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

Notice is given that the Meeting will be held at:

TIME: 2.30pm WST

DATE: Wednesday 16 November 2022

PLACE: Level 2, 22 Mount Street, Perth WA 6000

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

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

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5pm on Monday 14th November 2022.

BUSINESS OF THE MEETING

AGENDA

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2022 together with the declaration of the Directors, the Director's report, the Remuneration Report and the auditor's report.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

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

“That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2022.”

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

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

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MARK BENNETT

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

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

4. RESOLUTION 3 – APPROVAL OF 7.1A MANDATE

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

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

5. RESOLUTION 4 – ADOPTION OF EMPLOYEE SHARE OPTION PLAN

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

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

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

6. RESOLUTION 5 – ISSUE OF RELATED PARTY OPTIONS TO MARK BENNETT

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

“That, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 3,000,000 Options to Mark Bennett (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

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

7. RESOLUTION 6 – ISSUE OF RELATED PARTY OPTIONS TO JEFFREY DOWLING

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

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

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

8. RESOLUTION 7 – ISSUE OF RELATED PARTY OPTIONS TO ANNA NEULING

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

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

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

Dated: 7 October 2022.

By order of the Board


Andrea Betti
Company Secretary

Voting Prohibition Statements

Resolution 1 – Adoption of Remuneration Report

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Resolution 4 – Adoption of Employee Share Option Plan

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
 - (iii) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Resolution 5 – Issue of Options to Related Party

In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (**Resolution 5 Excluded Party**). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 5 Excluded Party.

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
 - (iii) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 5 Excluded Party, the above prohibition does not apply if:

	<ul style="list-style-type: none"> (a) the proxy is the Chair; and (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.
<p>Resolution 6 – Issue of Options to Related Party</p>	<p>In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (Resolution 6 Excluded Party). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 6 Excluded Party.</p> <p>In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:</p> <ul style="list-style-type: none"> (a) the proxy is either: <ul style="list-style-type: none"> (i) a member of the Key Management Personnel; or (ii) a Closely Related Party of such a member; and (iii) the appointment does not specify the way the proxy is to vote on this Resolution. <p>Provided the Chair is not a Resolution 6 Excluded Party, the above prohibition does not apply if:</p> <ul style="list-style-type: none"> (a) the proxy is the Chair; and (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.
<p>Resolution 7 – Issue of Options to Related Party</p>	<p>In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (Resolution 7 Excluded Party). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 7 Excluded Party.</p> <p>In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:</p> <ul style="list-style-type: none"> (a) the proxy is either: <ul style="list-style-type: none"> (i) a member of the Key Management Personnel; or (ii) a Closely Related Party of such a member; and (iii) the appointment does not specify the way the proxy is to vote on this Resolution. <p>Provided the Chair is not a Resolution 7 Excluded Party, the above prohibition does not apply if:</p> <ul style="list-style-type: none"> (a) the proxy is the Chair; and (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Voting Exclusion Statements

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

Resolution 4 – Adoption of Employee Share Option Plan	A person who is eligible to participate in the incentive scheme or an associate of that person or those persons.
Resolution 5 – Issue of Options to Related Party	Mark Bennett (or their nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.
Resolution 6 – Issue of Options to Related Party	Jeffrey Dowling (or their nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.
Resolution 7 – Issue of Options to Related Party	Anna Neuling (or their nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.

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

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

For personal use only

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

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

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

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

Shareholders and their proxies should be aware that:

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

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

For personal use only

EXPLANATORY STATEMENT

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

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Corporations Act, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2022 together with the declaration of the Directors, the Directors' report, the Remuneration Report and the auditor's report.

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

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

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

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

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

2.2 Voting consequences

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

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

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

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

2.3 Previous voting results

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

3. RESOLUTION 2 – RE-ELECTION OF MARK BENNETT

3.1 General

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

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

Mark Bennett, who has served as a director since 29 May 2015, and was last re-elected on 17 November 2020, retires by rotation and seeks re-election.

3.2 Qualifications and other material directorships

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.

3.3 Independence

If elected the board does not consider Dr Bennett to be an independent director.

3.4 Board recommendation

The Board has reviewed Dr Bennett's performance since his appointment to the Board and considers that Dr Bennett's skills and experience will continue to enhance the Board's ability to perform its role. Accordingly, the Board supports

the re-election of Dr Bennett and recommends that Shareholders vote in favour of Resolution 2.

4. RESOLUTION 3 – APPROVAL OF 7.1A MANDATE

4.1 General

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

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

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

As at the date of this Notice, the Company is an eligible entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$48,110,605 (based on the number of Shares on issue and the closing price of Shares of \$0.135 on the ASX on 26 September 2022).

Resolution 3 seeks Shareholder approval by way of special resolution for the Company to have the additional 10% placement capacity provided for in Listing Rule 7.1A to issue Equity Securities without Shareholder approval.

If Resolution 3 is passed, the Company will be able to issue Equity Securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval.

If Resolution 3 is not passed, the Company will not be able to access the additional 10% capacity to issue Equity Securities without Shareholder approval under Listing Rule 7.1A, and will remain subject to the 15% limit on issuing Equity Securities without Shareholder approval set out in Listing Rule 7.1.

4.2 Technical information required by Listing Rule 7.1A

Pursuant to and in accordance with Listing Rule 7.3A, the information below is provided in relation to Resolution 3:

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

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

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

(b) **Minimum price**

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

- (i) the date on which the price at which the Equity Securities are to be issued is agreed by the entity and the recipient of the Equity Securities; or
- (ii) if the Equity Securities are not issued within 10 trading days of the date in Section 4.2(b)(i), the date on which the Equity Securities are issued.

(c) **Risk of Economic and Voting Dilution**

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

If Resolution 3 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 7.1A Mandate, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in Listing Rule 7.1A.2, on the basis of the closing market price of Shares and the number of Equity Securities on issue or proposed to be issued as at 26 September 2022.

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

Number of Shares on Issue (Variable A in Listing Rule 7.1A.2)		Shares issued – 10% voting dilution	Dilution		
			Issue Price		
			\$0.068	\$0.135	\$0.203
			50% decrease	Issue Price	50% increase
		Funds Raised			
Current	356,374,855	35,637,485	\$2,423,349	\$4,811,060	\$7,234,409
50% increase	534,562,283	53,456,228	\$3,635,024	\$7,216,591	\$10,851,614
100% increase	712,749,710	71,274,971	\$4,846,698	\$9,622,121	\$14,468,819

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

The table above uses the following assumptions:

1. There are currently 356,374,855 Shares on issue.
2. The issue price set out above is the closing market price of the Shares on the ASX on 26 September 2022 being \$0.135.
3. The Company issues the maximum possible number of Equity Securities under the 7.1A Mandate.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in Listing Rule 7.2 or with approval under Listing Rule 7.1.
5. The issue of Equity Securities under the 7.1A Mandate consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities. If the issue of Equity Securities includes quoted Options, it is assumed that those quoted Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.

6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under Listing Rule 7.1 unless otherwise disclosed.
8. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
9. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 7.1A Mandate, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(d) **Use of Funds**

The Company intends to use funds raised from issues of Equity Securities under the 7.1A Mandate for the development of the Company's current business, the continued exploration and development expenditure on the Company's current assets/or projects, the acquisition of new resources, assets and investments (including expenses associated with such an acquisition) and general working capital.

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

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

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

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

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

The Company previously obtained approval from its Shareholders pursuant to Listing Rule 7.1A at its annual general meeting held on 12 November 2021 (**Previous Approval**).

