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**S2 RESOURCES LTD**  
**ACN 606 128 090**  
**NOTICE OF ANNUAL GENERAL MEETING**

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Notice is given that the Meeting will be held at:

**TIME:** 8am WST

**DATE:** Friday 12 November 2021

**PLACE:** The Company is pleased to provide Shareholders with the opportunity to attend and participate in a virtual Meeting through an online meeting platform where Shareholders will be able to watch, listen and vote online.

Details on how to access the virtual Meeting are set out in this Notice.

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

*This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.*

*The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5pm on Wednesday 10<sup>th</sup> November 2021.*

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## BUSINESS OF THE MEETING

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### AGENDA

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#### 1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2021 together with the declaration of the Directors, the Director's report, the Remuneration Report and the auditor's report.

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#### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

*“That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2021.”*

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

A voting prohibition statement applies to this Resolution. Please see below.

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#### 3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – ANNA NEULING

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purpose of clause 3.6(c) of the Constitution, Listing Rule 14.4 and for all other purposes, Anna Neuling, a Director, retires by rotation, and being eligible, is re-elected as a Director.”*

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#### 4. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – JEFFREY DOWLING

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purpose of clause 3.6(c) of the Constitution, Listing Rule 14.4 and for all other purposes, Jeffrey Dowling, a Director, retires by rotation, and being eligible, is re-elected as a Director.”*

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#### 5. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF SHARES – LISTING RULE 7.1

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 41,438,676 Shares on the terms and conditions set out in the Explanatory Statement.”*

A voting exclusion statement applies to this Resolution. Please see below.

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**6. RESOLUTION 5 – APPROVAL OF 7.1A MANDATE**

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

*“That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to that number of Equity Securities equal to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Statement.”*

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**7. RESOLUTION 6 – ADOPTION OF EMPLOYEE SHARE OPTION PLAN**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of Listing Rule 7.2 (Exception 13(b)) and for all other purposes, approval is given for the Company to adopt an employee incentive scheme titled Employee Share Option Plan and for the issue of securities under that Plan, on the terms and conditions set out in the Explanatory Statement.”*

A voting exclusion statement and voting prohibition statement applies to this Resolution. Please see below.

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**8. RESOLUTION 7 – ADOPTION OF SERVICE PROVIDER SHARE OPTION PLAN**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of Listing Rule 7.2 (Exception 13(b)) and for all other purposes, approval is given for the Company to adopt an employee incentive scheme titled Service Provider Share Option Plan and for the issue of securities under that Plan, on the terms and conditions set out in the Explanatory Statement.”*

A voting exclusion statement and voting prohibition statement applies to this Resolution. Please see below.

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**9. RESOLUTION 8 – ISSUE OF RELATED PARTY OPTIONS TO MARK BENNETT**

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

*“That, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 4,000,000 Options to Mark Bennett (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

A voting exclusion statement and voting prohibition statement applies to this Resolution. Please see below.

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**10. RESOLUTION 9 – ISSUE OF RELATED PARTY OPTIONS TO JEFFREY DOWLING**

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

*"That, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 1,250,000 Options to Jeffrey Dowling (or his nominee) on the terms and conditions set out in the Explanatory Statement."*

A voting exclusion statement and voting prohibition statement applies to this Resolution. Please see below.

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**11. RESOLUTION 10 – ISSUE OF RELATED PARTY OPTIONS TO ANNA NEULING**

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

*"That, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 1,250,000 Options to Anna Neuling (or her nominee) on the terms and conditions set out in the Explanatory Statement."*

A voting exclusion statement and voting prohibition statement applies to this Resolution. Please see below.

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**12. RESOLUTION 11 – REPLACEMENT OF CONSTITUTION**

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

*"That, for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to repeal its existing Constitution and adopt a new constitution in its place in the form as signed by the chairman of the Meeting for identification purposes."*

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**Dated: 5<sup>th</sup> October 2021**

**By order of the Board**



**Anna Neuling  
Director**

## Voting Prohibition Statements

<p><b>Resolution 1 – Adoption of Remuneration Report</b></p>	<p>A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:</p> <ul style="list-style-type: none"> <li>(a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or</li> <li>(b) a Closely Related Party of such a member.</li> </ul> <p>However, a person (the <b>voter</b>) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:</p> <ul style="list-style-type: none"> <li>(a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or</li> <li>(b) the voter is the Chair and the appointment of the Chair as proxy: <ul style="list-style-type: none"> <li>(i) does not specify the way the proxy is to vote on this Resolution; and</li> <li>(ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.</li> </ul> </li> </ul>
<p><b>Resolution 6 – Adoption of Employee Share Option Plan</b></p>	<p>A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:</p> <ul style="list-style-type: none"> <li>(a) the proxy is either: <ul style="list-style-type: none"> <li>(i) a member of the Key Management Personnel; or</li> <li>(ii) a Closely Related Party of such a member; and</li> <li>(iii) the appointment does not specify the way the proxy is to vote on this Resolution.</li> </ul> </li> </ul> <p>However, the above prohibition does not apply if:</p> <ul style="list-style-type: none"> <li>(a) the proxy is the Chair; and</li> <li>(b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.</li> </ul>
<p><b>Resolution 7 – Adoption of Service Provider Share Option Plan</b></p>	<p>A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:</p> <ul style="list-style-type: none"> <li>(a) the proxy is either: <ul style="list-style-type: none"> <li>(iv) a member of the Key Management Personnel; or</li> <li>(v) a Closely Related Party of such a member; and</li> <li>(vi) the appointment does not specify the way the proxy is to vote on this Resolution.</li> </ul> </li> </ul> <p>However, the above prohibition does not apply if:</p> <ul style="list-style-type: none"> <li>(a) the proxy is the Chair; and</li> <li>(b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.</li> </ul>
<p><b>Resolution 8 – Issue of Options to Related Party</b></p>	<p>In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (<b>Resolution 8 Excluded Party</b>). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the</p>

	<p>proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 8 Excluded Party.</p> <p>In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:</p> <p>(a) the proxy is either:</p> <ul style="list-style-type: none"> <li>(i) a member of the Key Management Personnel; or</li> <li>(ii) a Closely Related Party of such a member; and</li> <li>(iii) the appointment does not specify the way the proxy is to vote on this Resolution.</li> </ul> <p>Provided the Chair is not a Resolution 8 Excluded Party, the above prohibition does not apply if:</p> <p>(a) the proxy is the Chair; and</p> <p>(b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.</p>
<p><b>Resolution 9 – Issue of Options to Related Party</b></p>	<p>In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (<b>Resolution 9 Excluded Party</b>). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 9 Excluded Party.</p> <p>In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:</p> <p>(a) the proxy is either:</p> <ul style="list-style-type: none"> <li>(i) a member of the Key Management Personnel; or</li> <li>(ii) a Closely Related Party of such a member; and</li> <li>(iii) the appointment does not specify the way the proxy is to vote on this Resolution.</li> </ul> <p>Provided the Chair is not a Resolution 9 Excluded Party, the above prohibition does not apply if:</p> <p>(a) the proxy is the Chair; and</p> <p>(b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.</p>
<p><b>Resolution 10 – Issue of Options to Related Party</b></p>	<p>In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (<b>Resolution 10 Excluded Party</b>). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 10 Excluded Party.</p> <p>In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:</p> <p>(a) the proxy is either:</p>

	<ul style="list-style-type: none"> <li>(i) a member of the Key Management Personnel; or</li> <li>(ii) a Closely Related Party of such a member; and</li> <li>(iii) the appointment does not specify the way the proxy is to vote on this Resolution.</li> </ul> <p>Provided the Chair is not a Resolution 10 Excluded Party, the above prohibition does not apply if:</p> <ul style="list-style-type: none"> <li>(a) the proxy is the Chair; and</li> <li>(b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.</li> </ul>
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### Voting Exclusion Statements

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of the resolution set out below by or on behalf of the following persons:

<b>Resolution 4 – Ratification of prior issue of Shares</b>	A person who participated in the issue or is a counterparty to the agreement being approved or an associate of that person or those persons.
<b>Resolution 6 – Adoption of Employee Share Option Plan</b>	A person who is eligible to participate in the incentive scheme or an associate of that person or those persons.
<b>Resolution 7 – Adoption of Service Provider Share Option Plan</b>	A person who is eligible to participate in the incentive scheme or an associate of that person or those persons.
<b>Resolution 8 – Issue of Options to Related Party</b>	Mark Bennett (or their nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.
<b>Resolution 9 – Issue of Options to Related Party</b>	Jeffrey Dowling (or their nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.
<b>Resolution 10 – Issue of Options to Related Party</b>	Anna Neuling (or their nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## **Voting by proxy**

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To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast two (2) or more votes may appoint two (2) proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two (2) proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware 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 Chair, who must vote the proxies as directed.

## **Voting in person**

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In light of the COVID-19 situation, the Directors have made a decision that Shareholders will not be able to physically attend the Meeting in person.

**Accordingly, the Directors strongly encourage all Shareholders to lodge a directed proxy form prior to the Meeting.**

The Company is pleased to provide Shareholders with the opportunity to attend and participate in a virtual Meeting through an online meeting platform where Shareholders will be able to watch, listen and vote online.

## **Virtual Meeting venue**

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If you wish to virtually attend the Meeting (which will be broadcast as a live webinar), you will be sent a Meeting ID and Shareholder ID in advance for the virtual Meeting.

Shareholders will be able to vote and ask questions at the virtual Meeting. Shareholders are also encouraged to submit questions in advance of the Meeting to the Company. Questions must be submitted in writing to the Company Secretary at [anna.neuling@s2resources.com.au](mailto:anna.neuling@s2resources.com.au) at least 48 hours before the Meeting.

The Company will also provide Shareholders with the opportunity to ask questions during the Meeting in respect to the formal items of business as well as general questions in respect to the Company and its business.

## **Voting virtually**

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Shareholders who wish to vote virtually on the day of the Meeting will need to log into to [www.investorvote.com.au](http://www.investorvote.com.au).

***Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 6166 0240.***



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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

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### 1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Corporations Act, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2021 together with the declaration of the Directors, the Directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at [www.s2resources.com.au](http://www.s2resources.com.au).

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### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

#### 2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

#### 2.2 Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

## 2.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

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## 3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – ANNA NEULING

### 3.1 General

ASX Listing Rule 14.4 provides that, other than a managing director, a director of an entity must not hold office (without re-election) past the third AGM following the director's appointment or 3 year, whichever is the longer. However, where there is more than one managing director, only one is entitled not to be subject to re-election.

Clause 3.6(c) of the Constitution sets out the requirements for determining which Directors are to retire by rotation at an annual general meeting.

Anna Neuling, who has served as a director since 4 September 2015, and was last re-elected on 13 November 2018, retires by rotation and seeks re-election.

### 3.2 Qualifications and other material directorships

Ms Neuling was the Company Secretary and Chief Financial Officer of Sirius Resources NL from the company's inception in 2009 until 22 September 2013 where she was appointed as Executive Director – Corporate and Commercial until its merger with Independence Group that occurred on 21 September 2015.

Ms Neuling worked at Deloitte in London and Perth prior to joining LionOre Mining International Limited in 2005, until its takeover by Norilsk Nickel. She holds a degree in mathematics from the University of Newcastle (UK).

She is a Fellow of the Institute of Chartered Accountants in England and Wales and has held a number of senior executive positions in the resources industry, including CFO and Company Secretarial roles at several listed companies. Ms Neuling is a member of the Group's Audit & Risk Committee and Remuneration & Nomination Committee which was formed on 19 July 2016.

### 3.3 Independence

If elected the board does not consider Anna Neuling will be an independent director.

### 3.4 Board recommendation

The Board has reviewed Anna Neuling's performance since her appointment to the Board and considers that Anna Neuling's skills and experience will continue to enhance the Board's ability to perform its role. Accordingly, the Board supports the re-election of Anna Neuling and recommends that Shareholders vote in favour of Resolution 2.

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## 4. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – JEFFERY DOWLING

### 4.1 General

ASX Listing Rule 14.4 provides that, other than a managing director, a director of an entity must not hold office (without re-election) past the third AGM following the director's appointment or 3 year, whichever is the longer. However, where there is more than one managing director, only one is entitled not to be subject to re-election.

Clause 3.6(c) of the Constitution sets out the requirements for determining which Directors are to retire by rotation at an annual general meeting.

Jeffrey Dowling, who has served as a director since 29 May 2015, and was last re-elected on 17 October 2017, retires by rotation and seeks re-election.

### 4.2 Qualifications and other material directorships

Mr Dowling was Sirius' Non-Executive Chairman until 21 September 2015 and is a highly experienced corporate leader with 36 years' experience in professional services with Ernst & Young. Mr Dowling held numerous leadership roles within Ernst & Young which focused on the mining, oil and gas and other industries.

His professional expertise centres around audit, risk and financial management derived from acting as lead partner on large public company audits, capital raisings and corporate transactions. Mr Dowling's career with Ernst & Young culminated in his appointment as Managing Partner of the Ernst & Young Western Region for a period of 5 years.

