

Proposed Exploration Workplan - EL007795 (NCVG Block 4)

Exploration Strategy

S2 Resources Ltd, under its subsidiary Southern Star Exploration, is proposing to explore for gold (and other minerals, but excluding oil, gas and coal) on Block 4 of the North Central Victorian Goldfields ground release. Exploration typically involves a staged approach, commencing with desktop studies, moving to low impact and non-invasive activities, which may then lead to more detailed work and wide spaced drilling focused on smaller specific areas. If these phases produce encouraging results, exploration usually culminates in more focused, deeper drilling. Exploration may be accelerated or moderated dependent upon success, and funding. It should be noted that environmentally and culturally significant sites are excluded from the exploration process from the beginning.

If exploration results in the discovery of a significant concentration of minerals, activities transition into technical, financial and further environmental studies to assess whether the deposit is economically, environmentally and socially viable. It should be noted that exploration only rarely identifies concentrations of minerals that are viable as a mining proposition, and we estimate that only one in every fifty to one hundred exploration programs result in the identification of a mineable deposit.

The proposed approach and possible activities are outlined below:

Early Stage Exploration

Early stage activities typically include:

- Desktop-based reviews of existing data to identify target areas and to determine suitable exploration methods to test those target areas
- Engagement with local stakeholders to understand needs and concerns and, where possible, negotiate mutually beneficial land access agreements and compensation
- Reconnaissance trips to undertake geological mapping and become familiar with the geology and ground conditions

This may be followed by low-impact activities undertaken in consultation with land owners to minimise the disturbance to people or livestock, such as:

- Soil sampling, involving the collection of small (<1kg) samples of soil, either by hand or auger (post-hole digger), and analysis for various elements
- Remote sensing using satellites
- Geophysical surveys (which measure physical properties of the earth such as magnetism, density and conductivity)

Broad-spaced reconnaissance style drilling methods may also be used, subject to the approval of exploration work plan by Earth Resources Regulation (the State Government Regulator for exploration and mining), detailing satisfactory rehabilitation plans, monitoring and auditing. This stage of drilling usually involves:

- The use of small truck-mounted or vehicle mounted machinery and the temporary disturbance of a small footprint of ground at each drill site
- Drilling fluids are non-toxic and biodegradable
- All sites are fully rehabilitated to leave no trace of these activities after completion of the program
- Reconnaissance drilling tends to happen for short periods in any one spot, and the rig may move to numerous locations per day
- Measures are also taken to manage any dust or spread of weeds, and noise.

These early stage exploration activities may continue for a number of years to determine if more advanced and targeted exploration is warranted.

Advanced Stage Exploration

If early-stage exploration successfully defines a potential zone of mineralisation, the next stage is to drill deeper holes at closer spacing to gain a more detailed understanding of the that mineralisation. In these situations, drilling may be more closely spaced and deeper, and will therefore last longer and be more static., Measures taken to manage this include:

- Measures to ensure there is no adverse noise or visual impact
- Measures to ensure any drilling does not adversely impact water supply, groundwater quality or water table levels

- Backfilling and capping of drillholes
- As with the initial reconnaissance drilling, all drill sites and access tracks are fully rehabilitated to leave no trace of these activities after completion of the program

In its mineral exploration activities, S2 aims not only to ensure there are no adverse impacts on the environmental, cultural, social and economic values of the region and its community, but to also create a positive impact by contributing to the local community and economy where possible. S2 will achieve this by avoiding sensitive areas, operating with minimal footprint and intrusion in those areas where access is granted, fully rehabilitating areas and leaving them as we found them and as a minimum standard, working within the Code of Practice for Mineral Exploration:

[Victorian Code of Practice for Mineral Exploration](#)

Where possible, S2 will also look to engage the services of local service providers.

Environment Strategy

S2 Resources has developed, implemented and maintains a comprehensive Environmental Management System (EMS), which is continuously improved to suit changing best practice. The system is effective because it is practical for all organisational levels and is applicable across varied terrains and countries through the use of project specific appendices nested within the company-wide master system. Examples of this include projects where the company has successfully worked in environmentally sensitive arctic boreal forests (Finland and Sweden), high altitude deserts (Nevada), and broadacre cropping country (Western Australia's wheatbelt).

The EMS ensures that operations are undertaken with minimal disturbance to the environments in which we operate. It applies to all employees and contractors engaged in company activities. It aims to eliminate or minimise the likelihood of our operations having a negative impact on local stakeholders and the environment. Parts of the system have been specifically designed at ensuring compliance with relevant legislation requirements.

Key aspects include:

- Surface and Water Management – ensures S2’s impact on the land surface, including soil degradation, erosion, and potential for contamination of surface and ground water is minimised
- Fauna and Flora Management – ensures S2’s activities have minimal impact on native fauna and flora, and minimal likelihood of introducing foreign species
- Agricultural Management – developed protocols to work with the landholders to ensure S2’s activities do not have any short term (i.e. cropping cycles) or long term (i.e. biosecurity) impact on agricultural lands
- Chemical Management (including hydrocarbons) – developed to avoid contamination of the environment
- Waste Management – ensures correct handling and disposal of waste products generated during exploration
- Rehabilitation – ensures timely and effective rehabilitation of all disturbance related to exploration.

www.s2resources.com.au/responsibility-environment.php

Community Engagement Plan

As a mineral explorer, S2 recognises it is a guest in the region, and acknowledges that it can only operate if it earns and retains the social acceptance to do so by recognising the rights, needs and interests of the community, respecting and engaging with the community, listening to its concerns, responding appropriately to these, earning its trust, and becoming a valued partner. S2 acknowledges that in order to build and maintain trust within communities we must ensure the correct level of community engagement is applied to various stakeholders, and that this is subject to the proposed activities. Furthermore, we aim to become a valued part of the community, ultimately for the benefit and betterment of all stakeholders.

S2 has developed a project-specific Community Engagement Management Plan that will be used as a planning tool for community engagement activities. It applies to all employees and contractors and is one of S2’s critical management documents governed by our overarching policies. The guiding principles of S2 community engagement are set by the company’s board of directors:

www.s2resources.com.au/responsibility-community.php

Like the Environmental Management System, this plan comprises overarching principles, with tailored components designed for specific situations. Past examples of these include our engagement and positive relationship with the Ngadju aboriginal people of WA (resulting in various initiatives including a life-of-mine package of benefits), our success in working with the indigenous reindeer herders of Lapland in northern Sweden and Finland, our ability to work alongside cattle ranchers in Nevada, and our relationships with farmers and pastoralists in Western Australia.

For the initial project stages, S2 will compile a list of likely stakeholders and possible values, attitudes and issues. This will be used to ensure that the various concerns or potential issues of each stakeholder group are identified and that relevant stakeholders are consulted and engaged, subject to the nature of the proposed activity/issue. The type of engagement activity will largely be driven by the stage and nature of proposed exploration activity. S2's preferred method of consultation is one-on-one meetings with landowners to ensure that S2 fully understands the nature of concerns related to our proposed exploration programs and that landowners are fully and fairly informed on the Company's intentions, activities and how this may affect them. This may include how our planned activities impact on landowners cropping cycles, livestock interaction, farm biosecurity and quarantine matters, water, noise and dust management. One-on-one meetings also have the benefit of allowing the company to adequately explain the nature and proposed timing of exploration activities and to encourage feedback and to discuss potential alternative timings should issues arise. The frequency of one-on-one meetings will be determined based on the proposed nature of the exploration program and also depending on the individual requests of landholders to ensure that their concerns are being addressed promptly.

Additional engagement methods such as community forums or open-nights would be undertaken, both proactively as information sessions, and on an as needs basis to address widespread or common concerns within the community or at a point in time in the project life preceding a major shift in activity or intensity, or following a significant event (e.g., a discovery of a potential economic mineral deposit).



This process is qualitative, and stakeholder groups and their levels of interest are anticipated to change over the life of the project, noting that groups change as do the types and level of impact. It is important to note that this list of possible values, attitudes and issues is based only on a desktop review and will be modified once on-ground community engagement commences.

S2 requires its representatives to operate in a truthful, open, balanced, fair, and honest manner in their relationships and engagement with stakeholders and local community. We treat everyone the same irrespective of gender, race, religious beliefs, political views, sexual preference.

The establishment of successful positive stakeholder engagement is based fundamentally on mutual trust and respect.

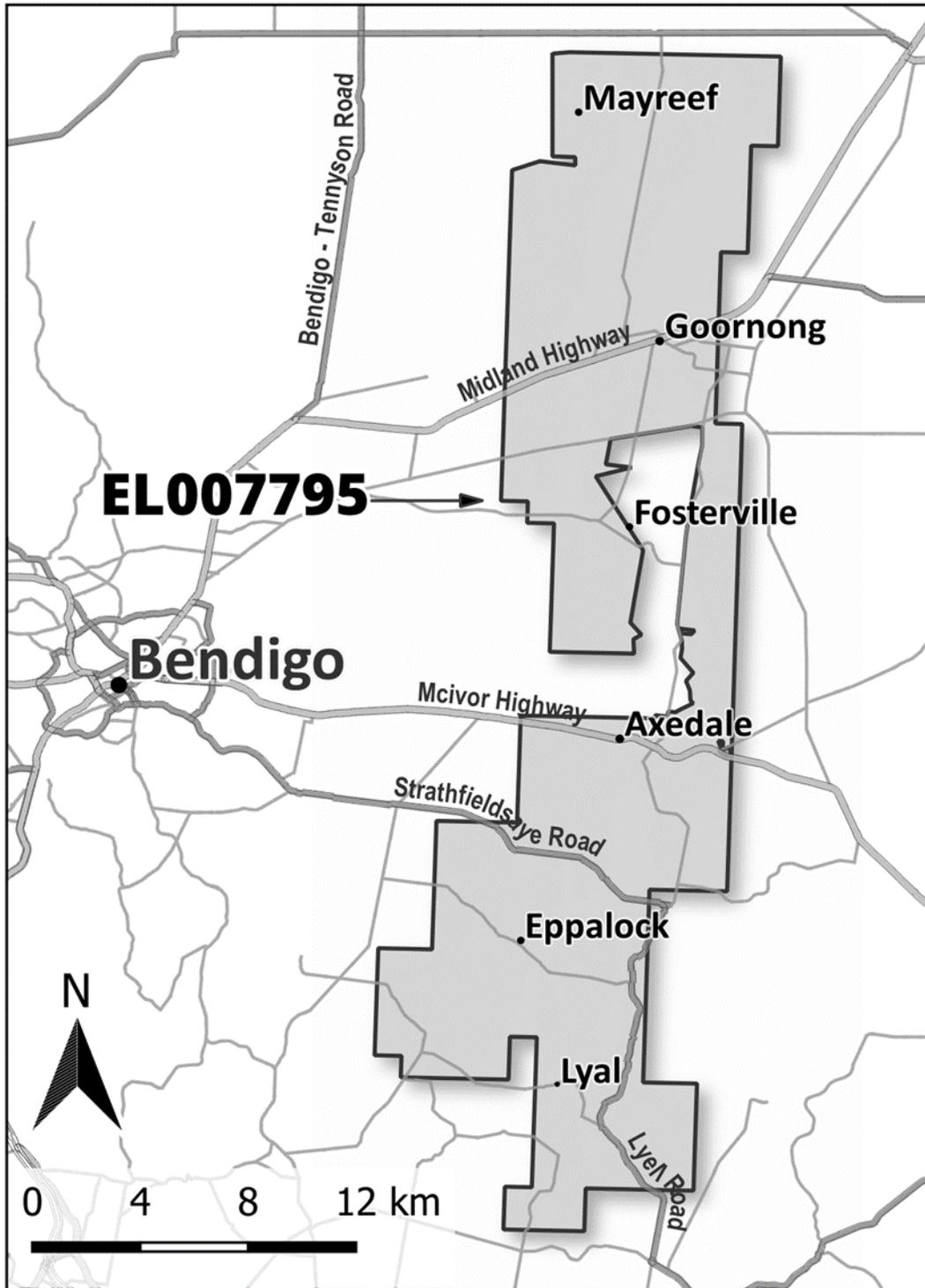


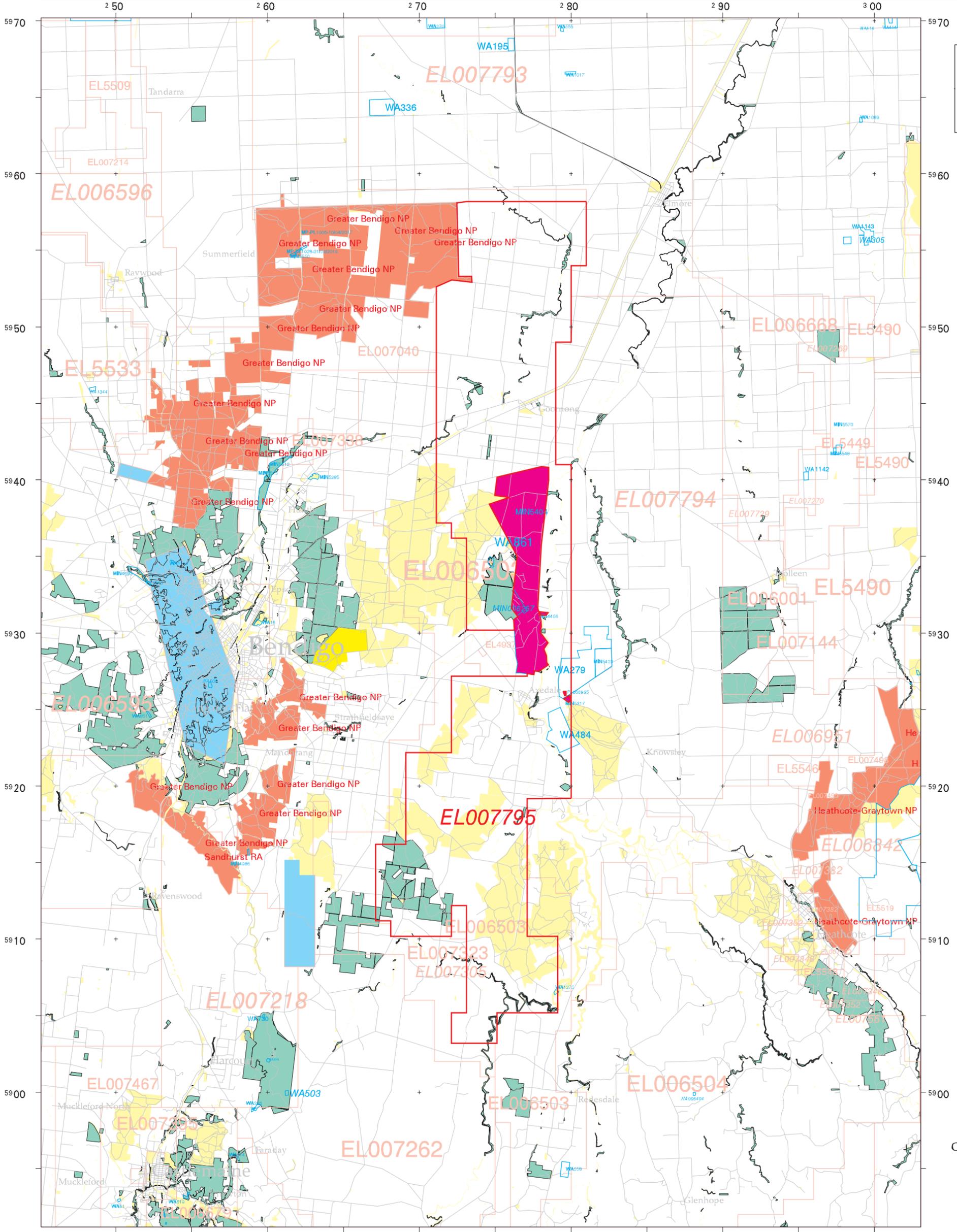
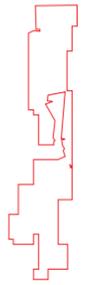
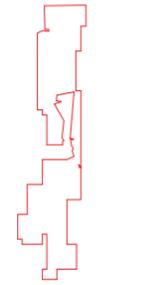
Figure 1: location plan (EL007795)

EXPLORATION LICENCE APPLICATION 007795

- Unavailable for Searching or Exploration or Mining MRSDA 1990 Sec 6. Includes National, State & Wilderness Parks and Reference Areas
- Exempted from being subject to Exploration &/or Mining Licences. MRSDA 1990 Sec 7. May be revoked by notice in the Govt Gazette.
- Restricted Crown Land. Schedule 3 of MRSDA 1990. Consent required to do work on the land.
- Other Crown Land
- Commonwealth Land. Subject to Commonwealth legislation.
- Exploration Initiative Area exempted for a limited time from being subject to Exploration and/or Mining Licences. MRSDA 1990 Sec. 7
- Land not included in the Licence due to a licence or licence application existing or having priority at the date of application.

Native Title Approximate Claim or Determination Area (grey)

Water Supply Catchment Area (grey)



GDA94
MGA
ZONE 55

SCALE
1:250,000

1:100 000
Mapsheets
MITLAMO (725)
ECHUCA (7825)
HEATHCOTE (7824)
BENDIGO (7724)

Area in Grats
Total 468
NET 468



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NOTE: The accuracy of the location of the land status areas may vary according to the scale and mapping accuracy. Areas of private land within Crown Land may not be shown. The precise locations should be verified with Crown Land & Assets if access to the land is proposed.

Where the Licence Application abuts unavailable land, the Licence boundary is defined by the boundary of the Unavailable Land. Discrepancies on this plan between the boundaries may be due to scale and mapping inaccuracy.