under the Additional Placement Capacity. For example:

- (i) Variable "A" differs across each scenario. Scenario 1 assumes there is no change to the number of Shares on issue. Scenarios 2 and 3 then assume an increase of 50% and 100% (respectively) to the number of Shares on issue. There may be an increase in the number of Shares on issue as a result of issues that do not require Shareholder approval (for example, a pro rata entitlement offer).

- (ii) Within each scenario, three different issue prices for the Shares are assumed. One of the issue prices is the closing Share price on 29 August 2016, being the last practicable trading day prior to the date of this Notice of Meeting going to print. The other two issue prices then assume a 50% decrease to that closing Share price and a 100% increase to that price.

The scenario analysis in the above table has been prepared on the basis of the following assumptions:

- (iii) There are currently 246,002,452 Shares on issue as at the date of this Notice of Meeting.
- (iv) The issue price set out in the fourth column above is the closing price of the Shares on ASX on 29 August 2016, being the last practicable trading date prior to the date of this Notice of Meeting going to print.
- (v) The Company issues the maximum possible number of Shares under the Additional Placement Capacity.
- (vi) The 10% voting dilution reflects the aggregate percentage dilution against the issued Share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- (vii) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the Additional Placement Capacity, based on that Shareholder's holding at the date of the Meeting.
- (viii) Other than as indicated in the table, the Company does not issue any additional Shares during the time that the Additional Placement Capacity is valid.
- (ix) The table shows only the effect of issues of Shares under ASX Listing Rule 7.1A, not under the existing 15% placement capacity under ASX Listing Rule 7.1.
- (x) No Options are exercised between the time the Additional Placement Capacity is approved and before the date of the issue of the Shares.
- (xi) The calculations above do not show the dilution that any one particular Shareholder will be subject to. They are intended to provide a general overview. All Shareholders should consider the dilution caused to their own shareholding depending on their own specific circumstances.

(e) Purpose of issue under Additional Placement Capacity

The purpose of any issue would be disclosed to Shareholders at the time of such an issue. The Company currently has cash reserves of approximately \$23 million. However, in general terms, the Company could issue shares under the Additional Placement Capacity to raise cash to fund the Company's forward exploration and development work programs or for the purposes of funding a strategic acquisition.

(f) Allocation policy under the Additional Placement Capacity

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue under the Additional Placement Capacity. The identity of places for the issue of Shares under the Additional Placement Capacity will be determined on a case-by-case basis at the time of the issue and at the Company's discretion. Accordingly, no recipients of any Shares to be issued under

the Additional Placement Capacity have yet been determined. However, the recipients of Shares could consist of current Shareholders or new investors, or both, none of whom will be related parties of the Company.

The Company will have regard to numerous factors in determining the identity of any places, including but not limited to the following:

- (i) the purpose of the issue;
- (ii) the alternative methods of raising funds that are available to the Company, including but not limited to, pro-rata entitlement offers, Share purchase plans or other issues in which Shareholders can participate;
- (iii) the effect of the issue of the Shares on the control of the Company;
- (iv) the financial situation of the Company; and
- (v) advice from corporate, financial and broking advisers (if applicable).

The Company will comply with the disclosure obligations under ASX Listing Rules 7.1A.4 and 3.10.5A upon issue of any Shares under the Additional Placement Capacity.

(g) Previous approval under ASX Listing Rule 7.1A

The Company has not previously obtained shareholder approval for an Additional Placement Capacity under ASX Listing Rule 7.1A.

(h) Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A

When the Company issues Shares under the Additional Placement Capacity, it must give to ASX:

- (i) a list of the recipients of the Shares and the number of Shares issued to each (not for release to the market), in accordance with ASX Listing Rule 7.1A.4; and
- (ii) the information required by ASX Listing Rule 3.10.5A for release to the market which, among other things, includes details of the dilution of existing Shareholders caused by the relevant issue.

7.4 Voting exclusion

A voting exclusion statement is included in this Notice of Meeting. As at the date of this Notice of Meeting, the Company has not invited any Shareholder to participate in an issue of Shares under ASX Listing Rule 7.1A. Therefore, no Shareholders will be excluded from voting on Resolution 10.

