

S2 RESOURCES LTD

ACN 606 128 090

SERVICE PROVIDER SHARE OPTIONS

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

1. **INTERPRETATION**

1.1 **Definitions**

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

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

Associated Body Corporate means:

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

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

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

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

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

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

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

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

Director means a director of the Company.

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

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

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

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

Group means the Company and all Associated Bodies Corporate.

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

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

Nominated Party means:

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

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

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

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

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

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

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

Plan means the plan established in accordance with these Rules.

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

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

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

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

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

Share means a fully paid ordinary share in the Company.

Shareholder means a holder of Shares.

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

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

Trigger Event means:

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

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

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

1.2 Interpretation

In this Plan unless the context otherwise requires:

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

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

2. **PURPOSE**

The purpose of the Plan is to:

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

3. **COMMENCEMENT**

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

4. **OFFERS OF OPTIONS**

4.1 **Determination by the Board**

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

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

4.2 **Offer Document**

An Offer must be made using an Offer Document.

4.3 **Personal Offer**

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

4.4 **Acceptance Time Period**

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

4.5 **Number of Options**

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

4.6 **No Consideration**

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

4.7 **Option Exercise Price**

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

4.8 **Option Exercise Conditions**

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

4.9 **Vesting Period**

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

4.10 **Disposal of Options**

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

4.11 **Adjustment to Terms**

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

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

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

4.12 **Discretion to refuse participation**

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

5. **WHEN OPTIONS MAY BE EXERCISED**

5.1 **Exercise**

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

5.2 **Exercise of less than all Options**

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

5.3 **Lapsing of Options**

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

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

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

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

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

5.5 **Trigger Event**

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

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

6. HOW TO EXERCISE OPTIONS

6.1 Delivery to Company Secretary

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

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

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

6.2 Issue of Shares

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

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

6.3 Death of Participant or Mental Incapacity

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

6.4 **Beneficial Owner of Shares**

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

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

6.5 **Equal Rank**

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

6.6 **Official Quotation**

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

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

7.1 **Participation generally**

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

7.2 **Rights Issues and Bonus Issues**

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

7.3 **Reorganisation**

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

7.4 **Notice of Adjustments**

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

7.5 **Cumulative Adjustments and rounding**

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

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

8.1 **No contravention**

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

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

8.2 **Consistency**

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

9. **AMENDMENT OF RULES**

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

10. **ADMINISTRATION OF PLAN**

10.1 **General administration**

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

10.2 **Duration**

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

11. **RIGHTS OF ELIGIBLE PARTICIPANTS**

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

12. **ATTORNEY**

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

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

13. **ASIC RELIEF**

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

14. **NOTICES**

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

15. **GOVERNING LAW**

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

SCHEDULE 1

Notice of Exercise of Options

To: The Directors
 S2 Resources Ltd

I _____ of _____

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

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

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

Dated the day of 20 .

Signature of Holder

Note:

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

SCHEDULE 2

Offer Document

[Name and address of Eligible Participant]

Dear [*]

SERVICE PROVIDER SHARE OPTION PLAN

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

The Company informs you of the following:

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

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

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

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

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

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

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

Yours faithfully

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

Encl.

Acceptance of offer

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

Signature

Name: _____

Date: _____

Nomination of Nominated Party

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

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

Execution by Nominated Party

Individual / Director

Director / Secretary (if corporate trustee)

Name: _____

Date: _____

Number of options to be issued to this Nominated Party: _____

The Nominated Party is: _____ *(Please specific nature of relationship).*

SCHEDULE 3

Adjustment Formula

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

where:

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

O = The old exercise price of the Option.

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

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

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

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

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

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