



S2 Resources Ltd

ACN 606 128 090

Notice of 2017 Annual General Meeting

Time: 4:00pm (WST)

Date: Tuesday, 17 October 2017

Place: Rendezvous Hotel,
148 The Esplanade
Scarborough WA 6019

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

NOTICE IS GIVEN that the Annual General Meeting (**AGM** or **Meeting**) of shareholders of S2 Resources Limited (**S2** or the **Company**) will be held at Rendezvous Hotel, 148 The Esplanade, Scarborough WA 6019 on Tuesday, 17 October 2017 at 4:00pm (WST).

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

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 4:00 pm (WST) on Sunday 15 October 2017.

BUSINESS

1. CONSIDERATION OF ANNUAL REPORTS

To receive and consider the annual financial report of the Company and the reports of the Directors and auditor for the year ended 30 June 2017.

2. RESOLUTION 1 - ADOPTION OF THE REMUNERATION REPORT

To consider and, if thought fit, pass the following as an **ordinary 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, which forms part of the report of the Directors for the year ended 30 June 2017."

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

Voting restrictions:

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

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

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

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

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

3. **RESOLUTION 2 - RE-ELECTION OF MR JEFF DOWLING AS A DIRECTOR**

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

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

4. **RESOLUTION 3 – ISSUE OF DIRECTOR OPTIONS TO DR MARK BENNETT**

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

"That approval is given (under ASX Listing Rule 10.14, Chapter 2E of the Corporations Act and for all other purposes) for the issue of 4,000,000 Director Options to Dr Mark Bennett (or his nominee), a Director of the Company, on the terms and conditions set out in the Explanatory Notes. The issue to Dr Mark Bennett of any Shares subscribed for by him (or his nominee) on exercise of the Director Options, the subject of Resolution 3, is also approved."

5. **RESOLUTION 4 - ISSUE OF DIRECTOR OPTIONS TO MS ANNA NEULING**

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

"Contingent on her re-election as a Director at this meeting, that approval is given (under ASX Listing Rule 10.14, Chapter 2E of the Corporations Act and for all other purposes) for the issue of 1,250,000 Director Options to Ms Anna Neuling (or her nominee), a Director of the Company on the terms and conditions set out in the Explanatory Notes. The issue to Ms Anna Neuling (or her nominee) of any Shares subscribed for by her (or her nominee) on exercise of the Director Options, the subject of Resolution 4, is also approved."

6. **RESOLUTION 5 - ISSUE OF DIRECTOR OPTIONS TO MR JEFF DOWLING**

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

"That approval is given (under ASX Listing Rule 10.14, Chapter 2E of the Corporations Act and for all other purposes) for the issue of 1,250,000 Director Options to Mr Jeff Dowling (or his nominee), a Director of the Company on the terms and conditions set out in the Explanatory Notes. The issue to Mr Jeff Dowling (or his nominee) of any Shares subscribed for by him (or his nominee) on exercise of the Director Options, the subject of Resolution 5, is also approved."

7. **RESOLUTION 6 - ISSUE OF DIRECTOR OPTIONS TO MR GREY EGERTON-WARBURTON**

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

"Contingent on his election as a Director at this meeting, that approval is given (under ASX Listing Rule 10.14, Chapter 2E of the Corporations Act and for all other purposes) for the issue of 1,250,000 Director Options to Mr Grey Egerton-Warburton (or his nominee), a Director of the Company on the terms and conditions set out in the Explanatory Notes. The issue to Mr Grey Egerton-Warburton (or his nominee) of any Shares subscribed for by him on exercise of the Director Options, the subject of Resolution 6, is also approved."

Voting exclusion statement:

The Company will disregard any votes cast on Resolutions 3, 4, 5 and 6 by a Director (who is eligible to participate in the employment incentive scheme in respect of which approval is sought) and any associates of that Director (Excluded Party).

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Appointment Form; or
- (b) or, provided the Chair is not an Excluded Party, it is cast by the Chairman of the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Appointment Form authorising the Chairman of the meeting to vote as the Chairman decides.