Mr Dowling has a Bachelor of Commerce from the University of Western Australia and is a fellow of the Institute of Chartered Accountants, the Australian Institute of Company Directors and the Financial Services Institute of Australasia.

Mr Dowling is the Chairman of the Group's Audit & Risk Committee and Chairman of the Remuneration & Nomination Committee which was formed on 19 July 2016.

### 4.3 Independence

If elected the board does consider Jeffrey Dowling will be an independent director.

### 4.4 Board recommendation

The Board has reviewed Jeffrey Dowling's performance since his appointment to the Board and considers that Jeffrey Dowling's skills and experience will continue to enhance the Board's ability to perform its role. Accordingly, the Board supports the re-election of Jeffrey Dowling and recommends that Shareholders vote in favour of Resolution 3.

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## 5. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF SHARES – LISTING RULE 7.1

### 5.1 General

On 23 August 2021, the Company announced a placement to domestic and international institutional and sophisticated investors to raise approximately \$5,000,000 (**Placement**).

On 31 August 2021, the Company settled the Placement and issued 41,483,676 Shares at an issue price of \$0.12 per Share to raise \$4,978,041.

The Company engaged the services of Euroz Hartleys Limited (ACN 104 195 057), (AFSL 230052) (**EHL**) and Bell Potter Securities Limited (ACN 104 195 057), (AFSL 230052) (**Bell Potter**), to co-manage the issue of the Placement Shares.

The Company has paid a fee of \$328,550 (being, 6% of the amount raised under the issue of the Shares).

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The issue of the Shares does not fit within any of the exceptions set out in Listing Rule 7.2 and, as it has not yet been approved by Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the date of issue of the Shares.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1. Accordingly, the Company is seeking Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Shares.

Resolution 4 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Shares.

## **5.2 Technical information required by Listing Rule 14.1A**

If Resolution 4 is passed, the Shares will be excluded in calculating the Company's 15% limit in Listing Rules 7.1, effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Shares.

If Resolution 4 is not passed, the Shares will be included in calculating the Company's 15% limit in Listing Rules 7.1, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Shares.

## **5.3 Technical information required by Listing Rule 7.5**

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolution 4:

- (a) the Shares were issued to professional and sophisticated investors who are clients of EHL and Bell Potter. The recipients were identified through a bookbuild process, which involved EHL and Bell Potter seeking expressions of interest to participate in the capital raising from non-related parties of the Company;

- (b) in accordance with paragraph 7.4 of ASX Guidance Note 21, the Company confirms that none of the recipients were:
  - (i) related parties of the Company, members of the Company's Key Management Personnel, substantial holders of the Company, advisers of the Company or an associate of any of these parties; and
  - (ii) issued more than 1% of the issued capital of the Company;
- (c) 41,483,676 Shares were issued and are all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued on 31 August 2021;
- (e) the issue price was \$0.12 per Shares. The Company has not and will not receive any other consideration for the issue of the Shares;
- (f) the purpose of the issue of the Shares was to raise \$4,978,041, which was applied towards advancing the company's ongoing exploration activities in Australia and Finland and for general working capital purposes; and
- (g) the Shares were not issued under an agreement.

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## 6. RESOLUTION 5 – APPROVAL OF 7.1A MANDATE

### 6.1 General

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

However, under Listing Rule 7.1A, an eligible entity may seek shareholder approval by way of a special resolution passed at its annual general meeting to increase this 15% limit by an extra 10% to 25% (**7.1A Mandate**).

An 'eligible entity' means an entity which is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300,000,000 or less. The Company is an eligible entity for these purposes.

As at the date of this Notice, 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 \$32,073,737 (based on the number of Shares on issue and the closing price of Shares of \$0.09 on the ASX on 47 October 2021).

Resolution 5 seeks Shareholder approval by way of special resolution for the Company to have the additional 10% placement capacity provided for in Listing Rule 7.1A to issue Equity Securities without Shareholder approval.

If Resolution 5 is passed, the Company will be able to issue Equity Securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval.

If Resolution 5 is not passed, the Company will not be able to access the additional 10% capacity to issue Equity Securities without Shareholder approval under Listing

Rule 7.1A, and will remain subject to the 15% limit on issuing Equity Securities without Shareholder approval set out in Listing Rule 7.1.

## **6.2 Technical information required by Listing Rule 7.1A**

Pursuant to and in accordance with Listing Rule 7.3A, the information below is provided in relation to Resolution 5:

### **(a) Period for which the 7.1A Mandate is valid**

The 7.1A Mandate will commence on the date of the Meeting and expire on the first to occur of the following:

- (i) the date that is 12 months after the date of this Meeting;
- (ii) the time and date of the Company's next annual general meeting; and
- (iii) the time and date of approval by Shareholders of any transaction under Listing Rule 11.1.2 (a significant change in the nature or scale of activities) or Listing Rule 11.2 (disposal of the main undertaking).

### **(b) Minimum price**

Any Equity Securities issued under the 7.1A Mandate must be in an existing quoted class of Equity Securities and be issued at a minimum price of 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed by the entity and the recipient of the Equity Securities; or
- (ii) if the Equity Securities are not issued within 10 trading days of the date in Section 6.2(b)(i), the date on which the Equity Securities are issued.

### **(c) Purpose for which the funds raised may be used**

If Equity Securities were issued under the 7.1A Mandate then the proceeds would be used to advance the Company's ongoing exploration activities, acquisitions in relation to other exploration or development projects and for general working capital purposes.

### **(d) Risk of Economic and Voting Dilution**

Any issue of Equity Securities under the 7.1A Mandate will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 5 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 7.1A Mandate, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in Listing Rule 7.1A.2, on the basis

of the closing market price of Shares and the number of Equity Securities on issue or proposed to be issued as at 6 September 2021.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 7.1A Mandate.

Number of Shares on Issue (Variable A in Listing Rule 7.1A.2)		Shares issued – 10% voting dilution	Dilution		
			Issue Price		
			\$0.06	\$0.12	\$0.18
			50% decrease	Issue Price	50% increase
		Funds Raised			
<b>Current</b>	356,374,855	35,637,485	\$2,138,249	\$4,276,498	\$6,414,747
<b>50% increase</b>	534,562,283	53,456,228	\$3,207,373	\$6,414,747	\$9,622,121
<b>100% increase</b>	712,749,710	71,274,971	\$4,276,498	\$8,552,996	\$12,829,494

\*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

**The table above uses the following assumptions:**

1. There are currently 356,374,855 Shares on issue.
2. The issue price set out above is the closing market price of the Shares on the ASX on 7 September 2021 being \$0.12).
3. The Company issues the maximum possible number of Equity Securities under the 7.1A Mandate.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in Listing Rule 7.2 or with approval under Listing Rule 7.1.
5. The issue of Equity Securities under the 7.1A Mandate consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities. If the issue of Equity Securities includes quoted Options, it is assumed that those quoted Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under Listing Rule 7.1 unless otherwise disclosed.
8. 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%.
9. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 7.1A Mandate, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and

- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(e) **Allocation policy under the 7.1A Mandate**

The recipients of the Equity Securities to be issued under the 7.1A Mandate have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 7.1A Mandate, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue, share purchase plan, placement or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

(f) **Previous approval under Listing Rule 7.1A**

The Company previously obtained approval from its Shareholders pursuant to Listing Rule 7.1A at its annual general meeting held on 17 November 2020 (**Previous Approval**).

During the 12 month period preceding the date of the Meeting, being on and from 12 November 2021, the Company has not issued any Equity Securities pursuant to the Previous Approval.

### 6.3 **Voting Exclusion Statement**

As at the date of this Notice, the Company is not proposing to make an issue of Equity Securities under Listing Rule 7.1A. Accordingly, a voting exclusion statement is not included in this Notice.

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## 7. **RESOLUTION 6 – ADOPTION OF EMPLOYEE SHARE OPTION PLAN**

### 7.1 **General**

Resolution 6 seeks Shareholder approval for the adoption of the employee incentive scheme titled Employee Share Option Plan (**ESOP**) and for the issue of Options under the ESOP in accordance with Listing Rule 7.2 (Exception 13(b)).

The objective of the ESOP is to attract, motivate and retain key employees and the Company considers that the adoption of the ESOP and the future issue of



Options under the ESOP will provide recipients the opportunity to participate in the future growth of the Company.

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

Listing Rule 7.2 (Exception 13(b)) provides that Listing Rule 7.1 does not apply to an issue of securities under an employee incentive scheme if, within three years before the date of issue of the securities, the holders of the entity's ordinary securities have approved the issue of equity securities under the scheme as exception to Listing Rule 7.1.

Exception 13(b) is only available if and to the extent that the number of equity securities issued under the scheme does not exceed the maximum number set out in the entity's notice of meeting dispatched to shareholders in respect of the meeting at which shareholder approval was obtained pursuant to Listing Rule 7.2 (Exception 13(b)). Exception 13(b) also ceases to be available if there is a material change to the terms of the scheme from those set out in the notice of meeting.

If Resolution 6 is passed, the Company will be able to issue Options under the ESOP to eligible participants over a period of 3 years. The issue of any Options to eligible participants under the ESOP (up to the maximum number of Options stated in Section 7.2(c) below) will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

For the avoidance of doubt, the Company must seek Shareholder approval under Listing Rule 10.14 in respect of any future issues of Options under the ESOP to a related party or a person whose relationship with the Company or the related party is, in ASX's opinion, such that approval should be obtained.

If Resolution 6 is not passed, the Company will be able to proceed with the issue of Options under the ESOP to eligible participants, but any issues of Options will reduce, to that extent, the Company's capacity to issue equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the issue of the Options.

## **7.2 Technical information required by Listing Rule 7.2 (Exception 13)**

Pursuant to and in accordance with Listing Rule 7.2 (Exception 13), the following information is provided in relation to Resolution 6:

- (a) a summary of the key terms and conditions of the ESOP is set out in Schedule 3;
- (b) the Company has issued 9,500,000 Options under the ESOP since the ESOP was last approved by Shareholders on 13 November 2018; and
- (c) the maximum number of Securities proposed to be issued under the ESOP, following Shareholder approval, is 17,818,743 Options being 5% of the share capital of the Company over the 3 years that the Plan is approved for. It is not envisaged that the maximum number of Securities for which approval is sought will be issued immediately.

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## 8. RESOLUTION 7 – ADOPTION OF SERVICE PROVIDER SHARE OPTION PLAN

### 8.1 General

Resolution 7 seeks Shareholder approval for the adoption of the employee incentive scheme titled Service Provider Share Option Plan (**Service Plan**) and for the issue of Options under the Service Plan in accordance with Listing Rule 7.2 (Exception 13(b)).

The objective of the Service Plan is to attract, motivate and retain key employees and the Company considers that the adoption of the Service Plan and the future issue of Shares and/or Options under the Service Plan will provide recipients the opportunity to participate in the future growth of the Company.

As summarised in Section 7.1, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

Listing Rule 7.2 (Exception 13(b)) provides that Listing Rule 7.1 does not apply to an issue of securities under an employee incentive scheme if, within three years before the date of issue of the securities, the holders of the entity's ordinary securities have approved the issue of equity securities under the scheme as exception to Listing Rule 7.1.

Exception 13(b) is only available if and to the extent that the number of equity securities issued under the scheme does not exceed the maximum number set out in the entity's notice of meeting dispatched to shareholders in respect of the meeting at which shareholder approval was obtained pursuant to Listing Rule 7.2 (Exception 13(b)). Exception 13(b) also ceases to be available if there is a material change to the terms of the scheme from those set out in the notice of meeting.

If Resolution 7 is passed, the Company will be able to issue Options under the Service Plan to eligible participants over a period of 3 years. The issue of any Options to eligible participants under the Service Plan (up to the maximum number of Options stated in Section 8.2(c) below) will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

For the avoidance of doubt, the Company must seek Shareholder approval under Listing Rule 10.14 in respect of any future issues of Options under the Service Plan to a related party or a person whose relationship with the Company or the related party is, in ASX's opinion, such that approval should be obtained.

If Resolution 7 is not passed, the Company will be able to proceed with the issue of Options under the Service Plan to eligible participants, but any issues of Options will reduce, to that extent, the Company's capacity to issue equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the issue of the Options.

### 8.2 Technical information required by Listing Rule 7.2 (Exception 13)

Pursuant to and in accordance with Listing Rule 7.2 (Exception 13), the following information is provided in relation to Resolution 7:

- (a) a summary of the key terms and conditions of the Service Plan is set out in Schedule 4;

- (b) the Company has issued 400,000 Options under the Service Plan since the Service Plan was last approved by Shareholders on 13 November 2018; and
- (c) the maximum number of Securities proposed to be issued under the Service Plan, following Shareholder approval, is 17,818,743 Options being 5% of the Company over the 3 years that the Plan is approved for. It is not envisaged that the maximum number of Securities for which approval is sought will be issued immediately.

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## 9. RESOLUTIONS 8 – 10 – ISSUE OF RELATED PARTY OPTIONS

### 9.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue a total of 6,500,000 Options (**Related Party Options**) to Mark Bennett, Jeffrey Dowling and Anna Neuling (or their nominees) (**Related Parties**) on the terms and conditions set out below.