Board recommendation: *Although no decision has been made by the Board to undertake any issue of Shares under the Additional Placement Capacity, and the Board has no current intention to do so, the Board considers it prudent for the Company to have the flexibility to be able to issue additional Shares under ASX Listing Rule 7.1A. The Board believes that Resolution 10 is in the best interests of the Company and its Shareholders and recommends that Shareholders vote in favour of Resolution 10.*

8. **RESOLUTION 11 – APPOINTMENT OF AUDITOR**

BDO Audit was appointed as auditor of the Company on its incorporation on 29 May 2015. Section 327A(2) of the Corporations Act provides that BDO Audit holds office until the Company's first AGM.

As required by section 327B(1) of the Corporations Act, the Company must appoint an auditor of the Company at the first AGM. BDO Audit has given, and has not withdrawn, its consent to act as auditor of the Company.

In accordance with section 328B(1) of the Corporations Act, notice in writing nominating BDO Audit as auditor has been given to the Company by a Shareholder. A copy of this notice is shown in Attachment A to this Notice of Meeting.

Board recommendation: *The Board recommends that Shareholders vote in favour of Resolution 11.*

GLOSSARY

Term	Meaning
Annual General Meeting, AGM or Meeting	The annual general meeting of the Company notified to Shareholders by this Notice of Meeting.
AGM Options	Has the meaning given to this term in section 5.1 of this Notice of Meeting.
Appointment Options	Has the meaning given to this term in section 5.1 of this Notice of Meeting.
ASX	ASX Limited (ABN 98 008 624 691) or the financial market conducted by it (the Australian Securities Exchange), as the context requires.
ASX Listing Rule	The official listing rules of ASX, as amended or waived from time to time.
BDO Audit	BDO Audit (WA) Pty Ltd (ACN 112 284 787).
Board	The board of Directors of the Company.
Chairman	The chairman of the AGM appointed in accordance with the Constitution.
closely related party	Closely related party of a member of the key management personnel means: <ul style="list-style-type: none">• a spouse or child of the member; or• a child of the member's spouse; or• a dependant of the member or of the member's spouse; or• anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the Company; or• a company that the member controls; or• a person prescribed by the <i>Corporations Regulations 2001</i> (Cth).
Company	S2 Resources Limited (ACN 606 128 090).
constitution	The constitution of the Company.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Corporations Regulations	<i>Corporations Regulations 2001</i> (Cth).
Director	A director of the Company.
Director Options	Has the meaning given to this term in section 5.1 of this Notice of Meeting.
Director Share Option Terms and Conditions	The common terms and conditions for the purposes of issuing Options to Directors as incentives adopted by the Board on 19 July 2015.
eligible entity	Has the meaning given to that term in the ASX Listing Rules.
equity securities	Has the meaning given to that term in the ASX Listing Rules.
Explanatory Notes	The explanatory notes enclosed with and forming part of this Notice.

KMP	means key management personnel, and has the same meaning as given to that term in the accounting standards. The term broadly includes those persons with the authority and responsibility for planning, directing and controlling the activities of the Company (whether directly or indirectly), and includes any Director of the Company.
Nominated Party	<p>This term has the same meaning as given to it in the Director Share Option Terms and Conditions being, in respect of a Director:</p> <ul style="list-style-type: none"> • an immediate family member (as defined in the Corporations Act) of the Director; • a company whose members comprise no persons other than the Director or immediate family members (as defined in the Corporations Act) of the Director; or • a corporate trustee of a self-managed superannuation fund (within the meaning of the <i>Superannuation Industry (Supervision) Act 1993</i> (Cth)) where the Director is a director of the trustee company, <p>as nominated by the Director and accepted by the Board in its sole and absolute discretion to be the holder of the AGM Options.</p>
Notice of Meeting or Notice	This notice of meeting incorporating the Explanatory Notes and the Proxy Form.
Option	An option to subscribe for a Share in the Company.
Proxy Form	The proxy form enclosed with and forming part of this Notice.
remuneration report	The remuneration report set out in the Company's 2016 Annual Report for the period 1 July 2015 to 30 June 2016.
Resolution	A resolution referred to in this Notice.
Service Provider	Any person who is a full or part time service provider of the Company, and who is declared by the Board in its sole and absolute discretion to be eligible to receive grants of Options.
Share	A fully paid ordinary share in the capital of the Company.
Share Registry	Computershare Investor Services Pty Limited.
Shareholder	A registered holder of a Share in the capital of the Company.
VWAP	Volume weighted average price.
\$	A reference to "\$" is to Australian currency.