Voting restrictions:

Under the Corporations Act, a vote on Resolution 3, 4, 5 and 6 must not be cast by a person appointed as a proxy, on the basis of that appointment, if the proxy is either of the following persons:

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

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

- (c) the Proxy Appointment Form specifies the way the proxy is to vote on Resolution 3, 4, 5 or 6; or
- (d) the proxy is the Chairman of the Meeting and the Proxy Appointment Form:
 - (i) does not specify the way the proxy is to vote on Resolution 3, 4, 5 or 6; and
 - (ii) provided the Chairman is not an Excluded Party, expressly authorises the Chairman of the Meeting to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP.

The Company will disregard any votes cast on Resolution 3, 4, 5 or 6 by prohibited persons. The Chairman of the Meeting intends to vote all available undirected proxies in favour of Resolutions 3, 4, 5 and 6.

8. RESOLUTION 7 – PLACEMENT OF OPTIONS TO SERVICE PROVIDERS

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

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to allot and issue up to 700,000 Options on the terms and conditions set out in the Explanatory Notes."

Voting exclusion statement:

The Company will disregard any votes cast on Resolution 7 by:

- (a) a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if Resolution 7 is passed; and
- (b) an associate of that person (or those persons).

However, the Company need not disregard a vote if:

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

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

9. **RESOLUTION 8 - APPROVAL OF ADDITIONAL 10% PLACEMENT CAPACITY**

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

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

Voting Exclusion Statement:

In accordance with the ASX Listing Rules, the Company will disregard any votes cast on Resolution 8 by:

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

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

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

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

Date 5 September 2017

By order of the Board

Tony Walsh

Company Secretary

NOTES

These Notes form part of the Notice of Meeting.

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

Entitlement to vote at the Meeting

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations that, for the purpose of voting at the Meeting, the members eligible to vote are those persons who are the registered holders of shares at 5:00pm (WST) on Sunday, 15 October 2017.

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

Voting in person

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

Voting by proxy

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

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

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

A member entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 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.

For an appointment of a proxy for the meeting to be effective:

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

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

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

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

Shareholders should be aware in appointing a proxy that:

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

Corporate representatives

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

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

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

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

EXPLANATORY NOTES, COMMENTARY AND RECOMMENDATIONS

This information forms part of the Notice of Meeting.

1. ANNUAL REPORT

The Company's 2017 Annual Report, including the financial report, the Directors' report, the remuneration report and the auditor's report for the year ended 30 June 2017, will be considered. The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. Shareholders can view the Company's 2017 Annual Report, which contains these reports, in the "Investor" section on the Company's website (www.s2resources.com.au) and on the ASX market announcements platform at www.asx.com.au.

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

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

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

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 Introduction

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

The remuneration report describes the Company's remuneration policy for non-executive Directors, executive Directors and other senior executives. The remuneration report is set out in the Company's 2017 Annual Report, which can be viewed in the "Investor" section on the Company's website (www.s2resources.com.au).

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

2.2 Voting consequences

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

2.3 **Previous voting results**

This is the Company's second AGM since it was admitted to the official list of the ASX on 19 October 2015. The 2016 Remuneration Report was approved on a poll at the 2016 AGM with 98.43% of votes cast voting "For" the resolution. Accordingly, a spill resolution is not relevant for this AGM.

2.4 **Proxy voting restrictions**

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

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

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

3. **RESOLUTION 2 - RE-ELECTION OF MR JEFF DOWLING AS A DIRECTOR**

3.1 **Introduction**

Shareholder approval is sought for the re-election of Mr Jeff Dowling as a Director of the Company.

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

3.6(c) of the Company's constitution provides that an election of directors must be held at each annual general meeting and if no election of directors is scheduled to occur for reasons other than by rotation, then one director must retire from office at the annual general meeting.

Mr Jeff Dowling retires as required by rule 3.6(c) of the Company's constitution and, being eligible, offers himself for re-election as a Director of the Company. Mr Dowling holds office until the conclusion of the AGM. If Resolution 2 is passed, Mr Dowling will be re-elected and continues as a Director of the Company.