The quantum of proposed options represents approximately 100% of that originally issued to the directors, which expired unexercised on 17 October 2021.

The Board has not increased its cash remuneration since listing in 2015. To ensure the Company retains its key people, S2 has determined that the best way to reward and incentivise its board, executives and employees is via the issue of options over ordinary shares which have an exercise price that requires the share price to increase by nearly 50% before the options crystallise any value to the recipient while conserving cash and ensuring S2 offers competitive market based remuneration. This results in the alignment of shareholder and board and employee interests in maximising S2's share price.

As stated in the 2020 AGM Notice of Meeting, the Remuneration Committee is not planning on recommending the issue of Director Options each year but has adopted the approach of reviewing the Options that have expired in the year and assessing what level it would be appropriate to then replace them with.

Resolutions 8 to 10 seeks Shareholder approval to issue the Related Party Options to the Related Parties.

### 9.2 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act requires that 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.

The issue of Related Party Options constitutes giving a financial benefit and Mark Bennett, Jeffrey Dowling and Anna Neuling are related parties of the Company by virtue of being Directors.

As the Related Party Options are proposed to be issued to all the Directors, the Directors are unable to form a quorum to consider whether one of the exceptions set out in sections 210 to 216 of the Corporations act applies to the issue of the Options.

Accordingly, Shareholder approval for the issue of Related Party Options to the Related Parties is sought in accordance with Chapter 2E of the Corporations Act.

### **9.3 Listing Rule 10.11**

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

- 10.11.1 a related party;
- 10.11.2 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;
- 10.11.3 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;
- 10.11.4 an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3;  
or
- 10.11.5 a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,

unless it obtains the approval of its shareholders.

The issue of Related Party Options falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of Shareholders under Listing Rule 10.11.

Resolutions 8 to 10 seek the required Shareholder approval for the issue of the Related Party Options under and for the purposes of Chapter 2E of the Corporations Act and Listing Rule 10.14.

### **9.4 Technical information required by Listing Rule 14.1A**

If Resolutions 8 to 10 are passed, the Company will be able to proceed with the issue of the Related Party Options to the Related Parties within one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Related Party Options (because approval is being obtained under Listing Rule 10.11), the issue of the Related Party Options will not use up any of the Company's 15% annual placement capacity.

If Resolution 8 to 10 are not passed, the Company will not be able to proceed with the issue of the Related Party Options and the Company will have to develop and alternate plan in how to remunerate their directors.

## 9.5 Technical Information required by Listing Rule 10.13 and section 219 of the Corporations Act

Pursuant to and in accordance with Listing Rule 10.13 and section 219 of the Corporations Act, the following information is provided in relation to Resolutions 8 to 10:

- (a) the Related Party Options will be issued to the following persons:
  - (i) Mark Bennett (or their nominee) pursuant to Resolution 8;
  - (ii) Jeffrey Dowling (or their nominee) pursuant to Resolution 9; and
  - (iii) Anna Neuling (or their nominee) pursuant to Resolution 10,each of whom falls within the category set out in Listing Rule 10.11.1 by virtue of being a Director;
- (b) the maximum number of Related Party Options (being the nature of the financial benefit being provided) is 6,500,000 comprising:
  - (i) 4,000,000 Related Party Options to Mr Bennett (or their nominee) (Resolution 8);
  - (ii) 1,250,000 Related Party Options to Mr Dowling (or their nominee) (Resolution 9); and
  - (iii) 1,250,000 Related Party Options to Ms Neuling (or their nominee) (Resolution 10);
- (c) the terms and conditions of the Related Party Options is set out in Schedule 1;
- (d) the Related Party Options will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Related Party Options will occur on the same date;
- (e) the issue price of the Related Party Options will be nil. The Company will not receive any other consideration in respect of the issue of the Related Party Options (other than in respect of funds received on exercise of the Related Party Options);
- (f) the purpose of the issue of the Related Party Options is to provide a performance linked incentive component in the remuneration package for the Related Parties to align the interests of the Related Parties with those of Shareholders, to motivate and reward the performance of the Related Parties in their roles as Directors and to provide a cost effective way from the Company to remunerate the Related Parties, which 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 Related Parties;
- (g) the Related Party Options are unquoted Options. The Company has agreed to issue Related Party Options to the Related Parties for the following reasons:

- (i) the Related Party Options are unquoted; therefore, the issue of the Related Party Options has no immediate dilutionary impact on Shareholders;
  - (ii) the deferred taxation benefit which is available to the Related Parties in respect of an issue of Options is also beneficial to the Company as it means the Related Parties are not required to immediately sell the Related Party Options to fund a tax liability (as would be the case in an issue of Shares where the tax liability arises upon issue of the Shares) and will instead, continue to hold an interest in the Company; and
  - (iii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Related Party Options on the terms proposed;
- (h) the number of Related Party Options to be issued to each of the Related Parties has been determined based upon a consideration of:
- (i) current market standards and/or practices of other ASX listed companies of a similar size and stage of development to the Company;
  - (ii) the remuneration of the Related Parties; and
  - (iii) incentives to attract and retain the service of the Related Parties who have appropriate knowledge and expertise, while maintaining the Company's cash reserves.

The Company does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Related Party Options upon the terms proposed;

- (i) the total remuneration package for each of the Related Parties for the previous financial year and the proposed total remuneration package for the current financial year are set out below:

Related Party	Current Financial Year 21/22	Previous Financial Year 20/21
Mark Bennett	392,133 <sup>1</sup>	594,429 <sup>2</sup>
Jeffrey Dowling	138,010 <sup>3</sup>	225,209 <sup>4</sup>
Anna Neuling	187,510 <sup>5</sup>	358,209 <sup>6</sup>

**Notes:**

1. Comprising Directors' salary of \$195,000, a superannuation payment of \$19,500 and share-based payments of \$177,633 being the value of the Related Party Options.
2. Comprising Directors' salary of \$276,249, a superannuation payment of \$20,902 and annual leave entitlement movement of \$9,998 and share based payments of \$287,280 being the value of options issued.
3. Comprising Directors' salary of \$75,000, a superannuation payment of \$7,500 and share-based payments of \$55,510 being the value of the Related Party Options.
4. Comprising Directors' salary of \$67,500 and a superannuation payment of \$6,412 and share based payments of \$143,640 being the value of options issued.

5. Comprising Directors' salary of \$120,000 a superannuation payment of \$12,000 and share-based payments of \$55,510 being the value of the Related Party Options.
  6. Comprising Directors' salary of \$106,383, a superannuation payment of \$10,106 and annual leave entitlement movement of \$(835) and share based payments of \$215,460 being the value of the options issued.
- (j) the value of the Related Party Options and the pricing methodology is set out in Schedule 2;
- (k) the Related Party Options are not being issued under an agreement;
- (l) the relevant interests of the Related Parties in securities of the Company as at the date of this Notice are set out below:

Related Party	Shares <sup>1</sup>	Options
Mark Bennett	5,035,868	12,000,000 <sup>2</sup>
Jeffrey Dowling	700,000	5,250,000 <sup>3</sup>
Anna Nueling	675,000	7,250,000 <sup>4</sup>

**Notes:**

1. Fully paid ordinary shares in the capital of the Company (ASX: S2R).
  2. Unquoted Options, comprising of:
    - a. 4,000,000 Options (exercisable at \$0.23 each on or before 17 October 2021);
    - b. 6,000,000 Options (exercisable at \$0.30 on or before 11 November 2023); and
    - c. 2,000,000 Options (exercisable at \$0.38 on or before 16 November 2024).
  3. Unquoted Options, comprising of:
    - a. 1,250,000 Options (exercisable at \$0.23 each on or before 17 October 2021);
    - b. 3,000,000 Options (exercisable at \$0.30 on or before 11 November 2023); and
    - c. 1,000,000 Options (exercisable at \$0.38 on or before 17 November 2024).
  4. Unquoted Options, comprising of:
    - a. 1,250,000 Options (exercisable at \$0.23 each on or before 17 October 2021);
    - b. 4,500,000 Options (exercisable at \$0.30 on or before 11 November 2023); and
    - c. 1,500,000 Options (exercisable at \$0.38 on or before 17 November 2024).
- (m) if the Related Party Options issued to the Related Parties are exercised, a total of 6,500,000 Shares would be issued. This will increase the number of Shares on issue from 356,374,855 (being the total number of Shares on issue as at the date of this Notice) to 362,874,855 (assuming that no Shares are issued and no convertible securities vest or are exercised) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 1.82%, comprising 1.12% by Mr Bennett, 0.35% by Mr Dowling and 0.35% by Ms Neuling;

The market price for Shares during the term of the Related Party Options would normally determine whether the Related Party Options are exercised. If, at any time any of the Related Party Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Related Party Options, there may be a perceived cost to the Company.

- (n) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	\$0.300	15/10/2020
Lowest	\$0.087	22/9/2021
Last	[\$0.091]	[27/9/2021]

- (o) each Director has a material personal interest in the outcome of Resolutions 8 to 10 on the basis that all of the Directors (or their nominees) are to be issued Related Party Options should Resolutions 8 to 10 be passed. For this reason, the Directors do not believe that it is appropriate to make a recommendation on Resolutions 8 to 10 of this Notice; and
- (p) the Board is not aware of any other information that is reasonably required by Shareholders to allow them to decide whether it is in the best interests of the Company to pass Resolutions 8 to 10.

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## 10. RESOLUTION 11 – REPLACEMENT OF CONSTITUTION

### 10.1 General

A company may modify or repeal its constitution or a provision of its constitution by special resolution of shareholders.

Resolution 12 is a special resolution which will enable the Company to repeal its existing Constitution and adopt a new constitution (**Proposed Constitution**) which is of the type required for a listed public company limited by shares updated to ensure it reflects the current provisions of the Corporations Act and Listing Rules.

This will incorporate amendments to the Corporations Act and Listing Rules since the current Constitution was adopted in 29 May 2015.

The Directors believe that it is preferable in the circumstances to replace the existing Constitution with the Proposed Constitution rather than to amend a multitude of specific provisions.

The Proposed Constitution is broadly consistent with the provisions of the existing Constitution

The Directors believe these amendments are not material nor will they have any significant impact on Shareholders. It is not practicable to list all of the changes to the Constitution in detail in this Explanatory Statement, however, a summary of the proposed material changes is set out below.

A copy of the Proposed Constitution is available for review by Shareholders at the Company's website [www.s2resources.com.au](http://www.s2resources.com.au) and at the office of the Company. A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary (+61 8 6166 0240). Shareholders are invited to contact the Company if they have any queries or concerns.



## 10.2 Summary of material proposed changes

### **Restricted Securities (clause 2.12)**

The Proposed Constitution complies with the changes to Listing Rule 15.12 which took effect from 1 December 2019. As a result of these changes, ASX will require certain more significant holders of restricted securities and their controllers (such as related parties, promoters, substantial holders, service providers and their associates) to execute a formal escrow agreement in the form Appendix 9A, as is currently the case. However, for less significant holdings (such as non-related parties and non-promoters), ASX will permit the Company to issue restriction notices to holders of restricted securities in the form of the new Appendix 9C advising them of the restriction rather than requiring signed restriction agreements.

### **Minimum Securityholding (clause 3)**

Clause 3 of the Constitution outlines how the Company can manage securityholdings which represent an “unmarketable parcel” of securities, being a securityholding that is less than \$500 based on the closing price of the Company’s securities on ASX as at the relevant time.

The Proposed Constitution is in line with the requirements for dealing with “unmarketable parcels” outlined in the Corporations Act such that where the Company elects to undertake a sale of unmarketable parcels, the Company is only required to give one notice to holders of an unmarketable parcel to elect to retain their securityholding before the unmarketable parcel can be dealt with by the Company, saving time and administrative costs incurred by otherwise having to send out additional notices.

Clause 3 of the Proposed Constitution continues to outline in detail the process that the Company must follow for dealing with unmarketable parcels.

### **Fee for registration of off market transfers (clause 8.4(c))**

On 24 January 2011, ASX amended Listing Rule 8.14 with the effect that the Company may now charge a “reasonable fee” for registering paper-based transfers, sometimes referred to “off-market transfers”.

Clause 8.4 of the Proposed Constitution is being made to enable the Company to charge a reasonable fee when it is required to register off-market transfers from Shareholders. The fee is intended to represent the cost incurred by the Company in upgrading its fraud detection practices specific to off-market transfers.

Before charging any fee, the Company is required to notify ASX of the fee to be charged and provide sufficient information to enable ASX to assess the reasonableness of the proposed amount.

### **Joint Holders (clause 9.8)**

CHES is currently being replaced by ASX with a projected go-live date of April 2023. As part of the CHES replacement, the registration system will be modernised to record holder registration details in a structured format that will allow up to four joint holders of a security. Clause 9.8 of the Proposed Constitution provides that the number of registered joint holders of securities shall be as permitted under the Listing Rules and the ASX Settlement Operating Rules.

### **Capital Reductions (clause 10.2)**

The Proposed Constitution now permits sales of unmarketable parcels to a sale nominee as part of a capital reduction.

### **Direct Voting (clause 13, specifically clauses 13.35 – 13.40)**

The Proposed Constitution includes a new provision which allows Shareholders to exercise their voting rights through direct voting (in addition to exercising their existing rights to appoint a proxy). Direct voting is a mechanism by which Shareholders can vote directly on resolutions which are to be determined by poll. Votes cast by direct vote by a Shareholder are taken to have been cast on the poll as if the Shareholder had cast the votes on the poll at the meeting. In order for direct voting to be available, Directors must elect that votes can be cast via direct vote for all or any Resolutions and determine the manner appropriate for the casting of direct votes. If such a determination is made by the Directors, the notice of meeting will include information on the application of direct voting.

### **Use of technology (clause 14)**

The Proposed Constitution includes a new provision to permit the use of technology at general meetings to the extent permitted under the Corporations Act, Listing Rules and applicable law.

### **Closing date for Director nominations (clause 15.3)**

On 19 December 2019, ASX amended Listing Rule 3.13.1 to provide that companies must release an announcement setting out the date of its meeting and the closing date for nominations at least 5 business days before the closing date for the receipt of such nominations. The closing date period under clause 15.3 of the Proposed Constitution has been amended to at least 30 business days to allow the Company time to issue the required notification for director nominations prior to circulating the notice of meeting.

### **Dividends (clause 23)**

Section 254T of the Corporations Act was amended effective 28 June 2010.

There is now a three-tiered test that a company will need to satisfy before paying a dividend replacing the previous test that dividends may only be paid out of profits.

The amended requirements provide that a company must not pay a dividend unless:

- (a) the company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend;
- (b) the payment of the dividend is fair and reasonable to the company's shareholders as a whole; and
- (c) the payment of the dividend does not materially prejudice the company's ability to pay its creditors.

The existing Constitution reflects the former profits test and restricts the dividends to be paid only out of the profits of the Company. The Proposed Constitution is updated to reflect the new requirements of the Corporations Act. The Directors

consider it appropriate to update the Constitution for this amendment to allow more flexibility in the payment of dividends in the future should the Company be in a position to pay dividends.

### **Partial (proportional) takeover provisions (new clause 37)**

A proportional takeover bid is a takeover bid where the offer made to each shareholder is only for a proportion of that shareholder's shares.

Pursuant to section 648G of the Corporations Act, the Company has included in the Proposed Constitution a provision whereby a proportional takeover bid for Shares may only proceed after the bid has been approved by a meeting of Shareholders held in accordance with the terms set out in the Corporations Act.

This clause of the Proposed Constitution will cease to have effect on the third anniversary of the date of the adoption of last renewal of the clause.

#### Information required by section 648G of the Corporations Act

##### *Effect of proposed proportional takeover provisions*

Where offers have been made under a proportional off-market bid in respect of a class of securities in a company, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under such a proportional off-market bid is prohibited unless and until a Resolution to approve the proportional off-market bid is passed.

##### *Reasons for proportional takeover provisions*

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium. These amended provisions allow Shareholders to decide whether a proportional takeover bid is acceptable in principle, and assist in ensuring that any partial bid is appropriately priced.

##### *Knowledge of any acquisition proposals*

As at the date of this Notice of Meeting, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

##### *Potential advantages and disadvantages of proportional takeover provisions*

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them and that they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

The potential advantages of the proportional takeover provisions for Shareholders include:

- (a) the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;

- (b) assisting in preventing Shareholders from being locked in as a minority;
- (c) increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced; and
- (d) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders which may assist in deciding whether to accept or reject an offer under the takeover bid.

The potential disadvantages of the proportional takeover provisions for Shareholders include:

- (a) proportional takeover bids may be discouraged;
- (b) lost opportunity to sell a portion of their Shares at a premium; and
- (c) the likelihood of a proportional takeover bid succeeding may be reduced.

#### *Recommendation of the Board*

The Directors do not believe the potential disadvantages outweigh the potential advantages of adopting the proportional takeover provisions and as a result consider that the proportional takeover provision in the Proposed Constitution is in the interest of Shareholders and unanimously recommend that Shareholders vote in favour of Resolution 12.

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## GLOSSARY

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\$ means Australian dollars.

**7.1A Mandate** has the meaning given in Section 6.1.

**Annual General Meeting** or **Meeting** means the meeting convened by the Notice.

**ASIC** means the Australian Securities & Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

**Board** means the current board of directors of the Company.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Chair** means the chair of the Meeting.

**Closely Related Party** of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) 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 dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

**Company** means S2 Resources Ltd (ACN 606 128 090).

**Constitution** means the Company's constitution.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** means the current directors of the Company.

**Equity Securities** includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**Key Management Personnel** has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

**Listing Rules** means the Listing Rules of ASX.

**Notice** or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

**Option** means an option to acquire a Share.

**Optionholder** means a holder of an Option.

**Proxy Form** means the proxy form accompanying the Notice.

**Remuneration Report** means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2021.

**Resolutions** means the resolutions set out in the Notice, or any one of them, as the context requires.

**Section** means a section of the Explanatory Statement.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a registered holder of a Share.

**Variable A** means "A" as set out in the formula in Listing Rule 7.1A.2.

**WST** means Western Standard Time as observed in Perth, Western Australia.

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**SCHEDULE 1 – TERMS AND CONDITIONS OF THE RELATED PARTY OPTIONS**

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(a) **Entitlement**

Each Related Party Option entitles the holder to subscribe for one Share upon exercise of the Related Party Option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Related Party Option will be 150% of the 5 day VWAP on the day of issue (**Exercise Price**).

(c) **Expiry Date**

Each Related Party Option will expire at 5:00 pm (WST) on 4 years after the issue date (**Expiry Date**). A Related Party Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Related Party Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Related Party Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Related Party Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Related Party Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Related Party Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within five Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Related Party Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Related Party Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Related Party Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of a Related Party Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Related Party Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Related Party Options without exercising the Related Party Options.

(k) **Change in exercise price**

A Related Party Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Related Party Option can be exercised.

(l) **Transferability**

The Related Party Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.



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**SCHEDULE 2 – VALUATION OF RELATED PARTY OPTIONS**

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The Related Party Options to be issued to the Related Parties pursuant to Resolutions 6 have been valued by internal management.

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

<b>Assumptions:</b>	
Valuation date	27 September 2021
Market price of Shares	\$0.091
Exercise price	\$0.14
Expiry date (length of time from issue)	4 years
Risk free interest rate	0.57%
Volatility (discount)	80%
<b>Indicative value per Related Party Option</b>	\$0.044
<b>Total Value of Related Party Options</b>	\$288,653
Mark Bennett	\$177,633
Jeffrey Dowling	\$55,510
Anna Neuling	\$55,510

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

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**SCHEDULE 3 – ESOP TERMS**

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**S2 RESOURCES LTD**

**ACN 606 128 090**

**EMPLOYEE SHARE OPTION PLAN**

The Directors are empowered to operate the S2 Resources Ltd Employee Share Option Plan (**Plan**) on the following terms and in accordance with the Listing Rules of ASX (where applicable).

1. **INTERPRETATION**

1.1 **Definitions**

For the purposes of the Plan, the following words have the following meanings.

**Associate** has the meaning given to that term in the *Income Tax Assessment Act 1936* (Cth).

**Associated Body Corporate** means:

- (a) a related body corporate (as defined in the Corporations Act) of the Company;
- (b) a body corporate which has 20% or more of the voting power in the Company; and
- (c) a body corporate in which the Company has 20% or more of the voting power.

**ASX** means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as the context requires.

**Board** means the board of Directors of the Company or a committee of the Board.

**Business Day** means a day that is a "business day" under the Listing Rules and not a public holiday in Perth.

**CHESS** means the Clearing House Electronic Subregister System operated by ASX Settlement Pty Limited (or any substitute) and includes any applicable clearing and settlement facility that is a prescribed CS facility under the Corporations Act.

**Class Order** means ASIC Class Order 14/1000 (or any amendment to or replacement of that Class Order).

**Company** means S2 Resources Ltd (ACN 606 128 090).

**Corporations Act** means the *Corporations Act 2001* (Cth), as amended or modified (including by an ASIC instrument applying to the Company) from time to time.

**Director** means a director of the Company.

**Eligible Participant** means a full or part time employee (including an executive director) of the Company or an Associated Body Corporate.

**Exercise Condition** means, in respect of an Option, any condition set out in the Offer which must be satisfied (unless waived by the Board in its absolute discretion) before that Option can be exercised or any other restriction on exercise of that Option specified in the Offer or in these Rules.

**Expiry Date** means, in respect of an Option, the date that the Option will lapse if not otherwise exercised as determined by the Board in its discretion with respect to that Option at the time of the grant of that Option.

**Good Leaver** means the Relevant Person dies, suffers Total and Permanent Disability or ceases employment from the Group on the basis of Retirement or Redundancy.

**Group** means the Company and all Associated Bodies Corporate.

**Listing Rules** means the official listing rules of ASX and any other rules of the ASX applying to the Company while it is admitted to the official list of ASX and the ASX Settlement Rules (or other operating rules) including any waiver granted under the Listing Rules, in each case as amended from time to time.

**Marketable Parcel** has the meaning given to that term in the Listing Rules.

**Nominated Party** means:

- (a) an immediate family member (as defined in the Corporations Act) of an Eligible Participant;
- (b) a company whose members comprise no persons other than the Eligible Participant or immediate family members (as defined in the Corporations Act) of the Eligible Participant; or
- (c) a corporate trustee of a self-managed superannuation fund (within the meaning of the *Superannuation Industry (Supervision) Act 1993* (Cth)) where the Eligible Participant is a director of the trustee,

as nominated by the Participant and accepted by the Board in its sole and absolute discretion to be the holder of Options.

**Offer** means an offer made to an Eligible Participant to subscribe for one or more Options under the Plan as set out in an Offer Document.

**Offer Document** means an offer document in such form as determined by the Board from time to time consistent with the Corporations Act and, if applicable, the Class Order. An indicative offer document is included in Schedule 2.

**Option** means an option granted pursuant to these Rules to subscribe for (subject to rule 7) one Share upon and subject to the terms of these Rules and the terms of the Offer.

**Option Exercise Price** means the exercise price of an Option, as determined in accordance with Rule 4.7.

**Participant** means an Eligible Participant to whom Options have been granted, or the Eligible Participant in respect of whom a Nominated Party has been granted Options, under the Plan.

**Plan** means the plan established in accordance with these Rules.

**Poor Leaver** means a Participant who ceases to be an Eligible Participant by reason of their employment being terminated for cause (including unlawful or serious misconduct), as determined by the Board.

**Redundancy** means termination of the employment of a Participant due to economic, technological, structural or other organisational change where through no act or default of the Participant:

- (a) the Group no longer requires the duties and responsibilities carried out by the Relevant Person to be carried out by anyone; or
- (b) the Group no longer requires the position held by the Participant to be held by anyone.

**Retirement** means where a Participant intends to permanently cease all gainful employment in circumstances where the Participant provides, in good faith, a written statutory declaration to the Board to that effect.

**Rules** means the rules of the Plan set out in this document.

**Share** means a fully paid ordinary share in the Company.

**Shareholder** means a holder of Shares.

**Takeover Bid** means a takeover bid (as defined in the Corporations Act).

**Total and Permanent Disability** means that the Participant has, in the opinion of the Board, after considering such medical and other evidence as it sees fit, become incapacitated to such an extent as to render the Participant unlikely ever to engage in any occupation with the Company or its Associated Bodies Corporate for which he or she is reasonably qualified by education, training or experience.

**Trigger Event** means:

- (a) a court approves under Section 411(4)(b) of the Corporations Act a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies;
- (b) a Takeover Bid for the Company's issued Shares is declared unconditional and the bidder has acquired a relevant interest in at least 50.1% of the Company's issued Shares; or
- (c) the date upon which a person or a group of associated persons becomes entitled, subsequent to the date of grant of the Option, to sufficient Shares to give it or them the ability, in general meeting, to replace all or allow a majority of the Board in circumstances where such ability was not already held by a person associated with such person or group of associated persons.

**Vesting Period** means, in respect of an Option, any period determined by the Board and specified as such in the Offer Document for that Option.

**VWAP** means "volume weighted average market price" as defined in the Listing Rules.

## 1.2 Interpretation

In this Plan unless the context otherwise requires:

- (a) headings are for convenience only and do not affect its interpretation;
- (b) the expression **person** includes an individual, the estate of an individual, a corporation, an authority, an association or joint venture (whether incorporated or unincorporated), a partnership and a trust;
- (c) a reference to any party includes that party's executors, administrators, successors and permitted assigns, including any person taking by way of novation;

- (d) a reference to any document (including this Plan) is to that document as varied, novated, ratified or replaced from time to time;
- (e) a reference to any statute or to any statutory provision includes any statutory modification or re-enactment of it or any statutory provision substituted for it, and all ordinances, by-laws, regulations, rules and statutory instruments (however described) issued under it;
- (f) words importing the singular include the plural (and vice versa) and words indicating a gender include every other gender;
- (g) reference to parties, clauses, schedules, exhibits or annexures are references to parties, clauses, schedules, exhibits and annexures to or of this Plan and a reference to this Plan includes any schedule, exhibit or annexure to this Plan;
- (h) where a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning; and
- (i) a reference to **\$** or **dollar** is to Australian currency.

## 2. **PURPOSE**

The purpose of the Plan is to:

- (a) encourage participation by Eligible Participants in the Company through Share ownership; and
- (b) attract, motivate and retain Eligible Participants.

## 3. **COMMENCEMENT**

This Plan will commence on the date determined by the Board.

## 4. **OFFERS OF OPTIONS**

### 4.1 **Determination by the Board**

The Board, acting in its absolute discretion, may offer Options to any Eligible Participant from time to time as determined by the Board and in exercising that discretion, may have regard to some or all of the following:

- (a) the Eligible Participant's length of service with the Group;
- (b) the contribution made by the Eligible Participant to the Group;
- (c) the potential contribution of the Eligible Participant to the Group; or
- (d) any other matter the Board considers relevant.

### 4.2 **Offer Document**

An Offer must be made using an Offer Document.

### 4.3 **Personal Offer**

An Offer is personal and is not assignable except as provided for in these Rules.

#### 4.4 **Acceptance Time Period**

- (a) An Eligible Participant may only accept an Offer within the time period specified in the Offer Document. To accept the Offer, the Eligible Participant must comply with the instructions specified in the Offer Document unless the Board otherwise determines. Nothing limits the Board's power to treat conduct of an Eligible Participant in respect of an Offer as a valid acceptance of the Offer.
- (b) Upon receipt of a duly completed acceptance in accordance with paragraph (a), the Company must grant the Options to the Participant or the Participant' Nominated Party and issue an option certificate for the Options.

#### 4.5 **Number of Options**

- (a) The number of Options (if any) to be offered to an Eligible Participant from time to time will be determined by the Board in its discretion and in accordance with the Rules and applicable law and the Listing Rules.
- (b) Each Option will entitle the holder to subscribe for and be allotted one Share.

#### 4.6 **No Consideration**

Options issued under the Plan will be issued for nil cash consideration.

#### 4.7 **Option Exercise Price**

- (a) Subject to Rule 4.7(b), in respect of any Offer, the Board may determine the Option Exercise Price (if any) for an Option offered under that Offer in its absolute discretion.
- (b) To the extent the Listing Rules specify or require a minimum price, the Option Exercise Price in respect of an Option offered under an Offer must not be less than that minimum price.

#### 4.8 **Option Exercise Conditions**

An Option may be made subject to Exercise Conditions as determined by the Board in its discretion and as specified in the Offer for the Option.

#### 4.9 **Vesting Period**

An Option may be made subject to a Vesting Period as determined by the Board in its discretion and as specified in the Offer for the Option.

#### 4.10 **Disposal of Options**

Options will not be transferable and will not be quoted on the ASX, unless the Offer provides otherwise.

#### 4.11 **Adjustment to Terms**

- (a) Subject to any requirements of the Listing Rules and Rule 4.11(b), the Board will have the power to make adjustments to or vary the terms of an Option by notice to the Participant or Nominated Party (if applicable) who holds the relevant Option.
- (b) No adjustment or variation of the terms of an Option will be made without the consent of the Participant who (or whose Nominated party) holds the relevant Option if such adjustment or variation would have a materially prejudicial effect

upon the Participant (in respect of his or her outstanding Options), other than an adjustment or variation in accordance with Rule 7 or introduced primarily:

- (i) for the purpose of complying with or conforming to present or future State, Territory or Commonwealth legislation governing or regulating the maintenance or operation of the Plan or like plans;
- (ii) to correct any manifest error or mistake;
- (iii) to enable a member of the Group to comply with the Corporations Act, the Listing Rules, applicable foreign law, or a requirement, policy or practice of the ASIC or other foreign or Australian regulatory body; or
- (iv) to take into consideration possible adverse taxation implications in respect of the Plan including changes to applicable taxation legislation or the interpretation of that legislation by a court of competent jurisdiction or any rulings from taxation authorities administering such legislation.

#### 4.12 **Discretion to refuse participation**

The Board may at any time until Options are issued refuse the participation of an Eligible Participant even if the Eligible Participant has accepted the Offer.

### 5. **WHEN OPTIONS MAY BE EXERCISED**

#### 5.1 **Exercise**

- (a) Subject to this Rule 5, a Participant (or the Participant's Nominated Party, as applicable) will be entitled to exercise an Option granted as a result of an Offer:
  - (i) only after the Vesting Period has expired and before the Expiry Date; and
  - (ii) only:
    - (A) where the Option is not subject to any Exercise Conditions; or
    - (B) where the Option is subject to any Exercise Conditions, if all Exercise Conditions have been satisfied (or waived by the Board); and
  - (iii) only if the Option is otherwise capable of exercise in accordance with the terms of the relevant Offer and the Rules.
- (b) An Option may not be exercised if applicable law prohibits the exercise of the Option.

#### 5.2 **Exercise of less than all Options**

Subject to Rule 5.1, Options may be exercised in one or more parcels of any size, provided that the number of Shares issued upon exercise of the number of Options in any parcel is not less than a Marketable Parcel.

#### 5.3 **Lapsing of Options**

Subject to the terms of the Offer made to a Participant and Rules 5.4 and 5.5, a Participant's (or if applicable a Participant's Nominated Party's) unexercised Option will lapse and all rights in respect of that Option will be lost:

- (a) on the Expiry Date of the Option;



- (b) if the Exercise Conditions applying to the Option cease to be able to be satisfied;
  - (c) if the Participant ceases to be an Eligible Participant and:
    - (i) is a Poor Leaver – immediately on the Participant ceasing to be an Eligible Participant (the **Time of Cessation**);
    - (ii) is a Good Leaver – on the Expiry Date of the Option, unless otherwise determined by the Board in its absolute discretion;
    - (iii) is neither a Poor Leaver nor a Good Leaver (for example, where the Participant voluntarily resigns):
      - (A) where the Option is exercisable at the Time of Cessation – at the end of the day that is 90 days after the Time of Cessation unless otherwise determined by the Board in its absolute discretion; or
      - (B) where the Option is not exercisable at the Time of Cessation – immediately at the Time of Cessation unless otherwise determined by the Board in its absolute discretion;
  - (d) if the Option lapses under rule 5.4 or 5.5,
- whichever is earliest.

#### 5.4 **Discretionary Exercise of Options on Death or Mental Incapacity**

- (a) Where a Participant dies or the Participant's estate becomes liable to be dealt with under the laws relating to mental health prior to the date on which Options become exercisable, the Board may, in its absolute discretion, determine that some or all of the Options held by that Participant may be exercised by the Participant's personal legal representative within such additional time as is determined by the Board (the **additional grace period**).
- (b) Options which have not been exercised by the end of the additional grace period lapse immediately and all rights in respect of these Options will thereupon be lost.

#### 5.5 **Trigger Event**

Notwithstanding any other Rule, upon the occurrence of a Trigger Event, the Board may determine:

- (a) that the Options may be exercised at any time from the date of such determination, and in any number until the date determined by the Board acting bona fide so as to permit the holder to participate in any change of control arising from a Trigger Event, provided that the Board will forthwith advise in writing each holder of such determination. Thereafter, the Options shall lapse to the extent they have not been exercised; or
- (b) to use its reasonable endeavours to procure that an offer is made to holders of Options on like terms (having regard to the nature and value of the Options) to the terms proposed under the Trigger Event in which case the Board shall determine an appropriate period during which the holder may elect to accept the offer and, if the holder has not so elected at the end of that period, the Options shall immediately become exercisable and if not exercised within 10 days, shall lapse.

## 6. HOW TO EXERCISE OPTIONS

### 6.1 Delivery to Company Secretary

Options granted to a Participant or a Participant's Nominated Party may only be exercised by delivery to the Company's secretary (at a time when the Options may be exercised) of:

- (a) the certificate for the Options or, if the certificate for the Options has been lost, mutilated or destroyed, a declaration to that effect, accompanied by an indemnity in favour of the Company against any loss, costs or expenses which might be incurred by the Company as a consequence of its relying on the declaration that the certificate has been lost, mutilated or destroyed;
- (b) a notice in the form of Schedule 1 addressed to the Company and signed by the Participant or Nominated Party (as applicable):
  - (i) stating that the Participant or Nominated Party (as applicable) exercises the Options and specifying the number of Options which are exercised; and
  - (ii) specifying the subregister of the Company in which the Shares referred to in Rule 6.2(a) are to be recorded; and
- (c) payment to the Company of an amount equal to the Option Exercise Price multiplied by the number of Options which are being exercised unless there is no exercise price payable in respect of the Options to be exercised.

By exercising an Option, the Participant or Nominated Party (as applicable) agrees to become a member of the Company and to be bound by the Company's constitution.

### 6.2 Issue of Shares

If the items specified in Rule 6.1 are delivered in accordance with that Rule, the Company will, subject to the Listing Rules (if relevant):

- (a) within 10 Business Days of delivery of the documents referred to in Rule 6.1 issue to the Participant or Nominated Party (as applicable) the Shares credited as being fully paid in respect of which the Options are exercised together with any additional Shares an entitlement to which has arisen under Rule 8 in consequence of the exercise of the Options; and
- (b) cancel the certificate delivered pursuant to Rule 6.1(a) and, if any Options which have not lapsed remain unexercised, deliver to the Participant or Nominated Party (as applicable) a replacement certificate reflecting the number of those Options which remain unexercised.

### 6.3 Death of Participant or Mental Incapacity

If a Participant has died or the Participant's estate becomes liable to be dealt with under the laws relating to mental health, the Participant's legal personal representative will stand in the place of the Participant for the purposes of Rules 6.1 and 6.2 subject only to prior production to the Company of such evidence as would be required to permit the legal personal representative to become registered as a shareholder in respect of the Shares held by the Participant.

#### 6.4 **Beneficial Owner of Shares**

From and including the date of issue to a Participant or a Participant's Nominated Party (as applicable) of any Shares in accordance with these Rules, the Participant or Nominated Party (as applicable) will:

- (a) be the legal and beneficial owner of those Shares; and
- (b) subject to the Corporations Act, the Constitution and the Listing Rules, be entitled to deal with those Shares as beneficial owner.

#### 6.5 **Equal Rank**

A Share acquired on exercise of an Option will rank equally in all respects with Shares already on issue on the date of issue of the Share, except for entitlements which had a record date before the date of issue of that Share.

#### 6.6 **Official Quotation**

Application will be made to ASX for official quotation of the Shares allotted pursuant to the exercise of Options if the Company's Shares are listed on ASX at that time in accordance with the Listing Rules.

### 7. **NEW ISSUES OF SHARES AND REORGANISATIONS**

#### 7.1 **Participation generally**

There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options.

#### 7.2 **Rights Issues and Bonus Issues**

- (a) If the Company makes a pro rata issue of securities (except a bonus issue) to the holders of Shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the Option Exercise Price shall be reduced according to Schedule 3.
- (b) In the event of a bonus issue of Shares being made pro-rata to Shareholders, (other than an issue in lieu of dividends), the number of Shares to be issued on exercise of each Option will include the number of bonus Shares that would have been issued if the Option had been exercised prior to the record date for the bonus issue.

#### 7.3 **Reorganisation**

If at any time the capital of the Company is reorganised, the terms of the Options will be changed in a manner required by the ASX Listing Rules at the time of the reorganisation or, subject to the Corporations Act and the Listing Rules, as determined by the Board.

#### 7.4 **Notice of Adjustments**

Whenever the number of Shares comprised in an Option or the Option Exercise Price is adjusted pursuant to these Rules, the Company will give notice of the adjustment to the Participant (and, if applicable, the Participant's Nominated Party) and ASX together with calculations on which the adjustment is based.

## 7.5 **Cumulative Adjustments and rounding**

- (a) Effect will be given to Rule 7.4 in such manner that the effect of the successive applications of them is cumulative, with the intention being that the adjustments they progressively effect will reflect previous adjustments.
- (b) Until an Option is to be exercised, all calculations adjusting the Number of Shares or the exercise price must be carried out to include all fractions, but on exercise the number of Shares is rounded down to the next lower whole number and the exercise price is rounded up to the next higher cent.

## 8. **OVERRIDING RESTRICTIONS ON ISSUE AND EXERCISE**

### 8.1 **No contravention**

Notwithstanding the Rules or the terms of any Option, no Option may be offered, granted or exercised and no Share may be issued under the Plan if to do so:

- (a) would contravene the Corporations Act, the Listing Rules or any other applicable law; or
- (b) would contravene the local laws or customs of an Eligible Participant's country of residence or in the opinion of the Board would require actions to comply with those local laws or customs which are impractical or burdensome.

### 8.2 **Consistency**

- (a) Nothing in this Plan prevents an act being done that applicable law or the Listing Rules require to be done.
- (b) If applicable law or the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be).
- (c) If applicable law or the Listing Rules require this Plan or the terms of the issue of the Options to contain a provision and they do not contain such a provision, this Plan or the terms of issue of the Options (as the case may be) are taken to contain that provision.
- (d) If applicable law or the Listing Rules require this Plan or the terms of the issue of the Options not to contain a provision and they contain such a provision, this Plan or the terms of issue of the Options (as the case may be) are taken not to contain that provision.
- (e) If any provision of this Plan or the terms of the issue of the Options are or become inconsistent with applicable law or the Listing Rules, this Plan or the terms of issue of the Options (as the case may be) are taken not to contain that provision to the extent of the inconsistency.

## 9. **AMENDMENT OF RULES**

Subject to and in accordance with the Trading Rules, the Board (without the necessity of obtaining the prior or subsequent consent of Shareholders of the Company in a general meeting) may from time to time amend (including the power to revoke, add to or vary) all or any provisions of the Rules in any respect whatsoever, by an instrument in writing, provided that rights or entitlements in respect of any Option granted before the date of amendment shall not be materially reduced or materially adversely affected unless prior written approval from the affected holder(s) is obtained.

## 10. **ADMINISTRATION OF PLAN**

### 10.1 **General administration**

- (a) The Board may appoint for the proper administration and management of the Plan, such persons as it considers desirable and may delegate thereto such authorities as may be necessary or desirable for the administration and management of the Plan.
- (b) Subject to the provisions of the Rules, the Board may make such regulations and establish such procedures for the administration and management of the Plan as they consider appropriate.
- (c) The decision of the Board as to the interpretation, effect or application of the Rules will be final.

### 10.2 **Duration**

- (a) The Plan continues in operation until the Board decides to end it.
- (b) The Board may suspend the operation of the Plan for a fixed period or indefinitely, and may end any suspension.

## 11. **RIGHTS OF ELIGIBLE PARTICIPANTS**

Neither participation in the Plan by the Company or an Associated Body Corporate or any Eligible Participants or Option holders or anything contained in these Rules shall in any way prejudice or affect the right of the Company or an Associated Body Corporate to dismiss any Eligible Participant or Option holder or to vary the terms of employment of any Eligible Participant or Option holder. Nor shall participation or the rights or benefits of an Eligible Participant or Option holder under the Rules be relevant to or used as grounds for granting or increasing damages in any action brought by an Eligible Participant or Option holder against the Company or an Associated Body Corporate whether in respect of any alleged wrongful dismissal or otherwise.

## 12. **ATTORNEY**

Each Participant and each Nominated Party (the **relevant party**), in consideration of an Offer:

- (a) irrevocably appoints the Company and any person nominated from time to time by the Company (each an **attorney**), severally, as the relevant party's attorney to complete and execute any documents including applications for Shares and Share transfers and to do all acts or things on behalf of and in the name of the relevant party which may be convenient or necessary for the purpose of giving effect to the provisions of these Rules;
- (b) covenants that the relevant party will ratify and confirm any act or thing done pursuant to this power;
- (c) releases each member of the Group and the attorney from any liability whatsoever arising from the exercise of the powers conferred by this Rule; and
- (d) indemnifies and holds harmless each member of the Group and the attorney in respect thereof.

13. **ASIC RELIEF**

Notwithstanding any other provisions of the Plan, every covenant or other provision set out in an exemption or modification granted from time to time by the ASIC in respect of the Plan pursuant to its power to exempt and modify the Corporations Act and required to be included in the Plan in order for that exemption or modification to have full effect, is deemed to be contained in the Plan. To the extent that any covenant or other provision deemed by this Rule to be contained in the Plan is inconsistent with any other provision in the Plan, the deemed covenant or other provision shall prevail.

14. **NOTICES**

Any notice to Participants may be given in such manner as the Board determines.

15. **GOVERNING LAW**

This Plan is governed by and shall be construed and take effect in accordance with the laws of Western Australia.

## SCHEDULE 1

### Notice of Exercise of Options

To: The Directors  
S2 Resources Ltd

I \_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_ being registered holder of the options to acquire fully paid ordinary shares in the Company set out on the certificate annexed to this notice, hereby exercise \_\_\_\_\_ of the abovementioned options. I enclose a cheque for \$\_\_\_\_\_ in payment of the option exercise price due in respect of those options calculated on the basis of \$\_\_\_\_\_ per option.

I authorise and direct the Company to register me as the holder of the shares to be allotted to me and I agree to accept such shares subject to the provisions of the Constitution of the Company.

Please register the shares on the [issuer sponsored / CHESS] sub-register [under my [HIN/SRN •]].

Dated the \_\_\_\_\_ day of \_\_\_\_\_ 20 \_\_\_\_ .

\_\_\_\_\_  
**Signature of Holder**

Note:

1. Each holder must sign.
2. Cheques should be made payable to S2 Resources Ltd.

## SCHEDULE 2

### Offer Document

[Name and address of Eligible Participant]

Dear [\*]

#### EMPLOYEE SHARE OPTION PLAN

The board of directors of S2 Resources Limited (**Company**) is pleased to make an offer to you of [insert] options pursuant to its Employee Share Option Plan (**Plan**).

The Company informs you of the following:

- (a) accompanying this letter is a full copy of the terms of the Plan;
- (b) this offer remains open for acceptance by you for 14 days from the date of this letter (**Offer Period**);
- (c) the options under the Plan will be granted to you for nil consideration;
- (d) the exercise price of each of the options is \$[\*] and the expiry date is [\*]; and
- (e) the Options are subject to the following Exercise Conditions:
  - (i) [insert];
  - (ii) [insert];
- (f) the Options are subject to a Vesting Period of [insert];
- (g) the Company will, during the period commencing on the date of this letter and expiring when the options lapse or are exercised, make available to you the current market price of the underlying shares to which the options relate within a reasonable time of you requesting that information. Alternatively you may find the current share price of the Company on the ASX via the ASX website ([www.asx.com.au](http://www.asx.com.au)). Please note that share price information on that website is delayed by 20 minutes.

[Include general information about the risks of acquiring and holding options being offered under the Plan if relying on ASIC class order.]

**THIS LETTER AND ALL OTHER DOCUMENTS PROVIDED TO YOU AT THE TIME OF THIS OFFER CONTAIN GENERAL ADVICE ONLY – THEY DO NOT TAKE INTO ACCOUNT YOUR PERSONAL OBJECTIVES, FINANCIAL SITUATION AND NEEDS. YOU SHOULD CONSIDER OBTAINING YOUR OWN FINANCIAL PRODUCT ADVICE FROM AN INDEPENDENT PERSON WHO IS LICENSED BY THE AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION TO GIVE SUCH ADVICE.**



You may nominate any of the following persons to receive the options:

- an immediate family member (as defined in the Corporations Act);
- a company whose members comprise no persons other than you and your immediate family members (as defined in the Corporations Act); or
- a corporate trustee of a self-managed superannuation fund (within the meaning of the Superannuation Industry (Supervision) Act 1993 (Cth)) where you are a director of the trustee.

The Board may accept or reject a proposed Nominated Party in its sole and absolute discretion.

Could you please confirm your acceptance of the offer set out in this letter by signing in the appropriate place below and returning it to the Company on facsimile number [insert] **by no later than** [insert].

Yours faithfully

**[insert name]**  
**For and on behalf of**  
**S2 Resources Ltd**

Encl.

**Acceptance of offer**

I agree to the terms and conditions set out above and accept the offer of options as contained in the letter set out above.

\_\_\_\_\_  
Signature

Name: \_\_\_\_\_

Date: \_\_\_\_\_

**Nomination of Nominated Party**

Please issue the options to the following **Nominated Parties**, who by signing this document each agrees to the terms and conditions set out above and accept the offer of options as contained in the letter set out above.

Please repeat this section if there is more than one Nominated Party.

Execution by Nominated Party

\_\_\_\_\_  
Individual / Director

\_\_\_\_\_  
Director / Secretary (if corporate trustee)

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Number of options to be issued to this Nominated Party: \_\_\_\_\_

The Nominated Party is: \_\_\_\_\_ *(Please specify nature of relationship).*

### SCHEDULE 3

#### Adjustment Formula

$$O^1 = O - \frac{E[P - (S + D)]}{N + 1}$$

where:

$O^1$  = The new exercise price of the Option.

$O$  = The old exercise price of the Option.

$E$  = The number of Shares into which an Option is exercisable.

$P$  = The VWAP per Share calculated over the 5 trading days before the ex rights date or ex entitlements date.

$S$  = The subscription price for one security under the renounceable rights or entitlements issue.

$D$  = The dividend due but not yet paid on existing Shares (except those to be issued under the renounceable rights issue or entitlements issue).

$N$  = Number of Shares with rights or entitlements required to be held to receive a right to one new security.

However, if  $O^1$  under this formula is less than the minimum price specific in Rule 4.7, the new Exercise Price of the Option is to be equal to that minimum price.

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**SCHEDULE 4 – SPOP TERMS**

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## S2 RESOURCES LTD

ACN 606 128 090

### SERVICE PROVIDER SHARE OPTIONS

The Directors are empowered to operate the S2 Resources Ltd Service Provider Share Option Plan (**Plan**) on the following terms and in accordance with the Listing Rules of ASX (where applicable).

#### 1. INTERPRETATION

##### 1.1 Definitions

For the purposes of the Plan, the following words have the following meanings.

**Associate** has the meaning given to that term in the *Income Tax Assessment Act 1936* (Cth).

**Associated Body Corporate** means:

- (a) a related body corporate (as defined in the Corporations Act) of the Company;
- (b) a body corporate which has 20% or more of the voting power in the Company; and
- (c) a body corporate in which the Company has 20% or more of the voting power.

**ASX** means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as the context requires.

**Board** means the board of Directors of the Company or a committee of the Board.

**Business Day** means a day that is a "business day" under the Listing Rules and not a public holiday in Perth.

**CHESS** means the Clearing House Electronic Subregister System operated by ASX Settlement Pty Limited (or any substitute) and includes any applicable clearing and settlement facility that is a prescribed CS facility under the Corporations Act.

**Class Order** means ASIC Class Order 14/1000 (or any amendment to or replacement of that Class Order).

**Company** means S2 Resources Ltd (ACN 606 128 090).

**Corporations Act** means the *Corporations Act 2001* (Cth), as amended or modified (including by an ASIC instrument applying to the Company) from time to time.

**Director** means a director of the Company.

**Eligible Participant** means a full or part time service provider of the Company or an Associated Body Corporate.

**Exercise Condition** means, in respect of an Option, any condition set out in the Offer which must be satisfied (unless waived by the Board in its absolute discretion) before that Option can be exercised or any other restriction on exercise of that Option specified in the Offer or in these Rules.

**Expiry Date** means, in respect of an Option, the date that the Option will lapse if not otherwise exercised as determined by the Board in its discretion with respect to that Option at the time of the grant of that Option.

**Good Leaver** means the Relevant Person dies, suffers Total and Permanent Disability or ceases employment from the Group on the basis of Retirement or Redundancy.

**Group** means the Company and all Associated Bodies Corporate.

**Listing Rules** means the official listing rules of ASX and any other rules of the ASX applying to the Company while it is admitted to the official list of ASX and the ASX Settlement Rules (or other operating rules) including any waiver granted under the Listing Rules, in each case as amended from time to time.

**Marketable Parcel** has the meaning given to that term in the Listing Rules.

**Nominated Party** means:

- (a) an immediate family member (as defined in the Corporations Act) of an Eligible Participant;
- (b) a company whose members comprise no persons other than the Eligible Participant or immediate family members (as defined in the Corporations Act) of the Eligible Participant; or
- (c) a corporate trustee of a self-managed superannuation fund (within the meaning of the *Superannuation Industry (Supervision) Act 1993* (Cth)) where the Eligible Participant is a director of the trustee,

as nominated by the Participant and accepted by the Board in its sole and absolute discretion to be the holder of Options.

**Offer** means an offer made to an Eligible Participant to subscribe for one or more Options under the Plan as set out in an Offer Document.

**Offer Document** means an offer document in such form as determined by the Board from time to time consistent with the Corporations Act and, if applicable, the Class Order. An indicative offer document is included in Schedule 2.

**Option** means an option granted pursuant to these Rules to subscribe for (subject to rule 7) one Share upon and subject to the terms of these Rules and the terms of the Offer.

**Option Exercise Price** means the exercise price of an Option, as determined in accordance with Rule 4.7.

**Participant** means an Eligible Participant to whom Options have been granted, or the Eligible Participant in respect of whom a Nominated Party has been granted Options, under the Plan.

**Plan** means the plan established in accordance with these Rules.

**Poor Leaver** means a Participant who ceases to be an Eligible Participant by reason of their employment being terminated for cause (including unlawful or serious misconduct), as determined by the Board.

**Redundancy** means termination of the employment of a Participant due to economic, technological, structural or other organisational change where through no act or default of the Participant:

- (a) the Group no longer requires the duties and responsibilities carried out by the Relevant Person to be carried out by anyone; or
- (b) the Group no longer requires the position held by the Participant to be held by anyone.

**Retirement** means where a Participant intends to permanently cease all gainful employment in circumstances where the Participant provides, in good faith, a written statutory declaration to the Board to that effect.

**Rules** means the rules of the Plan set out in this document.

**Share** means a fully paid ordinary share in the Company.

**Shareholder** means a holder of Shares.

**Takeover Bid** means a takeover bid (as defined in the Corporations Act).

**Total and Permanent Disability** means that the Participant has, in the opinion of the Board, after considering such medical and other evidence as it sees fit, become incapacitated to such an extent as to render the Participant unlikely ever to engage in any occupation with the Company or its Associated Bodies Corporate for which he or she is reasonably qualified by education, training or experience.

**Trigger Event** means:

- (a) a court approves under Section 411(4)(b) of the Corporations Act a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies;
- (b) a Takeover Bid for the Company's issued Shares is declared unconditional and the bidder has acquired a relevant interest in at least 50.1% of the Company's issued Shares; or
- (c) the date upon which a person or a group of associated persons becomes entitled, subsequent to the date of grant of the Option, to sufficient Shares to give it or them the ability, in general meeting, to replace all or allow a majority of the Board in circumstances where such ability was not already held by a person associated with such person or group of associated persons.

**Vesting Period** means, in respect of an Option, any period determined by the Board and specified as such in the Offer Document for that Option.

**VWAP** means "volume weighted average market price" as defined in the Listing Rules.

## 1.2 Interpretation

In this Plan unless the context otherwise requires:

- (a) headings are for convenience only and do not affect its interpretation;
- (b) the expression **person** includes an individual, the estate of an individual, a corporation, an authority, an association or joint venture (whether incorporated or unincorporated), a partnership and a trust;
- (c) a reference to any party includes that party's executors, administrators, successors and permitted assigns, including any person taking by way of novation;

- (d) a reference to any document (including this Plan) is to that document as varied, novated, ratified or replaced from time to time;
- (e) a reference to any statute or to any statutory provision includes any statutory modification or re-enactment of it or any statutory provision substituted for it, and all ordinances, by-laws, regulations, rules and statutory instruments (however described) issued under it;
- (f) words importing the singular include the plural (and vice versa) and words indicating a gender include every other gender;
- (g) reference to parties, clauses, schedules, exhibits or annexures are references to parties, clauses, schedules, exhibits and annexures to or of this Plan and a reference to this Plan includes any schedule, exhibit or annexure to this Plan;
- (h) where a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning; and
- (i) a reference to **\$** or **dollar** is to Australian currency.

## 2. **PURPOSE**

The purpose of the Plan is to:

- (a) encourage participation by Eligible Participants in the Company through Share ownership; and
- (b) attract, motivate and retain Eligible Participants.

## 3. **COMMENCEMENT**

This Plan will commence on the date determined by the Board.

## 4. **OFFERS OF OPTIONS**

### 4.1 **Determination by the Board**

The Board, acting in its absolute discretion, may offer Options to any Eligible Participant from time to time as determined by the Board and in exercising that discretion, may have regard to some or all of the following:

- (a) the Eligible Participant's length of service with the Group;
- (b) the contribution made by the Eligible Participant to the Group;
- (c) the potential contribution of the Eligible Participant to the Group; or
- (d) any other matter the Board considers relevant.

### 4.2 **Offer Document**

An Offer must be made using an Offer Document.

### 4.3 **Personal Offer**

An Offer is personal and is not assignable except as provided for in these Rules.



#### 4.4 **Acceptance Time Period**

- (a) An Eligible Participant may only accept an Offer within the time period specified in the Offer Document. To accept the Offer, the Eligible Participant must comply with the instructions specified in the Offer Document unless the Board otherwise determines. Nothing limits the Board's power to treat conduct of an Eligible Participant in respect of an Offer as a valid acceptance of the Offer.
- (b) Upon receipt of a duly completed acceptance in accordance with paragraph (a), the Company must grant the Options to the Participant or the Participant' Nominated Party and issue an option certificate for the Options.

#### 4.5 **Number of Options**

- (a) The number of Options (if any) to be offered to an Eligible Participant from time to time will be determined by the Board in its discretion and in accordance with the Rules and applicable law and the Listing Rules.
- (b) Each Option will entitle the holder to subscribe for and be allotted one Share.

#### 4.6 **No Consideration**

Options issued under the Plan will be issued for nil cash consideration.

#### 4.7 **Option Exercise Price**

- (a) Subject to Rule 4.7(b), in respect of any Offer, the Board may determine the Option Exercise Price (if any) for an Option offered under that Offer in its absolute discretion.
- (b) To the extent the Listing Rules specify or require a minimum price, the Option Exercise Price in respect of an Option offered under an Offer must not be less than that minimum price.

#### 4.8 **Option Exercise Conditions**

An Option may be made subject to Exercise Conditions as determined by the Board in its discretion and as specified in the Offer for the Option.

#### 4.9 **Vesting Period**

An Option may be made subject to a Vesting Period as determined by the Board in its discretion and as specified in the Offer for the Option.

#### 4.10 **Disposal of Options**

Options will not be transferable and will not be quoted on the ASX, unless the Offer provides otherwise.

#### 4.11 **Adjustment to Terms**

- (a) Subject to any requirements of the Listing Rules and Rule 4.11(b), the Board will have the power to make adjustments to or vary the terms of an Option by notice to the Participant or Nominated Party (if applicable) who holds the relevant Option.
- (b) No adjustment or variation of the terms of an Option will be made without the consent of the Participant who (or whose Nominated party) holds the relevant Option if such adjustment or variation would have a materially prejudicial effect

upon the Participant (in respect of his or her outstanding Options), other than an adjustment or variation in accordance with Rule 7 or introduced primarily:

- (i) for the purpose of complying with or conforming to present or future State, Territory or Commonwealth legislation governing or regulating the maintenance or operation of the Plan or like plans;
- (ii) to correct any manifest error or mistake;
- (iii) to enable a member of the Group to comply with the Corporations Act, the Listing Rules, applicable foreign law, or a requirement, policy or practice of the ASIC or other foreign or Australian regulatory body; or
- (iv) to take into consideration possible adverse taxation implications in respect of the Plan including changes to applicable taxation legislation or the interpretation of that legislation by a court of competent jurisdiction or any rulings from taxation authorities administering such legislation.

#### 4.12 **Discretion to refuse participation**

The Board may at any time until Options are issued refuse the participation of an Eligible Participant even if the Eligible Participant has accepted the Offer.

### 5. **WHEN OPTIONS MAY BE EXERCISED**

#### 5.1 **Exercise**

- (a) Subject to this Rule 5, a Participant (or the Participant's Nominated Party, as applicable) will be entitled to exercise an Option granted as a result of an Offer:
  - (i) only after the Vesting Period has expired and before the Expiry Date; and
  - (ii) only:
    - (A) where the Option is not subject to any Exercise Conditions; or
    - (B) where the Option is subject to any Exercise Conditions, if all Exercise Conditions have been satisfied (or waived by the Board); and
  - (iii) only if the Option is otherwise capable of exercise in accordance with the terms of the relevant Offer and the Rules.
- (b) An Option may not be exercised if applicable law prohibits the exercise of the Option.

#### 5.2 **Exercise of less than all Options**

Subject to Rule 5.1, Options may be exercised in one or more parcels of any size, provided that the number of Shares issued upon exercise of the number of Options in any parcel is not less than a Marketable Parcel.

#### 5.3 **Lapsing of Options**

Subject to the terms of the Offer made to a Participant and Rules 5.4 and 5.5, a Participant's (or if applicable a Participant's Nominated Party's) unexercised Option will lapse and all rights in respect of that Option will be lost:

- (a) on the Expiry Date of the Option;

- (b) if the Exercise Conditions applying to the Option cease to be able to be satisfied;
- (c) if the Participant ceases to be an Eligible Participant and:
  - (i) is a Poor Leaver – immediately on the Participant ceasing to be an Eligible Participant (the **Time of Cessation**);
  - (ii) is a Good Leaver – on the Expiry Date of the Option, unless otherwise determined by the Board in its absolute discretion;
  - (iii) is neither a Poor Leaver nor a Good Leaver (for example, where the Participant voluntarily resigns):
    - (A) where the Option is exercisable at the Time of Cessation – at the end of the day that is 90 days after the Time of Cessation unless otherwise determined by the Board in its absolute discretion; or
    - (B) where the Option is not exercisable at the Time of Cessation – immediately at the Time of Cessation unless otherwise determined by the Board in its absolute discretion;
- (d) if the Option lapses under rule 5.4 or 5.5,

whichever is earliest.

#### 5.4 **Discretionary Exercise of Options on Death or Mental Incapacity**

- (a) Where a Participant dies or the Participant's estate becomes liable to be dealt with under the laws relating to mental health prior to the date on which Options become exercisable, the Board may, in its absolute discretion, determine that some or all of the Options held by that Participant may be exercised by the Participant's personal legal representative within such additional time as is determined by the Board (the **additional grace period**).
- (b) Options which have not been exercised by the end of the additional grace period lapse immediately and all rights in respect of these Options will thereupon be lost.

#### 5.5 **Trigger Event**

Notwithstanding any other Rule, upon the occurrence of a Trigger Event, the Board may determine:

- (a) that the Options may be exercised at any time from the date of such determination, and in any number until the date determined by the Board acting bona fide so as to permit the holder to participate in any change of control arising from a Trigger Event, provided that the Board will forthwith advise in writing each holder of such determination. Thereafter, the Options shall lapse to the extent they have not been exercised; or
- (b) to use its reasonable endeavours to procure that an offer is made to holders of Options on like terms (having regard to the nature and value of the Options) to the terms proposed under the Trigger Event in which case the Board shall determine an appropriate period during which the holder may elect to accept the offer and, if the holder has not so elected at the end of that period, the Options shall immediately become exercisable and if not exercised within 10 days, shall lapse.

## 6. HOW TO EXERCISE OPTIONS

### 6.1 Delivery to Company Secretary

Options granted to a Participant or a Participant's Nominated Party may only be exercised by delivery to the Company's secretary (at a time when the Options may be exercised) of:

- (a) the certificate for the Options or, if the certificate for the Options has been lost, mutilated or destroyed, a declaration to that effect, accompanied by an indemnity in favour of the Company against any loss, costs or expenses which might be incurred by the Company as a consequence of its relying on the declaration that the certificate has been lost, mutilated or destroyed;
- (b) a notice in the form of Schedule 1 addressed to the Company and signed by the Participant or Nominated Party (as applicable):
  - (i) stating that the Participant or Nominated Party (as applicable) exercises the Options and specifying the number of Options which are exercised; and
  - (ii) specifying the subregister of the Company in which the Shares referred to in Rule 6.2(a) are to be recorded; and
- (c) payment to the Company of an amount equal to the Option Exercise Price multiplied by the number of Options which are being exercised unless there is no exercise price payable in respect of the Options to be exercised.

By exercising an Option, the Participant or Nominated Party (as applicable) agrees to become a member of the Company and to be bound by the Company's constitution.

### 6.2 Issue of Shares

If the items specified in Rule 6.1 are delivered in accordance with that Rule, the Company will, subject to the Listing Rules (if relevant):

- (a) within 10 Business Days of delivery of the documents referred to in Rule 6.1 issue to the Participant or Nominated Party (as applicable) the Shares credited as being fully paid in respect of which the Options are exercised together with any additional Shares an entitlement to which has arisen under Rule 8 in consequence of the exercise of the Options; and
- (b) cancel the certificate delivered pursuant to Rule 6.1(a) and, if any Options which have not lapsed remain unexercised, deliver to the Participant or Nominated Party (as applicable) a replacement certificate reflecting the number of those Options which remain unexercised.

### 6.3 Death of Participant or Mental Incapacity

If a Participant has died or the Participant's estate becomes liable to be dealt with under the laws relating to mental health, the Participant's legal personal representative will stand in the place of the Participant for the purposes of Rules 6.1 and 6.2 subject only to prior production to the Company of such evidence as would be required to permit the legal personal representative to become registered as a shareholder in respect of the Shares held by the Participant.

#### 6.4 **Beneficial Owner of Shares**

From and including the date of issue to a Participant or a Participant's Nominated Party (as applicable) of any Shares in accordance with these Rules, the Participant or Nominated Party (as applicable) will:

- (a) be the legal and beneficial owner of those Shares; and
- (b) subject to the Corporations Act, the Constitution and the Listing Rules, be entitled to deal with those Shares as beneficial owner.

#### 6.5 **Equal Rank**

A Share acquired on exercise of an Option will rank equally in all respects with Shares already on issue on the date of issue of the Share, except for entitlements which had a record date before the date of issue of that Share.

#### 6.6 **Official Quotation**

Application will be made to ASX for official quotation of the Shares allotted pursuant to the exercise of Options if the Company's Shares are listed on ASX at that time in accordance with the Listing Rules.

### 7. **NEW ISSUES OF SHARES AND REORGANISATIONS**

#### 7.1 **Participation generally**

There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options.