ANNEXURE A

4 August 2016

Board of Directors
S2 Resources Limited
Level 2, 1 Manning St
Scarborough WA 6019

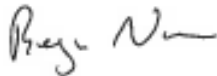
Dear Directors

Nomination of auditor

I nominate BDO Audit (WA) Pty Ltd to be appointed as auditor of S2 Resources Limited at the annual general meeting to be held on 7 October 2016.

I am a shareholder of S2 Resources Limited.

Yours sincerely



Regina Nevin

SCHEDULE 1

Terms and Conditions of the AGM Options

It is proposed that S2 Resources will issue AGM Options to the Directors on the following terms and conditions, and as set out in the Director Share Options Terms and Conditions released on ASX on 15 October 2015:

Key term	Description
Purpose of the issue of AGM Options	The purpose of the issue of AGM Options to the Directors is to grant options to acquire Shares to the Directors (or their nominees) to better align the interests of the Directors and Shareholders.
Offer to participants	<p>AGM Options offered or granted under the Director Share Options Terms and Conditions will be subject to the terms of the Director Share Options Terms and Conditions.</p> <p>The offer invitation will set out, amongst other things, the number of AGM Options, the grant date, the exercise price, the vesting period (if any), the forfeiture conditions (if any) and any rights or restrictions attaching to Shares issued. Each AGM Option entitles the holder to subscribe for one Share in the Company.</p>
No consideration payable	AGM Options issued under the Director Share Options Terms and Conditions will be issued for nil cash consideration.
Exercise price	The exercise price for the AGM Options will be determined by the Board and set out in the offer invitation.
Unquoted and non-transferrable	The AGM Options will not be transferable and will not be quoted on the ASX, unless a particular offer provides otherwise.
Change of control	<p>In the event that:</p> <ul style="list-style-type: none">• a court approves a scheme of arrangement in respect of the Company;• a takeover offer for the Company is declared unconditional and the bidder has acquired at least 50.1% of Shares; or• a person or group controls sufficient Shares to enable it to replace a majority of the Board, <p>the AGM Options may be exercised at any time within 30 days after such event.</p>
Lapse of AGM Options	<p>Unless the Board determines otherwise in its sole and absolute discretion, AGM Options will lapse on the earlier of:</p> <ul style="list-style-type: none">• the applicable expiry date; or• where the participant ceases to be a Director (the timing of the lapse being determined by reference to the circumstances in which the participant ceases to be a director and whether or not the relevant AGM Options were exercisable at the relevant time).

SCHEDULE 2

Pricing and Valuation of AGM Options

1. APPOINTMENT OPTIONS

The Appointment Options will be issued to Mr Grey Egerton-Warburton pursuant to Resolution 4 and have been valued as below.

Using the Black & Scholes option model and based on the assumptions set out below, the Appointment Options were ascribed the following value using the share price as at date of appointment:

Assumptions:	
Valuation date	29 April 2016 – Date of appointment
Market price of shares	\$0.25
Exercise price	\$0.35 (143% of the 5 day VWAP to date of appointment)
Expiry date	4 years from issue
Risk free interest rate	3.35%
Volatility (discount)	100%
Indicative value per Appointment Option	\$0.16
Total Value of Appointment Options	\$160,000

Note: The valuation noted above is not necessarily the market price that the Appointment Options could be traded at and is not automatically the market price for taxation purposes.

2. DIRECTOR OPTIONS

The Director Options will be issued to the Directors pursuant to Resolutions 5 to 8 and have been valued as below. This valuation is indicative only and is based on information available as at the last practicable trading day prior to the finalisation of this Notice of Meeting.

Using the Black & Scholes option model and based on the assumptions set out below, the Director Options were ascribed the following indicative value:

Assumptions:	
Valuation date	4 August 2016
Market price of shares	\$0.65
Exercise price	\$0.86 (143% of the 5 day VWAP)
Expiry date	4 years from issue
Risk free interest rate	3.25%
Volatility (discount)	80%
Indicative value per Director Option	\$0.35
Total Value of Director Options	\$2,286,168
Dr Mark Bennett	\$1,055,154
Ms Anna Neuling	\$527,577
Mr Jeff Dowling	\$351,178
Mr Grey Egerton-Warburton	\$351,178

Note: The valuation noted above is not necessarily the market price that the Director Options could be traded at and is not automatically the market price for taxation purposes.