3.2 **Experience**

Mr. Dowling was appointed to the Board of the Company on 29 May 2015 as a Non-Executive Director following the demerger of the Company from Sirius. Mr. Dowling previously held the positions of Non-Executive Director and Chairman of Sirius. Mr. Dowling is a proficient corporate leader with 37 years' experience in professional services with Ernst & Young. Jeff has held numerous leadership roles within Ernst & Young which focused on the mining, oil and gas and other industries. Jeff's professional expertise centres around audit, risk and financial acumen derived from acting as lead partner on large public company audits, capital raisings and corporate transactions. Jeff's career with Ernst & Young culminated in his appointment as Managing Partner of the Ernst & Young Western Region

for a period of 5 years. Jeff also led Ernst & Young's Oceania China Business Group, responsible for building Ernst & Young's Oceania relationships with Chinese Corporations.

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

Mr. Dowling is also a non-executive director of NRW Holdings Ltd and Fleetwood Corporation Limited.

3.3 **Corporate governance**

As outlined above, the Board confirms that appropriate reviews with respect to Mr. Dowling's re-election have been conducted.

3.4 **Independence**

If elected the board considers Mr. Dowling will be an independent director.

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

4. **RESOLUTIONS 3 TO 6 –ISSUE OF DIRECTOR OPTIONS TO DR MARK BENNETT, MS ANNA NEULING, MR JEFF DOWLING AND MR GREY EGERTON-WARBURTON**

4.1 **Introduction**

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

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

(together, the **Director Options**).

Subject to the relevant Resolutions being passed, the Director Options will be issued pursuant to the Director Share Option Plan (**Plan**), the terms and conditions of which are set out in Schedule 1 and released on ASX on 15 October 2015.

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

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

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

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

Without an exception, the issue of Director Options to the Directors, require Shareholder approval because:

- (a) the issue of the Director Options constitutes giving a financial benefit; and
- (b) the Directors are related parties of the Company by virtue of being Directors of the Company.

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

Accordingly, Shareholder approval is sought for the issue of the Director Options to the Directors.

4.3 **ASX Listing Rule 10.14**

ASX Listing Rule 10.14 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities under an employee incentive scheme to a director of the entity, an associate of the director, or a person whose relationship with the entity, director or associate of the director is, in ASX's opinion, such that approval should be obtained.

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

Approval of ASX Listing Rule 7.1 is not required in order to issue the Director Options to the Directors as approval is being obtained under ASX Listing Rule 10.14. Accordingly, the issue of the Director Options to the Directors will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

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

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act and ASX Listing Rule 10.15, the following information is provided in relation to Resolutions 3 to 6:

- (a) The related parties are Dr Mark Bennett, Ms Anna Neuling, Mr Jeff Dowling and Mr Grey Egerton-Warburton and they are related parties by virtue of being Directors of the Company.
- (b) The maximum number of Director Options to be issued to the Directors (or their nominee/s) is 7,750,000 comprising:
 - (i) 4,000,000 Director Options to Dr Bennett;
 - (ii) 1,250,000 Director Options to Ms Neuling;
 - (iii) 1,250,000 Director Options to Mr Dowling; and
 - (iv) 1,250,000 Director Options to Mr Egerton-Warburton.

- (c) The Director Options will be issued for nil cash consideration. Accordingly, no funds will be raised from the issue of the Director Options. The exercise price of the Director Options will be set at 143% of the 5-day VWAP as at the date of the AGM. As such, the Company may receive cash consideration as a result of the issue of Shares on an exercise of Director Options, being an amount equal to the exercise price multiplied by the number of Director Options that are exercised. A table demonstrating potential receipt of funds by the Company upon exercise of the Director Options is set out below, noting the various exercise prices have been calculated based on the last Share price as at 5 September 2017, being \$0.165:

Deemed Exercise Price (\$)	Number of Shares Issued (assuming all Director Options are exercised)	Funds received
0.21	7,750,000	\$1,627,500
0.22	7,750,000	\$1,705,000
0.23	7,750,000	\$1,782,500

- (d) The Company has previously issued the following securities under the Plan, following the granting by ASX of a waiver from ASX Listing Rule 10.14 as part of the demerger of the Company from Sirius and pursuant to shareholder approval at the 2016 AGM:

Name	Number of Director Options received	Acquisition price
Dr Mark Bennett	15,500,000	Nil
Ms Anna Neuling	10,250,000	Nil
Mr Jeff Dowling	3,500,000	Nil
Mr Grey Egerton-Warburton	2,000,000	Nil

- (e) As at the date of this Notice of Meeting, the only people declared by the Board to be eligible to be issued Options under the Plan that is covered by ASX Listing Rule 10.14 are the Directors and Nominated Parties.
- (f) No loan will be provided in connection with the issue of the Director Options.
- (g) It is expected that the Director Options will be issued to the Directors after the AGM but, in any event, no later than 12 months after the date of the AGM (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules). It is anticipated all the Director Options will be issued on the same date.
- (h) The Director Options issued to the Directors will be on the terms set out in Schedule 1, being the Director Share Option Terms and Conditions as released on ASX on 15 October 2015.

- (i) The value of the Director Options and the pricing methodology is set out in Schedule 2.
- (j) The relevant interests of the Directors in securities of the Company are set out below:

Name	Shares	Options
Dr Mark Bennett	4,595,001	15,500,000 ¹
Ms Anna Neuling	350,000	10,250,000 ²
Mr Jeff Dowling	500,000	3,500,000 ³
Mr Grey Egerton-Warburton	550,400	2,000,000 ⁴

Notes:

- 12,500,000 Options exercisable at \$0.31 on or before 14 September 2014 and 3,000,000 Options exercisable at \$0.61 on or before 6 October 2020 held directly by Dr Bennett.
- 8,750,000 Options exercisable at \$0.31 on or before 14 September 2019 and 1,500,000 Options exercisable at \$0.61 on or before 6 October 2020 held indirectly through Pinvestment Pty Ltd as trustee for the Neuling Family Trust.
- 2,500,000 Options exercisable at \$0.31 on or before 14 September 2019 and 1,000,000 Options exercisable at \$0.61 on or before 6 October 2020 held indirectly through Starwood Holdings Pty Ltd atf JP Dowling Family Trust.
- 1,000,000 Options exercisable at \$0.35 on or before 6 October 2020 and 1,000,000 Options exercisable at \$0.61 on or before 6 October 2020 held indirectly through Greg Egerton-Warburton atf Egerton Warburton Trust 6.

- (k) the remuneration and emoluments from the Company to the Directors for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

Related Party (see Note below)	Estimate: Current Financial Year	Previous Financial Year
Dr Mark Bennett	\$354,000	\$354,343
Ms Anna Neuling	\$83,000	\$80,470
Mr Jeff Dowling	\$82,000	\$82,125
Mr Grey Egerton-Warburton	\$49,000	\$49,125

Note: See 2017 Remuneration Report for further details on incentive options issued.

- (l) If all of the Director Options issued to the Directors are exercised, a total of 7,750,000 Shares would be issued. This will increase the number of Shares on issue from 246,052,452 to 253,802,452 (assuming that no other options are exercised and no other Shares are issued) with the effect that the shareholding of existing shareholders would be diluted by an aggregate of 2.44% comprising 1.22% by Dr Bennett and 0.41% by each of the remaining Directors.
- (m) The market price for shares during the term of the Director Options would normally determine whether or not the Director Options are exercised. If, at any time any of the Director Options are exercised and the Shares are trading on ASX at a price that

is higher than the exercise price of the Director 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 of Meeting is set out below:

	Closing Price	Date
Highest	\$0.705	7 September 2016
Lowest	\$0.145	31 July 2017
Last	\$0.165	5 September 2017

- (o) the Board acknowledges the grant of Director Options to the Directors is contrary to Recommendation 8.2 of The Corporate Governance Principles and Recommendations with 2014 Amendments (3rd Edition) as published by the ASX Corporate Governance Council. However, the Board considers the grant of Director Options to the Directors reasonable in the circumstances for the reason set out in paragraph (q).
- (p) The primary purpose of the issue of the Director Options to the Directors is to better align the interests of the Directors with the interests of Shareholders.
- (q) The issue of Director Options is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Directors. It is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Director Options on the terms proposed.
- (r) The Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 4 to 8.