#### 7.2 **Rights Issues and Bonus Issues**

- (a) If the Company makes a pro rata issue of securities (except a bonus issue) to the holders of Shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the Option Exercise Price shall be reduced according to Schedule 3.
- (b) In the event of a bonus issue of Shares being made pro-rata to Shareholders, (other than an issue in lieu of dividends), the number of Shares to be issued on exercise of each Option will include the number of bonus Shares that would have been issued if the Option had been exercised prior to the record date for the bonus issue.

#### 7.3 **Reorganisation**

If at any time the capital of the Company is reorganised, the terms of the Options will be changed in a manner required by the ASX Listing Rules at the time of the reorganisation or, subject to the Corporations Act and the Listing Rules, as determined by the Board.

#### 7.4 **Notice of Adjustments**

Whenever the number of Shares comprised in an Option or the Option Exercise Price is adjusted pursuant to these Rules, the Company will give notice of the adjustment to the Participant (and, if applicable, the Participant's Nominated Party) and ASX together with calculations on which the adjustment is based.

## 7.5 **Cumulative Adjustments and rounding**

- (a) Effect will be given to Rule 7.4 in such manner that the effect of the successive applications of them is cumulative, with the intention being that the adjustments they progressively effect will reflect previous adjustments.
- (b) Until an Option is to be exercised, all calculations adjusting the Number of Shares or the exercise price must be carried out to include all fractions, but on exercise the number of Shares is rounded down to the next lower whole number and the exercise price is rounded up to the next higher cent.

## 8. **OVERRIDING RESTRICTIONS ON ISSUE AND EXERCISE**

### 8.1 **No contravention**

Notwithstanding the Rules or the terms of any Option, no Option may be offered, granted or exercised and no Share may be issued under the Plan if to do so:

- (a) would contravene the Corporations Act, the Listing Rules or any other applicable law; or
- (b) would contravene the local laws or customs of an Eligible Participant's country of residence or in the opinion of the Board would require actions to comply with those local laws or customs which are impractical or burdensome.

### 8.2 **Consistency**

- (a) Nothing in this Plan prevents an act being done that applicable law or the Listing Rules require to be done.
- (b) If applicable law or the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be).
- (c) If applicable law or the Listing Rules require this Plan or the terms of the issue of the Options to contain a provision and they do not contain such a provision, this Plan or the terms of issue of the Options (as the case may be) are taken to contain that provision.
- (d) If applicable law or the Listing Rules require this Plan or the terms of the issue of the Options not to contain a provision and they contain such a provision, this Plan or the terms of issue of the Options (as the case may be) are taken not to contain that provision.
- (e) If any provision of this Plan or the terms of the issue of the Options are or become inconsistent with applicable law or the Listing Rules, this Plan or the terms of issue of the Options (as the case may be) are taken not to contain that provision to the extent of the inconsistency.

## 9. **AMENDMENT OF RULES**

Subject to and in accordance with the Trading Rules, the Board (without the necessity of obtaining the prior or subsequent consent of Shareholders of the Company in a general meeting) may from time to time amend (including the power to revoke, add to or vary) all or any provisions of the Rules in any respect whatsoever, by an instrument in writing, provided that rights or entitlements in respect of any Option granted before the date of amendment shall not be materially reduced or materially adversely affected unless prior written approval from the affected holder(s) is obtained.

## 10. ADMINISTRATION OF PLAN

### 10.1 General administration

- (a) The Board may appoint for the proper administration and management of the Plan, such persons as it considers desirable and may delegate thereto such authorities as may be necessary or desirable for the administration and management of the Plan.
- (b) Subject to the provisions of the Rules, the Board may make such regulations and establish such procedures for the administration and management of the Plan as they consider appropriate.
- (c) The decision of the Board as to the interpretation, effect or application of the Rules will be final.

### 10.2 Duration

- (a) The Plan continues in operation until the Board decides to end it.
- (b) The Board may suspend the operation of the Plan for a fixed period or indefinitely, and may end any suspension.

## 11. RIGHTS OF ELIGIBLE PARTICIPANTS

Neither participation in the Plan by the Company or an Associated Body Corporate or any Eligible Participants or Option holders or anything contained in these Rules shall in any way prejudice or affect the right of the Company or an Associated Body Corporate to dismiss any Eligible Participant or Option holder or to vary the terms of employment of any Eligible Participant or Option holder. Nor shall participation or the rights or benefits of an Eligible Participant or Option holder under the Rules be relevant to or used as grounds for granting or increasing damages in any action brought by an Eligible Participant or Option holder against the Company or an Associated Body Corporate whether in respect of any alleged wrongful dismissal or otherwise.

## 12. ATTORNEY

Each Participant and each Nominated Party (the **relevant party**), in consideration of an Offer:

- (a) irrevocably appoints the Company and any person nominated from time to time by the Company (each an **attorney**), severally, as the relevant party's attorney to complete and execute any documents including applications for Shares and Share transfers and to do all acts or things on behalf of and in the name of the relevant party which may be convenient or necessary for the purpose of giving effect to the provisions of these Rules;
- (b) covenants that the relevant party will ratify and confirm any act or thing done pursuant to this power;
- (c) releases each member of the Group and the attorney from any liability whatsoever arising from the exercise of the powers conferred by this Rule; and
- (d) indemnifies and holds harmless each member of the Group and the attorney in respect thereof.

13. **ASIC RELIEF**

Notwithstanding any other provisions of the Plan, every covenant or other provision set out in an exemption or modification granted from time to time by the ASIC in respect of the Plan pursuant to its power to exempt and modify the Corporations Act and required to be included in the Plan in order for that exemption or modification to have full effect, is deemed to be contained in the Plan. To the extent that any covenant or other provision deemed by this Rule to be contained in the Plan is inconsistent with any other provision in the Plan, the deemed covenant or other provision shall prevail.

14. **NOTICES**

Any notice to Participants may be given in such manner as the Board determines.

15. **GOVERNING LAW**

This Plan is governed by and shall be construed and take effect in accordance with the laws of Western Australia.



## SCHEDULE 1

### Notice of Exercise of Options

To: The Directors  
S2 Resources Ltd

I \_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_ being registered holder of the options to acquire fully paid ordinary shares in the Company set out on the certificate annexed to this notice, hereby exercise \_\_\_\_\_ of the abovementioned options. I enclose a cheque for \$\_\_\_\_\_ in payment of the option exercise price due in respect of those options calculated on the basis of \$\_\_\_\_\_ per option.

I authorise and direct the Company to register me as the holder of the shares to be allotted to me and I agree to accept such shares subject to the provisions of the Constitution of the Company.

Please register the shares on the [issuer sponsored / CHESS] sub-register [under my [HIN/SRN •]].

Dated the \_\_\_\_\_ day of \_\_\_\_\_ 20 \_\_\_\_ .

\_\_\_\_\_  
**Signature of Holder**

Note:

1. Each holder must sign.
2. Cheques should be made payable to S2 Resources Ltd.

## SCHEDULE 2

### Offer Document

[Name and address of Eligible Participant]

Dear [\*]

#### SERVICE PROVIDER SHARE OPTION PLAN

The board of directors of S2 Resources Limited (**Company**) is pleased to make an offer to you of [insert] options pursuant to its Employee Share Option Plan (**Plan**).

The Company informs you of the following:

- (a) accompanying this letter is a full copy of the terms of the Plan;
- (b) this offer remains open for acceptance by you for 14 days from the date of this letter (**Offer Period**);
- (c) the options under the Plan will be granted to you for nil consideration;
- (d) the exercise price of each of the options is \$[\*] and the expiry date is [\*]; and
- (e) the Options are subject to the following Exercise Conditions:
  - (i) [insert];
  - (ii) [insert];
- (f) the Options are subject to a Vesting Period of [insert];
- (g) the Company will, during the period commencing on the date of this letter and expiring when the options lapse or are exercised, make available to you the current market price of the underlying shares to which the options relate within a reasonable time of you requesting that information. Alternatively you may find the current share price of the Company on the ASX via the ASX website ([www.asx.com.au](http://www.asx.com.au)). Please note that share price information on that website is delayed by 20 minutes.

[Include general information about the risks of acquiring and holding options being offered under the Plan if relying on ASIC class order.]

**THIS LETTER AND ALL OTHER DOCUMENTS PROVIDED TO YOU AT THE TIME OF THIS OFFER CONTAIN GENERAL ADVICE ONLY – THEY DO NOT TAKE INTO ACCOUNT YOUR PERSONAL OBJECTIVES, FINANCIAL SITUATION AND NEEDS. YOU SHOULD CONSIDER OBTAINING YOUR OWN FINANCIAL PRODUCT ADVICE FROM AN INDEPENDENT PERSON WHO IS LICENSED BY THE AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION TO GIVE SUCH ADVICE.**

You may nominate any of the following persons to receive the options:

- an immediate family member (as defined in the Corporations Act);
- a company whose members comprise no persons other than you and your immediate family members (as defined in the Corporations Act); or
- a corporate trustee of a self-managed superannuation fund (within the meaning of the Superannuation Industry (Supervision) Act 1993 (Cth)) where you are a director of the trustee.

The Board may accept or reject a proposed Nominated Party in its sole and absolute discretion.

Could you please confirm your acceptance of the offer set out in this letter by signing in the appropriate place below and returning it to the Company on facsimile number [insert] **by no later than** [insert].

Yours faithfully

**[insert name]**  
**For and on behalf of**  
**S2 Resources Ltd**

Encl.

**Acceptance of offer**

I agree to the terms and conditions set out above and accept the offer of options as contained in the letter set out above.

\_\_\_\_\_  
Signature

Name: \_\_\_\_\_

Date: \_\_\_\_\_

**Nomination of Nominated Party**

Please issue the options to the following **Nominated Parties**, who by signing this document each agrees to the terms and conditions set out above and accept the offer of options as contained in the letter set out above.

Please repeat this section if there is more than one Nominated Party.

Execution by Nominated Party

\_\_\_\_\_  
Individual / Director

\_\_\_\_\_  
Director / Secretary (if corporate trustee)

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Number of options to be issued to this Nominated Party: \_\_\_\_\_

The Nominated Party is: \_\_\_\_\_ *(Please specify nature of relationship).*

### SCHEDULE 3

#### Adjustment Formula

$$O^1 = O - \frac{E[P - (S + D)]}{N + 1}$$

where:

$O^1$  = The new exercise price of the Option.

$O$  = The old exercise price of the Option.

$E$  = The number of Shares into which an Option is exercisable.

$P$  = The VWAP per Share calculated over the 5 trading days before the ex rights date or ex entitlements date.

$S$  = The subscription price for one security under the renounceable rights or entitlements issue.

$D$  = The dividend due but not yet paid on existing Shares (except those to be issued under the renounceable rights issue or entitlements issue).

$N$  = Number of Shares with rights or entitlements required to be held to receive a right to one new security.

However, if  $O^1$  under this formula is less than the minimum price specific in Rule 4.7, the new Exercise Price of the Option is to be equal to that minimum price.

## PROXY FORM



S2 Resources Limited  
ABN 18 606 128 090

S2R

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



## Need assistance?



**Phone:**  
1300 850 505 (within Australia)  
+61 3 9415 4000 (outside Australia)



**Online:**  
[www.investorcentre.com/contact](http://www.investorcentre.com/contact)



## YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **8:00am (AWST) on Wednesday, 10 November 2021.**

# Proxy Form

## How to Vote on Items of Business

All your securities 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 item of business. 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 an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities 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 securities 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 securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

## SIGNING INSTRUCTIONS FOR POSTAL FORMS

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

**Joint Holding:** Where the holding is in more than one name, all of the securityholders 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.

## PARTICIPATING IN THE MEETING

### Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at [www.investorcentre.com/au](http://www.investorcentre.com/au) and select "Printable Forms".

## Lodge your Proxy Form:

**XX**

### Online:

Lodge your vote online at [www.investorvote.com.au](http://www.investorvote.com.au) using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



**Control Number: 999999**  
**SRN/HIN: I9999999999**  
**PIN: 99999**

For Intermediary Online subscribers (custodians) go to [www.intermediaryonline.com](http://www.intermediaryonline.com)

### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001  
Australia

### By Fax:

1800 783 447 within Australia or  
+61 3 9473 2555 outside Australia



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

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

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders 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

XX

I/We being a member/s of S2 Resources Ltd 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 Ltd to be held virtually on Friday, 12 November 2021 at 8:00am (AWST) 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 6 - 10 (except where I/we have indicated a different voting intention in step 2) even though Resolutions 1 and 6 - 10 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 6 - 10 by marking the appropriate box in step 2.

## 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 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 8	Issue of Related Party Options to Mark Bennett	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Director – Anna Neuling	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 9	Issue of Related Party Options to Jeffrey Dowling	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Re-election of Director – Jeffrey Dowling	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 10	Issue of Related Party Options to Anna Neuling	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Ratification of Prior Issue of Shares – Listing Rule 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 11	Replacement of Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval of 7.1A Mandate	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
Resolution 6	Adoption of Employee Share Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
Resolution 7	Adoption of Service Provider Share Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. 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.

## Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1  Securityholder 2  Securityholder 3  / /  
 Sole Director & Sole Company Secretary Director Director/Company Secretary Date

**Update your communication details** (Optional)

Mobile Number  Email Address   
 By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