SCHEDULE 3

Terms and Conditions of the Options issued to Service Providers

It is proposed that S2 Resources will issue Options to Service Providers on the following terms and conditions:


Key term	Description
Purpose of the issue of Options to Service Providers	The purpose of the issue of Options to Service Providers is to encourage participation by Service Providers in the Company through ownership of Shares and to attract, motivate and retain eligible Service Providers.
"Service Providers"	"Service Providers" are any person who is a full or part time service provider of the Company, and who is declared by the Board in its sole and absolute discretion to be eligible to receive grants of Options under the issue of Options to Service Providers.
Offer to participants	<p>The Board may from time to time in its sole and absolute discretion offer Options to acquire Shares to Service Providers. The Board, in exercising its discretion, may have regard to the Service Provider's length of service and prior or potential contribution to the Company or any other matter the Board considers relevant.</p> <p>The terms and conditions of Options offered or granted to Service Providers will be determined by the Board (and set out in an invitation to the participant) in its sole and absolute discretion. Options may be subject to conditions that must be satisfied before the Option can be exercised.</p> <p>The invitation will set out, amongst other things, the number of Options, the grant date, the exercise price, the exercise conditions (if any), the vesting period (if any), the forfeiture conditions (if any) and any rights or restrictions attaching to the plan shares.</p>
No consideration payable	Options issued under to Service Providers will be issued for nil cash consideration.
Exercise price	The exercise price for the Options will be 143% of the 5 day VWAP up to and including the day of issue.
Vesting period	The options will be subject to a 1 year service provision vesting period.
Unquoted and non-transferrable	The Options will not be transferable and will not be quoted on the ASX, unless a particular offer provides otherwise.
Change of control	<p>In the event that:</p> <ul style="list-style-type: none">• a court approves a scheme of arrangement in respect of the Company;• a takeover offer for the Company is declared unconditional and the bidder has acquired at least 50.1% of Shares; or• a person or group controls sufficient Shares to enable it

Key term	Description
	<p>to replace a majority of the Board,</p> <p>the Board may determine that any outstanding Options issued to Service Providers may be exercisable immediately or procure that offers are made to holders of Options on like terms to the change of control transaction.</p>
Lapse of Options	<p>Unless the Board determines otherwise in its sole and absolute discretion, Options will lapse on the earlier of:</p> <ul style="list-style-type: none"> • the applicable expiry date; • when the exercise conditions are incapable of being satisfied; • when the Service Provider ceases to be an eligible participant; or • in the event of death or mental incapacity of an Option holder, at the discretion of the Board.

S2R
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Lodge your vote:

 **Online:**
www.investorvote.com.au

 **By Mail:**
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:
(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Proxy Form

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Vote and view the annual report online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.



Your access information that you will need to vote:

Control Number: 999999

SRN/HIN: I9999999999 PIN: 99999

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

 **For your vote to be effective it must be received by 2:00pm (WST) Wednesday, 5 October 2016**

How to Vote on Items of Business

All your shares will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each Resolution. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on a Resolution your vote will be invalid on that Resolution.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of shares you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of shares for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of shares for each in Step 1 overleaf.

A proxy need not be a shareholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the shareholder must sign.

Joint Holding: Where the holding is in more than one name, all of the shareholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate shareholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form** →



MR SAM SAMPLE
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 123 SAMPLE STREET
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 SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Shareholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

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I/We being a member/s of S2 Resources Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of S2 Resources Limited to be held at the Rendezvous Hotel, 148 The Esplanade, Scarborough, Western Australia on Friday, 7 October 2016 at 2:00pm (WST) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1 and 4 - 8 (except where I/we have indicated a different voting intention below) even though Resolutions 1 and 4 - 8 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1 and 4 - 8 by marking the appropriate box in step 2 below.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain			For	Against	Abstain
Resolution 1	Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 7	Issue of Director Options to Mr Jeff Dowling	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Election of Mr Grey Egerton-Warburton as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 8	Issue of Director Options to Mr Grey Egerton-Warburton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Re-election of Ms Anna Neuling as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 9	Placement of Options to Service Providers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Issue of Appointment Options to Mr Grey Egerton-Warburton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 10	Approval of Additional 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Issue of Director Options to Dr Mark Bennett	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 11	Appointment of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Issue of Director Options to Ms Anna Neuling	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					

The Chairman of the Meeting (where appropriately authorised) intends to vote undirected proxies in favour of each Resolution. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any Resolution, in which case an ASX announcement will be made.

SIGN Signature of Shareholder(s)

This section must be completed.

Individual or Shareholder 1

Sole Director and Sole Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /