



S2 RESOURCES LTD

ABN 18 606 128 090

Financial Report

for the

Year Ended 30 June 2025

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Corporate Directory

Directors

Mark Bennett

Executive Chairman

Jeff Dowling

Non-Executive Director

Anna Neuling

Non-Executive Director

Company Secretary

Andrea Betti

Principal Office

Level 14, 333 Collins Street,
Melbourne, Victoria 3000
Telephone: +61 8 6166 0240
Website: www.s2resources.com.au

Registered Office

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

Auditor

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

Share Registry

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

Stock Exchange Listing

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

ASX Code

S2R

Directors Report

The Directors of S2 Resources Ltd ("Directors") present their report on the consolidated entity consisting of S2 Resources Ltd ("the Company" or "S2") and the entities it controlled at the end of, or during, the year ended 30 June 2025 ("Group").

Directors

The names and details of the Directors in office during the financial year and until the date of this Report are as follows. Directors were in office for the entire year unless otherwise stated.

Mark Bennett
Jeff Dowling
Anna Neuling

Principal Activities

The principal continuing activity of the Group is mineral exploration.

Dividends

No dividends were paid or proposed to be paid to members during the financial year.

Review of Operations

Operating Result

The loss from continuing operations for the year ended 30 June 2025 after providing for income tax amounted to \$8,778,718 (2024: loss of \$7,720,154), with a gain on the sale of discontinued operations of \$6,189,406 (2024: loss of 470,478).

The loss on continuing operations results from \$4,247,911 of exploration expenditure incurred and expensed, \$1,142,626 of administration including business development costs, \$1,066,209 of share-based payments expenses, \$104,112 depreciation costs, \$205,588 of other income and net gains/(losses) including finance costs, gain on dilution of investment \$27,752 and share of associate consolidated statement of loss \$2,451,200. The exploration expenditure incurred and expensed mainly relates to the Company's Australian projects.

Material Business Risks

The Group's exploration operations will be subject to the normal risks of mineral exploration, and any revenues will be subject to factors beyond the Group's control. The material business risks that may affect the Group are summarised below.

Key Personnel

In formulating its exploration programs, the Group relies to a significant extent upon the experience and expertise of the directors and management. A number of key personnel are important to attaining the business goals of the Group. One or more of these key employees could leave their employment, and this may adversely affect the ability of the Group to conduct its business and, accordingly, affect the financial performance of the Group and its share price. Recruiting and retaining qualified personnel is important to the Group's success.

Future Capital Raisings

The Group's ongoing activities may require substantial further financing in the future. Any additional equity financing may be dilutive to shareholders and may be undertaken at lower prices than the current market price. Although the Directors believe that additional capital can be obtained, no assurances can be made that appropriate capital or

Directors Report (cont)

funding, if and when needed, will be available on terms favourable to the Company or at all. If the Group is unable to obtain additional financing as needed, it may be required to reduce, delay or suspend its operations and this could have a material adverse effect on the Group's activities and could affect the Group's ability to continue as a going concern.

Exploration Risk

The success of the Group depends on the delineation of potentially economic mineral resources, securing and maintaining title to the Group's exploration and mining tenements, meeting joint venture earn-in commitments and obtaining all consents and approvals necessary for the conduct of its exploration activities. Exploration on the Group's existing tenements may be unsuccessful, resulting in a reduction in the value of those tenements, diminution in the cash reserves of the Group and possible relinquishment of the tenements. The exploration costs of the Group are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions.

Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Group's viability. If the level of operating expenditure required is higher than expected, the financial position of the Group may be adversely affected. The Group may also experience unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

Title Risk

All licenses are subject to compliance with certain requirements, including but not limited to meeting the minimum exploration work commitments, lodgement of reports, payment of rent and compliance with environmental conditions and environmental legislation, and government policies. Consequently, the Group could lose title to or its interest in any of the licences to any of its assets/projects if these requirements are not met.

Land Access Risk

Land access is critical for exploration and exploitation to succeed. Having the Title, or Licence, to the Mineral Rights does not necessarily provide the right of surface access to pursue those rights. In the case of freehold land, leasehold land and crown land, the Company may be required to negotiate access rights with the holders of such land, and the Company's rights to obtain access vary from state to state. The Company may not be successful in acquiring or obtaining the necessary approvals or agreements to access the surface in order to conduct exploration or evaluation activities. Furthermore, having Mineral Rights under the auspices of an exploration Licence is no guarantee of the Company being able to obtain all Licences (eg, Mining Leases) and other permits and approvals for mining activities to proceed

Native Title, First Nations and Aboriginal Heritage Risk

Access to land for exploration purpose can be adversely affected by the rights of traditional owners, including but not limited to native title claims under the Native Title Act 1993 (Cth) (NTA) (or similar legislation in the jurisdiction where the Group operates). The effect of the NTA is that existing and new tenements held by the Group may be affected by native title claims and procedures, and the Company may be required to enter into agreements with traditional owners. The Company may not be successful in acquiring or obtaining the necessary approvals or agreements with traditional owners in order to obtain Mineral Rights via statutory heritage-related agreements and/or other prerequisites required for the grant of exploration Licence applications. Furthermore, having Mineral Rights under the auspices of an exploration Licence is no guarantee of the Company being able to obtain all Licences (eg, Mining Leases) and other permits and approvals for mining activities to proceed

Directors Report (cont)

Feasibility and Development Risks

It may not always be possible for the Group to exploit successful discoveries which may be made in areas in which the Group has an interest. Such exploitation would involve obtaining the necessary licences or clearances from relevant authorities that may require conditions to be satisfied and/or the exercise of discretions by such authorities. It may or may not be possible for such conditions to be satisfied. Further, the decision to proceed to further exploitation may require participation of other companies whose interests and objectives may not be the same as the Group's. In the event of the discovery of potentially economic mineral resources, there is a risk that a feasibility study and associated technical works will not achieve the results expected. There is also a risk that, even if a positive feasibility study is produced, the project may not be successfully developed for commercial or financial reasons.

Regulatory Risk

The Group's operations are subject to various Commonwealth, State and Territory and local laws and plans, including those relating to mining, prospecting, development permit and licence requirements, industrial relations, environment, land use, land access, royalties, water, native title and cultural heritage, mine safety and occupational health. Approvals, licences and permits required to comply with such rules are subject to the discretion of the applicable government officials. No assurance can be given that the Group will be successful in maintaining such authorisations in full force and effect without modification or revocation.

To the extent such approvals are required and not retained or obtained in a timely manner or at all, the Group may be curtailed or prohibited from continuing or proceeding with exploration. The Group's business and results of operations could be adversely affected if applications lodged for exploration licences are not granted. Mining and exploration tenements are subject to periodic renewal. The renewal of the term of a granted tenement may also be subject to the discretion of the relevant Minister. Renewal conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the tenements comprising the Group's projects. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Group.

Environmental Risk

The operations and activities of the Group are subject to the environmental laws and regulations of Australia. As with most exploration projects and mining operations, there is potential for the Group's operations and activities to have an impact on the environment, particularly if mine development proceeds. The Group attempts to conduct its operations and activities to the highest standard of environmental obligation, including compliance with all environmental laws and regulations. The Group is unable to predict the effect of additional environmental laws and regulations which may be adopted in the future, including whether any such laws or regulations would materially increase the Group's cost of doing business or affect its operations in any area. However, there can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Group to incur significant expenses and undertake significant investments which could have a material adverse effect on the Group's business, financial condition and performance.

Climate Change Risk

We are an exploration company however we acknowledge that the operations and activities of the Group are subject to changes to local or international compliance regulations related to climate change mitigation efforts, specific taxation or penalties for carbon emissions or environmental damage, and other possible restraints on industry that may further impact the Group and its profitability. While the Group will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Group will not be impacted by these occurrences. Climate change may also cause certain physical and environmental risks that cannot be predicted by the Group, including events such as increased severity of weather patterns, incidence of extreme weather events and longer-term physical risks such as shifting climate pattern.

Directors Report (cont)

Macro-Economic Risk

The operations and activities of the Group are exposed to a number of global external factors, including macro-economic risks affecting profitability and business continuity, increasing interest rates, significant fluctuations in foreign exchange, changes in commodity prices and ability to raise equity funding. While the Group has limited direct controls over these issues, continued oversight is essential to ensuring the ongoing operations and activities of the Group.

New Projects, Acquisitions and Disposals

The Company has to date and continues to assess existing and other new business opportunities. These new business opportunities may take the form of direct project acquisitions, joint ventures, farm-ins, acquisition of tenements/permits, direct equity participation, or divestment, via sale, farmout or relinquishment.

The acquisition of projects or other assets (whether completed or not) may require the payment of monies (as a deposit and/or exclusivity fee) after only limited due diligence and prior to the completion of comprehensive due diligence. There can be no guarantee that any proposed acquisition will be completed or successful. If the proposed acquisition is not completed, monies already advanced may not be recoverable, which may have a material adverse effect on the Company.

The Company continues to review its portfolio of projects and if appropriate from time to time will divest projects, via sale, farmout or relinquishment. Such divestments will be based on commercial and business considerations and be made on the basis of the judgement of the Board and Management or recommended in the event that shareholder approval is deemed to be required by the ASX.

If a transaction is completed, the Directors will need to reassess, at that time, the funding allocated to current projects and new projects or assets, which may result in the Company reallocating funds from or to other projects and/or the raising of additional capital (if applicable and available). Furthermore, notwithstanding that an acquisition may proceed upon the completion of due diligence, the usual risks associated with the new project/business activities will remain.

Furthermore, if a new investment, acquisition or divestment by the Company is completed, ASX may require the Company to seek Shareholder approval and/or to meet the admission requirements under Chapters 1 and 2 of the Listing Rules as if the Company were a new listing, which would require the Company to incur material costs and effort in achieving re-listing.

Any new project, business acquisition or divestment of an existing project, may change the risk profile of the Company, particularly if the new project is located in another jurisdiction, involving a new commodity and/or changes to the Company's capital/funding requirements. Should the Company propose or complete the acquisition of a new project or business activity, or divest an existing project, investors should re-assess their investment in the Company in light of this change.

Taxation

The acquisition and disposal of Options and underlying Shares may have tax consequences, which will differ depending on the individual financial affairs of each investor. All prospective investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Options and underlying Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Options or underlying Shares.

Directors Report (cont)

Significant Changes in the State of Affairs

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

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

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

The transaction was completed on 18 September 2024 and resulted in the Group acquiring 13,750,000 shares in the renamed Valkea Resources Corp (Valkea). In addition, the Group also participated in the placement associated with the transaction, and purchasing 6,250,000 ordinary shares in Valkea for C\$250,000. As part of this transaction, Valkea also undertook a share consolidation on a 1 for 10 basis bringing the Group's total shareholding in Valkea to 14,375,000 shares, which resulted in the Group holding a 44.58% interest in Valkea. Following a private placement by Valkea in June 2025 which S2 Resources did not partake in this shareholding was reduced to 29.55%.

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

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

Under the terms of the earn-in agreement, S2 has the right to earn an 80% interest in Ballarat West, Silver Spoon and Yeungroon projects by spending a total of \$1.2 million across these three projects, within 4 years. The agreement was subject to Valkea obtaining the approval of the TSX Venture exchange and also receiving Ministerial approval and registration under section 71 of the Mineral Resources (Sustainable Development) Act 1990 in Victoria, Australia the latest of which was received 16 December 2024.

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

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

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

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

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

Directors Report (cont)

The four year earn-in period was deemed to start once TSX-V approval was obtained and Ministerial approval was obtained and registered the latest of which was received 07 March 2025. S2 can withdraw at any time providing the tenements are in good standing on a pro-rata expenditure commitment basis for a minimum of three months from the date of its withdrawal notice. In the event of S2 being unable to undertake exploration as a consequence of land access or permitting delays or restrictions outside of its reasonable control, then S2 will be entitled to a fair and reasonable extension to the earn-in term.

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

On 18 June 2025, the Group completed a placement to institutional and sophisticated investors issuing 40,138,889 shares at an issue price of \$0.072, providing funds raised of \$2,890,000 (less costs). The placement was completed within the Group's 15% capacity pursuant to ASX Listing Rule 7.1 and accordingly no shareholder approval was required in connection with the equity raising. A further 1,527,778 shares to be issued to directors of the company as part of the placement were subject to shareholder approval at a general meeting of shareholders held on 07 August 2025 and raised a further \$110,000 (before costs).

Subscribers to the placement also received one free attaching unlisted option for every two new shares, exercisable at \$0.11 per option and expiring two years from date of issue. The Company issued these Options pursuant to the Company's capacity under ASX Listing Rule 7.1, and accordingly, no shareholder approval was required (other than in respect to the attaching Options to be issued in respect to the Director participation). The Placement Options were issued on 07 July 2025.

S2 also offered eligible shareholders the opportunity to participate in a non-underwritten SPP issuing raising an additional A\$499,998 (before costs) with applications far in excess of the A\$0.5million target. Under the SPP, eligible S2 shareholders, being shareholders with a registered address in Australia or New Zealand on S2's register as at 5:00pm 6 June 2025 had the opportunity to apply for up to A\$30,000 worth of new fully paid ordinary shares in the Company (SPP Shares), together with one free attaching unlisted Option for every two SPP Shares issued. SPP Shares were issued at the same price as New Shares in the Placement, being A\$0.072 per SPP Share. The SPP offer period opened on 18 June 2025 and closed on 1 July 2025.

Funds raised to be used for ongoing exploration, other emerging opportunities and working capital.

After Balance Date Events

Following an announcement on 04 June 2025, the Group issued the following share-based payments arrangements as part of the annual issue of options to all Company personnel and directors on 01 July 2025. This is in line with the Company's policy to issue/propose options on a consistent basis in terms of vesting conditions, term, and exercise price, and on a consistent and objective date that aligns with other remuneration changes at the financial year end.

Options Series	Number Issued	Number at 1 July 2025	Grant Date	Expiry Date	Exercise Price \$	Fair value at Grant Date \$
(24) Issued 1 July 2025	3,800,000	3,800,000	01/07/2025	01/07/2029	0.097	0.046
(24) Issued 1 July 2025*	8,000,000	8,000,000	07/08/2025	01/07/2029	0.097	0.045
Total	11,800,000	11,800,000				

*approved by shareholders at GM

(24) The 3,800,000 options in series 24 comprised 3,250,000 options were issued to employees under the Employee Share Option Plan which vest one year from grant date and 550,000 options were issued to service providers which vest one year from grant date. For the service provider options, the value of services received was unable to be measured reliably and therefore the value of services received was measured by reference to the fair value of options issued.

The 8,000,000 options in series 24 which vest one year from proposed date were issued to directors and approved at a GM held 07 August 2025.

Directors Report (cont)

There has been no other matter or circumstance that has arisen since 30 June 2025 that has significantly affected, or may significantly affect:

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

Likely Developments and Expected Results of Operations

The Group will continue its exploration activities in Australia for the foreseeable future. The Group will also seek other exploration opportunities that will add value to the Group's portfolio of assets.

Environmental Regulation

The Group's operations are subject to environmental regulation under the laws of the Australian Commonwealth and the States of Western Australia, Victoria, and New South Wales. The Board of Directors ("Board") is of the view that all relevant environmental regulation requirements have been met.

Information on Directors

Mark Bennett – Executive Chairman

Experience and Expertise

Dr Bennett was the managing director and CEO of Sirius Resources NL ("Sirius") from its inception until its merger with Independence Group NL and was non-executive director of Independence Group following the merger until June 2016.

He is a geologist with 30 plus years of experience in gold, nickel and base metal exploration and mining. He holds a BSc in Mining Geology from the University of Leicester and a PhD from the University of Leeds and is a Member of the Australasian Institute of Mining and Metallurgy, a Fellow of the Geological Society of London, a Fellow of the Australian Institute of Geoscientists and a Member of the Australian Institute of Company Directors.

He has worked in Australia, West Africa, Canada, USA and Europe, initially for LionOre Mining International Limited and WMC Resources Limited at various locations including Kalgoorlie, Kambalda, St.Ives, LionOre's nickel and gold mines throughout Western Australia, the East Kimberley, and Stawell in Victoria. His more recent experience, as Managing Director of Sirius, S2 Resources and as a director of private Canadian company True North Nickel, has been predominantly in Western Australia (the Fraser Range including Nova-Bollinger, and the Polar Bear project in the Eastern Goldfields), Quebec (the Raglan West nickel project), British Columbia, Sweden, Finland, and Nevada.

Positions held include various technical, operational, executive and board positions including Executive Chairman, Managing Director, Chief Executive Officer, Executive Director, Non-Executive Director, Exploration Manager and Chief Geologist.

Dr Bennett is a two times winner of the Association of Mining and Exploration Companies "Prospector Award" for his discoveries which include the Thunderbox gold mine, the Waterloo nickel mine and most recently the world class Nova-Bollinger nickel-copper mine.

In addition to his technical expertise, Dr Bennett is very experienced in corporate affairs, equity capital markets, investor relations and community engagement and led Sirius from prior to the discovery of Nova through feasibility, financing, permitting and construction, and through the schemes of arrangement to merge with Independence and to demerge S2.

Other Directorships

Chairman of Falcon Metals since 30 September 2021.

Director of Valkea Resources since 18 September 2024.

Directors Report (cont)

Former Directorships in the Last Three Years

Non-Executive Director of Todd River Resources Ltd November 2018 to 22 September 2022

Number of interests in shares and options held in S2 Resources Ltd

Options 21,000,000*

Shares 7,619,916

*includes options approved at General Meeting 7 August 2025

Jeff Dowling – Non- Executive Director

Experience and Expertise

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.

Other Directorships

Non-Executive Director of NRW Holdings Ltd since 22 August 2013.

Non-Executive Director of Fleetwood Corporation Ltd since 1 July 2017.

Non-Executive Chairman of Arrow Minerals Ltd since 15 December 2023.

Former Directorships in the Last Three Years

Non-Executive Director of Battery Minerals since 21 June 2019 to 4 September 2023.

Number of interests in shares and options held in S2 Resources Ltd

Options 9,250,000*

Shares 1,000,000

*includes options approved at General Meeting 7 August 2025

Anna Neuling – Non-Executive Director

Experience and Expertise

Ms Neuling was the Company Secretary and Executive Director of The Group from the company's inception in 2015 until 1 August 2022 when she moved to her current role of Non Executive Director.

She 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.

Directors Report (cont)

Ms Neuling is a member of the Group's Audit & Risk Committee and Remuneration & Nomination Committee which was formed on 19 July 2016.

Other Directorships

Non-Executive Director of MLG OZ Ltd since 23 March 2021, Chair since 21 April 2023.

Non-Executive Directors of Tombador Iron Resources Ltd since 1 March 2025.

Non-Executive Director of Spartan Resources Limited since 23 December 2024.

Former Directorships in the Last Three Years

Non-Executive Director of CZR Resources Ltd from 2 November 2020 to 10 September 2021.

Non-Executive Chair of Tombador Iron Resources Ltd from 25 September 2020 to 1 March 2025.

Non-Executive Director of Spartan Resources Limited from 23 December 2024 to 31 July 2025.

Number of interests in shares and options held in S2 Resources Ltd

Options 9,250,000*

Shares 799,875

*includes options approved at General Meeting 7 August 2025

Meetings of Directors

The number of meetings of the Board and of each Board Committee held during the year ended 30 June 2025 and the number of meetings attended by each Director were:

Director	Directors' Meetings		Audit & Risk Committee		Remuneration & Nomination Committee	
	Meeting Held	Meetings attended	Meeting Held	Meetings attended	Meeting Held	Meetings attended
Mark Bennett (i)	10	10	2	2	1	1
Anna Neuling	10	10	2	2	1	1
Jeff Dowling	10	9	2	2	1	1

- (i) Mark Bennett attended the Audit & Risk Committee meetings and the Remuneration & Nomination Committee Meetings by invitation he is not a member of either committee.

Indemnifying of Officers or Auditor

During the year the Group paid a premium in respect of insuring Directors and Officers of the Group against liabilities incurred as a Director or Officer. The insurer shall pay on behalf of the Group or each Director or Officer all losses for which the Director or Officer is not indemnified by the Group arising from a claim against a Director or Officer individually or collectively.

The Group had not, during or since the financial year, indemnified or agreed to indemnify the auditor of the Group against a liability incurred as an auditor.

Directors Report (cont)

Options & Rights

Unissued ordinary shares of the Company under options or rights at 30 June 2025 are as follows:

Options

Number	Grant Date	Expiry Date	Exercise Price \$
10,300,000	12/11/2021	11/11/2025	0.29
300,000	19/04/2022	18/04/2026	0.25
200,000	28/04/2022	27/04/2026	0.23
8,100,000	21/10/2022	20/10/2026	0.20
3,350,000	09/09/2023	08/09/2027	0.25
10,000,000	15/11/2023	08/09/2027	0.25
3,750,000	01/07/2024	01/07/2028	0.135
10,000,000	29/11/2024	01/07/2028	0.135

There were no shares issued since the end of the financial year on the exercise of options. No person entitled to exercise an option had or has any rights by virtue of the option to participate in any share issue of any other body corporate.

Directors Report (cont)

Remuneration Report (audited)

This Remuneration Report, which has been audited, outlines the Key Management Personnel (as defined in AASB 124 Related Party Disclosures) (“KMP”) remuneration arrangements for the Group, in accordance with the requirements of the section 308 (3c) of the Corporations Act 2001 and its Regulations.

The KMP covered in this remuneration report are:

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

The principles adopted have been approved by the Board and have been set out in this Remuneration Report. This audited Remuneration Report is set out under the following main headings:

1. Principles used to determine the nature and amount of remuneration
2. Details of remuneration
3. Service agreements
4. Share-based compensation

The information provided under headings 1 to 4 above includes remuneration disclosures that are required under Accounting Standard AASB 124, Related Party Disclosures.

1. PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

The objective of the Group’s executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework which has been set out in detail under the remuneration structure in this Remuneration Report aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, it conforms to market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- (i) competitiveness and reasonableness;
- (ii) aligns shareholders and executive interests;
- (iii) performance based and aligned to the successful achievement of strategic and tactical business objectives; and
- (iv) transparency.

Executive Directors

Remuneration to Executive Directors reflects the demands which are made on, and the responsibilities of, the Executive Directors. Executive Directors’ remuneration is reviewed annually to ensure it is appropriate and in line with the market. There are no retirement allowances or other benefits paid to Executive Directors other than superannuation guarantee amounts as required.

The executive remuneration and reward framework has three components:

- (i) base pay;
- (ii) share-based payments; and
- (iii) other remuneration such as superannuation and long service leave.

The combination of these comprises the Executive Director's total remuneration.

Fixed remuneration, consisting of base salary and superannuation will be reviewed annually by the Remuneration & Nomination Committee, based on individual contribution to corporate performance and the overall relative position of the Group to its market peers.

Directors Report (cont)

Remuneration Report (audited) (cont)

1. PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION (CONT)

Non - Executive Directors

Remuneration to Non-Executive Directors reflects the demands which are made on, and the responsibilities of, the Non-Executive Directors. Non-Executive Directors' remuneration is reviewed annually. The maximum aggregate for annual cash remuneration of Non-Executive Directors is \$300,000 and was approved by shareholders prior to the demerger of the Company from Independence Group NL (formerly Sirius Resources NL) on 21 September 2015.

From 1 July 2024 to 30 June 2025, exclusive of superannuation guarantee the annual cash remuneration for the Non-Executive Directors was \$146,469 per annum.

Company Performance

As an exploration company, the Board does not consider the operating loss after tax as one of the performance indicators when implementing an incentive based remuneration policy. The Board considers that identification and securing of new business growth opportunities, the success of exploration and, if appropriate, feasibility activities, safety and environmental performance, the securing of funding arrangements and responsible management of cash resources and the Company's other assets are more appropriate performance indicators to assess the performance of management at this stage of the company's development.

Short-term incentives

To align the remuneration of employees with the company aim of responsible management of cash resources, there were no short-term incentives paid or proposed to be paid for the year ended 30 June 2025. The company's approach with regard to the use of short-term cash incentives will be assessed by the Remuneration & Nomination Committee on an ongoing basis as the company evolves.

Long-term incentives

To align the board and management with shareholder's interests and with market practices of peer companies and to provide a competitive total remuneration package, the Board introduced a long-term incentive ("LTI") plan to motivate and reward Executives and Non-Executive Directors. The LTI is provided as options over ordinary shares of the Company under the rules of the Employee Share Option Plan.

The table below shows the losses and earnings per share of the Company for the last five financial years.

	2025	2024	2023	2022	2021
Net loss	(2,589,312)	(8,190,632)	(6,755,677)	(7,365,625)	(7,234,407)
Share price at 30 June (cents)	7	9	13	14	13
Basic Loss per share (cents)	(0.57)	(1.89)	(1.81)	(2.11)	(2.34)

Directors Report (cont)

Remuneration Report (audited) (cont)

2. DETAILS OF REMUNERATION

The amount of remuneration paid and entitlements owed to KMP is set out below.

2025	Salary	Post– employment benefits (superannuation)	Movement in annual leave entitlement owing	Movement in long service leave entitlement	Total cash payments and entitlements
Directors	\$	\$	\$	\$	\$
M Bennett	325,000	29,932	6,250	6,193	367,375
A Neuling	65,000	7,475	-	-	72,475
J Dowling (i)	81,469	2,156	-	-	83,625
	471,469	39,563	6,250	6,193	523,475

(i) Salary paid in lieu of superannuation as employer shortfall exception certificate in place.

2024	Salary	Post– employment benefits (superannuation)	Movement in annual leave entitlement owing	Movement in long service leave entitlement	Total cash payments and entitlements
Directors	\$	\$	\$	\$	\$
M Bennett	325,000	27,399	6,250	6,330	364,979
A Neuling	65,000	7,150	-	-	72,150
J Dowling (i)	83,250	-	-	-	83,250
	473,250	34,549	6,250	6,330	520,379

(i) Salary paid in lieu of superannuation as employer shortfall exception certificate in place.

2025 TOTAL REMUNERATION	Total cash payments and entitlements	Options expensed	Total	LTI % of remuneration
Directors	\$	\$	\$	
M Bennett	367,376	405,905	773,281	52%
A Neuling	72,475	202,952	275,427	74%
J Dowling	83,625	202,952	286,577	71%
	523,476	811,809	1,335,285	

2024 TOTAL REMUNERATION	Total cash payments and entitlements	Options issued	Total	LTI % of remuneration
Directors	\$	\$	\$	
M Bennett	364,979	445,097	810,076	55%
A Neuling	72,150	206,171	278,321	74%
J Dowling	83,250	206,171	289,421	71%
	520,379	857,439	1,377,818	

There were no non-monetary benefits other than options paid to the Directors or KMP for the year ended 30 June 2025.

Directors Report (cont)

Remuneration Report (audited) (cont)

3. SERVICE AGREEMENTS

For the year ended 30 June 2025, the following service agreements were in place with the Directors and KMP of S2:

On 4 September 2015, an Executive Services Agreement was entered into between the Company and Managing Director and Chief Executive Officer Mark Bennett. Under the terms of the Agreement:

- Dr Bennett was paid a remuneration package of \$325,000 per annum base salary plus statutory superannuation.
- Under the general termination of employment provision, the Company may terminate the Agreement by giving Dr Bennett twelve months' notice or payment in lieu of notice.
- Under the general termination of employment provision, Dr Bennett may terminate the Agreement by giving the Company three months' notice.
- The Company may terminate the Agreement at any time without notice if serious misconduct has occurred. On termination with cause, the Executive is not entitled to any payment.

On 3 April 2020, a Change of Role letter was entered into between the Company and Mark Bennett which changed his role from Managing Director and Chief Executive Officer to Executive Chairman. All other terms remained in line with his Executive Services Agreement.

On 10 September 2015, a letter of appointment was entered into between the Company and Non-Executive Chairman Jeff Dowling. Under the terms of the Agreement:

- Mr Dowling was paid a remuneration package of \$75,000 per annum base salary plus statutory superannuation.
- Under the general termination of employment provision, either party may terminate the Agreement by the giving of written notice.

On 3 April 2020, a Change of Role Letter was entered into between the Company and Jeff Dowling which changed his role from Non-Executive Chairman to Non-Executive Director. All other terms remained in line with his letter of appointment.

On 1 August 2022, a letter of appointment was entered into between the Company and Non-Executive Director Anna Neuling. Under the terms of the Agreement:

- Ms Neuling was paid a remuneration package of \$65,000 per annum base salary plus statutory superannuation.
- Under the general termination of employment provision, either party may terminate the Agreement by the giving of written notice.