Board recommendation:

- (a) *Dr Mark Bennett declines to make a recommendation to Shareholders in relation to Resolution 3 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Director Options in the Company should Resolution 3 be passed. However, in respect of Resolutions 4, 5 and 6, Dr Bennett recommends that Shareholders vote in favour of those Resolutions for the reasons set out below.*
- (b) *Ms Anna Neuling declines to make a recommendation to Shareholders in relation to Resolution 4 due to her material personal interest in the outcome of the Resolution on the basis that she is to be granted Director Options in the Company should Resolution 4 be passed. However, in respect of Resolutions 3, 5 and 6, Ms Neuling recommends that Shareholders vote in favour of those Resolutions for the reasons set out below.*
- (c) *Mr Jeff Dowling declines to make a recommendation to Shareholders in relation to Resolution 5 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Director Options in the Company should Resolution 5 be passed. However, in respect of Resolutions 3, 4 and 6, Mr Dowling recommends that Shareholders vote in favour of those Resolutions for the reasons set out below.*

- (d) *Mr Grey Egerton-Warburton declines to make a recommendation to Shareholders in relation to Resolution 6 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted the Director Options in the Company should Resolution 6 be passed. However, in respect of Resolutions 3, 4 and 5, Mr Egerton-Warburton recommends that Shareholders vote in favour of those Resolutions for the reasons set out below.*

Reasons for recommendation:

In forming their recommendations with respect to the Director Options, each Director considered the experience of each other Director, the current market price of Shares, and current market practices when determining the number of Director Options to be issued as well as the exercise price and expiry date of those Director Options.

5. RESOLUTION 7 - PLACEMENT OF OPTIONS TO SERVICE PROVIDERS

5.1 Introduction

Resolution 7 seeks Shareholder approval for the allotment and issue of 700,000 Options to service providers (**Placement**) in accordance with the terms and conditions set out in Schedule 3.

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

The effect of Resolution 7 will be to allow the Company to issue the Options pursuant to the Placement during the period of three months after the Meeting (or a longer period, if allowed by ASX), without using the company's 15% annual placement capacity.

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

5.2 Technical information required by ASX Listing Rule 7.1

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

- (a) The maximum number of Options the Company is to issue to the service providers is 700,000.
- (b) The Options are expected to be issued on 17 October 2017 and in any case no later than three months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment of the Options will occur on the same date.
- (c) The Options will be issued for nil cash consideration in satisfaction of exploration and business development services provided by the service providers listed in (d) below. The exercise price of the Options will be set at 143% of the 5-day VWAP as at the date of the AGM. A table setting out the potential amount raised from exercise of the Options is demonstrated below, noting the various exercise prices have been calculated based on the last Share price as at 5 September 2017, being \$0.165:

Deemed Exercise Price (\$)	Number of Shares Issued (assuming all Options are exercised)	Funds received
0.21	700,000	\$147,000
0.22	700,000	\$154,000
0.23	700,000	\$161,000

- (d) The Options will be issued to the following persons in the following quantities, none of whom are related parties of the Company:

Name	Number of Options
Anthony Goddard	250,000
Alain Chevalier	250,000
Stephanie Klatt	200,000

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

6. **RESOLUTION 8 - APPROVAL OF ADDITIONAL 10% PLACEMENT CAPACITY**

6.1 **Introduction**

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

Accordingly, the effect of Resolution 8 if passed, will be to allow the Company to issue that number of equity securities that is equal to 10% of the number of equity securities that are on issue during the period ending on the date that is 12 months after the AGM (**Additional Placement Capacity**), in addition to the 15% permitted under ASX Listing Rule 7.1 and without subsequent Shareholder approval.

If Shareholders approve Resolution 8, the total number of equity securities the Company may issue pursuant to the Additional Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out in section 6.2 below).

As at the date of this Notice of Meeting, the Company has 246,052,452 ordinary securities on issue. The Company currently has the capacity to issue 36,907,867 equity securities under ASX Listing Rule 7.1. If passed, the Company will have the capacity to issue a further 24,605,245 equity securities under ASX Listing Rule 7.1A.

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

Resolution 8 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the AGM must be in favour of Resolution 8 for it to be passed.