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

4.3 Voting Exclusion Statement

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

5. RESOLUTION 4 – ADOPTION OF EMPLOYEE SHARE OPTION PLAN

5.1 General

Resolution 4 seeks Shareholder approval for the adoption of the employee incentive scheme titled Employee Share Option Plan (**ESOP**) and for the issue of Options under the ESOP in accordance with Listing Rule 7.2 (Exception 13(b)).

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

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

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

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

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

The Company received Shareholder approval for the existing Employee Share Option Plan at the 2021 AGM on 12 November 2021. With effect from 1 October 2022, a new employee share scheme regime under the Corporations Act 2001 (Cth) took effect and replaced the current relief provided by ASIC Class Order CO 14/1000. The Company is proposing an updated Employee Share Option Plan which is compliant with the new employee share scheme regime.

If Resolution 4 is passed, the Company will be able to issue Options under the ESOP to eligible participants over a period of 3 years. The issue of any Options to eligible participants under the ESOP (up to the maximum number of Options stated in Section 5.2(c) below) will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 4 is not passed, the Company will be able to proceed with the issue of Options under the ESOP to eligible participants, but any issues of Options will reduce, to that extent, the Company's capacity to issue equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the issue of the Options.

5.2 Technical information required by Listing Rule 7.2 (Exception 13)

Pursuant to and in accordance with Listing Rule 7.2 (Exception 13), the following information is provided in relation to Resolution 4:

- (a) a summary of the key terms and conditions of the ESOP is set out in Schedule 3;
- (b) the Company has issued 4,200,000 Options under the ESOP since the ESOP was last approved by Shareholders on 12 November 2022; and
- (c) the maximum number of Securities proposed to be issued under the ESOP, following Shareholder approval, is 35,637,500 Options being 10% of the share capital of the Company over the 3 years that the Plan is approved for. It is not envisaged that the maximum number of Securities for which approval is sought will be issued immediately.

6. RESOLUTIONS 5 - 7 – ISSUE OF RELATED PARTY OPTIONS

6.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue a total of 5,000,000 Options (**Related Party Options**) to Mark Bennett, Jeffrey Dowling and Anna Neuling (or their nominees) (**Related Parties**) on the terms and conditions set out below.

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

Resolutions 5 to 7 seek Shareholder approval to issue the Related Party Options to the Related Parties.

6.2 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act requires that for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

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

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

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

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

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

6.3 Listing Rule 10.11

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

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

unless it obtains the approval of its shareholders.

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

Resolutions 5 to 7 seek the required Shareholder approval for the issue of the Related Party Options under and for the purposes of Chapter 2E of the Corporations Act and Listing Rule 10.14.

6.4 Technical information required by Listing Rule 14.1A

If Resolutions 5 to 7 are passed, the Company will be able to proceed with the issue of the Related Party Options to the Related Parties within one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Related Party Options (because approval is being obtained under Listing Rule 10.11), the issue of the Related Party Options will not use up any of the Company's 15% annual placement capacity.

If Resolution 5 to 7 are not passed, the Company will not be able to proceed with the issue of the Related Party Options and the Company will have to develop an alternate plan in how to remunerate their directors.

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

Pursuant to and in accordance with Listing Rule 10.13 and section 219 of the Corporations Act, the following information is provided in relation to Resolutions 5 to 7:

- (a) the Related Party Options will be issued to the following persons:
 - (i) Mark Bennett (or their nominee) pursuant to Resolution 5;
 - (ii) Jeffrey Dowling (or their nominee) pursuant to Resolution 6; and
 - (iii) Anna Neuling (or their nominee) pursuant to Resolution 7,each of whom falls within the category set out in Listing Rule 10.11.1 by virtue of being a Director;
- (b) the maximum number of Related Party Options (being the nature of the financial benefit being provided) is 5,000,000 comprising:

- (i) 3,000,000 Related Party Options to Mr Bennett (or their nominee) (Resolution 5);
 - (ii) 1,000,000 Related Party Options to Mr Dowling (or their nominee) (Resolution 6); and
 - (iii) 1,000,000 Related Party Options to Ms Neuling (or their nominee) (Resolution 7);
- (c) the terms and conditions of the Related Party Options is set out in Schedule 1;
- (d) the Related Party Options will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Related Party Options will occur on the same date;
- (e) the issue price of the Related Party Options will be nil. The Company will not receive any other consideration in respect of the issue of the Related Party Options (other than in respect of funds received on exercise of the Related Party Options);
- (f) the purpose of the issue of the Related Party Options is to provide a performance linked incentive component in the remuneration package for the Related Parties to align the interests of the Related Parties with those of Shareholders, to motivate and reward the performance of the Related Parties in their roles as Directors and to provide a cost effective way from the Company to remunerate the Related Parties, which will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties;
- (g) the Related Party Options are unquoted Options. The Company has agreed to issue Related Party Options to the Related Parties for the following reasons:
 - (i) the Related Party Options are unquoted; therefore, the issue of the Related Party Options has no immediate dilutionary impact on Shareholders;
 - (ii) the deferred taxation benefit which is available to the Related Parties in respect of an issue of Options is also beneficial to the Company as it means the Related Parties are not required to immediately sell the Related Party Options to fund a tax liability (as would be the case in an issue of Shares where the tax liability arises upon issue of the Shares) and will instead, continue to hold an interest in the Company; and
 - (iii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Related Party Options on the terms proposed;
- (h) the number of Related Party Options to be issued to each of the Related Parties has been determined based upon a consideration of:
 - (i) current market standards and/or practices of other ASX listed companies of a similar size and stage of development to the Company;
 - (ii) the remuneration of the Related Parties; and
 - (iii) incentives to attract and retain the service of the Related Parties who have appropriate knowledge and expertise, while maintaining the Company's cash reserves.

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

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

Related Party	Current Financial Year 22/23	Previous Financial Year 21/22
Mark Bennett	574,099 ¹	791,471 ²
Jeffrey Dowling	154,533 ³	239,728 ⁴
Anna Neuling	143,510 ⁵	289,514 ⁶

Notes:

1. Comprising Directors' salary of \$325,000, a superannuation payment of \$34,125 (full time rate) and share-based payments of \$214,974 being the value of the Related Party Options.
2. Comprising Directors' salary of \$267,916, a superannuation payment of \$23,568 and annual leave entitlement movement of (\$33,142) and share based payments of \$503,129 being the value of options issued.
3. Comprising Directors' salary of \$75,000, a superannuation payment of \$7,875 and share-based payments of \$71,658 being the value of the Related Party Options.
4. Comprising Directors' salary of \$78,750 and a superannuation payment of \$3,750 and share based payments of \$157,228 being the value of options issued.
5. Comprising Directors' salary of \$65,000 a superannuation payment of \$6,852 and share-based payments of \$71,658 being the value of the Related Party Options.
6. Comprising Directors' salary of \$120,366, a superannuation payment of \$12,037 and annual leave entitlement movement of (\$117) and share based payments of \$157,228 being the value of the options issued.

- (j) the value of the Related Party Options and the pricing methodology is set out in Schedule 2;
- (k) the Related Party Options are not being issued under an agreement;
- (l) the relevant interests of the Related Parties in securities of the Company as at the date of this Notice are set out below:

Related Party	Shares ¹	Options
Mark Bennett	5,560,784	12,000,000 ²
Jeffrey Dowling	799,875	5,250,000 ³
Anna Nueling	700,000	7,250,000 ⁴

Notes:

1. Fully paid ordinary shares in the capital of the Company (ASX: S2R).
2. Unquoted Options, comprising of:
 - a. 6,000,000 Options (exercisable at \$0.30 on or before 11 November 2023);
 - b. 2,000,000 Options (exercisable at \$0.38 on or before 16 November 2024); and
 - c. 4,000,000 Options (exercisable at \$0.29 on or before 11 November 2025).
3. Unquoted Options, comprising of:
 - a. 3,000,000 Options (exercisable at \$0.30 on or before 11 November 2023);
 - b. 1,000,000 Options (exercisable at \$0.38 on or before 17 November 2024); and
 - c. 1,250,000 Options (exercisable at \$0.29 on or before 11 November 2025).
4. Unquoted Options, comprising of:
 - a. 4,500,000 Options (exercisable at \$0.30 on or before 11 November 2023);
 - b. 1,500,000 Options (exercisable at \$0.38 on or before 17 November 2024); and
 - c. 1,250,000 Options (exercisable at \$0.29 on or before 11 November 2025).

- (m) if the Related Party Options issued to the Related Parties are exercised, a total of 5,000,000 Shares would be issued. This will increase the number of Shares on issue from 356,374,855 (being the total number of Shares on

issue as at the date of this Notice) to 361,374,855 (assuming that no Shares are issued and no convertible securities vest or are exercised) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 1.4%, comprising 0.84% by Mr Bennett, 0.28% by Mr Dowling and 0.28% by Ms Neuling;

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

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

	Price	Date
Highest	\$0.225	18/01/2022
Lowest	\$0.084	28/10/2021
Last	\$0.135	30/09/2022

- (o) each Director has a material personal interest in the outcome of Resolutions 5 to 7 on the basis that all of the Directors (or their nominees) are to be issued Related Party Options should Resolutions 5 to 7 be passed. For this reason, the Directors do not believe that it is appropriate to make a recommendation on Resolutions 5 to 7 of this Notice; and
- (p) the Board is not aware of any other information that is reasonably required by Shareholders to allow them to decide whether it is in the best interests of the Company to pass Resolutions 5 to 7.

GLOSSARY

\$ means Australian dollars.

7.1A Mandate has the meaning given in Section 4.1.

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

ASIC means the Australian Securities & Investments Commission.

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

Board means the current board of directors of the Company.

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

Chair means the chair of the Meeting.

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

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

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

Constitution means the Company's constitution.

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

Directors means the current directors of the Company.

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

Explanatory Statement means the explanatory statement accompanying the Notice.

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

Listing Rules means the Listing Rules of ASX.

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

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2022.

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

Section means a section of the Explanatory Statement.

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

Shareholder means a registered holder of a Share.

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

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

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SCHEDULE 1 – TERMS AND CONDITIONS OF THE RELATED PARTY OPTIONS

- (a) **Entitlement**
Each Related Party Option entitles the holder to subscribe for one Share upon exercise of the Related Party Option.
- (b) **Exercise Price**
Subject to paragraph (j), the amount payable upon exercise of each Related Party Option will be 143% of the 5 day VWAP on the day of grant¹ (**Exercise Price**).
- (c) **Expiry Date**
Each Related Party Option will expire at 5:00 pm (WST) on 4 years after the grant date (**Expiry Date**). A Related Party Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (d) **Vesting Period**
Each Related Party Option will vest 12 months from date of grant, subject to the Optionholder continuing to be a director of Company at the vesting date.
- (e) **Exercise Period**
The Related Party Options, once they vest, are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).
- (f) **Notice of Exercise**
The Related Party Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Related Party Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Related Party Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.
- (g) **Exercise Date**
A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Related Party Option being exercised in cleared funds (**Exercise Date**).
- (h) **Timing of issue of Shares on exercise**
Within five Business Days after the Exercise Date, the Company will:
- (i) issue the number of Shares required under these terms and conditions in respect of the number of Related Party Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
 - (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
 - (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Related Party Options.

¹ grant date as per taxation legislation and regulations

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

(i) **Shares issued on exercise**

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

(j) **Reconstruction of capital**

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

(k) **Participation in new issues**

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

(l) **Change in exercise price**

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

(m) **Transferability**

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

(n) **Change of Control Event**

Upon the occurrence of a Change of Control Event the options may be exercised at any time within 30 days after the Trigger Event so as to permit the holder to participate in any change of control arising from the Trigger Event. Thereafter, the options shall lapse to the extent they have not been exercised.

SCHEDULE 2 – VALUATION OF RELATED PARTY OPTIONS

The Related Party Options to be issued to the Related Parties pursuant to Resolutions 5-7 have been valued by internal management.

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

Assumptions:	
Valuation date	30 September 2022
Market price of Shares	\$0.135
Exercise price	\$0.192
Expiry date (length of time from grant)	4 years
Risk free interest rate	3.57%
Volatility (discount)	80%
Indicative value per Related Party Option	\$0.0704
Total Value of Related Party Options	\$358,500
Mark Bennett	\$214,974
Jeffrey Dowling	\$71,658
Anna Neuling	\$71,658

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

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S2 Resources Ltd

Employee Incentive Plan

Approved by the Board on 3 October 2022

Contents

1	Definitions and Interpretation	1
1.1	Definitions	1
1.2	Interpretation	4
1.3	Income Tax Assessment Act 1997 (Cth)	5
2	Invitation to participate	5
2.1	Invitation	5
2.2	Information to be provided to Eligible Participants	5
2.3	Use of the term “Performance Right”	6
2.4	Invitation personal	6
2.5	Nominated Party	7
3	Application for Incentives	7
3.1	Application	7
3.2	Acceptance period	7
3.3	Conditional contract	7
4	Grant of Incentives	7
4.1	Grant	7
4.2	Transfer of Incentives	8
4.3	Approvals	8
4.4	Prohibition against hedging	8
4.5	Plan limit	9
5	Vesting, exercise and lapse of Incentives	9
5.1	Exercise pre-conditions	9
5.2	Cessation of employment due to Termination for Cause	9
5.3	Cessation of employment due to other reasons	10
5.4	Notice of vesting and holding Incentives after cessation of employment	10
5.5	When employment ceases	10
5.6	Fraudulent or dishonest actions	11
5.7	Termination payments	11
5.8	Lapse of an Incentive	11
5.9	Lapse of Incentive terminates conditional contract	12
6	Allocation of Shares	12
6.1	Allocation of Shares	12
6.2	Cashless Exercise Facility	12
6.3	Share ranking	13
6.4	Quotation of Shares on ASX	13
6.5	Sale of Shares	14
6.6	Disposal Restrictions	14
7	Change of Control Events and winding-up	14
7.1	Change of Control Event	14
7.2	Winding-up and change of main undertaking	15
7.3	Exercise of Incentives	15

8	Bonus issues, pro rata issues and reorganisations	16
8.1	Application of this rule	16
8.2	Adjustment for bonus issue	16
8.3	Pro rata issue	16
8.4	Adjustment for reorganisation	16
8.5	No other participation	16
9	Amendments	17
9.1	Power to amend Plan	17
9.2	Restrictions on amendments	17
9.3	Retrospective Effect	17
9.4	Notice of amendment	17
10	Miscellaneous	17
10.1	Rights and obligations of Incentiveholder	17
10.2	Power of the Board	18
10.3	Waiver of terms and conditions	18
10.4	Dispute or disagreement	18
10.5	Non-Australian residents	18
10.6	Communication	18
10.7	Attorney	19
10.8	ASIC relief	19
10.9	Laws governing Plan	19

Employee Incentive Plan

Date 3 October 2022

1 Definitions and Interpretation

1.1 Definitions

ASIC means the Australian Securities and Investments Commission.