4. SHARE-BASED COMPENSATION

Option holdings

The numbers of options in the Company held during the year ended by each KMP of S2, including their related parties, are set out below:

2025	Balance at the start of the year	Granted during the year	Expired during the year	Balance at year end vested & exercisable	Balance at the year ended unvested	Total balance at the year end
Director						
M Bennett	14,000,000	5,000,000	2,000,000	12,000,000	5,000,000	17,000,000
A Neuling	6,250,000	2,500,000	1,500,000	4,750,000	2,500,000	7,250,000
J Dowling	5,750,000	2,500,000	1,000,000	4,750,000	2,500,000	7,250,000
	26,000,000	10,000,000	4,500,000	21,500,000	10,000,000	31,500,000

As at 30 June 2025, the number of options that have vested and exercisable were 21,500,000.

Directors Report (cont)

Remuneration Report (audited) (cont)

The option terms and conditions of each grant of options over ordinary shares affecting remuneration of Directors and other KMP in the year ended or future reporting years are as follows:

Series	Grant Date	Expiry date	Exercise price \$	Fair value per option \$	Vested %
21	15 Nov 2023	09 Sep 2027	0.25	0.11	100%
22	29 Nov 2024	01 Jul 2028	0.135	0.04	100%

*Options vest a year after grant date.

Options issued in the year were priced using a Black-Scholes option pricing model using the inputs below:

	Series 22
Grant date share price	0.07
Exercise price	0.135
Expected volatility	100%
Option life	4 years
Dividend yield	0.00%
Fair Value	0.0395
Interest rate	3.91%

Shareholdings

The numbers of shares in the Company held during the year ended by each KMP of S2, including their related parties, are set out below:

2025	Balance at the start of the year	Other changes during the year	Balance for the year ended
Directors			
M Bennett	5,560,784	2,059,132	7,619,916
A Neuling	799,875	-	799,875
J Dowling	700,000	300,000	1,000,000
	7,060,659	2,359,132	9,419,791

There were no shares granted to KMP's during the reporting year as remuneration.

Use of remuneration consultants

No remuneration consultants were engaged or used for the Group during the year ended 30 June 2025.

Voting and comments made at the Company's Annual General Meeting

At the 2024 Annual General Meeting, the resolution to adopt the Remuneration Report for the year ended 30 June 2024 was passed on a poll with 99.39% of votes cast on the poll voting "For" the resolution to adopt the Remuneration Report. The Company did not receive any specific feedback at the Annual General Meeting regarding its remuneration practices.

Directors Report (cont)

Remuneration Report (audited) (cont)

Share trading policy

The trading of shares issued to participants under any of the Group's employee equity plans is subject to, and conditional upon, compliance with the Group's employee share trading policy as per the Group's Corporate Governance Policy. Directors and executives are prohibited from entering into any hedging arrangements over options under the Group's employee option plan. The Group would consider a breach of this policy as gross misconduct which may lead to disciplinary action and potentially dismissal.

This concludes the Remuneration Report, which has been audited.

Directors Report (cont)

Proceedings on behalf of the Group

No person had applied to the court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings. No proceedings had been brought or intervened in on behalf of the Group with leave of the court under section 237 of the Corporations Act 2001.

Audit Services

During the year ended 30 June 2025, \$63,150 was paid or is payable for audit services provided by auditors. There were no non-audit services performed during the financial year.

Auditor's Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 47 of the financial report.

Corporate Governance

The Directors support and adhere to the principles of corporate governance, recognising the need for the highest standard of corporate behaviour and accountability.

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

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

Mark Bennett

Executive Chairman

Melbourne

24 September 2025

Annual Financial Report

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2025

	Notes	30 June 2025 \$	30 June 2024 \$
Other income		201,675	469,037
Corporate salaries and wages		(619,671)	(534,589)
Business Development & Consulting		(289,097)	(865,572)
Share and company registry		(118,909)	(129,289)
Rent, insurance and variable outgoings		(114,949)	(119,377)
Depreciation expense		(104,112)	(138,957)
Share-based payments	11	(1,066,209)	(1,239,643)
Gain on sale of exploration permit		-	35,728
Foreign exchange (losses)/gains and bank charges		7,519	(7,128)
Finance cost of Lease Liability		(3,606)	(5,702)
Exploration expenditure expensed as incurred		(4,247,911)	(5,184,662)
Share of associate's loss	23	(2,451,200)	-
Gain / (Loss) from dilution of investment of associate		27,752	-
Loss before income tax from continuing operations		(8,778,718)	(7,720,154)
Income tax benefit/(expense)	4	-	-
Loss after income tax from continuing operations		(8,778,718)	(7,720,154)
Gain / (Loss) after income tax from discontinued operations	7	6,189,406	(470,478)
Loss for the year		(2,589,312)	(8,190,632)
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Changes in the fair value of Investments at fair value through other comprehensive income		(38,042)	(676,455)
<i>Items that may be classified to profit or loss</i>			
Exchange differences on translation of foreign operations		(31,457)	21,682
Total comprehensive loss for the year attributable to the members of S2 Resources Ltd		(2,658,811)	(8,845,405)
		Cents	Cents
Loss per share for loss for continuing operations attributable to the Members of S2 Resources Ltd			
Basic loss per share	15	(1.93)	(1.78)
Total Loss per share for the period attributable to the Members of S2 Resources Ltd			
Basic loss per share	15	(0.57)	(1.89)

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

Annual Financial Report (cont)

Consolidated Statement of Financial Position

as at 30 June 2025

	Notes	30 June 2025 \$	30 June 2024 \$
CURRENT ASSETS			
Cash and cash equivalents	5	3,790,399	5,322,413
Other Assets		302,092	399,358
Trade and other receivables		170,493	304,201
Financial assets held at fair value through other comprehensive income		38,042	76,083
Asset Held for Sale		-	990,962
TOTAL CURRENT ASSETS		4,301,026	7,093,017
NON-CURRENT ASSETS			
Exploration and evaluation	6	1,709,898	1,709,898
Property, plant and equipment		49,171	104,570
Investment in Associate	23	3,962,242	-
Right-of-use assets		45,667	79,618
TOTAL NON-CURRENT ASSETS		5,766,978	1,894,086
TOTAL ASSETS		10,068,004	8,987,103
CURRENT LIABILITIES			
Trade and other payables	8	703,658	615,428
Liabilities associated with Asset Held for Sale		-	26,700
Lease liabilities		55,026	46,516
Provisions		165,402	82,911
TOTAL CURRENT LIABILITIES		924,086	771,555
NON CURRENT LIABILITIES			
Lease liabilities		1,897	43,705
Provisions		22,852	82,798
TOTAL NON CURRENT LIABILITIES		24,749	126,503
TOTAL LIABILITIES		948,835	898,058
NET ASSETS		9,119,169	8,089,045
EQUITY			
Share capital	9	81,348,562	78,725,836
Reserves	10	1,875,211	2,382,563
Accumulated losses		(74,104,604)	(73,019,354)
TOTAL EQUITY		9,119,169	8,089,045

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

Annual Financial Report (cont)

Consolidated Statement of Changes in Equity

for the year ended 30 June 2025

Attributable to equity holders of the Group in \$ dollars	Share capital	Share based payment Reserves	Other Reserve	Foreign Currency Translation Reserve	Fair Value Other Comprehensive Income ("FVOCI") Reserve	Accumulated losses	Total
Balance at 1 July 2024	78,725,836	4,507,628	144,517	363,474	(2,633,056)	(73,019,354)	8,089,045
Loss for the year	-	-	-	-	-	(2,589,312)	(2,589,312)
Other comprehensive income	-	-	-	(31,457)	(38,042)	-	(69,499)
Total comprehensive loss for the period	-	-	-	(31,457)	(38,042)	(2,589,312)	(2,658,811)
Transactions with owners, recorded directly in equity							
<i>Contributions by and distributions to owners</i>							
Issue of share capital	2,890,000	-	-	-	-	-	2,890,000
Capital raising costs	(267,274)	-	-	-	-	-	(267,274)
Share-based payment transactions	-	1,066,209	-	-	-	-	1,066,209
Transfer of reserve	-	-	(144,517)	-	-	144,517	-
Transfer of lapsed and expired options value to accumulated losses	-	(1,359,545)	-	-	-	1,359,545	-
Total contributions by and distributions to owners	2,622,726	(293,336)	(144,517)	-	-	1,504,062	3,688,935
Balance at 30 June 2025	81,348,562	4,214,292	-	332,017	(2,671,098)	(74,104,604)	9,119,169

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

Annual Financial Report (cont)

Consolidated Statement of Changes in Equity

for the year ended 30 June 2024

Attributable to equity holders of the Group in \$ dollars	Share capital	Share based payment Reserves	Other Reserve	Foreign Currency Translation Reserve	Fair Value Other Comprehensive Income ("FVOCI") Reserve	Accumulated losses	Total
Balance at 1 July 2023	71,911,364	4,069,570	144,517	341,792	(1,956,601)	(65,630,307)	8,880,335
Loss for the year	-	-	-	-	-	(8,190,632)	(8,190,632)
Other comprehensive income	-	-	-	21,682	(676,455)	-	(654,773)
Total comprehensive loss for the period	-	-	-	21,682	(676,455)	(8,190,632)	(8,845,405)
Transactions with owners, recorded directly in equity							
<i>Contributions by and distributions to owners</i>							
Issue of share capital	7,250,300	-	-	-	-	-	7,250,300
Capital raising costs	(435,828)	-	-	-	-	-	(435,828)
Share-based payment transactions	-	1,239,643	-	-	-	-	1,239,643
Transfer of lapsed and expired options value to accumulated losses	-	(801,585)	-	-	-	801,585	-
Total contributions by and distributions to owners	6,814,472	438,058	-	-	-	801,585	8,054,115
Balance at 30 June 2024	78,725,836	4,507,628	144,517	363,474	(2,633,056)	(73,019,354)	8,089,045

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

Annual Financial Report (cont)

Consolidated Statement of Cash Flows

For the year ended 30 June 2025

	Notes	30 June 2025 \$	30 June 2024 \$
Cash flows from operating activities			
Cash paid to suppliers and employees for corporate activities		(1,327,852)	(1,546,061)
Cash paid to suppliers and employees for exploration activities		(3,984,491)	(5,670,987)
Interest received		155,142	266,066
Interest and other finance costs paid		(9,291)	(11,401)
Net cash used in operating activities	14	(5,166,492)	(6,962,383)
Cash flows from investing activities			
Payment of property, plant and equipment		(2,754)	(53,888)
Payments of exploration activities capitalised		-	(59,597)
Payment for associate		(276,769)	-
Net proceeds from sale of assets		1,019	1,199
Net proceeds from sale of subsidiary		1,079,540	-
Net proceeds from sale of tenement		-	35,728
Net proceeds from sale of investments		-	147,360
Other		50,000	-
Net cash (used in)/derived from investing activities		851,036	70,802
Cash flows from financing activities			
Proceeds from issue of shares		2,890,000	7,000,000
Share issue transaction costs		(160,168)	(435,828)
Repayment of Borrowings		(46,860)	(74,249)
Receipts/(Payments) for cash backed guarantees		83,257	(43,300)
Cash from financing activities		2,766,229	6,446,623
Net increase in cash and cash equivalents		(1,549,227)	(444,958)
Effects of exchange rate changes on cash and cash equivalents		17,213	59
Cash and cash equivalents at 1 July 2024		5,322,413	5,767,312
Cash and cash equivalents at 30 June 2025	5	3,790,399	5,322,413

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

Annual Financial Report (cont)

Notes to the Consolidated Financial Statements

for the year ended 30 June 2024

S2 Resources Ltd ("Company" or "S2") is a company incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The consolidated financial statements of the Group as at and for the year ended to 30 June 2025 comprise the Company and its subsidiaries (together referred to as the "Group" or "consolidated entity" and individually as a "Group entity").

The separate financial statements of the parent entity, S2 Resources Ltd, have not been presented within this financial report. Summary parent information has been included in Note 19.

The financial statements were authorised for issue on 24 September 2025 by the Directors of the Company.

NOTE 1. STATEMENT OF MATERIAL ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general-purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. The financial statements and notes also comply with International Financial Reporting Standards as issued by the International Accounting Standard Board (IASB). Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. The consolidated financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or OCI.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 1(a)(iii).

(i) Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

(ii) Adoption of new and revised Accounting Standards

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting year. The adoption of these Accounting Standards and Interpretations did not have any material impact on the financial performance or position of the consolidated entity.

Annual Financial Report (cont)

Notes to the Consolidated Financial Statements

NOTE 1. STATEMENT OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

(iii) Use of estimates and judgements

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

(iv) Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar

Share-based payment transactions

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Refer to Note 11.

Exploration and evaluation costs

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

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

Significant influence

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

Impairment

The Group assesses at each reporting period whether there are any indicators that a financial asset or group of financial assets is impaired. None were noted for the period.

Annual Financial Report (cont)

Notes to the Consolidated Financial Statements

NOTE 1. STATEMENT OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

(iv) Principles of consolidation and equity accounting

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by S2 at the end of the reporting year. A controlled entity is any entity over which S2 has the ability and right to govern the financial and operating policies to obtain benefits from the entity's activities.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 20 to the financial statements.

In preparing the consolidated financial statements, all intragroup balances and transactions between entities in the consolidated Group have been eliminated in full on consolidation.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are reported separately within the equity section of the Consolidated Statement of Financial Position and the Consolidated Statement of Profit or Loss and Other Comprehensive Income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

Associates

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

Equity method

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

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

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

Significant influence – Interest in Associates

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

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

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

Therefore, the Company in accordance with AASB 128, determined it has significant influence over Valkea Resources due to its 29.55% holding and retention of a Board member in Valkea Resources for the year ended 30 June 2025.

Annual Financial Report (cont)

Notes to the Consolidated Financial Statements

NOTE 1. STATEMENT OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in the Australian dollar (\$), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation difference on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position,
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Annual Financial Report (cont)

Notes to the Consolidated Financial Statements

NOTE 1. STATEMENT OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) Exploration and Evaluation

(i) Exploration and evaluation assets acquired

Exploration and evaluation assets comprise of acquisition of mineral rights (such as joint ventures) and fair value (at acquisition date) of exploration and expenditure assets from other entities. As the assets are not yet ready for use they are not depreciated. Exploration and evaluation assets are assessed for impairment if:

- the period for which the Group has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed; or
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned; or
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; or
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full, from successful development or by sale; or
- other facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the assets are demonstrable, exploration and evaluation assets are first tested for impairment and then reclassified to mine properties as development assets.

(ii) Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred is expensed in respect of each identifiable area of interest until such a time where a JORC 2012 compliant resource is announced in relation to the identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated then any capitalised exploration and evaluation expenditure is reclassified as capitalised mine development.

Prior to reclassification, capitalised exploration and evaluation expenditure is assessed for impairment annually in accordance with AASB 6. Where impairment indicators exist, recoverable amounts of these assets will be estimated based on discounted cash flows from their associated cash generating units.

The Statement of Profit or Loss and Other Comprehensive Income will recognise expenses arising from excess of the carrying values of exploration and evaluation assets over the recoverable amounts of these assets.

In the event that an area of interest is abandoned or if the Directors consider the expenditure to be of reduced value, accumulated costs carried forward are written off in the period in which that assessment is made. Each area of interest is reviewed at the end of each accounting period and accumulated costs are written off to the extent that they will not be recoverable in the future.

(d) Interest in Joint Ventures

The Group accounts for 100% of the assets, liabilities and expenses of joint venture activity. These have been incorporated in the financial statements.

Annual Financial Report (cont)

Notes to the Consolidated Financial Statements

NOTE 1. STATEMENT OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Employee Benefits

(i) Equity Settled Compensation

The Group operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period,

with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black–Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

(ii) Share-based payments

Share-based compensation benefits are provided to employees via the Employee Option Plan.

The fair value of options granted under the Employee Option Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the Company transfers the appropriate amount of shares to the employee. The proceeds received net of any directly attributable transaction costs are credited directly to equity.

(f) Investments and other financial assets

Investments and other financial assets are recognised and derecognised on settlement date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time frame established by the market concerned. They are initially measured at fair value, net of transaction costs, except for those financial assets classified as fair value through profit or loss, which are initially measured at fair value.

The Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income (OCI), or through profit or loss); or
- Those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, the classification will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

(i) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Annual Financial Report (cont)

Notes to the Consolidated Financial Statements

NOTE 1. STATEMENT OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(f) Investments and other financial assets (continued)

The Group subsequently measures all equity investments at fair value. The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and pricing models to reflect the issuer's specific circumstances.

Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(ii) Impairment

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. For trade and other receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience.

(g) New Accounting Standards and Interpretations not yet mandatory or early adopted

The Group has adopted all standards which became effective for the first time for the year ended 30 June 2025. The adoption of any new accounting standards applicable to the Group has not had a material impact on the financial statements.

The Group has chosen not to early-adopt any accounting standards that have been issued but are not yet effective. The impact of accounting standards that have been issued, but are not yet effective, is not material to these financial statements.

(h) Discontinued operations

A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

NOTE 2. FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist mainly of deposits with banks, lease liabilities and accounts receivable and payable.

The Group's activities expose it to a variety of financial risks; market risk (including fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Risk management is carried out by the Board of Directors under policies approved by the Board. The Board identifies and evaluates financial risks and provides written principles for overall risk management.

The main risks the Group is exposed to through its financial instruments are interest rate risk, foreign currency risk, and liquidity risk, credit risk and price risk.

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Notes to the Consolidated Financial Statements

NOTE 2. FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's Australian Dollar current and non-current debt obligations with floating interest rates. The Group is also exposed to interest rate risk on its cash and short term deposits.

2025	Floating interest rate	Fixed interest rate maturing in 1 year or less	Fixed interest rate maturing between 1 and 2 years	Non-interest bearing	Total	Weighted average effective interest rate
Financial Instruments						
	\$	\$	\$	\$	\$	%
(i) Financial assets						
Available cash on hand	3,490,239	-	-	300,160	3,790,399	3.76
Restricted cash	-	245,000	-	57,092	302,092	5.06
Total financial assets	3,490,239	245,000	-	357,252	4,092,491	
(ii) Financial liabilities						
Trade and other payables	-	-	-	703,657	703,657	
Lease liabilities – current	-	55,026	-	-	55,026	
Lease liabilities – non current	-	-	1,897	-	1,897	
Total financial liabilities	-	55,026	1,897	703,657	760,580	

2024	Floating interest rate	Fixed interest rate maturing in 1 year or less	Fixed interest rate maturing between 1 and 2 years	Non-interest bearing	Total	Weighted average effective interest rate
Financial Instruments						
	\$	\$	\$	\$	\$	%
(i) Financial assets						
Available cash on hand	2,048,676	3,000,000	-	273,737	5,322,413	4.60
Restricted cash	-	245,000	-	154,358	399,358	4.85
Total financial assets	2,048,676	3,245,000	-	428,095	5,721,771	
(ii) Financial liabilities						
Trade and other payables	-	-	-	615,428	615,428	
Lease liabilities – current	-	46,516	-	-	46,516	
Lease liabilities – non current	-	-	43,705	-	43,705	
Total financial liabilities	-	46,516	43,705	615,428	705,649	

Net Fair Values

The net fair value of financial assets and liabilities approximate carrying values due to their short-term nature.

Sensitivity Analysis – Interest Rate Risk

No material exposure to interest rate movements.

Foreign exchange risk

No material exposure to foreign exchange rate movements.

Annual Financial Report (cont)

Notes to the Consolidated Financial Statements

NOTE 2. FINANCIAL RISK MANAGEMENT (CONTINUED)

LIQUIDITY RISK

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. Management monitors rolling forecasts of the Group's cash reserves on the basis of expected development, exploration and corporate cash flows. This ensures that the Group complies with prudent liquidity risk management by maintaining sufficient cash and marketable securities and the availability of funding through the equity markets to meet obligations when due.

Credit Risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. The cash and cash equivalents are held with bank and financial institution counterparties, which are rated AA- based on Standard and Poor's rating agency.

The credit risk on other receivables is limited as it is comprised of prepayments and GST recoverable from the Australian Taxation Office and tax authorities in Finland. The credit risk on liquid funds is limited because the counter party is a bank with high credit rating. There are no receivable balances which are past due or impaired.

Price risk

Exposure

The Group's exposure to equity securities price risk arises from investments held by the Group and classified in the statement of financial position as investments. The Group's investment is publicly traded on the Australian Stock Exchange ("ASX").

The Group is not currently exposed to commodity price risk.

Sensitivity

The table below summarises the impact of increases/decreases of the investment's share price on the Group's equity and post-tax loss for the year. The analysis is based on the assumption that the investment's share price had increased or decreased by 10% with all other variables held constant, and that the Group's equity instrument moved in line with the indexes.

	Impact on post tax loss	Impact on post tax loss	Impact on other components of equity	Impact on other components of equity
	2025	2024	2025	2024
	\$	\$	\$	\$
ASX index – increase 10%	-	-	(3,804)	(7,608)
ASX index – decrease (10%)	-	-	3,804	7,608

There would be no impact on post tax loss as the Group does not recognise any financial assets at fair value through profit or loss. Other components of equity would increase/decrease as a result of gains/losses on equity securities classified as investments. As the fair value of investments would still be above cost, no impairment loss would be recognised in profit or loss as a result of the decrease in the index.

Annual Financial Report (cont)

Notes to the Consolidated Financial Statements

NOTE 3. SEGMENT INFORMATION

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

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

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

SEGMENT RESULTS

Statement of profit or loss for the year ended 30 June 2025			
	Australia exploration activities	Unallocated	Total
Other income	-	201,675	201,675
Corporate expenses	-	(1,024,575)	(1,024,575)
Business Development & Travel	-	(118,051)	(118,051)
Depreciation expense	-	(104,112)	(104,112)
Share-based payments	-	(1,066,209)	(1,066,209)
Other gain/(losses) - net	-	35,271	35,271
Gain on disposal of subsidiary	-	6,229,169	6,229,169
Share of associate's loss	-	(2,451,200)	(2,451,200)
Finance Cost of Right of Use asset	-	(3,606)	(3,606)
Exploration expenditure expensed as incurred	(4,240,841)	(46,833)	(4,287,674)
Loss before income tax	(4,240,841)	1,651,529	(2,589,312)
Income tax expense	-	-	-
Loss after income tax for the year	(4,240,841)	1,651,529	(2,589,312)

Statement of profit or loss for the year ended 30 June 2024				
	Finland exploration activities	Australia exploration activities	Unallocated	Total
Other income	-	-	469,037	469,037
Corporate expenses	-	-	(997,130)	(997,130)
Business Development	-	-	(510,116)	(510,116)
Travel	-	-	(141,581)	(141,581)
Depreciation expense	-	-	(138,957)	(138,957)
Share-based payments	-	-	(1,239,643)	(1,239,643)
Other gain/(losses) - net	-	-	(7,128)	(7,128)
Gain on disposal of tenement	-	-	35,728	35,728
Finance Cost of Right of Use asset	-	-	(5,702)	(5,702)
Exploration expenditure expensed as incurred	(470,478)	(5,182,339)	(2,323)	(5,655,140)
Loss before income tax	(470,478)	(5,182,339)	(2,537,815)	(8,190,632)
Income tax expense	-	-	-	-
Loss after income tax for the year	(470,478)	(5,182,339)	(2,537,815)	(8,190,632)

Annual Financial Report (cont)

Notes to the Consolidated Financial Statements

	Finland exploration activities	Australia exploration activities	Total
Exploration assets 2025	-	1,709,898	1,709,898
Exploration assets 2024	990,962	1,709,898	2,700,860

SEGMENT ASSETS AND LIABILITIES

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

NOTE 4. INCOME TAX

Recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income

	30 June 2025 \$	30 June 2024 \$
Current tax	-	-
Deferred tax	-	-
Under (over) provided in prior years	-	-
Total income tax benefit/(expense) per Consolidated Statement of Profit or Loss and Other Comprehensive Income	-	-

Numerical reconciliation between tax expense and pre-tax net loss

Net loss before tax	(2,589,312)	(8,190,632)
Income tax benefit at 30% (2024: 30%)	(776,794)	(2,342,525)
Income tax expense / (benefit) for overseas entities at 20%	-	(76,480)
<i>Increase in income tax due to:</i>		
Non-deductible expenses	1,055,223	327,238
Current year tax losses not recognised	1,724,100	2,168,427
Difference in overseas tax rate	27,909	-
<i>Decrease in income tax due to:</i>		
Non-assessable gain	(1,856,822)	-
Movement in unrecognised temporary differences	(173,616)	(76,660)
Capital losses recognised during the year	-	-
Capital losses utilised during the year	-	-
Tax losses utilised during the year	-	-

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following:

Previous year tax losses brought forward (1)	12,487,621	10,292,920
Tax revenue losses / (gain) (2)	1,724,100	2,194,701
	14,211,721	12,487,621

(1) Tax losses have been adjusted to reflect 2024 actual tax return.

(2) Net deferred tax assets have not been brought to account as it is not probable that within the immediate future tax profits will be available against which deductible temporary differences and tax losses can be utilised.

NOTE 5. CASH AND CASH EQUIVALENTS

	30 June 2025 \$	30 June 2024 \$
Current		
Cash at bank and in hand	3,790,399	5,322,413
	3,790,399	5,322,413

Annual Financial Report (cont)

Notes to the Consolidated Financial Statements

NOTE 6. EXPLORATION AND EVALUATION

	30 June 2025 \$	30 June 2024 \$
Exploration asset held for sale	-	990,962
Exploration costs	1,709,898	1,709,898
Movement during the year		
Balance at beginning of the year	2,700,860	2,426,570
Exploration expenditure incurred during the year	4,287,674	5,655,140
Exploration expenditure incurred during the year and expensed (i)	(4,287,674)	(5,655,140)
Exploration expenditure relating to acquisitions	-	250,300
Exploration asset sold (Note 7)	(990,962)	-
Foreign currency translation difference	-	23,990
Balance at end of the year	1,709,898	2,700,860

(i) During the year ended 30 June 2025 the exploration expenditure incurred pertains to the following:

Australian Projects

Exploration expenditure incurred and expensed for Australia was \$4,240,841.

Finland Projects

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

US Projects

Exploration expenditure incurred and expensed for the in the US was \$7,070.

NOTE 7. DISCONTINUED OPERATIONS

On 10 May 2024 pursuant to a letter of offer the Group entered into a Share Purchase Agreement (SPA) with Vancouver based Outback Goldfields Corporate agreement to sell Sakumpu exploration Oy, the Group's wholly owned Finnish subsidiary for a total consideration of C\$7 million comprising C\$1.5million in cash and C\$5.5 million in shares in Outback.

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

Financial Performance information	30 June 2025 \$	30 June 2024 \$
Cash consideration	1,620,909	-
Shares (valued at market price at date of disposal)	5,874,813	-
Exploration expenditure expensed	(39,763)	(470,478)
Disposal costs	(466,539)	-
Carrying amount of net assets disposed	(1,068,160)	-
Derecognition of foreign currency reserve	268,146	-
Gain / (Loss) before income tax	6,189,406	(470,478)
Income tax benefit/(expense)	-	-
Gain / (Loss) after income tax for the year	6,189,406	(470,478)
Total comprehensive Gain / (Loss) for the year	6,189,406	(470,478)

Annual Financial Report (cont)

Notes to the Consolidated Financial Statements

Cash flow information

	30 June 2025 \$	30 June 2024 \$
Net cash from discontinued activities	1,079,539	(521,963)
Net increase in cash and cash equivalents from discontinued operations	1,079,539	(521,963)

NOTE 8. TRADE AND OTHER PAYABLES

	30 June 2025 \$	30 June 2024 \$
Trade and other payables (i)	703,658	615,428
Trade and other payables relating to assets held for sale	-	26,700
	703,658	642,128

- (i) These amounts generally arise from the usual operating activities of the Group and are expected to be settled within 12 months. Collateral is not normally obtained.

NOTE 9. SHARE CAPITAL

	30 June 2025 No. of Shares	30 June 2025 \$	30 June 2024 No. of Shares	30 June 2024 \$
Ordinary shares fully paid	452,857,993	78,725,836	452,857,993	78,725,836
Movement in Share Capital				
Share Placement net of costs	40,138,889	2,622,726	41,176,471	6,567,477
Share issue to Oxley Resources	-	-	590,000	98,798
Share issue to Legacy Minerals	-	-	1,000,000	148,197
Ordinary shares fully paid				
Balance at beginning of year	452,857,993	78,725,836	410,091,522	71,911,364
Balance at year end	492,996,882	81,348,562	452,857,993	78,725,836

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

NOTE 10. RESERVES

	30 June 2025 \$	30 June 2024 \$
Share-based payments reserve (i)	4,214,292	4,507,628
Other reserve (ii)	-	144,517
Foreign currency translation reserve (iii)	332,017	363,474
Revaluation reserve	(2,671,098)	(2,633,056)
	1,875,211	2,382,563

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

Each share option converts into one ordinary share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither right to dividends or voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

Annual Financial Report (cont)

Notes to the Consolidated Financial Statements

In the year ended 30 June 2025, \$1,359,546 in relation to the fair value of options which has lapsed or expired was transferred to accumulated losses.

- (ii) The other reserve recognises the remaining non-controlling interest (33%) that was purchased from the Sakumpu vendors on 30 November 2015. Due to the sale of Sakumpu Exploration Oy this reserve has been reduced to nil.
- (iii) Exchange differences arising on translation of the foreign controlled entity and investment in associate are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

NOTE 11. SHARE-BASED PAYMENTS

The following share-based payments arrangements were in existence during the current reporting year:

Options Series	Number Issued	Number at 30 June 2025	Grant Date	Expiry Date	Exercise Price \$	Fair value at Grant Date \$
(20) Issued 21 October 2022	3,100,000	3,100,000	21/10/2022	20/10/2026	0.20	0.09
(20) Issued 21 October 2022	5,000,000	5,000,000	16/11/2022	20/10/2026	0.20	0.11
(21) Issued 9 September 2023	3,350,000	3,350,000	09/09/2023	08/09/2027	0.25	0.11
(21) Issued 9 September 2023	10,000,000	10,000,000	15/11/2023	08/09/2027	0.25	0.11
(22) Issued 1 July 2024	3,750,000	3,000,000	01/07/2024	01/07/2028	0.135	0.06
(22) Issued 1 July 2024	10,000,000	10,000,000	29/11/2024	01/07/2028	0.135	0.04
Total	46,750,000	45,250,000				

(20) The 3,100,000 options in series 20 which vest one year from grant date comprised 2,900,000 issued to employees under the Employee Share Option Plan and 200,000 issued to service providers. For the service provider options, the value of services received was unable to be measured reliably and therefore the value of services received was measured by reference to the fair value of options issued. The 5,000,000 options in series 20 which vest one year from proposed date were issued to directors.

(21) The 3,350,000 options in series 21 which vest one year from grant date comprised 2,850,000 issued to employees under the Employee Share Option Plan and 500,000 issued to service providers. For the service provider options, the value of services received was unable to be measured reliably and therefore the value of services received was measured by reference to the fair value of options issued. The 10,000,000 options in series 21 which vest one year from proposed date were issued to directors.

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

The weighted average fair value of the share options granted during the year is \$0.135.

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

	30 June 2025 \$	30 June 2024 \$
Options issued to Directors	811,809	857,439
Options issued under Employee Share Plan	229,690	324,104
Options issued under Service Provider Plan	24,710	58,100
	1,066,209	1,239,643

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Notes to the Consolidated Financial Statements

The weighted average contractual life for options outstanding at the end of the year was 1.77 years.

Options were priced using a Black-Scholes option pricing model using the inputs below:

	Series 22	Series 22	Series 21	Series 21
Grant date share price	0.094	0.070	0.175	0.18
Exercise price	0.135	0.135	0.25	0.25
Expected volatility	100%	100%	94%	95%
Option life	4 years	4 years	4 years	4 years
Dividend yield	0.00%	0.00%	0.00%	0.00%
Interest rate	4.04%	3.84%	3.78%	4.17%
Grant date	01/07/2024	29/11/2024	09/09/2023	15/11/2023
Fair value	0.06	0.04	0.11	0.11

The following reconciles the outstanding share options granted in the year ended 30 June 2025:

	30 June 2025 No. of Options	30 June 2025 Weighted average exercise price \$	30 June 2024 No. of Options	30 June 2024 Weighted average exercise price \$
Balance at the beginning of the year	41,800,000	0.28	46,650,000	0.30
Granted during the year	13,000,000	0.14	13,350,000	0.25
Expired during the year (i)	(9,550,000)	0.35	(18,200,000)	0.30
Balance at the end of the year	45,250,000	0.22	41,800,000	0.28
Un-exercisable at the end of the year	13,000,000	0.14	13,350,000	0.25
Exercisable at end of the year	32,250,000	0.25	28,450,000	0.29

(i) Options expired or cancelled during the year

For the year ended 30 June 2025, 9,550,000 employee, director and service provider share options were lapsed or expired.

No amounts are unpaid on any of the shares. No person entitled to exercise an option had or has any rights by virtue of the option to participate in any share issue of any other body corporate.

NOTE 12. DIVIDENDS

There were no dividends recommended or paid during the year ended 30 June 2025.

NOTE 13. KEY MANAGEMENT PERSONNEL DISCLOSURES

	30 June 2025 \$	30 June 2024 \$
Short term employee benefits	471,469	473,250
Post-employment benefits	39,563	34,549
Short term benefits	12,444	6,250
Long term benefits	-	6,330
Share-based payment (i)	811,809	857,439
	1,335,285	1,377,818

(i) Share payment payments expensed in the period.

Detailed remuneration disclosures are provided in the Remuneration Report.

Annual Financial Report (cont)

Notes to the Consolidated Financial Statements

NOTE 14. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH USED IN OPERATING ACTIVITIES

	30 June 2025 \$	30 June 2024 \$
Loss for the year	(2,589,312)	(8,190,632)
Depreciation	104,112	138,957
Equity Settled share-based payment transaction	1,066,209	1,239,643
Income tax benefit/(expense)	-	-
Other (gain)/losses – net	(13,204)	1,429
Gain on disposal of subsidiary	(6,189,406)	-
Gain on disposal of asset	(1,019)	(1,199)
Gain on disposal of exploration permit	-	(35,728)
Gain on disposal of shares	-	(148,849)
Gain on dilution of investment	27,752	-
Share of associates loss	2,451,200	-
Increase/(Decrease) in trade and other payables	88,230	138,646
Increase/(Decrease) in provisions	22,545	(5,537)
(Increase)/Decrease in other assets	-	138,812
(Increase)/Decrease in receivables	(78,094)	(237,925)
Net cash outflow from operating activities	(5,166,492)	(6,962,383)

NOTE 15. BASIC LOSS PER SHARE

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

Basic gain (loss) per share

Loss attributable to the ordinary equity holders used in calculating basic loss per share

	30 June 2025 \$	30 June 2024 \$
	(2,589,312)	(8,190,632)

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

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

	30 June 2025 Number	30 June 2024 Number
	454,291,525	433,523,798

(c) Loss per share

Loss per share

	30 June 2025 Cents	30 June 2024 Cents
	(0.57)	(1.89)

Annual Financial Report (cont)

Notes to the Consolidated Financial Statements

NOTE 15. BASIC LOSS PER SHARE CONTINUED

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

Basic loss per share

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

30 June 2025 \$	30 June 2024 \$
(8,778,718)	(7,720,154)

(e) Loss per share for continuing operations

Loss per share

30 June 2025 Cents	30 June 2024 Cents
(1.93)	(1.78)

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

NOTE 16. COMMITMENTS

The Group must meet the following tenement expenditure commitments to maintain them in good standing until they are joint ventured, sold, reduced, relinquished, exemptions from expenditure are applied or are otherwise disposed of. These commitments, net of farm outs, are not provided for in the financial statements and are:

Not later than one year
After one year but less than two years
After two years but less than five years

30 June 2025 \$	30 June 2024 \$
1,972,332	1,054,819
764,202	1,034,196
7,482,651	7,425,376
10,219,185	9,514,391

NOTE 17. RELATED PARTY TRANSACTIONS

Other than the Directors and key management personnel salaries and options described in Note 14 and the Remuneration Report, there were no related party transactions for the year ended 30 June 2025.

NOTE 18. JOINT VENTURES

The Group has interests in the following joint venture operations:

Tenement Area **Activities**

Eundynie Nickel

2025	2024
80%	80%

Annual Financial Report (cont)

Notes to the Consolidated Financial Statements

NOTE 19. PARENT ENTITY DISCLOSURES

Financial position

	30 June 2025 \$	30 June 2024 \$
Assets		
Current assets	4,130,510	5,728,457
Non-current assets	4,981,018	2,804,044
Total assets	9,111,528	8,532,501
Liabilities		
Current liabilities	580,134	484,355
Non-current liabilities	24,749	126,503
Total liabilities	604,883	610,858
Net assets	8,506,644	7,921,633
Equity		
Issued capital	81,348,562	78,725,836
Share-based payments reserve	4,214,292	4,507,628
Foreign currency translation reserve	234,107	-
Accumulated losses	(77,290,317)	(75,311,831)
Total equity	8,506,644	7,921,633

Financial performance

	30 June 2025 \$	30 June 2024 \$
Loss for the year from continuing operations	(10,362,307)	(8,734,252)
Gain from discontinued operations	7,029,183	-
Total comprehensive income	(3,333,124)	(8,734,252)

NOTE 20. SUBSIDIARIES

Name of entity	Country of incorporation	Class of Shares	Equity Holding	
			2025	2024
Third Eye Pty Ltd	Australia	Ordinary	100%	100%
Red Star Resources Pty Ltd	Australia	Ordinary	100%	100%
Dark Star Exploration Pty Ltd	Australia	Ordinary	100%	100%
Southern Star Exploration Pty Ltd	Australia	Ordinary	100%	100%
Victoria Star Pty Ltd*	Australia	Ordinary	100%	-
Sirius Europa Pty Ltd	Australia	Ordinary	100%	100%
Norse Exploration Pty Ltd	Australia	Ordinary	100%	100%
Sakumpu Exploration Oy	Finland	Ordinary	-	100%
S2 Exploration Quebec Inc.	Canada	Ordinary	100%	100%
S2RUS Pty Ltd	Australia	Ordinary	100%	100%
S2RUS LLC	United States	Ordinary	100%	100%
Nevada Star Exploration LLC	United States	Ordinary	100%	100%

*Incorporated 19 December 2024

Annual Financial Report (cont)

Notes to the Consolidated Financial Statements

NOTE 21. EVENTS OCCURRING AFTER THE REPORTING YEAR

Following an announcement on 04 June 2025, the Group issued the following share-based payments arrangements as part of the annual issue of options to all Company personnel and directors 01 July 2025. This is in line with the Company's policy to issue/propose options on a consistent basis in terms of vesting conditions, term, and exercise price, and on a consistent and objective date that aligns with other remuneration changes at the financial year end.

Options Series	Number Issued	Number at 01 July 2025	Grant Date	Expiry Date	Exercise Price \$	Fair value at Grant Date \$
(24) Issued 1 July 2025	3,800,000	3,800,000	01/07/2025	01/07/2029	0.097	0.046
(24) Issued 1 July 2025*	8,000,000	8,000,000	07/08/2025	01/07/2029	0.097	0.045
Total	11,800,000	11,800,000				

*approved by shareholders at GM

(24) The 3,800,000 options in series 24 comprised 3,250,000 options were issued to employees under the Employee Share Option Plan which vest one year from grant date and 550,000 options were issued to service providers which vest one year from grant date. For the service provider options, the value of services received was unable to be measured reliably and therefore the value of services received was measured by reference to the fair value of options issued.

The 8,000,000 options in series 24 which vest one year from proposed date were issued to directors and approved at a GM held 07 August 2025.

NOTE 22. REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by

Auditor of the Group:

Audit services

Other auditors:

Audit & review of financial reports of Associate

Total remuneration for audit services

30 June 2025	30 June 2024
\$	\$
63,150	46,000
15,000	-
78,150	46,000

NOTE 23. INVESTMENT IN ASSOCIATE

The entity listed below have share capital consisting of ordinary shares and warrants of which 29.55% of the ordinary shares are held directly by the Group. The proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Country of incorporate	Place of business	% of ownership interest	Nature of relationship	Measurement method	Carrying amount	Fair Value
			2025 %			2025 \$	2025 \$
Valkea Resources Corp.	Canada	Vancouver	29.55	Associate	Equity method	3,962,242	3,962,242

In September 2024, as part of the transaction for the sale of the Groups Finnish subsidiary Sakumpu Exploration Oy, and including participation in the associated placement for C\$250,000, the Group acquired a 44.58% stake in Valkea Resources Corp (Formerly Outback Goldfields Corp.). Following a private placement by Valkea in June 2025 which S2 Resources did not partake in this shareholding was reduced to 29.55%

Annual Financial Report (cont)

Notes to the Consolidated Financial Statements

NOTE 23. INTEREST IN ASSOCIATE CONTINUED

Dr Mark Bennett, Executive Chairman of S2 Resources Ltd joined as a Non-Executive director of Valkea in September 2024.

Summarised financial information for associates

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

	30 Jun 2025
Summarised balance sheet	\$
Current assets	4,573,601
Non current assets (i)	9,117,549
Total assets	13,691,150
Current liabilities	877,350
Total liabilities	877,350
NET ASSETS	12,813,800
Reconciliation to carrying amounts	
S2R's initial investment 19 September 2024	6,151,582
Group's share of loss for the period (44.58%) (ii)	(2,451,200)
Group's share of forex loss for period	(41,045)
Gain on dilution	27,752
Forex on investment	275,153
Carrying amount	3,962,242

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

(ii) A private placement completed on 25 June 2025 reduced the Group's ownership interest in Valkea to 29.55%. However, for accounting purposes, the Group's share of loss for the period ended 30 June 2025 has been calculated at 44.58%. Consequently, a gain on dilution has been recognised in the period.

Annual Financial Report (cont)

Consolidated Entity Disclosure Statement

Name of Entity	Country of incorporation	Entity Type	Ownership Interest	Australia Resident	Foreign Jurisdiction
Third Eye Pty Ltd	Australia	Body Corporate	100%	Yes	N/A
Red Star Resources Pty Ltd	Australia	Body Corporate	100%	Yes	N/A
Dark Star Exploration Pty Ltd	Australia	Body Corporate	100%	Yes	N/A
Southern Star Exploration Pty Ltd	Australia	Body Corporate	100%	Yes	N/A
Victoria Star Pty Ltd	Australia	Body Corporate	100%	Yes	N/A
Sirius Europa Pty Ltd	Australia	Body Corporate	100%	Yes	N/A
Norse Exploration Pty Ltd	Australia	Body Corporate	100%	Yes	N/A
S2 Exploration Quebec Inc.	Canada	Body Corporate	100%	Yes	N/A
S2RUS Pty Ltd	Australia	Body Corporate	100%	Yes	N/A
S2RUS LLC	United States	Body Corporate	100%	Yes	N/A
Nevada Star Exploration LLC	United States	Body Corporate	100%	Yes	N/A

Basis of Preparation

This consolidated entity disclosure statement (CEDs) has been prepared in accordance with the Corporations Act 2001 and includes information for each entity that was part of the consolidated entity as at the end of the financial year in accordance with AASB 10 Consolidated Financial Statements.

Determination of Tax Residency

Section 295 (3A)(vi) of the Corporation Act 2001 defines tax residency as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency involves judgement as there are different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

- Australian tax residency

The consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5

Directors' Declaration

The Directors of the Group declare that:

1. The financial statements and notes as set out on pages 19 to 52 are in accordance with the Corporations Act 2001, and
 - (a) comply with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (b) give a true and fair view of the financial position of the Group as at 30 June 2025 and of its performance for the year ended on that date.
2. The financial report also complies with International Financial Reporting Standards as disclosed in note 1 to the financial statements.
3. In the opinion of the Directors there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
4. The information disclosed in the consolidated entity disclosure statement on page 45 is true and correct.
5. The Directors have been given the declarations by the Director acting in the capacity of Chief Executive Officer and Chief Financial Officer required under section 295A of the Corporations Act 2001.

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

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

Mark Bennett

Executive Chairman

Melbourne

24 September 2025

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

As lead auditor of S2 Resources Limited for the year ended 30 June 2025, I declare that, to the best of my knowledge and belief, there have been:

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

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



Ashleigh Woodley
Director

BDO Audit Pty Ltd
Perth
24 September 2025

INDEPENDENT AUDITOR'S REPORT

To the members of S2 Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of S2 Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2025 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Carrying value of exploration and evaluation assets

Key audit matter	How the matter was addressed in our audit
As the carrying value of the capitalised exploration and evaluation asset represents a significant asset of the Group at 30 June 2025, we considered it necessary to assess whether any facts or circumstances exist to suggest that the carrying amount of this asset may exceed its recoverable amount. Judgement is applied in determining the treatment of exploration expenditure in accordance with Australian Accounting Standard AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>. In particular, whether facts and circumstances indicate that the exploration and evaluation assets should be tested for impairment.	Our procedures included, but were not limited to: • Obtaining a schedule of the areas of interest held by the Group and assessing whether the rights to tenure of those areas of interest remained current at balance date; • Considering the status of the ongoing exploration programmes in the respective areas of interest by holding discussions with management, and reviewing the Group's exploration budgets, ASX announcements and director's minutes; • Considering whether any such areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed; • Considering whether any facts or circumstances existed to suggest impairment testing was required; and • Assessing the adequacy of the related disclosures in Notes 6 and 1(c) to the Financial Statements.

Accounting for Investment in Associate

Key audit matter	How the matter was addressed in our audit
The Group's carrying value of its investment in Valkea Resources Corp ("Valkea") represents a significant asset to the Group, as disclosed in Note 23. The Australian Accounting Standards require the Group to account for the investment as an Investment in Associate and assess whether there are any indicators of impairment in accordance with AASB 128 Investments in Associates and Joint ventures ("AASB 128"). As the carrying value of the Interest in Associate represents a significant asset of the Group, this was considered to be a key audit matter.	Our procedures included, but were not limited to: • Reviewing shareholder and other relevant documents to assess control evaluation; • Assessing the accounting methodology used by the group for the investment against the requirements of AASB 128; • Reviewing the loss of the associate recognised in the Group's financial position for compliance with AASB 128; • Agreed management's equity accounting adjustments to align Valkea's accounting policies with group accounting policies; • Recalculating the gain on dilution of the investment as a result of shares issued by the associate and agreeing to the amount recorded in the Group's profit or loss;

- Considering management's assessment of the existence of impairment indicators of the investment;
- Evaluated management's conclusion of significant influence, liaising with our internal technical team to assess compliance in accordance with accounting standards; and
- Assessing the adequacy of related disclosures in Note 23 to the financial statements.

Other information

The directors are responsible for the other information. The other information comprises the information contained in Directors report for the year ended 30 June 2025, but does not include the financial report and the auditor's report thereon, which we obtained prior to the date of this auditor's report, and the Annual report, which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of:

- a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and
- b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

- i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.



Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

https://www.auasb.gov.au/media/bwvjcgre/ar1_2024.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 17 of the directors' report for the year ended 30 June 2025.

In our opinion, the Remuneration Report of S2 Resources Limited, for the year ended 30 June 2025, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd

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

Ashleigh Woodley

Director

Perth, 24 September 2025