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

6.2 **ASX Listing Rule 7.1A**

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

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

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

The Company is an eligible entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of approximately \$40.6 million¹.

An equity security is a share, a unit in a trust, a right to a share or unit in a trust or option, an option over an issued or unissued security, a convertible security, or, any security that ASX decides to classify as an equity security.

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

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

(A x D) – E

Where:

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

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

D is 10%.

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

¹ The Company's market capitalisation was determined by reference to the Company's closing share price on 5 September 2017 (being the last practicable trading date prior to the date of this Notice of Meeting).

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

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

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

(a) **Maximum number and timing of issue**

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

(b) **Minimum issue price**

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

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

(c) **Date of issue / term of the approval**

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

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

(d) **Risk of voting dilution**

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

- (i) the market price for Shares may be significantly lower on the issue date than on the date of the approval under ASX Listing Rule 7.1A (i.e. the date of the AGM, if Resolution 8 is passed); and
- (ii) Shares may be issued under the Additional Placement Capacity at a discount to the market price for those Shares on the issue date,

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

The table below shows the potential dilution of existing shareholders calculated in accordance with the formula in ASX Listing Rule 7.1A.2 (assuming that Resolution 8 is passed by shareholders), on the basis of the current market price of shares and the current number of equity securities on issue as at the date of this Notice of Meeting.

The table shows the potential dilution of existing Shareholders calculated in accordance with the formula in ASX Listing Rule 7.1A.2 (assuming that Resolution 8 is passed by Shareholders), on the basis of the current market price of Shares and the current number of Shares on issue as at the date of this Notice of Meeting.

Number of Shares on issue ("A" in ASX Listing Rule 7.1A.2)	Dilution			
	Issue price per Share	\$0.083 50% decrease in issue price	\$0.165 Issue price (i.e. closing price as at 5 September 2017)	\$0.33 100% increase in issue price
Scenario 1 246,052,452 Current variable "A"	Shares issued – 10% voting dilution	24,605,245.20	24,605,245.20	24,605,245.20
	Funds raised	\$2,029,933	\$4,059,865	\$8,119,731
Scenario 2 369,078,678 50% increase in variable "A"	Shares issued – 10% voting dilution	36,907,867.80	36,907,867.80	36,907,867.80
	Funds raised	\$3,044,899	\$6,089,798	\$12,179,596
Scenario 3 492,104,904 100% increase in variable "A"	Shares issued – 10% voting dilution	49,210,490.40	49,210,490.40	49,210,490.40
	Funds raised	\$4,059,865	\$8,119,731	\$16,239,462

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

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

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

- (ii) Within each scenario, three different issue prices for the Shares are assumed. One of the issue prices is the closing Share price on 5 September 2017, being the last practicable trading day prior to the date of this Notice of Meeting going to print. The other two issue prices then assume a 50% decrease to that closing Share price and a 100% increase to that price.

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

- (i) There are currently 246,052,452 Shares on issue as at the date of this Notice of Meeting.
- (ii) The issue price set out in the fourth column above is the closing price of the Shares on ASX on 5 September 2017, being the last practicable trading date prior to the date of this Notice of Meeting going to print.
- (iii) The Company issues the maximum possible number of Shares under the Additional Placement Capacity.
- (iv) 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%.
- (v) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the Additional Placement Capacity, based on that Shareholder's holding at the date of the Meeting.
- (vi) Other than as indicated in the table, the Company does not issue any additional Shares during the time that the Additional Placement Capacity is valid.
- (vii) The table shows only the effect of issues of Shares under ASX Listing Rule 7.1A, not under the existing 15% placement capacity under ASX Listing Rule 7.1.
- (viii) No Options are exercised between the time the Additional Placement Capacity is approved and before the date of the issue of the Shares.
- (iii) The calculations above do not show the dilution that any one particular Shareholder will be subject to. They are intended to provide a general overview. All Shareholders should consider the dilution caused to their own shareholding depending on their own specific circumstances.