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

Board means the board of directors of the Company or a committee appointed by the Board for the purposes of the Plan.

Business Day means a day that is not a Saturday, Sunday, public holiday or bank holiday in Perth, Western Australia.

Cashless Exercise Facility has the meaning given to it in **rule 6.2**.

Change of Control Event means any of the following:

- (a) in the case of a Takeover Bid that is or becomes free of any defeating conditions, an offeror who previously had Voting Power of less than 50% in the Company obtains Voting Power of more than 50%;
- (b) shareholders of the Company approve a proposed compromise or arrangement for the reconstruction of the Company or its amalgamation with any other company or companies at a meeting convened by the Court pursuant to section 411(4)(a) of the Corporations Act;
- (c) any person becomes bound or entitled to acquire shares in the Company under:
 - (i) section 414 of the Corporations Act (compulsory acquisition following a scheme or contract); or
 - (ii) Chapter 6A of the Corporations Act (compulsory acquisition of securities);
- (d) a selective capital reduction is announced in respect of the Company pursuant to section 256C(2) of the Corporations Act which results in a person who previously had Voting Power of less than 50% in the Company obtaining Voting Power of more than 50%; or
- (e) in any other case, a person obtains Voting Power in the Company which the Board (which for the avoidance of doubt will comprise those directors immediately prior to the person acquiring that Voting Power) determines, acting in good faith and in accordance with their fiduciary duties, is sufficient to control the composition of the Board.

Company means S2 Resources Ltd ACN 606 128 090.

Control has the same meaning given to that term in section 50AA of the Corporations Act and **Controlled** has a corresponding meaning.

Corporations Act means the *Corporations Act 2001* (Cth), as amended from time to time.

Disposal Restriction means a restriction on disposal or dealing in a Share to be allocated upon the exercise of an Incentive, as determined by the Board in its absolute discretion and notified to the Eligible Participant in the relevant Invitation.

Eligible Participant means:

- (a) a full time, part time or casual employee (including an executive director) of a Group Company;
- (b) a non-executive director of a Group Company;
- (c) an individual who provides services to a Group Company;
- (d) a prospective person to whom paragraphs (a), (b) or (c) above may apply;
- (e) any other person that is a 'primary participant' (as that term is defined in section 1100(L)(1)(a) of the Corporations Act or any amendment or replacement thereof) in relation to a Group Company; and
- (f) any other person who is declared by the Board to be an 'Eligible Participant' for the purposes of the Plan.

ESS Regime means the regulatory regime set out in Division 1A of Part 7.12 of the Corporations Act.

Exercise Date has the meaning given to it in **rule 2.2(d)**.

Exercise Price means the amount (if any) determined by the Board as being payable by an Incentiveholder to acquire a Share upon exercise of an Incentive. If no determination is made, the applicable Exercise Price is zero.

Expiry Date means the date and time in respect of an Incentive referred to in **rule 2.2(e)**.

Final Acceptance Date means the final date that an Eligible Participant may accept an Invitation, which in the case of Incentives having an Issue Price or an Exercise Price, must be at least 14 days after the Eligible Participant receives the Invitation.

Grant Date in relation to an Incentive means the date on which the Incentive is granted or from which the Board determines that an Incentive takes effect (as applicable).

Group means the Company and its Subsidiaries and any other entity declared by the Board to be a member of the group for the purposes of the Plan and any member of the Group is a **Group Company**.

Incentive means a right or option to acquire, whether by issue or transfer, a Share (or cash equivalent) and the corresponding obligation of the Company to

provide the Share (or cash equivalent), pursuant to a binding contract made by the Company and an Eligible Participant in the manner set out in these rules and the relevant Invitation.

Incentiveholder means, in respect of an Incentive, the holder of that Incentive.

Invitation means an invitation referred to in **rule 2.1(a)**.

Issue Price means the amount (if any) determined by the Board as being payable by an Eligible Participant on application for Incentives offered under an Invitation. If no determination is made, the applicable Issue Price is zero.

Listing Rules means the official listing rules of the ASX and, for so long as the Shares are listed or quoted on any other stock exchange where such stock exchange requires compliance with its listing rules, the listing rules applicable to that stock exchange, each as they apply to the Company from time to time.

Market Value means:

- (a) for so long as the Company is admitted to the official list of ASX as at the relevant time for determining the Market Value, the volume weighted average price of Shares traded on the ASX over the 5 trading days on which trades in Shares were actually recorded in the period immediately preceding the date on which the Market Value is determined; or
- (b) if the Company is not admitted to the official list of ASX as at the relevant time for determining the Market Value, the price determined by the Board.

Nominated Party means, in respect of an Eligible Participant:

- (a) a spouse, parent, child or sibling of the Eligible Participant;
- (b) a company Controlled by the Eligible Participant or a person specified in paragraph (a) above;
- (c) a corporate trustee of a self-managed superannuation fund (within the meaning of the *Superannuation Industry (Supervision) Act 1993* (Cth)) where the Eligible Participant is a director of the trustee;
- (d) any other person that is a 'related person' (as that term is defined in section 1100L(1)(b) of the Corporations Act or any amendment or replacement thereof) of the Eligible Participant; or
- (e) any other person who is declared by the Board to be a 'Nominated Party' for the purposes of the Plan.

Option means an Incentive which is an option to be issued or transferred a Share (or cash equivalent) upon and subject to the terms of the Invitation and the Plan.

Performance Right means an Incentive granted under the Plan for which the Exercise Price is zero.

Plan means the S2 Resources Ltd Employee Incentive Plan as set out in these rules, subject to any amendments or additions made under **rule 9**.

Relevant Person means, in respect of an Incentive, the Eligible Participant who was invited to apply for that Incentive.

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

Subsidiary has the meaning given to that term in the Corporations Act.

Takeover Bid has the meaning given to that term in section 9 of the Corporations Act.

Termination for Cause means termination of employment of the Relevant Person due to:

- (a) fraud or dishonesty on the part of the Relevant Person;
- (b) the Relevant Person being in material breach of their obligations to any Group Company;
- (c) intentional and material misapplication of the funds of any Group Company;
- (d) any conviction of a criminal offence or where the Relevant Person is charged with an indictable offence;
- (e) any act of wilful and material malfeasance or gross negligence in the performance of duties;
- (f) the on-going refusal to perform the lawful and reasonable business directives of the Board; or
- (g) any other reason, including under applicable law or the Relevant Person's employment contract, that as determined by the Board constitutes justification for termination of employment without notice or compensation.

Vesting Condition means one or more conditions which must be satisfied or circumstances which must exist before the relevant Incentives issued under the Plan may be exercised, as determined by the Board.

Voting Power has the meaning given to that term in section 9 of the Corporations Act.

1.2 Interpretation

In the Plan, the following rules of interpretation apply unless a contrary intention appears:

- (a) headings are for convenience only and do not affect the interpretation of the Plan unless the context requires otherwise;
- (b) any reference in the Plan to any enactment or the Listing Rules includes a reference to that enactment or those Listing Rules as from time to time amended, consolidated, re-enacted or replaced and to all regulations or instructions issued under it;
- (c) any words denoting the singular include the plural and words denoting the plural include the singular;

- (d) any words denoting one gender include the other gender;
- (e) where any word or phrase is given a definite meaning in the Plan, any part of speech or other grammatical form of that word or phrase has a corresponding meaning;
- (f) a reference to a power, right or discretion being exercisable by the Board is taken to be a reference to that power, right or discretion being exercisable by a delegate of the Board; and
- (g) any reference to a power, right or discretion being exercisable by the Board is taken to be a reference to the exercise of that power, right or discretion in the Board's absolute discretion.

1.3 Income Tax Assessment Act 1997 (Cth)

For the purposes of section 83A-105(6)(b)(ii) of the *Income Tax Assessment Act 1997* (Cth), subdivision 83A-C of that Act applies to the Plan (subject to the requirements of the Act).

2 Invitation to participate

2.1 Invitation

- (a) The Board may, from time to time and at its absolute discretion, issue written invitations (**Invitation**) to Eligible Participants to apply for up to a specified number of Incentives on the terms of the Plan and on such additional terms and in such form as the Board determines.
- (b) Unless the Board determines otherwise:
 - (i) no Invitations to apply for Incentives may be made if the Invitation or grant does not comply with; and
 - (ii) no Share may be issued pursuant to the exercise of Incentives under the Plan if to do so would contravene,

the Corporations Act or any other applicable law, the Listing Rules or any specific relief granted by ASIC to, or that is available to, the Company in respect of the Plan.

2.2 Information to be provided to Eligible Participants

The Board will, together with the Invitation, advise each Eligible Participant of the following regarding the Incentives:

- (a) the Issue Price or the method of calculation of the Issue Price (if the Issue Price is zero, then a statement to that effect);
- (b) the Exercise Price or the method of calculation of the Exercise Price (if the Exercise Price is zero, then a statement to that effect);
- (c) the number of Incentives which the Eligible Participant is eligible to apply for and the maximum number of Shares over which each Incentive is granted;

- (d) the period or periods during which any of the Incentives may be exercised (**Exercise Date**);
- (e) the dates and times when the Incentives lapse (**Expiry Date**);
- (f) the Final Acceptance Date;
- (g) any applicable Vesting Conditions;
- (h) in respect an Invitation that relates to Incentives that have an Issue Price or Exercise Price:
 - (i) general information about the risks of acquiring and holding the Incentives (and underlying Shares) the subject of the Invitation;
 - (ii) a prominent statement to the effect that any advice given by the Company in relation to the Invitation or any Incentives offered under the Plan, and Shares issued upon exercise of Incentives, does not take into account an Eligible Participant's objectives, financial situation and needs;
 - (iii) a prominent statement to the effect that the Eligible Participant should consider obtaining their own financial product advice from a person who is licensed by ASIC to give such advice;
 - (iv) an explanation of how an Eligible Participant could, from time to time, ascertain the market price of the Shares underlying the Incentives; and
 - (v) an explanation of how the Eligible Participant can obtain (if one exists) a disclosure document prepared under Part 6D.2 in relation to an offer of securities, where that offer was made in the 12 months before the Invitation is given and relates to the same class of Incentives as those being offered;
- (i) if the Invitation is made under the ESS Regime, a statement to that effect;
- (j) any other relevant terms and conditions attaching to the Incentives or Shares allocated under the Plan, including any Disposal Restrictions;
- (k) a copy of the Plan; and
- (l) any other information that is required by applicable law.

2.3 Use of the term "Performance Right"

If the Board grants Incentives with an Exercise Price of zero, it is acknowledged that those Incentives may be referred to in all correspondence as "Performance Rights".

2.4 Invitation personal

Subject to **rule 2.5**, an Invitation is personal and can only be accepted by the Eligible Participant to whom the Invitation is made.

2.5 Nominated Party

- (a) Upon receipt of an Invitation, an Eligible Participant may, by notice in writing to the Board, nominate a Nominated Party of that Eligible Participant in whose favour the Eligible Participant wishes the Incentives the subject of the Invitation to be issued.
- (b) The Board may, in its sole and absolute discretion, decide not to permit the Incentives the subject of an Invitation to be issued to a Nominated Party without giving any reason for that decision.
- (c) If the Board decides to permit the Incentives the subject of an Invitation to be issued to a Nominated Party, the Eligible Participant will procure that the Nominated Party also agrees to be bound by the terms of the Plan.

3 Application for Incentives

3.1 Application

- (a) Following receipt of an Invitation, an Eligible Participant (or, subject to **rule 2.5**, their Nominated Party) may apply for all or part (subject to any requirement in the Invitation to apply in multiples) of the number of Incentives specified in the Invitation. The application must be made to the Company in the manner specified in the Invitation.
- (b) By making the application, the Eligible Participant (and, if there is a Nominated Party, the Nominated Party) is deemed to have agreed to be bound by the terms of the Plan and the constitution of the Company (as amended from time to time).

3.2 Acceptance period

The Company must receive the application by the Final Acceptance Date, unless otherwise determined by the Board.

3.3 Conditional contract

An application for Incentives constitutes an offer by the Eligible Participant (or, if applicable, their Nominated Party) to enter into conditional contracts with the Company in the nature of the relevant Incentives.

4 Grant of Incentives

4.1 Grant

- (a) Once the Company has received and accepted a duly signed and completed application for Incentives (together with the Issue Price if the Issue Price is greater than zero), the Board may in its absolute discretion and only where the Relevant Person to whom the application relates remains an Eligible Participant and, if the applicant is a Nominated Party, the applicant remains a Nominated Party:

- (i) grant Incentives to the applicant, with effect from the Grant Date; or
- (ii) procure the grant of the Incentives to the applicant by a third party, with effect from the Grant Date,

upon the terms set out in the Plan and upon such additional terms and Vesting Conditions as the Board determines in its absolute discretion.

- (b) The Company will, within a reasonable period after the Grant Date of the Incentives, issue the applicant with a holding statement or a certificate evidencing the grant of the Incentives.
- (c) A grant of Incentives by the Board constitutes an acceptance of the applicant's offer to enter into conditional contracts with the Company in the nature of the relevant Incentives.

4.2 Transfer of Incentives

- (a) An Incentive granted under the Plan is not transferable except where:
 - (i) permitted by the prior written consent of the Board (which must be exercised having regard to the Listing Rules and may be withheld at its sole discretion); or
 - (ii) required by force of law upon death to the Incentiveholder's legal personal representative or upon bankruptcy to the Incentiveholder's trustee in bankruptcy.
- (b) Where the Incentiveholder purports to transfer, assign, mortgage, charge or otherwise dispose of or encumber (in whole or in part) an Incentive other than in accordance with **rule 4.2(a)**, the Incentive immediately lapses.
- (c) An Incentive granted under the Plan may not be used to secure the payment of any monies.

4.3 Approvals

The Board must ensure that:

- (a) every issue of Incentives under the Plan complies with, to the extent applicable, the ESS Regime, the Corporations Act, the Listing Rules, any other applicable legislation and any specific relief granted by ASIC to, or that is available to, the Company in respect of the Plan; and
- (b) all necessary approvals required under any applicable legislation are obtained prior to the issue of Incentives under the Plan.

4.4 Prohibition against hedging

- (a) Neither the Eligible Participant nor their Nominated Party may enter into any scheme, arrangement or agreement (including options and derivative products) under which the Eligible Participant or Nominated Party may alter the economic benefit to be derived from an Incentive that remains unvested or unexercised, irrespective of future changes in the market price of Shares.

- (b) Where an Eligible Participant or its Nominated Party enters, or purports to enter, into any scheme, arrangement or agreement described in **rule 4.4(a)**, the Incentive will immediately lapse.

4.5 Plan limit

- (a) Where an Invitation is made under the ESS Regime, the Board must, at the time of making the Invitation, reasonably believe that the total number of Shares that would be issued if the Incentives the subject of the Invitation were exercised will not exceed 10% of the total number of Shares on issue when aggregated with the number of Shares issued or that may be issued as a result of:
 - (i) Invitations made at any time during the previous three year period under the Plan; and
 - (ii) any other invitations made under an employee incentive scheme under the ESS Regime, at any time during the previous three year period,

(Issue Cap).
- (b) The Company's constitution may specify a percentage other than 10% for the purposes of the Issue Cap, in which case the Issue Cap will be calculated with reference to that percentage.

5 Vesting, exercise and lapse of Incentives

5.1 Exercise pre-conditions

- (a) The exercise of any Incentive granted under the Plan must be effected in the form and manner determined by the Board, and must be accompanied by payment of the Exercise Price (if the Exercise Price is greater than zero) unless the Board approves the use of the Cashless Exercise Facility pursuant to **rule 6.2** or the manner of payment of the Exercise Price is otherwise provided for by the Board.
- (b) Subject to this **rule 5** and **rules 7** and **10.3**, an Incentive granted under the Plan will not vest and become capable of being exercised unless the Vesting Conditions (if any) attaching to that Incentive have been satisfied.
- (c) The decision of the Board as to the satisfaction, achievement, interpretation, effect, amend or waiver of any Vesting Conditions (or the underlying information relating to them) may be made in their absolute discretion and any such decision will be final and binding.

5.2 Cessation of employment due to Termination for Cause

Subject to the terms and conditions in the relevant Invitation and **rule 5.7**, if a Relevant Person ceases to be an employee of any Group Company, in circumstances where the cessation of employment is due to Termination for Cause, then unless the Board determines otherwise all vested (but

unexercised) Incentives, and all unvested Incentives, held by or on behalf of the Relevant Person will automatically lapse on the date of cessation of employment.

5.3 Cessation of employment due to other reasons

Subject to the terms and conditions in the relevant Invitation and **rule 5.7**, if a Relevant Person ceases to be an employee of any Group Company, in circumstances other than those referred to in **rule 5.2**, then unless the Board determines otherwise:

- (a) all unvested Incentives held by or on behalf of the Relevant Person will automatically lapse on the date of cessation of employment; and
- (b) all Incentives that have previously vested but that are unexercised (and any unvested Incentives that the Board has permitted the Relevant Person to retain pursuant to its discretion under **rule 5.3(a)**) must be exercised within the period stipulated by the Board in accordance with **rule 5.4(a)**.

5.4 Notice of vesting and holding Incentives after cessation of employment

- (a) The Board must promptly give written notice to the relevant Incentiveholder(s) of the number (if any) of Incentives that it has determined will vest or that otherwise lapse pursuant to **rules 5.2, 5.3 or 5.4(b)** and the period in which vested Incentives must be exercised under **rule 5.3(b)**.
- (b) If an Incentiveholder continues to hold Incentives after they (or the Relevant Person) cease to be employed by a Group Company, the Board may in its absolute discretion determine that some or all of those Incentives will lapse if the Board determines in good faith that:
 - (i) the Incentiveholder (or the Relevant Person) breaches any restriction, undertaking or obligation owing to a Group Company in connection with the Incentiveholder's (or Relevant Person's) past employment or other relationship with a Group Company; or
 - (ii) there was a change in the Incentiveholder's (or Relevant Person's) circumstances since ceasing to be employed by a Group Company where in the Board's opinion it is no longer appropriate for the Incentiveholder to retain the Incentives.

5.5 When employment ceases

- (a) A Relevant Person will not be treated for the purposes of **rules 5.2 or 5.3** as ceasing to be an employee of a Group Company until such time as the Relevant Person is no longer an employee of any Group Company.
- (b) Subject to applicable laws, at the discretion of the Board, a Relevant Person who is granted an approved leave of absence and who exercises their right to return to work under any applicable award, enterprise agreement, other agreement, statute or regulation before the exercise of

an Incentive under the Plan will be treated for those purposes as not having ceased to be such an employee.

5.6 Fraudulent or dishonest actions

If, in the opinion of the Board, a Relevant Person:

- (a) acts fraudulently or dishonestly;
- (b) is in material breach of his or her obligations to any Group Company; or
- (c) engages in behaviour which in the reasonable opinion of the Board has caused or is likely to cause a long term detriment to the Company (regardless of whether that behaviour has been motivated by seeking to satisfy any applicable Vesting Conditions),

then regardless of whether or not that Relevant Person's employment with a Group Company has terminated, the Board may:

- (d) deem any unvested or vested (but unexercised) Incentives of the Relevant Person to have lapsed;
- (e) adjust the Relevant Person's current or future performance-based remuneration; and
- (f) take any other action the Board considers appropriate including requiring any benefits obtained under the Plan by the Relevant Person or its Nominated Party be returned, repaid or cancelled or alter the outcome on them vesting.

5.7 Termination payments

If the vesting or exercise of Incentives in accordance with this **rule 5**, when aggregated with any other benefits paid or payable to the Relevant Person in connection with the cessation of their employment with any Group Company:

- (a) has not been approved by shareholders pursuant to Part 2D.2 of the Corporations Act or under Listing Rule 10.19; or
- (b) is not otherwise permitted by law,

then the number of Incentives that vest or are exercised under the relevant rule is automatically reduced to the maximum number of Incentives permitted to vest or be exercised at law and under the Listing Rules upon cessation of employment.

5.8 Lapse of an Incentive

Unless the Board determines otherwise in its absolute discretion, an unexercised Incentive will lapse upon the earliest to occur of:

- (a) the Incentive lapsing in accordance with **rule 4.2(b)**;
- (b) the Incentive lapsing in accordance with **rule 4.4(b)**;
- (c) the Incentive lapsing in accordance with a provision of this **rule 5**;
- (d) the Incentive lapsing in accordance with a provision of **rule 7**;

- (e) (subject always to any vesting of unvested Incentives in accordance with this **rule 5**) a failure to meet the Incentive's Vesting Condition in the prescribed period;
- (f) the Expiry Date; or
- (g) the 5 year anniversary of the Grant Date.

5.9 Lapse of Incentive terminates conditional contract

The lapse of an Incentive is the end of the conditional contract constituted by the Incentive.

6 Allocation of Shares

6.1 Allocation of Shares

- (a) Subject to **rule 6.1(b)**, within 10 Business Days after an Incentive under the Plan that is capable of being exercised has been exercised by the Incentiveholder or his or her personal representative, the Company must issue to or procure the transfer (at its election) to the Incentiveholder or his or her personal representative (as the case may be) of the number of Shares in respect of which the Incentive has been exercised (subject to **rule 6.2** and any adjustments under **rule 8**).
- (b) The Company may, in its absolute discretion, pay to the Incentiveholder a cash amount in place of issuing or transferring some or all of the Shares referred to in **rule 6.1(a)** with the payment to be equivalent to the Market Value of the number of Shares that would otherwise have been issued or transferred on exercise of the Incentive.
- (c) The issue or transfer of a Share or payment of the cash amount referred to in **rule 6.1(b)** to the Incentiveholder or his or her personal representative (as the case may be) pursuant to the exercise of an Incentive constitutes performance by the Company of its obligations pursuant to the conditional contract constituted by the Incentive.

6.2 Cashless Exercise Facility

- (a) If an Incentiveholder wishes to exercise some or all of their vested Options, it may, subject to Board approval (which may be withheld at its absolute discretion), elect to pay the Exercise Price by using the cashless exercise facility provided for under this **rule 6.2 (Cashless Exercise Facility)**.
- (b) The Cashless Exercise Facility allows an Incentiveholder to set-off the Exercise Price against the Market Value of the number of Shares which the Incentiveholder is entitled to receive upon exercise of the Incentiveholder's vested Options. By using the Cashless Exercise Facility, the Incentiveholder will receive Shares, or the cash amount pursuant to **rule 6.1(b)**, to the value of the surplus after the Exercise Price has been set-off.

- (c) If an Incentiveholder elects to use the Cashless Exercise Facility, and its use is approved by the Board in its absolute discretion, then subject always to **rule 6.2(d)**, the Incentiveholder will be issued or transferred (at the election of the Board) that number of Shares (rounded up or down to the nearest whole number), calculated by using the following formula:

$$A = (B - C) \div D$$

where:

- A = the number of Shares to be issued or transferred (at the election of the Board) pursuant to the Cashless Exercise Facility;
- B = the aggregate total Market Value (as determined on the date the Options the subject of the Cashless Exercise Facility are exercised) of Shares that would otherwise be issued or transferred on exercise of the Options had all such Options been exercised for a cash Exercise Price;
- C = the aggregate total Exercise Price otherwise payable in respect of the vested Options exercised; and
- D = the Market Value of a Share as determined on the date the Options the subject of the Cashless Exercise Facility are exercised.
- (d) If the Board determines to make a cash payment pursuant to **rule 6.1(b)** instead of issuing or transferring Shares under this **rule 6.2**, then the cash amount for purposes of this **rule 6.2** will be determined by multiplying the number of Shares determined in accordance with **rule 6.2(c)** with the Market Value of those Shares determined in accordance with **rule 6.2(c)**.
- (e) Notwithstanding any other provision of the Plan, if the Exercise Price otherwise payable in respect of the Options being exercised is the same or higher than the Market Value of Shares at the time of exercise, then an Incentiveholder will not be entitled to use the Cashless Exercise Facility.

6.3 Share ranking

All Shares allotted under the Plan will rank equally in all respects with the Shares of the same class for the time being on issue except as regards any rights attaching to such Shares by reference to a record date prior to the date of their allotment.

6.4 Quotation of Shares on ASX

- (a) If Shares of the same class as those allotted under the Plan are quoted on the ASX, the Company will apply to the ASX within a reasonable time after they are allotted for those Shares to be quoted.
- (b) The Company will not apply for quotation of any Incentives on the ASX unless the Board determines otherwise in its absolute discretion and in accordance with the Listing Rules and all other applicable laws.

6.5 Sale of Shares

- (a) Subject to **rule 6.5(b)** and any Disposal Restrictions imposed, there will be no transfer restrictions on Shares allocated under the Plan.
- (b) Unless the Board determines otherwise in its absolute discretion, Shares allotted upon exercise of Incentives granted under the Plan must not be sold, transferred or disposed of by the holder at any time during which trading in the Company's securities is prohibited in accordance with the Company's corporate governance policies on share trading activities, as they apply from time to time.

6.6 Disposal Restrictions

- (a) The Board may in its absolute discretion impose Disposal Restrictions as part of the terms of an Invitation or allow Eligible Participants to elect to be subject to Disposal Restrictions and to nominate the period of time for which those Disposal Restrictions should apply.
- (b) The Board may implement any procedure it considers appropriate to restrict an Incentiveholder from trading in Shares while they remain subject to a Disposal Restriction, including, but not limited to, imposing a holding lock (as defined in the Listing Rules) on the Shares.
- (c) The Board may decide to lift, extend or vary any Disposal Restrictions in its absolute discretion (including where the Relevant Person's employment of a Group Company has ceased or there has been a Change of Control Event) and will promptly notify the Incentiveholder in writing of such a decision.
- (d) If Shares are the subject of Disposal Restrictions and the circumstances in **rule 5.2** and/or **rule 5.6** apply, then regardless of whether or not that Relevant Person's employment with a Group Company has terminated, the Board may:
 - (i) extend the Disposal Restrictions;
 - (ii) adjust the Relevant Person's current or future performance-based remuneration (including by imposing conditions on when Disposal Restrictions will be lifted); and/or
 - (iii) take any other action the Board considers appropriate, including requiring any Shares the subject of the Disposal Restrictions be returned, forfeited or cancelled,

and the Incentiveholder must take all necessary steps to comply with these determinations.

7 Change of Control Events and winding-up

7.1 Change of Control Event

- (a) If a matter, event, circumstance or transaction occurs that the Board reasonably believes may lead to a Change of Control Event, the Board

may in its absolute discretion determine the treatment and the timing of such treatment of any unvested or unexercised Incentives and must notify the Incentiveholder of any changes to the terms of the Incentives as a result of a decision under this **rule 7.1(a)**.

- (b) If a Change of Control Event occurs and the Board hasn't made a decision under **rule 7.1(a)**:
 - (i) the Board must (unless any Takeover Bid to which the Change of Control Event relates also includes an equivalent offer to the Incentiveholder to acquire all or a substantial portion of the Incentives) notify the Incentiveholder of the Change of Control Event; and
 - (ii) all of the unvested Incentives automatically vest and are deemed to have been exercised, together with any previously vested but unexercised Incentives, on the occurrence of the Change of Control Event.

7.2 Winding-up and change of main undertaking

The Board may also, in its absolute discretion, permit the vesting and exercise of Incentives (irrespective of whether the relevant Vesting Conditions have been met) during such period as the Board determines where:

- (a) the Company passes a resolution for voluntary winding-up;
- (b) an order is made for the compulsory winding up of the Company; or
- (c) the Company passes a resolution in accordance with Listing Rule 11.2 to dispose of its main undertaking.

7.3 Exercise of Incentives

If a company (**Acquiring Company**) obtains control of the Company as a result of:

- (a) a Takeover Bid;
- (b) a proposed scheme of arrangement between the Company and its shareholders; or
- (c) a selective capital reduction,

and both the Company and the Acquiring Company agree, an Incentiveholder may, upon exercise of his or her Incentives, elect to acquire (and the Company may provide) shares of the Acquiring Company (or its parent) in lieu of Shares, on substantially the same terms and subject to substantially the same conditions as the Incentiveholder may exercise Incentives to acquire Shares, but with appropriate adjustments to the number and kind of shares subject to the Incentives, as well as to the Exercise Price.

8 Bonus issues, pro rata issues and reorganisations

8.1 Application of this rule

This **rule 8** applies to Incentiveholders who hold Incentives that they have not yet exercised and which have not lapsed.

8.2 Adjustment for bonus issue

- (a) If Shares are issued pro rata to the Company's shareholders generally by way of bonus issue (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment), then the number of Shares over which the Incentives are exercisable will be increased by the number of Shares which the Incentiveholder would have received if the Incentiveholder had exercised the Incentives before the record date for the bonus issue. No adjustment will be made to the Exercise Price.
- (b) Additional Shares to which the Incentiveholder becomes so entitled will, as from the time Shares are issued pursuant to the bonus issue and until those additional Shares are allotted, be regarded as Shares comprised in the relevant Incentives and in respect of which the Incentives are exercised for the purposes of subsequent applications of **rule 8.2(a)**, and any adjustments which, after the time just mentioned, are made under **rule 8.4** to the number of Shares will also be made to the additional Shares.

8.3 Pro rata issue

If Shares are offered pro rata for subscription by the Company's shareholders (except a bonus issue) during the currency of and prior to exercise of any Incentives, the Exercise Price of each Incentive (if applicable) will be adjusted in the manner determined by the Board and in accordance with the Listing Rules and the general principle that the Incentiveholder is not to be materially disadvantaged as a result of a corporate action (such as a capital raising or capital reconstruction).

8.4 Adjustment for reorganisation

If there is a reorganisation of the issued capital of the Company (including a consolidation, subdivision, reduction or return) then the rights of an Incentiveholder (including the number of Incentives to which each Incentiveholder is entitled and the Exercise Price) will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

8.5 No other participation

Subject to **rules 8.2, 8.3** and **8.4**, during the currency of any Incentives and prior to their exercise, Incentiveholders are not entitled to participate in any new issue of securities of the Company as a result of their holding Incentives.

9 Amendments

9.1 Power to amend Plan

Subject to **rule 9.2** and the Listing Rules, the Board may at any time by resolution amend or add to (**amend**) all or any of the provisions of the Plan (including this **rule 9**), or the terms or conditions of any Incentive granted under the Plan, including Vesting Conditions.

9.2 Restrictions on amendments

Without the consent of the Incentiveholder no amendment may be made to the terms of any granted Incentive which reduces the rights of the Incentiveholder in respect of that Incentive, other than an amendment introduced primarily:

- (a) for the purpose of complying with or conforming to present or future legislation or Listing Rules applicable to the Company, the Plan or the Incentives or a requirement, policy or practice of ASIC, ASX or other regulatory body governing or regulating the maintenance or operation of the Plan or like plans;
- (b) to correct any manifest error or mistake; or
- (c) to take into consideration possible adverse tax implications in respect of the Plan arising from, amongst others, adverse rulings from the Commissioner of Taxation, changes to tax legislation (including an official announcement by the Commonwealth of Australia) or changes in the interpretation of tax legislation by a court of competent jurisdiction.

9.3 Retrospective Effect

Subject to **rules 9.1** to **9.2**, any amendment made pursuant to **rule 9** may be given such retrospective effect as is specified in the written instrument or resolution by which the amendment is made.

9.4 Notice of amendment

As soon as reasonably practicable after making any amendment under **rule 9.1**, the Board will give notice in writing of that amendment to any Incentiveholder affected by the amendment.

10 Miscellaneous

10.1 Rights and obligations of Incentiveholder

- (a) The rights and obligations of any Eligible Participant under the terms of their office, employment or contract with a Group Company are not affected by their participation in, or the participation of their Nominated Party in, the Plan. These rules will not form part of, and are not incorporated into, any contract of any Eligible Participant (whether or not they are an employee of a Group Company).
- (b) No Incentiveholder or Eligible Participant will have any rights to compensation or damages in consequence of the termination of their office, employment or other contract with a Group Company for any

reason whatsoever in so far as those rights arise or may arise from their ceasing to have rights under the Plan as a result of such termination.

- (c) Nothing in the Plan will give any Eligible Participant any right to participate in the Plan and the grant of an Incentive to an Eligible Participant or their Nominated Party does not give that Eligible Participant or their Nominated Party any right to the grant of a subsequent Incentive.

10.2 Power of the Board

- (a) The Plan is administered by the Board which has power to:
 - (i) determine appropriate procedures for administration of the Plan consistent with these rules; and
 - (ii) delegate to any one or more persons for such period and on such conditions as it may determine the exercise of any of its powers or discretions arising under the Plan.
- (b) Except as otherwise expressly provided in the Plan, the Board has absolute and unfettered discretion to act or refrain from acting under or in connection with the Plan or any Incentives under the Plan and in the exercise of any power or discretion under the Plan.

10.3 Waiver of terms and conditions

Notwithstanding any other provisions of the Plan, the Board may at any time waive in whole or in part any terms or conditions (including any Vesting Condition) in relation to any Incentives granted to any Incentiveholder.

10.4 Dispute or disagreement

In the event of any dispute or disagreement as to the interpretation of the Plan, or as to any question or right arising from or related to the Plan or to any Incentives granted under it, the decision of the Board is final and binding.

10.5 Non-Australian residents

When an Incentive is granted under the Plan to a person who is not a resident of Australia the provisions of the Plan apply subject to such alterations or additions as the Board determines having regard to any applicable or relevant laws, matters of convenience and desirability and similar factors which may have application to the Incentiveholder or to any Group Company in relation to the Incentive.

10.6 Communication

- (a) Any notice or other communication under or in connection with the Plan may be given by personal delivery or by sending the same by post or facsimile or electronic means, in the case of a company to its registered office, and in the case of an individual to the individual's last notified address, or, where an Incentiveholder is a director or employee of a Group Company, either to the Incentiveholder's last known address or to the address of the place of business at which the Incentiveholder

performs the whole or substantially the whole of the duties of the Incentiveholder's office or employment.

- (b) Where a notice or other communication is given by post, it is deemed to have been received 24 hours after it was put into the post properly addressed and stamped. Where a notice or other communication is given by facsimile, it is deemed to have been received on completion of transmission. Where a notice is given by electronic transmission, the notice is taken to have been served at the time the electronic transmission is sent.

10.7 Attorney

Each Incentiveholder, in consideration of an Invitation:

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

10.8 ASIC relief

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

10.9 Laws governing Plan

- (a) The Plan and any Incentives issued under it are governed by the laws of Western Australia and the Commonwealth of Australia.
- (b) The Company and the Incentiveholders submit to the non-exclusive jurisdiction of the courts of Western Australia.

For personal use only

PROXY FORM

S2RRM

MR RETURN SAMPLE
123 SAMPLE STREET
SAMPLE SUBURB
SAMPLETOWN VIC 3030

Need assistance?



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



Online:
www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **2:30pm (AWST) on Monday, 14 November 2022.**

Proxy Form

How to Vote on Items of Business

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

APPOINTMENT OF PROXY

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

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

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

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

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

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

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

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

PARTICIPATING IN THE MEETING

Corporate Representative

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

Lodge your Proxy Form:

XX

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



Control Number: 999999

PIN: 99999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

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

By Fax:

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



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

You may elect to receive meeting-related documents, or request a particular one, in electronic or physical form and may elect not to receive annual reports. To do so, contact Computershare.

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



IND

Proxy Form

Please mark to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/we being a member/s of S2 Resources Ltd hereby appoint

the Chairman of the Meeting **OR**

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of S2 Resources Ltd to be held at Level 2, 22 Mount Street, Perth, WA 6000 on Wednesday, 16 November 2022 at 2:30pm (AWST) and at any adjournment or postponement of that meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1, 4, 5, 6 and 7 (except where I/we have indicated a different voting intention in step 2) even though Resolutions 1, 4, 5, 6 and 7 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1, 4, 5, 6 and 7 by marking the appropriate box in step 2.

Step 2 Items of Business

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

	For	Against	Abstain
Resolution 1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Re-election of Director - Mark Bennett	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Approval of 7.1A Mandate	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Adoption of Employee Share Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Issue of Related Party Options to Mark Bennett	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 Issue of Related Party Options to Jeffrey Dowling	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 Issue of Related Party Options to Anna Neuling	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

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

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

Update your communication details (Optional)

Mobile Number Email Address

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