(e) **Purpose of issue under Additional Placement Capacity**

The purpose of any issue would be disclosed to Shareholders at the time of such an issue. The Company currently has cash reserves of approximately \$25 million. However, in general terms, the Company could issue shares under the Additional Placement Capacity to raise cash to fund the Company's forward exploration and development work programs or for the purposes of funding a strategic acquisition.

(f) **Allocation policy under the Additional Placement Capacity**

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

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

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

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

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

(g) **Previous approval under ASX Listing Rule 7.1A**

The Company previously obtained Shareholder approval under Listing Rule 7.1A at the Company's 2016 Annual General Meeting (**Previous Approval**). The Company has not issued any Equity Securities pursuant to the Previous Approval in the 12 months preceding the date of the Meeting.

(h) **Issues in the last 12 months.**

In the 12 months preceding the date of the Meeting, being on and from 17 October 2016, the Company issued a total of 50,000 Shares which represent 0.02% of the total number of diluted Equity Securities on issue at 17 October 2016 which was 289,852,452. The Equity Securities issued in the preceding 12 months were as follows:

Date of Issue	Ordinary Shares	Options	Issued to or basis of issue	Amount Raised Use of funds or non-cash Consideration
24 October 2016	50,000 (Note 1)	-	Shares issued on exercise of ESOP options	\$15,500

Note 1: These Shares were issued to an employee pursuant to the exercise of ESOP options. The \$15,500 raised pursuant to the exercise of these ESOP options is expected to be applied to exploration expenditure and general working capital.

The Company's cash balance on 30 June 2017 was approximately \$17,500,000. Cash raised from issues in the previous 12 months totals \$15,500 (before costs). The \$15,500 cash raised from the exercise of these ESOP options is expected to be applied to fund the Company's exploration activities, feasibility studies and for general working capital purposes. The Company's cash balance at the date of this

Notice is approximately \$16,700,000, which includes 100% of the cash raised from issues in the previous 12 months, being \$15,500 (before costs). The funds raised and expended to date have been used to fund exploration activities, feasibility studies and otherwise for general working capital purposes. The remaining funds are intended to be used to fund exploration activities, feasibility studies and for general working capital purposes.

(i) **Compliance with ASX Listing Rules 7.1A4 and 3.10.5A**

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

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

6.4 **Voting exclusion**

A voting exclusion statement is included in this Notice of Meeting. As at the date of this Notice of Meeting, the Company has not invited any Shareholder to participate in an issue of Shares under ASX Listing Rule 7.1A. Therefore, no Shareholders will be excluded from voting on Resolution 8.

Board recommendation: *Although no decision has been made by the Board to undertake any issue of Shares under the Additional Placement Capacity, and the Board has no current intention to do so, the Board considers it prudent for the Company to have the flexibility to be able to issue additional Shares under ASX Listing Rule 7.1A. The Board believes that Resolution 8 is in the best interests of the Company and its Shareholders and recommends that Shareholders vote in favour of Resolution 8.*

GLOSSARY

Term	Meaning
Annual General Meeting, AGM or Meeting	The annual general meeting of the Company notified to Shareholders by this Notice of Meeting.
ASX	ASX Limited (ABN 98 008 624 691) or the financial market conducted by it (the Australian Securities Exchange), as the context requires.
ASX Listing Rule	The official listing rules of ASX, as amended or waived from time to time.
BDO Audit	BDO Audit (WA) Pty Ltd (ACN 112 284 787).
Board	The board of Directors of the Company.
Chairman	The chairman of the AGM appointed in accordance with the Constitution.
closely related party	Closely related party of a member of the key management personnel means: <ul style="list-style-type: none">• a spouse or child of the member; or• a child of the member's spouse; or• a dependant of the member or of the member's spouse; or• anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the Company; or• a company that the member controls; or• a person prescribed by the <i>Corporation Regulations 2001</i> (Cth).
Company	S2 Resources Limited (ACN 606 128 090).
constitution	The constitution of the Company.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Corporations Regulations	<i>Corporations Regulations 2001</i> (Cth).
Director	A director of the Company.
Director Options	Has the meaning given to this term in section 4.1 of this Notice of Meeting.
Director Share Option Terms and Conditions	The common terms and conditions for the purposes of issuing Options to Directors as incentives adopted by the Board on 19 July 2015.
eligible entity	Has the meaning given to that term in the ASX Listing Rules.
equity securities	Has the meaning given to that term in the ASX Listing Rules.
ESOP	Means the Employee Share Option Plan released to ASX on 15 October 2015 when the Company listed on ASX
ESOP options	Means options issued to employees of the Company under the terms of the Employee Share Option Plan released to ASX on 15 October 2015 when the Company listed on ASX

Explanatory Notes	The explanatory notes enclosed with and forming part of this Notice.
Excluded Party	Has the meaning given to it in the Voting Exclusion Statement in respect of Resolutions 3, 4, 5, and 6.
KMP	means key management personnel, and has the same meaning as given to that term in the accounting standards. The term broadly includes those persons with the authority and responsibility for planning, directing and controlling the activities of the Company (whether directly or indirectly), and includes any Director of the Company.
Nominated Party	<p>This term has the same meaning as given to it in the Director Share Option Terms and Conditions being, in respect of a Director:</p> <ul style="list-style-type: none"> • an immediate family member (as defined in the Corporations Act) of the Director; • a company whose members comprise no persons other than the Director or immediate family members (as defined in the Corporations Act) of the Director; or • a corporate trustee of a self-managed superannuation fund (within the meaning of the <i>Superannuation Industry (Supervision) Act 1993</i> (Cth)) where the Director is a director of the trustee company, <p>as nominated by the Director and accepted by the Board in its sole and absolute discretion to be the holder of the Director Options.</p>
Notice of Meeting or Notice	This notice of meeting incorporating the Explanatory Notes and the Proxy Form.
Option	An option to subscribe for a Share in the Company.
Proxy Form	The proxy form enclosed with and forming part of this Notice.
remuneration report	The remuneration report set out in the Company's 2017 Annual Report for the period 1 July 2016 to 30 June 2017.
Resolution	A resolution referred to in this Notice.
Service Provider	Any person who is a full or part time service provider of the Company, and who is declared by the Board in its sole and absolute discretion to be eligible to receive grants of Options.
Share	A fully paid ordinary share in the capital of the Company.
Share Registry	Computershare Investor Services Pty Limited.
Shareholder	A registered holder of a Share in the capital of the Company.
VWAP	Volume weighted average price.
\$	A reference to "\$" is to Australian currency.

SCHEDULE 1

Terms and Conditions of the Director Options

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

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

SCHEDULE 2

Pricing and Valuation of Director Options

DIRECTOR OPTIONS

The Director Options will be issued to the Directors pursuant to Resolutions 3 to 6 and have been valued as below. This valuation is indicative only and is based on information available as at the last practicable trading day prior to the finalisation of this Notice of Meeting.

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

Assumptions:	
Valuation date	5 September 2017
Market price of shares	\$0.165
Exercise price	\$0.24 (143% of the 5 day VWAP)
Expiry date	4 years from issue
Risk free interest rate	1.50%
Volatility (discount)	60%
Indicative value per Director Option	\$0.0604
Total Value of Director Options	\$468,400
Dr Mark Bennett	\$241,600
Ms Anna Neuling	\$75,500
Mr Jeff Dowling	\$75,500
Mr Grey Egerton-Warburton	\$75,500

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

SCHEDULE 3


Terms and Conditions of the Options issued to Service Providers


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

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

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

Lodge your vote:

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

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

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

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

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

Proxy Form

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Vote and view the annual report online

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



Your access information that you will need to vote:

Control Number: 189684

SRN/HIN:

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

 **For your vote to be effective it must be received by 4:00pm (WST) Sunday, 15 October 2017**

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.

Attending the Meeting

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

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

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

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.

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 Limited hereby appoint

the Chairman of the Meeting **OR**

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of S2 Resources Limited to be held at the Rendezvous Hotel, 148 The Esplanade, Scarborough, Western Australia on Tuesday, 17 October 2017 at 4:00pm (WST) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1 and 3 - 6 (except where I/we have indicated a different voting intention below) even though Resolutions 1 and 3 - 6 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1 and 3 - 6 by marking the appropriate box in step 2 below.

STEP 2 Items of Business

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

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

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

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /