



**Annual Report
for the
Year Ended 30 June 2021**

S2 RESOURCES LTD

ABN 18 606 128 090

Corporate Directory

Directors

Mark Bennett
Executive Chairman

Anna Neuling
Executive Director

Jeff Dowling
Non – Executive Director

Company Secretary

Anna Neuling

Registered Office

4/24 Parkland Road
Osborne Park WA 6017
Telephone: +61 8 6166 0240
Facsimile: +61 8 6270 5410

Share Register

Computershare Investor Services Pty Limited
Level 2, 45 St Georges Terrace
Perth WA 6000
Telephone: 1300 787 575

Auditor

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008
Telephone: 08 6382 4600

Stock Exchange Listing

S2 Resources Ltd's shares are listed on the Australian Securities Exchange (ASX).
ASX code: S2R

Website Address

www.s2resources.com.au

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Chairman's Review

Although the year ending June 2021 continued to be troubled by the Covid-19 pandemic, S2 was able to continue, and indeed ramp up, its exploration activities. The Company has commenced work on several new projects in Western Australia and has pegged a belt-scale opportunity in New South Wales, and in Finland, has been aggressively drilling its Aarnivalkea gold prospect whilst simultaneously farming out lower priority areas to well credentialled partners.

Fraser Range, Western Australia

During the year, two strong electromagnetic conductors were identified and drilled in the Fraser Range. Both holes intersected sulphides exactly where predicted, but they did not contain sufficient grades of nickel, copper and PGE's to be considered worthy of further work. Although this work did not result in a discovery it highlights S2's focussed, efficient and disciplined approach. In essence, we defined targets, and got a definitive answer without spending an inordinate amount of time and money to reach that point. This enabled us to move quickly on to the next opportunity without it becoming an opportunity cost.

West Yilgarn nickel-copper-PGE targets, Western Australia

Progress has been made on several nickel-copper-PGE targets identified and pegged on the western margin of the Yilgarn Craton of Western Australia. At the West Murchison project, geochemical sampling has identified coincident nickel-copper-PGE soil anomalies over the first of several suspected ultramafic intrusions analogous to Chalice Mining's Julimar discovery. At the Three Springs project, which is also considered prospective for the same mineralisation style, access agreements have been reached with key landowners which will enable work to start later in 2021.

Jillewarra, Western Australia

Gold and base metal exploration has commenced and is continuing on the Jillewarra project near Meekatharra, where S2 is earning up to a 70% interest. Initial reconnaissance aircore drilling has identified gold anomalous trends and limited reverse circulation drilling of these has intersected mineralisation.

Koonenberry, New South Wales

The Company has pegged a large area of the Koonenberry belt in northwestern New South Wales and is awaiting grant of these tenements, which cover mafic-ultramafic intrusions considered prospective for nickel-copper-PGE mineralisation. The belt has geological similarities with the Fraser Range belt of Western Australia (where the S2 team discovered the Nova-Bollinger nickel-copper mine as Sirius Resources), the Circum-Superior belt of northern Canada (which hosts the giant Raglan and Thompson nickel districts), and the Pechenga belt of northwestern Russia (which hosts numerous large nickel sulphide deposits).

Finland

In Finland, the Company has taken the decision to aggressively drill the promising Aarnivalkea gold prospect and farm out some of its other ground in order to minimise landholding costs and focus its expenditure whilst remaining exposed to the considerable latent value of its strategic land position in this emerging gold and nickel province. To this end, S2 has entered into two farmout arrangements whereby Canadian miner Kinross and Canadian explorer Rupert Resources can earn a majority interest in respective areas with S2 retaining a minority interest. Drilling of the 100% owned Aarnivalkea gold prospect is ongoing at the time of writing.

Corporate

During the year the Company welcomed Matthew Keane on board as Chief Executive Officer. Matt comes to S2 having worked for BHP as a geologist, for Paladin as a corporate executive, and Argonaut as a resources analyst.

The Company continues to be exposed to the potential future success of Todd River Resources (ASX:TRT) through its shareholding, as the largest shareholder of TRT.

We have also continued with prudent financial management to ensure we remain well funded to explore aggressively, whilst defraying costs through a services and office sublease agreement with TRT.

In summary, our aim remains the same. It is to make substantial discoveries capable of having a significant impact on the value of the company. We have the capability of finding these and developing them into mines should they be financially robust, technically low risk and in stable jurisdictions. However, but we are also prepared to monetise assets should they be deemed financially marginal and/or technically risky rather than persist with opportunities that can become a management diversion and an opportunity cost.

Although we have not yet made that company making discovery, we continue to diligently work towards that end. I sincerely thank our loyal shareholders for their patience and look forward to a successful 2022.



Mark Bennett

Executive Chairman

Operations Review

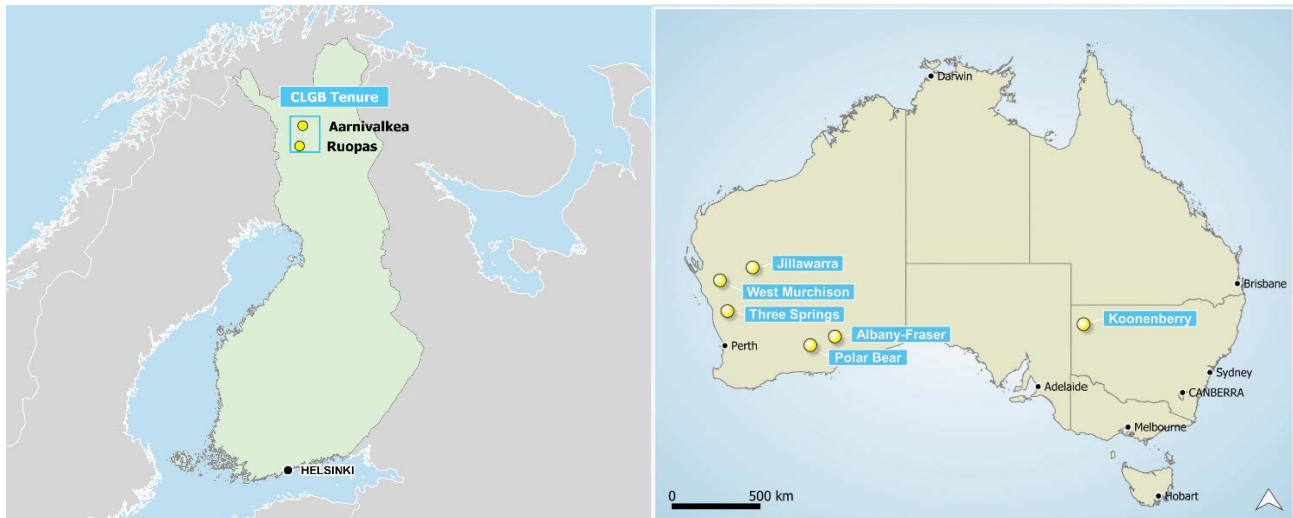


Figure 1. S2 Australian and Finland project locations

Finland (100% S2, with up to 70% farm-out potential on selected licences)

S2 holds an area of 586 square kilometres in the prospective Central Lapland Greenstone Belt (“CLGB”) of northern Finland via a mix of granted Exploration Licences, Exploration Licence applications and exploration reservations. These areas have not been extensively or effectively explored in the past, despite the CLGB hosting “world-class” gold and nickel-copper-cobalt-PGE deposits, including Agnico Eagle’s 7.4 million ounce Kittilä gold mine, Boliden’s 298 million tonne Kevitsa copper-nickel-gold-PGE mine and Anglo American’s 44 million tonne Sakatti nickel-copper–PGE deposit.

On the Paana Central tenement, deeper diamond drilling (>100 metres below surface) was undertaken at the Aarnivalkea prospect in two campaigns, one in October 2020 and a second commencing in early July 2021. The October 2020 program comprised four holes aimed at testing below a 1,300 metre long zone of anomalous gold detected in 2018 to 2019 shallow scout diamond drilling. All four holes intercepted gold mineralisation with best intercepts of 6.8 metres at 11.8g/t gold from 223.0 metres, including 4.0 metres at 18.1g/t gold from 223.0 metres in hole FAVD0062 and 20.4 metres at 4.0g/t gold from 193.1 metres, including 8.5 metres at 8.6g/t gold from 198.0 metres in hole FAVD0064. These encouraging results prompted a follow-up program which unfortunately was delayed to July 2021 due to limited drill rig availability in Finland. Drilling is currently underway with at least fourteen 240 to 520 metres deep holes planned over a 1,300 metre strike length at Aarnivalkea.

Reconnaissance diamond drilling was also conducted at the Aarnivalkea East target to test a base of till (BoT) gold anomaly. Thirteen wide spaced holes confirmed a strongly altered and deformed shear zone with numerous zones of narrow gold anomalism with the best individual intercept of 3.7 metres at 0.86g/t gold from 85.0 metres in hole FPAD0005.

Surface geochemical sampling was undertaken at S2’s northernmost tenure in the CLGB on the Pahasvuoma licence. This was the first on-ground exploration by S2 in the region and results will assist future gold targeting. Infill surface geochemistry was also undertaken on the Keulakkopää licences to the southeast of Rupert Resources Ikkari gold discovery to follow up on Au-As-Ag-Cu-Sb anomalies identified during an ionic leach soil campaign in 2018.

At the Rupoas project, S2 has carried out reconnaissance exploration for magmatic nickel-copper-PGE mineralisation, including BoT drilling and ground electromagnetic (EM) surveys. In September 2021, S2 completed two diamond holes into the Ruopas Isovaara EM plate, intersecting two 20-30cm zones of semi-massive sulphides, comprising predominately pyrrhotite (iron sulphide) with minor chalcopyrite (copper sulphide), associated with quartz veining. Assay results, primarily to determine precious metal content, were still pending at time of writing this report.

In June 2021, S2 entered into a farm-in option agreement with Kinross Gold Corporation (K:TSX) on four Exploration Licence and licence applications covering an area of 83 square kilometres prospective for gold mineralisation. Under the agreement, Kinross can spend up to USD9.5 million (approximately A\$13.1 million) to earn a 70% interest in the Palvanen/Mesi and Home blocks, with a minimum expenditure requirement of USD3.5 million over the first three years. In August 2021, S2 entered into another farm-in option agreement on two Exploration Licence applications covering an area of 37 square kilometres with Rupert Resources (RUP:V). Under this agreement, Rupert can spend up to EUR3.4 million (approximately AUD5.5 million) to earn a 70% interest in the Sikavaara East and Sikavaara West licences, with an initial expenditure requirement of EUR1.2 million over the first three years. Following these two agreements, S2 still retains 100% ownership of 461 square kilometres of additional tenure in the CLBG, incorporating the Aarnivalkea gold prospect and the Ruopas nickel target.

Both gold and base metal exploration is ongoing in the CLGB.

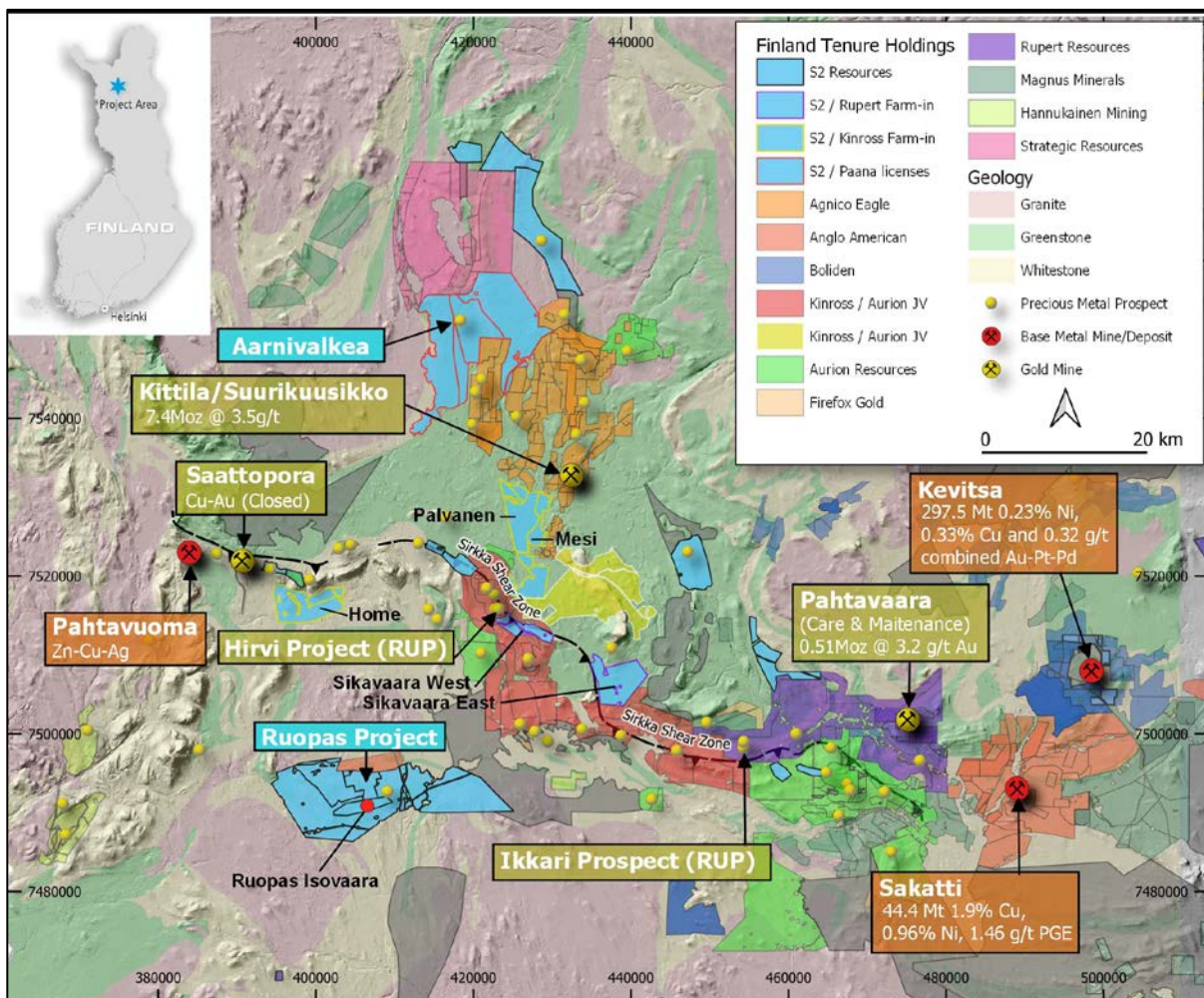


Figure 2. Location map showing S2's landholding in the Central Lapland Greenstone Belt, Finland. The map shows the areas related to the Rupert and Kinross earn-in agreements. The map also shows neighbouring companies, mines and defined resources.

Jillewarra Joint Venture (S2 earning up to 70%)

In October 2020, S2 entered into a binding agreement with private company Black Raven Mining Pty Ltd to earn a majority interest in a group of tenements known as the Jillewarra project, located approximately 50 kilometres west-northwest of Meekatharra in the Murchison goldfields of Western Australia. Under the agreement, S2 can earn up to 70% of the project by spending A\$5m over five years. The project covers 793 square kilometres and 40 kilometres strike of the Mingah Range Greenstone Belt, including the historical Chesterfield and Wardabie mining centres. It is prospective for both lode style gold and volcanogenic massive sulphide (VMS) base metal mineralisation. Despite its proximity to a number of active mines, Jillewarra remains underexplored with very little drilling below 70 metres depth.

During financial year ending June 2021, S2 conducted several RC and aircore drilling programs. Better results from the Dorothy and Margueritta prospects in the southern end of the belt included:

- 20.0 metres at 1.9g/t gold from 92 metres downhole, including, 4.0 metres at 6.8g/t gold from 92 metres, and 4.0 metres at 1.0g/t gold from 100 metres, and 4.0 metres at 1.6g/t gold from 108 metres in SJWC0005 (RC drilling at Dorothy)
- 3.0 metres at 2.3g/t gold from 41 metres in SJWC0006 (Margueritta RC drilling)
- 4.0 metres at 11.1g/t gold from 28 metres, including 1.0 metre at 28.6g/t gold from 29 metres, and 5.0 metres at 2.6g/t gold from 42 metres in SJWC0011 (Margueritta South RC drilling)
- 27.0 metres at 0.5g/t Au from 48 metres to the end of hole, including 4.0 metres at 1.0g/t Au from 52 metres in SJWA0102 (Western Trend aircore drilling)

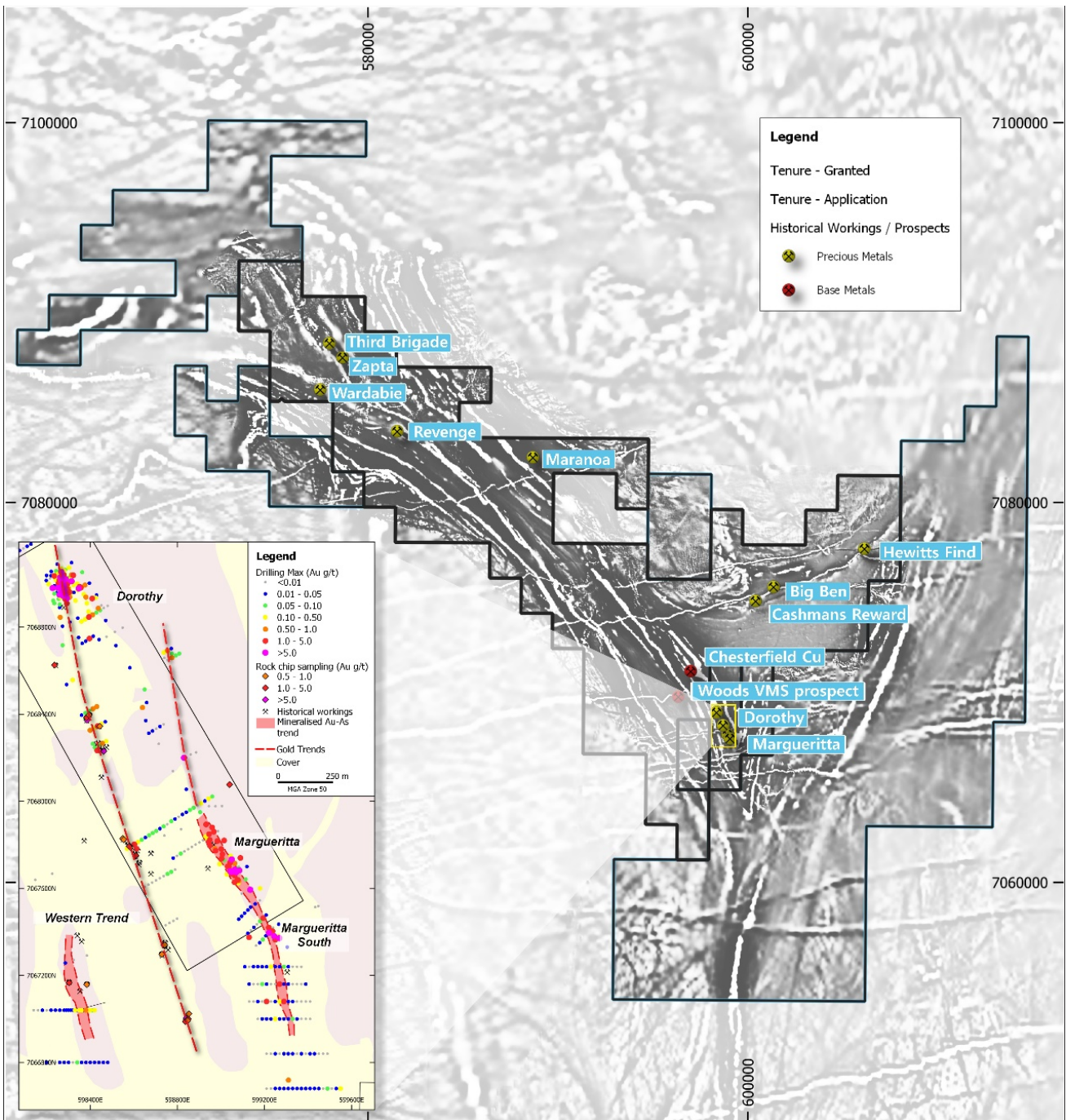


Figure 3. Location map of the Jiliewarra project showing historic gold workings and prospect locations

West Murchison, Western Australia (S2 100%)

The West Murchison project comprises three Exploration Licences covering 693 square kilometres, prospective for magmatic nickel-copper-PGE mineralisation. In May 2021, all three licences were granted following the finalisation of a heritage agreement with the Wajarri Yamatji Native Title group. The licences contain mapped mafic-ultramafic outcrops, as well as additional discrete magnetic features interpreted to be similar geology under cover.

Limited early soil sampling by S2 over one of these intrusions termed the Woodrarung target, located in the northern portion of the tenement package, identified a coherent coincident nickel-copper anomaly over weathered ultramafics and a magnetic high. This anomaly is 200 metres wide at the 100ppm copper threshold, with a best result of 550 ppm copper with coincident strongly anomalous nickel (up to 1,562 ppm). It is open to the east where the interpreted southern margin of the underlying mafic-ultramafic body extends for a further kilometre under cover. The same program also identified a significant gold in soil anomaly as well as a single rock chip sample grading 0.83g/t gold. Modest platinum and palladium anomalism was also detected in soils at Woodrarung.

Moving loop electromagnetic (MLEM) surveys and further soil geochemical sampling commenced from August 2021 over selected magnetic highs.

Three Springs, Western Australia (S2 100%)

S2 has two Exploration Licences at its Three Springs project covering approximately 361 square kilometres over several targets interpreted to represent mafic-ultramafic intrusions prospective for magmatic nickel-copper-PGE mineralisation.

S2 has negotiated landholder access agreements over several key areas and will commence on-ground exploration in early 2022. Initial activities will include auger geochemical sampling and ground EM. The timing of these programs will be governed by local farming cycles.

Koonenberry (100% S2)

S2 has three Exploration Licence applications covering 2,712 square kilometres in northwestern New South Wales (NSW) extending for a strike of 143 kilometres along the Koonenberry belt, which incorporates the Mt Arrowsmith volcanic sequence. The scale and cratonic margin setting of this belt is analogous to the Fraser Zone of the Albany Fraser Orogen, which hosts the Nova-Bollinger nickel-copper-PGE deposit (discovered by S2's predecessor, Sirius Resources in 2012) and the Tropicana gold deposit, and the Circum-Superior belt of northern Canada, which hosts the giant Thompson and Raglan nickel districts. The belt contains early breakup gabbros and comagmatic orthocumulate ultramafic picrite sills and intrusions similar in age and petrography to those that host mineralisation in the Russian Pechenga nickel-copper-PGE district.

Early stage exploration was conducted by Vale-Inco between 2005 and 2010 which detected the presence of nickel sulphides in the limited drilling by this company. However, the greater project area still remains largely untested for intrusive nickel-copper-PGE mineralisation.

S2 is currently undertaking the right to negotiate process under the Native Title Act ahead of the grant of an Exploration Licence. Planned activities for financial year 2022 include establishing land access agreements, EM surveys, soil and rock chip sampling, regional mapping and data consolidation.

Fraser Range, Western Australia (S2 100%)

The Company has three exploration licences covering 176 square kilometres of the Fraser Range nickel province. The licences are located 40 to 80 kilometres to the northeast of the Nova-Bollinger nickel-copper mine. EM surveys identified two basement conductors on licences E28/2792 and E28/2791, which were each tested with a single diamond drill hole. Both holes intercepted massive sulphides at depths predicted by EM, comprising predominantly iron sulphides with no nickel and minor copper.

In August 2021, S2 undertook a soil geochemical sampling within the third exploration license (E28/2794), with assay results from the program not yet received at time of writing this report.

Polar Bear, Western Australia (S2 100% nickel rights)

S2's holds the nickel rights over an area of 568 square kilometres to the southeast of the Widgiemooltha and Kambalda nickel sulphide trends. S2 retained these rights when it sold the Polar Bear project (comprising the Polar Bear and Norcott projects and the Eundynie Joint Venture) to Higginsville Gold Operations (now owned by Karora Resources Inc.). The nickel rights include the Halls Knoll, Taipan and Gwardar nickel prospects. No exploration activities were conducted during financial year ended 30 June 2021.

Directors Report

The Directors of S2 Resources Ltd ("Directors") present their report on the consolidated entity consisting of S2 Resources Ltd ("the Company" or "S2") and the entities it controlled at the end of, or during, the year ended 30 June 2021 ("Group").

Directors

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

Jeff Dowling
Mark Bennett
Anna Neuling

Principal Activities

The principal continuing activity of the Group is mineral exploration.

Dividends

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

Review of Operations

Operating Result

The loss from continuing operations for the year ended 30 June 2021 after providing for income tax amounted to \$7,234,407.

The loss results from \$5,294,837 of exploration expenditure incurred and expensed, \$1,155,918 of share-based payments expenses, \$981,524 of administration costs, \$400,980 of business development costs including travel, \$151,849 of depreciation costs, \$56,314 of other income and \$315,242 of other losses including bank charges. The exploration expenditure incurred and expensed mainly relates to the Company's Finnish and Australian projects. Also, during the year, the Group accounted for its share of its associate's consolidated statement of loss being \$159,042 and a fair value increment on reclassification of investment of \$1,132,554.

Directors Report (cont)

Significant Changes in the State of Affairs

In July 2020, 61,976,000 shares were issued at 12.5 cents per share in a placement to institutional and sophisticated investors.

In August 2020, the Group's investment percentage in Todd River Resources Ltd (ASX:TRT) was reduced from 30.62% to 24.50%. This was due to a share issue by Todd River Resources Ltd in relation to a capital raising which S2 did not participate in. In September 2020, the Group's investment percentage in Todd River Resources Ltd (ASX:TRT) was reduced to 18.48%. This was due to a share issue by Todd River Resources Ltd in relation to a project acquisition.

In October 2020, S2 entered into a binding agreement with private company Black Raven Mining Pty Ltd ("BRM") to earn a majority interest in a group of tenements known as the Jillewarra project (see S2 ASX announcement dated 5th October 2020). The farm-in comprised an up-front non-cash consideration, an earn-in phase, and a potential free carry, as summarised below:

- Issue of 5 million S2 shares to BRM at A\$0.28, representing a consideration of A\$1.4m (issued 5th October 2020)
- Minimum expenditure of A\$2m within 2 years
- Cumulative expenditure of A\$5m within 5 years to earn a 51% interest
- Completion of a study on Inferred Mineral Resources of at least 250,000 ounces of gold (or base metal equivalent) within 7 years to earn a 70% interest
- On completion of this study by S2, BRM can elect to contribute, dilute, or revert to a free carried interest ("FCI") to commencement of commercial production
- In the event of BRM opting for a FCI, BRM's interest reduces to 25% and S2's interest increases to 75%, and BRM repays its free carry from 100% of its share of future revenue
- In the event of S2 not completing a study within 7 years, S2's interest decreases to 49%

In October 2020, Matthew Keane was appointed as Chief Executive Officer to fill the vacancy created by Mark Bennett moving to the position of Executive Chairman. Mr Keane is a geologist with more than 20 years of experience in mining, exploration and financial markets. He has worked in various technical and operational roles including exploration, mine geology, scheduling and design, resource and reserve estimation, and production management for Lynas Gold (now Lynas Corp) and BHP.

He also held a corporate development and investor relations role with uranium miner Paladin Energy, focused on mergers, acquisitions and asset divestments.

Most recently, he has spent eight years in capital markets working as a metals and mining analyst for Argonaut Securities, covering gold, base metals, bulk commodities, specialty minerals and uranium. He holds a BSc (Hons) Geology from the University of Western Australia and a Masters of Business and Technology from the University of New South Wales.

In October 2020, the Group's investment percentage in Todd River Resources Ltd (ASX:TRT) was reduced to 15.57%. This was due to a share issue by Todd River Resources Ltd in relation to a capital raising which S2 did not participate in. Since then, TRT has conducted a further equity raise which S2 did not participate in, and issued further shares reducing the Company's current investment percentage to 13.49%.

In June 2021, S2 through its wholly owned Finnish subsidiary Sakumpu Exploration Oy entered into a binding farm-in option agreement with North American gold producer Kinross Gold Corporation on four exploration licence and licence applications covering an area of 83 square kilometres in the Central Lapland Greenstone Belt in northern Finland. Under the Agreement, Kinross can spend up to US\$9.5 million to earn a 70% interest in these licences, with a minimum expenditure requirement of US\$3.5 million over the first 3 years.

Directors Report (cont)

COVID 19

On 31 January 2020, the World Health Organisation (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (COVID-19 outbreak) and the risks to the international community as the virus spread globally beyond its point of origin. Because of the rapid increase in exposure globally, on 11 March 2020, the WHO classified the COVID-19 outbreak as a pandemic.

The full impact of the COVID-19 outbreak continues to evolve at the date of this report. The Group is therefore uncertain as to the full impact that the pandemic will have on its financial condition, liquidity, and future operating results. Management has actively managed the global situation and its impact on the Group's financial condition, operations, and workforce. During the year ended 30 June 2021, there have been no impacts from COVID-19 on the Group's exploration activities.

Although the Group cannot fully estimate the length or gravity of the COVID-19 effect, from its initial assessment, the impact over the next 12 months does not appear to be significant, indicating the entity will be able to continue as a going concern.

After Balance Date Events

On 16 August 2021 the Group through its wholly owned Finnish subsidiary Sakumpu Exploration Oy entered into a binding farm-in option agreement with Rupert Resources on two exploration licence applications covering an area of 37 square kilometres in the Central Lapland Greenstone Belt in northern Finland. Under the agreement, Rupert can spend up to EUR3.4 million to earn a 70% interest in the Sikavaara East and Sikavaara West licences, with an initial expenditure requirement of EUR1.2 million over the first three years.

On 31 August 2021, the Group completed its placement by issuing 41,483,676 shares to institutional and sophisticated investors at an issue price of \$0.12 resulting in the Group having additional working capital of \$4,978,041. The placement was undertaken within the Group's 25% capacity under ASX Listing Rule 7.1 and 7.1A and accordingly no shareholder approval was required in connection with the equity raising.

There has been no other matter or circumstance that has arisen since 30 June 2021 that has significantly affected, or may significantly affect:

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

Likely Developments and Expected Results of Operations

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

Environmental Regulation

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

Directors Report (cont)

Information on Directors

Mark Bennett – Executive Chairman

Experience and Expertise

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

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

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

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

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

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

Other Directorships

Non-Executive Director of Todd River Resources Ltd since 30 November 2018.

Former Directorships in the Last Three Years

Dr Bennett has had no directorships of any other public listed company in the last three years.

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

Options	12,000,000
Shares	5,035,868

Jeff Dowling – Non- Executive Director

Experience and Expertise

Mr Dowling was Sirius' Non-Executive Chairman until 21 September 2015 and is a highly experienced corporate leader with 36 years' experience in professional services with Ernst & Young. Mr Dowling held numerous leadership roles within Ernst & Young which focused on the mining, oil and gas and other industries.

Directors Report (cont)

His professional expertise centres around audit, risk and financial management derived from acting as lead partner on large public company audits, capital raisings and corporate transactions. Mr Dowling's career with Ernst & Young culminated in his appointment as Managing Partner of the Ernst & Young Western Region for a period of 5 years.

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

Mr Dowling is the Chairman of the Group's Audit & Risk Committee and Chairman of the Remuneration & Nomination Committee which was formed on 19 July 2016.

Other Directorships

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

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

Non-Executive Director of Battery Minerals since 21 June 2019.

Former Directorships in the Last Three Years

Non-Executive Chairman of Battery Minerals from 25 January 2018 to 20 June 2019.

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

Options	5,250,000
Shares	700,000

Anna Neuling – Executive Director

Experience and Expertise

Ms Neuling was the Company Secretary and Chief Financial Officer of Sirius Resources NL from the company's inception in 2009 until 22 September 2013 where she was appointed as Executive Director – Corporate and Commercial until its merger with Independence Group that occurred on 21 September 2015.

Ms Neuling worked at Deloitte in London and Perth prior to joining LionOre Mining International Limited in 2005, until its takeover by Norilsk Nickel. She holds a degree in mathematics from the University of Newcastle (UK).

She is a Fellow of the Institute of Chartered Accountants in England and Wales and has held a number of senior executive positions in the resources industry, including CFO and Company Secretarial roles at several listed companies.

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

Other Directorships

Non-Executive Director of MLG Oz Ltd since 23 March 2021.

Non-Executive Chair of Tombador Iron Resources Ltd since 25 September 2020.

Former Directorships in the Last Three Years

Non-Executive Director of CZR Resources Ltd from 02 November 2020 until 10 September 2021.

Ms Neuling has had no other directorships of any other public listed company in the last three years.

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

Options	7,250,000
Shares	675,000

Directors Report (cont)

Meetings of Directors

The number of meetings of the Board and of each Board Committee held during the year ended 30 June 2021 and the number of meetings attended by each Director were:

Name	Directors' Meetings		Audit & Risk Committee		Remuneration & Nomination Committee	
	Meeting Held	Meetings attended	Meeting Held	Meetings attended	Meeting Held	Meetings attended
Mark Bennett (1)	14	14	-	-	-	-
Anna Neuling	14	14	2	2	1	1
Jeff Dowling	14	14	2	2	1	1

- (1) Mark Bennett is not a member of the Audit & Risk Committee or the Remuneration & Nomination Committee

Indemnifying of Officers or Auditor

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

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

Options & Rights

Unissued ordinary shares of the Company under options or rights at the date of this Report are as follows:

Options

Number	Grant Date	Expiry Date	Exercise Price \$
7,750,000	17/10/2017	16/10/2021	0.23
2,350,000	21/10/2017	20/10/2021	0.23
2,400,000	28/11/2018	27/11/2022	0.14
50,000	05/03/2019	04/03/2023	0.11
18,000,000	12/11/2019	11/11/2023	0.30
200,000	03/12/2019	02/12/2023	0.30
200,000	27/08/2020	26/08/2024	0.30
2,000,000	05/10/2020	04/10/2024	0.39
7,350,000	17/11/2020	16/11/2024	0.38

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

Remuneration Report (audited)

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

The KMP covered in this remuneration report are:

- Mark Bennett – Executive Chairman
- Anna Neuling – Executive Director and Company Secretary
- Jeff Dowling – Non-Executive Director
- Matthew Keane – Chief Executive Officer (CEO) commenced 04 November 2020

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

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

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

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

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

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

Executive Directors

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

The executive remuneration and reward framework has three components:

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

Remuneration Report (audited) (cont)

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

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

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

Non - Executive Directors

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

From 1 July 2020 to 30 June 2021, exclusive of superannuation guarantee the annual cash remuneration for the Non-Executive Director was \$75,000 per annum.

Company Performance

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

Short-term incentives

To align the remuneration of employees with the company aim of responsible management of cash resources, there were no short-term incentives paid or proposed to be paid for the year ended 30 June 2021. The company's approach with regard to the use of short-term cash incentives will be assessed by the Remuneration & Nomination Committee on an ongoing basis as the company evolves.

Long-term incentives

To align the Board and management with shareholder's interests and with market practices of peer companies and to provide a competitive total remuneration package, the Board introduced a long-term incentive ("LTI") plan to motivate and reward Executives and Non-Executive Directors. The LTI is provided as options over ordinary shares of the Company under the rules of the Employee Share Option Plan and the Directors Option Plan as approved in September 2015.

Company performance, shareholder wealth and directors' and executives' remuneration

No relationship exists between shareholder wealth, director and executive remuneration and Company performance due to the nature of the Company's operations being a non-producing resources exploration company.

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

	2021	2020	2019	2018	2017
Net loss	(7,234,407)	(7,475,048)	(8,288,971)	(1,673,903)	(10,020,602)
Share price at year end (cents)	13	9.3	12	16	16
Loss per share (cents)	(2.34)	(3.02)	(3.34)	(0.68)	(4.12)

Remuneration Report (audited) (cont)

2. DETAILS OF REMUNERATION

Year Ended 30 June 2021

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

CASH REMUNERATION AND ENTITLEMENTS

2021	Cash remuneration		Movement in annual leave entitlement owing	Total cash payments and entitlements
	Salary	Post-employment benefits (superannuation)		
	\$	\$	\$	\$
Directors				
M Bennett (1)	276,249	20,902	9,998	307,149
A Neuling	130,117	12,361	271	142,749
J Dowling	75,000	7,125	-	82,125
Other Key Management Personnel				
M Keane (2)	184,513	15,076	8,808	208,397
	665,879	55,464	19,077	740,420

(1) As a result of Covid 19 travel restrictions and in order to minimise costs to the Company, Dr Bennett took 1 day a week of unpaid leave from 1 January 2021 to 31 March 2021 and 2 days a week of unpaid leave from 1 April 2021 to 30 June 2021 resulting a reduction of cash remuneration received in comparison to prior year. His remuneration package is still as per the summary of his service agreement provided below.

(2) Commenced 4 November 2020

Year Ended 30 June 2020

CASH REMUNERATION AND ENTITLEMENTS

2020	Cash remuneration		Movement in annual leave entitlement owing (1)	Total cash payments and entitlements
	Salary	Post-employment benefits (superannuation)		
	\$	\$	\$	\$
Directors				
M Bennett	292,500	20,383	(3,751)	309,132
A Neuling	106,383	10,106	(835)	115,655
J Dowling	67,500	6,412	-	73,912
G Egerton-Warburton (2)	34,062	3,206	-	37,268
Other Key Management Personnel				
S Sain (3)	37,764	3,326	(2,365)	38,725
	538,209	43,433	(6,951)	574,692

Remuneration Report (audited) (cont)

2. DETAILS OF REMUNERATION (CONTINUED)

- 1) This column has been updated to show the movement in annual leave entitlement owing in the year rather than the annual leave entitlement owing at the end of the year.
- 2) Mr Egerton- Warburton's salary is for the period 1 July 2019 to 3 April 2020 when Mr Egerton- Warburton resigned as Non-Executive Director.
- 3) Ms Sain's salary is for the period 1 July 2019 to 24 December 2019 when Ms Sain resigned as Chief Financial Officer.

All directors and employees had a 40% salary reduction from 1 April 2020 to 30 June 2020.

2021 TOTAL REMUNERATION

	Total cash payments and entitlements	Options issued	Total	LTI % of remuneration
	\$	\$	\$	
Directors				
M Bennett	307,149	287,280	594,429	48%
A Neuling	142,749	215,460	358,209	60%
J Dowling	82,125	143,640	225,765	64%
Other Key Management Personnel				
M Keane	208,397	208,599	416,996	50%
	740,420	854,979	1,595,399	

2020 TOTAL REMUNERATION

	Total cash payments and entitlements	Options issued	Total	LTI % of remuneration
	\$	\$	\$	
Directors				
M Bennett	309,132	259,348	568,480	46%
A Neuling	115,655	194,511	310,166	63%
J Dowling	73,912	129,674	203,586	64%
G Egerton-Warburton	37,268	86,449	123,717	70%
Other Key Management Personnel				
S Sain	38,725	-	38,725	-
	574,692	669,982	1,244,674	

There were no non-monetary benefits other than options paid to the Directors or KMP for the year ended 30 June 2021.

Remuneration Report (audited) (cont)

3. SERVICE AGREEMENTS

For the year ended 30 June 2021, the following service agreements were in place with the Directors and KMP of S2:

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

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

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

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

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

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

On 4 September 2015, an Executive Services Agreement was entered into between the Company and Executive Director Anna Neuling. Under the terms of the Agreement as Executive Director:

- Ms Neuling was appointed as Executive Director, including the role of Company Secretary.
- Ms Neuling was paid a remuneration package of \$120,000 per annum comprising a base salary plus statutory superannuation for work on a part time basis (based on \$300,000 full time equivalent).
- Under the general termination of employment provision, the Company may terminate the Agreement by giving Ms Neuling twelve months' notice or payment in lieu of notice.
- Under the general termination of employment provision, Ms Neuling may terminate the Agreement by giving the Company three months' notice.
- The Company may terminate the Agreement at any time without notice if serious misconduct has occurred. On termination with cause, the Executive is not entitled to any payment.

Remuneration Report (audited) (cont)

3. SERVICE AGREEMENTS (CONTINUED)

On 4 November 2020, the Company entered into an employment contract with Matthew Keane. Under the terms of the Agreement:

Mr Keane was appointed as CEO and paid a remuneration package of \$280,000 per annum base salary plus statutory superannuation for work on a full time basis.

- Under the general termination of employment provision, the Company may terminate the Agreement by giving Mr Keane twelve months' notice or payment in lieu of notice.
- Under the general termination of employment provision, Mr Keane may terminate the Agreement by giving the Company three months' notice.
- The Company may terminate the Agreement at any time without notice if serious misconduct has occurred. On termination with cause Mr Keane is not entitled to any payment.

4. SHARE-BASED COMPENSATION

Option holdings

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

2021	Balance at the start of the year	Granted during the year	Expired during the year	Other changes	Balance at the year ended
Director					
M Bennett	13,000,000	2,000,000	3,000,000	-	12,000,000
A Neuling	7,250,000	1,500,000	1,500,000	-	7,250,000
J Dowling	5,250,000	1,000,000	1,000,000	-	5,250,000
	25,500,000	4,500,000	5,500,000	-	24,500,000
Other Key Management Personnel					
M Keane	-	2,000,000	-	-	2,000,000
	-	2,000,000	-	-	2,000,000

As at 30 June 2021, the number of options that have vested and exercisable were 35,250,000. All director options are vested and exercisable.

Remuneration Report (audited) (cont)

4. SHARE BASED COMPENSATION (CONTINUED)

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

Options issued	Series	Grant Date	Expiry date	Exercise price \$	Fair value per option \$	Vested %
Directors Option Plan	8	17 Oct 2017	16 Oct 2021	0.23	0.08	100%
	12	12 Nov 2019	11 Nov 2023	0.30	0.04	100%
	16	17 Nov 2020	16 Nov 2024	0.38	0.14	100%
Employee Share Option Plan	15	05 Oct 2020	4 Oct 2024	0.39	0.14	*

*Options vest a year after grant date.

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

	Series 15	Series 16
Grant date share price	0.28	0.28
Exercise price	0.39	0.38
Expected volatility	80%	80%
Option life	4 years	4 years
Dividend yield	0.00%	0.00%
Fair Value	0.14	0.14
Interest rate	0.29%	0.29%

Shareholdings

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

2021	Balance at the start of the year	Other changes during the year	Balance for the year ended
Directors			
M Bennett	5,035,868	-	5,035,868
A Neuling	675,000	-	675,000
J Dowling	700,000	-	700,000
Other Key Management Personnel			
M Keane	-	-	-
	6,410,868	-	6,410,868

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

Use of remuneration consultants

No remuneration consultants were engaged or used for the Group during the year ended 30 June 2021.

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

At the 2020 Annual General Meeting, the resolution to adopt the Remuneration Report for the year ended 30 June 2020 was passed on a poll with 97.25% of votes cast on the poll voting "For" the resolution to adopt the Remuneration Report. The Company did not receive any specific feedback at the Annual General Meeting regarding its remuneration practices.

Share trading policy

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

This concludes the Remuneration Report, which has been audited.

Directors Report (cont)

Proceedings on behalf of the Group

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

Audit Services

During the year ended 30 June 2021, \$40,905 was paid or is payable for audit services provided by the auditors. There were no non-audit services performed during the financial year.

Auditor's Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 64.

Corporate Governance

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

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

A handwritten signature in black ink that reads 'Mark Bennett'.

Mark Bennett
Executive Chairman
Melbourne
23 September 2021

Annual Financial Report

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2021

	Notes	30 June 2021 \$	30 June 2020 \$
Other income		56,314	74,570
Corporate salaries and wages		(508,227)	(294,411)
Consulting and legal fees		(188,163)	(231,941)
Share and company registry		(159,726)	(127,670)
Rent, insurance and variable outgoings		(125,408)	(143,389)
Business development		(356,763)	(689,267)
Travel expenditure		(44,217)	(224,125)
Depreciation expense		(151,849)	(140,999)
Share-based payments	13	(1,155,918)	(806,194)
Gain on disposal of subsidiary		46,855	-
Foreign exchange (losses)/gains and bank charges		(315,243)	61,970
Finance cost of Lease Liability		(10,737)	(12,214)
Exploration expenditure expensed as incurred		(5,294,837)	(3,964,516)
Exploration impairment expense		-	(68,172)
Share of associate's loss	8	(159,042)	(1,494,960)
Fair value adjustment for reclassification of investment	8	1,132,554	-
Associate impairment reversal (expense)	8	-	586,270
Loss before income tax		(7,234,407)	(7,475,048)
Income tax benefit/(expense)	5	-	-
Loss after income tax for the year		(7,234,407)	(7,475,048)
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Changes in the fair value of Investments at fair value through other comprehensive income	7	3,536,932	(33,229)
<i>Items that may be classified to profit or loss</i>			
Exchange differences on translation of foreign operations		167,982	50,285
Total comprehensive income/(loss) for the year attributable to the members of S2 Resources Ltd		(3,529,493)	(7,457,992)
Loss per share for loss attributable to the members of S2 Resources Ltd			
Basic loss per share (cents)	17	(2.34)	(3.02)

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

Consolidated Statement of Financial Position

as at 30 June 2021

	Notes	30 June 2021 \$	30 June 2020 \$
CURRENT ASSETS			
Cash and cash equivalents	6	7,316,846	6,419,891
Restricted cash	6	322,790	323,107
Trade and other receivables		101,161	177,555
Financial assets held at fair value through other comprehensive income	7	6,246,071	-
TOTAL CURRENT ASSETS		13,986,868	6,920,553
NON-CURRENT ASSETS			
Investments in associates	8	-	1,735,627
Exploration and evaluation	9	2,366,972	966,977
Property, plant and equipment		150,538	107,234
Right-of-Use Assets		156,892	251,196
TOTAL NON-CURRENT ASSETS		2,674,402	3,061,034
TOTAL ASSETS		16,661,270	9,981,587
CURRENT LIABILITIES			
Trade and other payables	10	756,903	286,131
Lease Liabilities		74,715	86,394
Provisions		92,188	54,803
TOTAL CURRENT LIABILITIES		923,806	427,328
NON CURRENT LIABILITIES			
Lease Liabilities		102,205	177,572
TOTAL NON CURRENT LIABILITIES		102,205	177,572
TOTAL LIABILITIES		1,026,011	604,900
NET ASSETS		15,635,259	9,376,687
EQUITY			
Share capital	11	61,184,670	52,552,523
Reserves	12	6,896,328	4,345,801
Accumulated losses		(52,445,739)	(47,521,637)
TOTAL EQUITY		15,635,259	9,376,687

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

Consolidated Statement of Changes in Equity

for the year ended 30 June 2021

Attributable to equity holders of the Group in \$ dollars	Share capital	Share based payment Reserves	Other Reserve	Foreign Currency Translation Reserve	Fair Value Other Comprehensive Income ("FVOCI") Reserve	Accumulated losses	Total
Balance at 1 July 2020	52,552,523	4,016,601	144,517	184,683	-	(47,521,637)	9,376,687
Loss for the year						(7,234,407)	(7,234,407)
Other comprehensive income				167,982	3,536,932		3,704,914
Total comprehensive loss for the period	-	-	-	167,982	3,536,932	(7,234,407)	(3,529,493)
Transactions with owners, recorded directly in equity							
<i>Contributions by and distributions to owners</i>							
Issue of share capital	9,147,000	-	-	-	-	-	9,147,000
Capital raising costs	(514,853)	-	-	-	-	-	(514,853)
Share-based payment transactions	-	1,155,918	-	-	-	-	1,155,918
Transfer of lapsed and expired options value to accumulated losses	-	(2,310,305)	-	-	-	2,310,305	-
Total contributions by and distributions to owners	8,632,147	(1,154,387)	-	167,982	3,536,932	(4,924,102)	6,258,572
Balance at 30 June 2021	61,184,670	2,862,214	144,517	352,665	3,536,932	(52,445,739)	15,635,259

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

Consolidated Statement of Changes in Equity

for the year ended 30 June 2020

Attributable to equity holders of the Group in \$ dollars	Share capital	Share based payment Reserves	Other Reserve	Foreign Currency Translation Reserve	Fair Value Comprehensive Income ("FVOCI") Reserve	Other	Accumulated losses	Total
Balance at 1 July 2019	52,552,523	7,905,600	144,517	134,398	354,998	(45,063,551)	16,028,485	
Total comprehensive income for the year	-	-	-	50,285	(33,229)	(7,469,776)	(7,457,992)	
Transactions with owners, recorded directly in equity								
<i>Contributions by and distributions to owners</i>								
Issue of share capital	-	-	-	-	-	-	-	
Capital raising costs	-	-	-	-	-	-	-	
Share-based payment transactions	-	806,194	-	-	-	-	806,194	
Share options exercised	-	-	-	-	-	-	-	
Transfer of lapsed and expired options value to accumulated losses	-	(4,695,193)	-	-	-	4,695,193	-	
Transfer cumulative gain on sale of investments to accumulated losses	-	-	-	-	(321,769)	321,769	-	
Total contributions by and distributions to owners	-	(3,888,999)	-	50,285	(354,998)	(2,458,086)	(6,651,798)	
Balance at 30 June 2020	52,552,523	4,016,601	144,517	184,683	-	(47,521,637)	9,376,687	

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2021

	Notes	30 June 2021 \$	30 June 2020 \$
Cash flows from operating activities			
Cash paid to suppliers and employees for corporate activities		(1,352,586)	(1,720,917)
Cash paid to suppliers and employees for exploration activities		(4,503,659)	(4,227,264)
Interest received		45,070	94,274
Interest and other finance costs paid		(15,374)	(19,160)
Income taxes refund/(paid)		-	186,048
Net cash used in operating activities	16	(5,826,549)	(5,687,019)
Cash flows from investing activities			
Payment of property, plant and equipment		(103,939)	(33,824)
Investment in Todd River Resources Ltd	8	-	(1,403,063)
Net loss from sale of subsidiary		(2,044)	-
Net proceeds from disposal of investments		-	1,837,167
Net cash (used in)/derived from investing activities		(105,983)	400,280
Cash flows from financing activities			
Proceeds from issue of shares		7,747,000	-
Share issue transaction costs		(514,853)	-
Repayment of Borrowings		(85,742)	(64,080)
Receipts/(Payments) for cash backed guarantees		(6,700)	43,799
Cash from/ (used in) financing activities		7,139,705	(20,281)
Net increase in cash and cash equivalents		1,207,173	(5,307,020)
Effects of exchange rate changes on cash and cash equivalents		(310,218)	81,848
Cash and cash equivalents at 1 July		6,419,891	11,645,063
Cash and cash equivalents at 30 June	6	7,316,846	6,419,891

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

Notes to the Consolidated Financial Statements for the year ended 30 June 2021

S2 Resources Ltd (“Company” or “S2”) is a company incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The consolidated financial statements of the Group as at and for the year ended to 30 June 2021 comprise the Company and its subsidiaries (together referred to as the “Group” or “consolidated entity” and individually as a “Group entity”).

The separate financial statements of the parent entity, S2 Resources Ltd, have not been presented within this financial report. Summary parent information has been included in note 21.

The financial statements were authorised for issue on 23 September 2021 by the Directors of the Company.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

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

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

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

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

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

(i) ***Operating segments***

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

(ii) ***Adoption of new and revised Accounting Standards***

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting year. The adoption of these Accounting Standards and Interpretations did

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) **Basis of preparation (continued)**

(ii) **Adoption of new and revised Accounting Standards (continued)**

not have any material impact on the financial performance or position of the consolidated entity.

(iii) **Use of estimates and judgements**

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

Impact of Coronavirus (COVID-19) pandemic.

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Share-based payment transactions

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Refer to note 13.

Exploration and evaluation costs

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

Classification of investment in Todd River Resources as Investment

The Group have reclassified the investment in Todd River Resources ("TRT") from being an associate to an investment in October 2020. Since 30 June 2020, the Group has not taken part in any of the TRT capital raisings, and as a result it is holding less than 20%.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

At less than 20%, significant influence is required to account for an investment as an investment in an associate. The Group does not consider that it has significant influence over TRT due to the other substantial shareholders in TRT and the composition of the TRT Board.

The date at which significant influence was judged to be no longer held was 26 October 2020.

(iv) Principles of consolidation

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

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of controlled entities is contained in note 22 to the financial statements.

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

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

(b) Foreign currency translation**(i) Functional and presentation currency**

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

(ii) Transactions and balances

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

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

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

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***(iii) Group companies***

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

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

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

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

(c) Revenue Recognition

Interest income is recognised on a time proportion basis using the effective interest method.

(d) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction.

The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(e) Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value.

Any excess of the asset's carrying value over its recoverable amount is expensed to the Consolidated Statement of Profit or Loss and Other Comprehensive Income. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

(f) Cash and Cash Equivalents

For the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(g) Trade and Other Receivables

A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of any provision is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

(h) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(i) Investments in Associates

Principles of consolidation and equity accounting

Associates

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

Equity method

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

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in an equity-accounted investment equals or excess its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

Equity accounted investments – changes in ownership interests

When the group ceases to equity account for an investment because of a loss of significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as a financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities.

(j) Exploration and Evaluation

Exploration and evaluation assets acquired

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

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

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

Exploration and evaluation expenditure

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

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

(k) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within other income in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

(ii) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term or their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The depreciation rates used for each class of asset are:

- | | |
|--------------------------|-------------|
| • buildings | 16.67% |
| • fixtures and fittings | 22.5% - 40% |
| • leasehold improvements | 20% |
| • plant and equipment | 22.5% - 40% |
| • motor vehicles | 20% |

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(l) Leases

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by S2 Resources Limited, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

(m) Interest in Joint Ventures

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

(n) Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Profit or Loss and Other Comprehensive Income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

(o) Employee Benefits

(i) Equity Settled Compensation

The Group operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black-Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

(ii) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***(iii) Other long-term employee benefit obligations***

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iv) Share-based payments

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

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

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

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

(v) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or to providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(p) Issued Capital

Ordinary shares are classified as equity. Costs associated with capital raisings (exclusive of GST) directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds. If the entity reacquires its own equity instruments, e.g. as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable costs associated with capital raisings (net of income taxes) is recognised directly in equity.

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit / (loss) attributable to equity holders of the Group, excluding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(q) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(r) Government grants

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate. This includes Job Keeper received due to COVID-19 during the year which has been net off with the associated salaries.

(s) Investments and other financial assets

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

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

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

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

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

(i) Measurement

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

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

(ii) Impairment

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

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

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for year ended 30 June 2021. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

Amendment to Conceptual Framework for Financial Reporting

The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. It is arranged in eight chapters, as follows:

- Chapter 1 – The objective of financial reporting
- Chapter 2 – Qualitative characteristics of useful financial information
- Chapter 3 – Financial statements and the reporting entity
- Chapter 4 – The elements of financial statements
- Chapter 5 – Recognition and derecognition
- Chapter 6 – Measurement
- Chapter 7 – Presentation and disclosure
- Chapter 8 – Concepts of capital and capital maintenance

AASB 2019-1 has also been issued, which sets out the amendments to Australian Accounting Standards, Interpretations and other pronouncements in order to update references to the revised Conceptual Framework. The changes to the Conceptual Framework may affect the application of accounting standards in situations where no standard applies to a particular transaction or event. In addition, relief has been provided in applying AASB 3 and developing accounting policies for regulatory account balances using AASB 108, such that entities must continue to apply the definitions of an asset and a liability (and supporting concepts) in the Framework for the Preparation and Presentation of Financial Statements (July 2004), and not the definitions in the revised Conceptual Framework.

The amendments apply prospectively on or after 1 January 2020, with no material effect to the Group.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)*Amendments to AASB 3: Definition of a Business*

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to AASB 101: Definition of Material

This Standard amends AASB 101 Presentation of Financial Statements and AAS 108 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The amendments clarify that materiality will depend on the nature or magnitude of information. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

The amendments apply prospectively on or after 1 January 2020, with no material effect to the Group.

Amendments to IAS 1: Presentation of Financial Statements

This Standard aims to improve presentation in financial statements by clarifying the criteria for the classification of a liability as either current or non-current.

This amendment is to:

- Clarify that the classification of a liability as either current or non-current is based on the entity's rights at the end of the reporting period
- Clarify the link between the settlement of the liability and the outflow of resources from the entity

The amendments apply prospectively on or after 1 January 2022. The client has not yet determined the impact of this amendment.

NOTE 2. FINANCIAL RISK MANAGEMENT

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

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

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

Interest Rate Risk

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

2021	Floating interest rate	Fixed interest rate maturing in 1 year or less	Fixed interest rate maturing between 1 and 2 years	Non-interest bearing	Total	Weighted average effective interest rate
Financial Instruments	\$	\$	\$	\$	\$	%
(i) Financial assets						
Available cash on hand	4,312,273	-	-	3,004,573	7,316,846	0.34
Restricted cash	-	195,000	-	127,790	322,790	0.61
Total financial assets	4,312,273	195,000	-	3,132,363	7,639,636	-
(ii) Financial liabilities						
Trade and other payables	-	-	-	756,903	756,903	
Lease liabilities – current	-	74,715	-	-	74,715	
Lease liabilities – non current	-	-	102,205	-	102,205	
Total financial liabilities	-	74,715	102,205	756,903	933,823	

NOTE 2. FINANCIAL RISK MANAGEMENT (CONTINUED)

2020	Floating interest rate	Fixed interest rate maturing in 1 year or less	Fixed interest rate maturing between 1 and 2 years	Non-interest bearing	Total	Weighted average effective interest rate
Financial Instruments	\$	\$	\$	\$	\$	%
(i) Financial assets						
Available cash on hand	325,504	2,500,000	-	3,594,387	6,419,891	0.98%
Restricted cash	-	195,000	-	128,107	323,107	1.05%
Total financial assets	325,504	2,695,000	-	3,722,494	6,742,998	
(ii) Financial liabilities						
Trade and other payables	-	-	-	286,131	286,131	
Lease liabilities – current	-	-	86,394	-	86,394	
Lease liabilities – non current	-	-	177,572	-	177,572	
Total financial liabilities	-	-	263,966	286,131	550,097	

Net Fair Values

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

Sensitivity Analysis – Interest Rate Risk

The Group has performed a sensitivity analysis relating to its exposure to interest rate risk at the reporting date. This sensitivity analysis demonstrates the effect on the current period results and equity which could result from a change in interest rates.

	30 June 2021 \$	30 June 2020 \$
Change in loss:		
Increase by 1%	(43,123)	(3,255)
Decrease by 1%	43,123	3,255
Change in equity:		
Increase by 1%	(43,123)	(3,255)
Decrease by 1%	43,123	3,255

NOTE 2. FINANCIAL RISK MANAGEMENT (CONTINUED)
Foreign exchange risk
Exposure

The Group holds foreign currency cash in Euro and US Dollar to operate in Finland and the United States. It also has foreign currency receivables and payables in these countries which are exposed to foreign currency fluctuations. The Group manages its foreign exchange risk and exposure by purchasing foreign currency for the following budget year and reviews forecasted exchange rates by various banks on a monthly basis. The Group's exposure to foreign currency risk at the end of the reporting year, expressed in Australian dollar, was as follows:

Year ended 30 June 2021	EUR	USD	SEK	Total
	\$	\$	\$	\$
Cash on hand	2,860,296	144,081	-	3,004,377
Restricted cash	66,136	49,188	-	115,324
Other receivables	15,317	-	-	15,317
Trade and other payables	(140,905)	(3,990)	-	(144,895)
	<u>2,800,844</u>	<u>189,279</u>	<u>-</u>	<u>2,990,123</u>
Year ended 30 June 2020	EUR	USD	SEK	Total
	\$	\$	\$	\$
Cash on hand	3,330,495	240,767	23,104	3,594,366
Restricted cash	68,458	53,883	-	122,341
Other receivables	24,870	-	483	25,353
Trade and other payables	(116,910)	(729)	3	(117,635)
	<u>3,306,913</u>	<u>293,921</u>	<u>23,590</u>	<u>3,624,424</u>

Amounts recognised in profit or loss and other comprehensive income

During the year ended, the following foreign-exchange related amounts were recognised in profit or loss and other comprehensive income:

	2021	2020
	\$	\$
<i>Amounts recognised in profit or loss</i>		
Net foreign exchange gain/(loss) included in other income/other expenses	310,218	62,110
Total net foreign exchange (losses) recognised in loss before income tax for the year	310,218	62,110
<i>Net gains/(losses) recognised in other comprehensive income</i>		
Translation of foreign operations	167,982	50,285

NOTE 2. FINANCIAL RISK MANAGEMENT (CONTINUED)
Sensitivity

As shown in the table above, the Group is primarily exposed to changes in EUR/\$ exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from Euro and US dollar denominated financial instruments and the impact on other components of equity arises from translation of foreign operations.

	Impact on post tax loss	Impact on other components of equity
	\$	\$
EUR/\$ exchange rate – increase 10%*	(266,968)	26,259
EUR/\$ exchange rate – decrease (10%)*	266,968	(26,259)
USD/\$ exchange rate – increase 10%*	(601)	(4,908)
USD/\$ exchange rate – decrease (10%)*	601	4908

*Holding all other variables constant

Liquidity Risk

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

Credit Risk

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

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

Price risk
Exposure

The Group's exposure to equity securities price risk arises from investments held by the Group and classified in the statement of financial position as investments (see note 8). The Group's investment is publicly traded on the Australian Stock Exchange ("ASX").

The Group is not currently exposed to commodity price risk.

NOTE 2. FINANCIAL RISK MANAGEMENT (CONTINUED)
Sensitivity

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

	Impact on post tax loss	Impact on post tax loss	Impact on other components of equity	Impact on other components of equity
	2021	2020	2021	2020
	\$	\$	\$	\$
ASX index – increase 10%	-	-	(624,607)	-
ASX index – decrease (10%)	-	-	624,607	-

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

Amounts recognised in statement of profit or loss and other comprehensive income

The amounts recognised in profit or loss and other comprehensive income in relation to the investments held by the Group are disclosed in note 8.

NOTE 3. SEGMENT INFORMATION

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

- Finland exploration activities, which includes exploration and evaluation of mineral tenements in Central Lapland.
- Australia exploration activities, which includes exploration and evaluation of mineral tenements in Western Australia and New South Wales.
- US exploration activities, which includes exploration and evaluation of mineral tenements in Nevada. In March 2020, the Ecrú project was withdrawn from and therefore there are no longer any exploration activities in the US, any costs incurred relate to the storage of exploration equipment.
- Unallocated, which includes all other expenses that cannot be directly attributed to any of the segments above.

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

SEGMENT RESULTS

Statement of profit or loss for the year ended 30 June 2021	Finland exploration activities	Australia exploration activities	Unallocated	Total
Other income	-	-	56,314	56,314
Corporate expenses	-	-	(981,524)	(981,524)
Business Development	-	-	(356,763)	(356,763)
Travel	-	-	(44,217)	(44,217)
Depreciation expense	-	-	(151,849)	(151,849)
Share-based payments	-	-	(1,155,918)	(1,155,918)
Other gain/(losses) - net	-	-	(315,243)	(315,243)
Finance Cost of Right of Use asset	-	-	(10,737)	(10,737)
Exploration expenditure expensed as incurred	(2,269,676)	(3,019,153)	(6,008)	(5,294,837)
Gain on disposal of subsidiary			46,855	46,855
Share of associate's loss	-	-	(159,042)	(159,042)
Fair value adjustment for reclassification of investment			1,132,554	1,132,554
Loss before income tax	(2,269,676)	(3,019,153)	(1,945,578)	(7,234,407)
Income tax expense	-	-	-	-
Loss after income tax for the year	(2,269,676)	(3,019,153)	(1,945,578)	(7,234,407)

NOTE 3. SEGMENT INFORMATION (CONTINUED)

Statement of profit or loss for the year ended 30 June 2020	\$				
	Finland exploration activities	US exploration activities	Australia exploration activities	Unallocated	Total
Other income	-	-	-	74,570	74,570
Corporate expenses	-	-	-	(797,411)	(797,411)
Business Development	-	-	-	(689,267)	(689,267)
Travel	-	-	-	(224,125)	(224,125)
Depreciation expense	-	-	-	(140,999)	(140,999)
Share-based payments	-	-	-	(806,194)	(806,194)
Other gain/(losses) - net	-	-	-	61,970	61,970
Finance Cost of Right of Use asset	-	-	-	(12,214)	(12,214)
Exploration expenditure expensed as incurred	(2,990,022)	(80,920)	(893,574)	-	(3,964,516)
Exploration impairment expense	-	(68,172)	-	-	(68,172)
Share of associate's loss	-	-	-	(1,494,960)	(1,494,960)
Associate impairment expense	-	-	-	(586,270)	(586,270)
Loss before income tax	(2,990,022)	(149,092)	(893,574)	(3,442,360)	(7,475,048)
Income tax expense	-	-	-	-	-
Loss after income tax for the year	(2,990,022)	(149,092)	(893,574)	(3,442,360)	(7,475,048)

SEGMENT ASSETS AND LIABILITIES

The Group's assets are mostly attributable to the unallocated segment therefore assets attributable to exploration in Finland and Australia is immaterial for disclosure.

NOTE 4. GROUP BENEFITS IN RELATION TO COVID

The Group was eligible for Job keeper and lodged claims in relation to their eligible employees which resulted in a benefit of \$36,000 in the year to 30 June 2021.

In the year to 30 June 2020 the Group received a benefit of \$100,000 of Cash Boost of which \$50,000 was received in the year to 30 June 2021 in the period July to September 2020 upon lodgement of the Group's BAS returns.

NOTE 5. INCOME TAX

	30 June 2021 \$	30 June 2020 \$
Recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income		
Current tax	-	-
Deferred tax	-	-
Under (over) provided in prior years	-	-
Total income tax benefit/(expense) per Consolidated Statement of Profit or Loss and Other Comprehensive Income	-	-
<i>Numerical reconciliation between tax expense and pre-tax net loss</i>		
Net loss before tax	(7,234,407)	(7,475,048)
Income tax benefit at 26% (2020: 27.5%)	(3,536,834)	(1,187,478)
Income tax expense / (benefit) for overseas entities (at various rates)	1,446,803	(662,959)
<i>Increase in income tax due to:</i>		
Non-deductible expenses	392,063	540,082
Current year tax losses not recognised	1,618,407	1,118,423
<i>Decrease in income tax due to:</i>		
Movement in unrecognised temporary differences	79,561	121,932
Capital losses recognised during the year	-	(92,712)
Capital losses utilised during the year	-	92,712
Tax losses utilised during the year	-	-
Unrecognised deferred tax assets		
<i>Deferred tax assets have not been recognised in respect of the following:</i>		
Previous year tax losses brought forward	6,767,436	5,581,723
Tax revenue losses (1)	1,683,226	1,185,713
	8,450,662	6,767,436

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

NOTE 6. CASH AND CASH EQUIVALENTS

	30 June 2021 \$	30 June 2020 \$
Current		
Cash at bank and in hand	7,316,846	6,419,891
Restricted cash	322,790	323,107
	7,639,636	6,742,998

NOTE 7. INVESTMENTS AND OTHER FINANCIAL ASSETS
(i) Classification of financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (FVOCI) comprise of equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category.

(ii) Equity investments at fair value through other comprehensive income

Equity investments at FVOCI comprise the following individual investments:

	30 June 2021 \$	30 June 2020 \$
Investments		
<i>Balance at beginning of the year</i>		
Todd River Resources Ltd	-	-
Westgold Resources Ltd	-	1,875,000
<i>Movement during the year</i>		
Todd River Resources Ltd transfer from investment in associate balance (note 8)	2,709,139	-
Todd River Resources change in fair value of investment	3,536,932	-
Westgold Resources Ltd disposal of shares	-	(1,875,000)
Balance as at 30 June	6,246,071	-

As at 23 September 2021, the share price of Todd River Resources Limited ("TRT") has decreased to \$0.062 which equates to a value of \$4,665,740.

NOTE 7: INVESTMENTS AND OTHER FINANCIAL ASSETS (CONTINUED)

(iii) Fair values of other financial assets at amortised cost

Financial assets at amortised cost include the following:

Current – Trade and other receivables	30 June 2021	30 June 2020
	\$	\$
Trade and other receivables	101,161	177,555
	101,161	177,555

Due to the short term nature of the trade and other receivables and prepayments, their carrying amount is considered to be the same as their fair value.

NOTE 8. EQUITY INVESTMENT AND INTERESTS IN ASSOCIATES

The entity listed below have share capital consisting of ordinary shares and options of which 13.58% of the ordinary shares are held directly by the Group.

The Groups investment in Todd River Resources Ltd (ASX:TRT) was reduced from 30.62% to 24.50% in August 2020 due to a capital raising share issue by TRT that the Group did not participate in, to 18.48% in September 2020 due to a share issue by TRT in relation to a project acquisition and to 15.57% in October due to a capital raising share issue by TRT that the Group did not participate in and further to 13.58%.

The Group have reclassified the investment from being an associate to an investment in October 2020 as the Group no longer has significant influence over TRT. See Note 1 for an explanation of the accounting judgement in relation to this classification.

		30 June 2021
Investment in associate reconciliation		\$
		1,735,627
S2R's investment as at 1 July 2020 (1)		
Less Group's share to October 2020	\$	(159,042)
Fair value adjustment of interest retained (2)(3)	\$	1,132,554
Transfer to financial asset		(2,709,139)
Carrying amount		-

(1) This includes \$8,703 of transaction costs.

(2) The share price as at 26 October 2020 which was the date of reclassification was 0.036 cents.

(3) This was taken through the profit and loss statement.

NOTE 8. EQUITY INVESTMENT AND INTERESTS IN ASSOCIATES (CONTINUED)

	30 June 2020
Investment in associate reconciliation	\$
S2R's investment as at 1 July 2019	\$ 1,241,255
Increase in investment (1)	\$ 1,403,063
Less Group's share	\$ (1,494,961)
Less impairment reversal (expense) (2)	\$ 586,270
Carrying amount	\$ 1,735,627

(1) This includes transaction costs. (2) The Group reversed the impairment as at June 2019 in the year ended 30 June 2020 on the basis of the market price of TRT shares as at 30 June 2020.

Amounts recognised in profit or loss

During the year, the following gains were recognised in the profit or loss and other comprehensive income.

	30 Jun 2021	30 June 2020
	\$	\$
Fair value adjustment for reclassification of investment	1,132,554	-

NOTE 9. EXPLORATION AND EVALUATION

	30 June 2021 \$	30 June 2020 \$
Exploration costs	2,366,972	966,977
Movement during the year		
Balance at beginning of the year	966,977	1,028,199
Exploration expenditure incurred during the year	5,294,832	3,964,516
Exploration expenditure incurred during the year and expensed (1)	(5,294,837)	(3,964,516)
Exploration expenditure relating to acquisitions (3)	1,400,000	-
Exploration impairment expense (2)	-	(68,172)
Foreign currency translation differences	-	6,951
Balance at end of the year	2,366,972	966,978

(1) During the year ended 30 June 2021 the exploration expenditure incurred pertains to the following:

NOTE 9. EXPLORATION AND EVALUATION (CONTINUED)

Australian Projects

Exploration expenditure incurred and expensed for Australia was \$3,019,153.

Finland Projects

Exploration expenditure incurred and expensed for Finland was \$2,269,676

US Projects

Exploration expenditure incurred and expensed for the in the US was \$6,008 this relates to the storage of exploration equipment.

- (2) During the year ended 30 June 2020, the Group made a decision to withdraw from the Ecrú Project and therefore made an impairment expense of \$68,172. This decision would result in the Group not earning into the Ecrú joint venture with Rengold.
- (3) Expenditure incurred but not expensed for Australia was \$1,400,000. In October 2020, S2 entered into a binding agreement with private company Black Raven Mining Pty Ltd (“BRM”) to earn a majority interest in a group of tenements known as the Jillewarra project (see S2 ASX announcement dated 5th October 2020). The farm-in comprised an up-front non-cash consideration, an earn-in phase, and a potential free carry, as summarised below:
- Issue of 5 million S2 shares to BRM at A\$0.28, representing a consideration of A\$1.4m (issued 5th October 2020)
 - Minimum expenditure of A\$2m within 2 years
 - Cumulative expenditure of A\$5m within 5 years to earn a 51% interest
 - Completion of a study on Inferred Mineral Resources of at least 250,000 ounces of gold (or base metal equivalent) within 7 years to earn a 70% interest
 - On completion of this study by S2, BRM can elect to contribute, dilute, or revert to a free carried interest (“FCI”) to commencement of commercial production
 - In the event of BRM opting for a FCI, BRM’s interest reduces to 25% and S2’s interest increases to 75%, and BRM repays its free carry from 100% of its share of future revenue
 - In the event of S2 not completing a study within 7 years, S2’s interest decreases to 49%

NOTE 10. TRADE AND OTHER PAYABLES

	30 June 2021 \$	30 June 2020 \$
Trade and other payables (1)	756,903	286,131

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

NOTE 11. SHARE CAPITAL

	30 June 2021 No. of Shares	30 June 2021 \$	30 June 2020 No. of Shares	30 June 2020 \$
Ordinary shares fully paid	314,891,179	61,184,670	247,915,179	52,552,523
Movement in Share Capital				
Share Placement	61,976,000	7,238,790	-	-
Share issue to BRM for Jillewarra Project - See Note 9 iii.	5,000,000	1,393,357	-	-
Ordinary shares fully paid				
Balance at beginning of year	247,915,179	52,552,523	247,915,179	52,552,523
Balance at year end	314,891,179	61,184,670	247,915,179	52,552,523

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

NOTE 12. RESERVES

	30 June 2021 \$	30 June 2020 \$
Share-based payments reserve (1)	2,862,214	4,016,601
Other reserve (2)	144,517	144,517
Foreign currency translation reserve (3)	352,665	184,683
Revaluation reserve (4)	3,536,932	-
	6,896,328	4,345,801

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

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

In the year ended 30 June 2021, \$2,310,305 in relation to the fair value of options which has lapsed or expired was transferred to accumulated losses.

(2) The other reserve recognises the remaining non-controlling interest (33%) that was purchased from the Sakumpu vendors on 30 November 2015. Sakumpu Exploration Oy is a registered entity in Finland.

(3) Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

(4) The revaluation reserve recognises the change in fair value of investments. Please refer to note 7 of these financials.

NOTE 13. SHARE-BASED PAYMENTS

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

Options

Options Series	Number Issued	Number at 30 June 2021	Grant Date	Expiry Date	Exercise Price \$	Fair value at Grant Date \$
(6) Issued at 7 October	1,000,000	-	07/10/2016	06/10/2020	0.35	0.16
(7) Issued at 7 October	11,950,000	-	07/10/2016	06/10/2020	0.61	0.23
(8) Issued 17 October 2017	7,750,000	7,750,000	17/10/2017	16/10/2021	0.23	0.08
(9) Issued 21 October 2017	3,400,000	2,350,000	21/10/2017	20/10/2021	0.23	0.08
(10) Issued 28 November	2,900,000	2,400,000	28/11/2018	27/11/2022	0.14	0.05
(11) Issued 5 March 2019	50,000	50,000	05/03/2019	04/03/2023	0.11	0.04
(12) Issued 12 November	18,000,000	18,000,000	12/11/2019	11/11/2023	0.30	0.04
(13) Issued 3 December	400,000	200,000	03/12/2019	02/12/2023	0.30	0.04
(14) Issued 27 August 2020	200,000	200,000	27/08/2020	26/08/2024	0.30	0.10
(15) Issued 5 October 2020	2,000,000	2,000,000	05/10/2020	04/10/2024	0.39	0.14
(16) Issued 17 November	7,350,000	7,350,000	17/11/2020	16/11/2024	0.38	0.14
Total	55,000,000	40,300,000				

- (6) The 1,000,000 options in series 6 which vested immediately were issued to a Director of the Group.
- (7) The 11,950,000 options in series 7 comprised 6,500,000 options issued to the Directors of the Group which vested immediately, 2,700,000 options were issued to employees under the Employee Share Option Plan which vest one year from grant date and 2,750,000 options were issued to service providers which vest one year from grant date. For the service provider options, the value of services received was unable to be measured reliably and therefore the value of services received was measured by reference to the fair value of options issued.
- (8) The 7,750,000 options in series 8 which vested immediately were issued to the Directors of the Group which vested immediately.
- (9) The 3,400,000 options in series 9 comprised 2,950,000 options issued to employees under the Employee Share Option Plan which vest one year from grant date and 450,000 options were issued to service providers which vest one year from grant date. For the service provider options, the value of services received was unable to be measured reliably and therefore the value of services received was measured by reference to the fair value of options issued.
- (10) The 2,900,000 options in series 10 comprised 2,500,000 were issued to employees under the Employee Share Option Plan which vest one year from grant date and 400,000 options were issued to service providers which vest one year from grant date. For the service provider options, the value of services received was unable to be measured reliably and therefore the value of services received was measured by reference to the fair value of options issued.
- (11) The 50,000 options in series 11 which vests one year from grant date was issued to an employee under the Employee Share Option Plan.
- (12) The 18,000,000 options in series 12 comprised 15,500,000 options issued to the Directors of the Group which vested immediately, 2,100,000 options were issued to employees under the Employee Share Option Plan which vest one year from grant date and 400,000 options were issued to service providers which vest one year from grant date. For the service provider options, the value of services received was unable to be measured reliably and therefore the value of services received was measured by reference to the fair value of options issued.

NOTE 13. SHARE-BASED PAYMENTS (CONTINUED)

- (13) The 400,000 options in series 13 which vests one year from grant date were issued to employees under the Employee Share Option Plan.
- (14) The 200,000 options in series 14 which vests one year from grant date were issued to a service provider under the Service Provider Option Plan. For the service provider options, the value of services received was unable to be measured reliably and therefore the value of services received was measured by reference to the fair value of options issued.
- (15) The 2,000,000 options in series 15 which vests one year from grant date was issued to an employee under the Employee Share Option Plan.
- (16) The 7,350,000 options in series 16 comprised 4,500,000 options issued to the Directors of the Group which vested immediately, 2,450,000 options were issued to employees under the Employee Share Option Plan which vest one year from grant date and 400,000 options were issued to service providers which vest one year from grant date. For the service provider options, the value of services received was unable to be measured reliably and therefore the value of services received was measured by reference to the fair value of options issued.

The weighted average fair value of the share options granted during the year is \$0.14.

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

	30 June 2021	30 June 2020
	\$	\$
Options issued under Directors Option Plan	646,380	669,982
Options issued under Employee Share Plan	457,557	111,466
Options issued under Service Provider Plan	51,981	24,746
	1,155,918	806,194

The weighted average contractual life for options outstanding at the end of the year was 2.03 years.

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

	Series 6	Series 7	Series 8	Series 9	Series 10	Series 11
Grant date share price	0.25	0.44	0.16	0.23	0.09	0.07
Exercise price	0.35	0.61	0.23	0.23	0.14	0.11
Expected volatility	100%	80%	80%	80%	80%	80%
Option life	4 years	4 years	4 years	4 years	4 years	4 years
Dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Interest rate	3.35%	2.87%	2.34%	2.34%	2.29%	1.75%

	Series 12	Series 13	Series 14	Series 15	Series 16
Grant date share price	0.115	0.115	0.20	0.28	0.28
Exercise price	0.30	0.30	0.30	0.39	0.38
Expected volatility	80%	80%	80%	80%	80%
Option life	4 years	4 years	4 years	4 years	4 years
Dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%
Interest rate	0.86%	0.86%	0.43%	0.29%	0.29%

NOTE 13. SHARE-BASED PAYMENTS (CONTINUED)

The following reconciles the outstanding share options granted in the year ended 30 June 2021:

	30 June 2021 No. of Options	30 June 2021 Weighted average exercise price \$	30 June 2020 No. of Options	30 June 2020 Weighted average exercise price \$
Balance at the beginning of the year	41,600,000	0.34	50,450,000	0.35
Granted during the year	9,550,000	0.38	18,400,000	0.30
Exercised during the year	-	-	-	
Expired during the year (1)	(10,850,000)	0.56	(27,250,000)	0.27
Balance at the end of the year	40,300,000	0.29	41,600,000	0.34
Un-exercisable at the end of the year	5,050,000	0.38	2,900,000	0.30
Exercisable at end of the year	35,250,000	0.28	38,700,000	0.34

(1) *Options expired or cancelled during the year*

For the year ended 30 June 2021, 10,850,000 employee, director and service provider share options were lapsed or expired.

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

NOTE 14. DIVIDENDS

There were no dividends recommended or paid during the year ended 30 June 2021.

NOTE 15. KEY MANAGEMENT PERSONNEL DISCLOSURES

	30 June 2021 \$	30 June 2020 \$
Short term employee benefits	665,879	538,209
Post-employment benefits	55,464	43,433
Annual Leave benefits	42,468	23,390
Share-based payment	854,979	669,982
	1,618,790	1,275,015

Detailed remuneration disclosures are provided in the Remuneration Report.

NOTE 16. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH USED IN OPERATING ACTIVITIES

	30 June 2021 \$	30 June 2020 \$
Loss for the year	(7,234,407)	(7,475,048)
Depreciation	151,849	140,999
Equity Settled share-based payment transaction	1,155,918	806,194
Exploration expenditure written off	-	68,172
Income tax benefit/(expense)	-	-
Other (gain)/losses – net	310,218	(61,970)
Gain on disposal of subsidiary	(46,855)	-
Share of associate's loss	159,042	1,494,960
Associate impairment (reversal)/ expense	-	(586,270)
Fair Value adjustment for reclassification of investment	(1,132,554)	-
Increase/(Decrease) in trade and other payables	687,652	(374,380)
Increase/(Decrease) in provisions	37,385	(18,246)
(Increase)/Decrease in receivables	85,203	318,570
Net cash outflow from operating activities	(5,826,549)	(5,687,019)

NOTE 17. BASIC LOSS PER SHARE

	30 June 2021 \$	30 June 2020 \$
(a) Reconciliation of loss used in calculating loss per share		
Basic loss per share		
Loss attributable to the ordinary equity holders used in calculating basic loss per share	(7,234,407)	(7,475,048)
(b) Weighted average number of shares used as the Denominator	Number	Number
Ordinary shares used as the denominator in calculating basic loss per share	309,145,641	247,915,179
(c) Basic loss per share	Cents	Cents
Basic loss per share	(2.34)	(3.02)

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

NOTE 18. COMMITMENTS

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

	30 June 2021	30 June 2020
	\$	\$
Not later than one year	1,096,345	261,962
After one year but less than two years	982,189	261,962
After two years but less than five years	1,452,591	175,127
After five years*	190,749	-
	3,721,874	699,051

* Per annum

NOTE 19. RELATED PARTY TRANSACTIONS

Other than the Directors and key management personnel salaries and options described in Note 15 and the Remuneration Report, there were no related party transactions for the year ended 30 June 2021.

NOTE 20. JOINT VENTURES

The Group has interests in the following joint venture operations:

Tenement Area	Activities	2021	2020
Eundynie	Nickel	80%	80%

NOTE 21. PARENT ENTITY DISCLOSURES
Financial position

	30 June 2021	30 June 2020
	\$	\$
Assets		
Current assets	7,171,975	6,513,905
Non-current assets	8,667,169	3,284,331
Total assets	15,839,144	9,798,236
Liabilities		
Current liabilities	297,562	243,981
Non-current liabilities	102,203	177,568
Total liabilities	399,765	421,549
Net assets	15,439,379	9,376,687
Equity		
Issued capital	61,184,670	52,552,523
Share-based payments reserve	2,862,214	4,016,601
Fair value and other comprehensive income reserve	-	-
Accumulated losses	(48,607,505)	(47,192,435)
Total equity	15,439,379	9,376,687

Financial performance

	30 June 2021	30 June 2020
	\$	\$
Loss for the year	(3,725,375)	(7,419,490)
Other comprehensive income	-	(33,229)
Total comprehensive income	(3,725,375)	(7,452,719)

NOTE 22. SUBSIDIARIES

Name of entity	Country of incorporation	Class of Shares	Equity Holding	
			2021	2020
Third Eye Pty Ltd (1)	Australia	Ordinary	100%	-
Southern Star Exploration Pty Ltd	Australia	Ordinary	100%	100%
Sirius Europa Pty Ltd	Australia	Ordinary	100%	100%
Norse Exploration Pty Ltd	Australia	Ordinary	100%	100%
Sakumpu Exploration Oy	Finland	Ordinary	100%	100%
S2 Exploration Quebec Inc.	Canada	Ordinary	100%	100%
S2 Sverige AB (2)	Sweden	Ordinary	-	100%
S2RUS Pty Ltd	Australia	Ordinary	100%	100%
S2RUS LLC	United States	Ordinary	100%	100%
Nevada Star Exploration LLC	United States	Ordinary	100%	100%

(1)Third Eye Pty Ltd was incorporated during the period.

(2)S2 Sverige AB a dormant subsidiary was disposed of during June 2021.

NOTE 23. EVENTS OCCURRING AFTER THE REPORTING YEAR

On 16 August the Group through its wholly owned Finnish subsidiary Sakumpu Exploration Oy entered into a binding farm-in agreement with Rupert Resources on two exploration licence applications covering an area of 37 square kilometres in the Central Lapland Greenstone Belt in northern Finland. Under the agreement, Rupert can spend up to 3.4 million Euro's to earn a 70% interest in the Sikavaara East and Sikavaara West licences, with an initial expenditure requirement of 1.2 million Euro's over the first three years.

On 30 August 2021, the Group completed its placement by issuing 41,483,676 shares to institutional and sophisticated investors at an issue price of \$0.12 resulting in the Group having additional working capital of \$4,978,041. The placement was undertaken within the Group's 25% capacity under ASX Listing Rule 7.1 and 7.1A and accordingly no shareholder approval was required in connection with the equity raising.

No other matter or circumstance has arisen since the end of the financial year which significantly affected or may significantly affect the operation of the group, the results of those operations or the state of affairs of the group in subsequent financial years.

NOTE 24. REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the Group:

Audit services

Total remuneration for audit services

30 June 2021 \$	30 June 2020 \$
40,905	36,845
40,905	36,845

NOTE 25. FAIR VALUE MEASUREMENT

This note provides an update on the judgements and estimates in determining the fair values of the financial instruments since the last annual financial report.

Fair Value Hierarchy

To provide an indication about the reliability of the inputs used in determining fair value. The Group classifies its financial instruments into the three levels prescribed under accounting standards. An explanation of each level follows underneath the table.

The following table presents the Group’s financial assets and financial liabilities measured and recognised at fair value.

	Level 1	Level 2	Level 3	Total \$
As at 30 June 2021	\$	\$	\$	
Financial assets as FVOCI – Equity Securities	6,246,071	-	-	6,246,071

There were no transfers between levels during the year. The Group’s policy is to recognise transfers into and out of the fair value hierarchy levels at balance date.

The fair value of the financial assets and liabilities held by the Group must be estimated for recognition, measurement and /or disclosure purposes. The Group measures fair value by level, per the following fair value measurement hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or the liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Valuation techniques used to determine fair values

The Group did not have any financial instruments that are recognised in the financial statements where their carrying value differed from the fair value. The fair value of assets and liabilities are included at an amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The carrying value of amounts of cash and short term trade and other receivables, trade payables and other current liabilities approximate their fair value largely due to the short term maturities of these payments.

Financial assets at fair value through other comprehensive income – equity securities

The fair value of the equity holdings held in ASX companies are based on the quoted market prices from the ASX on the last trading day prior to the period end.

Directors' Declaration

The Directors of the Group declare that:

1. The financial statements and notes as set out on pages 24 to 62 are in accordance with the Corporations Act 2001, and
 - (a) comply with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (b) give a true and fair view of the financial position of the Group as at 30 June 2021 and of its performance for the year ended on that date.
2. The financial report also complies with International Financial Reporting Standards as disclosed in note 1 to the financial statements.
3. The Director acting in the capacity of Chief Executive Officer has declared that:
 - (a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - (b) the financial statements and notes for the financial year comply with the accounting standards; and
 - (c) the financial statements and notes for the financial year give a true and fair view.
4. In the opinion of the Directors there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
5. The remuneration disclosures that are contained in the Remuneration Report in the Directors' Report comply with Australian Accounting Standards AASB 124 Related Party Disclosures, the Corporations Act 2001 and the Corporations Regulations 2001.

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



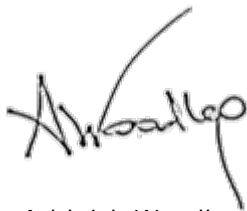
Mark Bennett
Executive Chairman
Perth
23 September 2021

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

As lead auditor of S2 Resources Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

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

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



Ashleigh Woodley

Director

BDO Audit (WA) Pty Ltd

Perth, WA

23 September 2021

INDEPENDENT AUDITOR'S REPORT

To the members of S2 Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of S2 Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for opinion

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

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

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

Key audit matters

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

Carrying value of exploration and evaluation assets

Key audit matter	How the matter was addressed in our audit
<p>During the year, the Group entered into a binding agreement to earn a majority interest in a group of tenements known as the Jillewarra project. The consideration paid under this agreement has been capitalised to the exploration and evaluation asset in accordance with the Group's accounting policy.</p> <p>As the carrying value of the capitalised exploration and evaluation asset represents a significant asset of the Group at 30 June 2021, we considered it necessary to assess whether any facts or circumstances exist to suggest that the carrying amount of this asset may exceed its recoverable amount.</p> <p>Judgement is applied in determining the treatment of exploration expenditure in accordance with Australian Accounting Standard AASB 6 Exploration for and Evaluation of Mineral Resources. In particular, whether facts and circumstances indicate that the exploration and evaluation assets should be tested for impairment.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Obtaining a schedule of the areas of interest held by the Group and assessing whether the rights to tenure of those areas of interest remained current at balance date; • Vouching the consideration paid for the earn-in interest to the signed farm-in agreement and performing a re-calculation of the value of the shares issued; • Considering the status of the ongoing exploration programmes in the respective areas of interest by holding discussions with management, and reviewing the Group's exploration budgets, ASX announcements and director's minutes; • Considering whether any such areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed; • Considering whether any facts or circumstances existed to suggest impairment testing was required; and • Assessing the adequacy of the related disclosures in Notes 9 and 1(a) to the Financial Statements.



Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the Financial Report

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

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

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.



Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 22 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of S2 Resources Limited, for the year ended 30 June 2021, complies with section 300A of the Corporations Act 2001.

Responsibilities

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

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'Ashleigh Woodley'. Above the signature, the letters 'BDO' are written in a stylized, handwritten font.

Ashleigh Woodley

Director

Perth, 23 September 2021

Additional ASX Information

The shareholder information set out below was applicable as at the dates specified.

Unlisted Securities

Options (Current as at 20 September 2021)

	Number on issue	Number of holders
Options expiring 17 October 2021 at an exercise price of \$0.23	7,750,000	4
Options expiring 20 October 2021 at an exercise price of \$0.23	2,350,000	6
Options expiring 27 November 2022 at an exercise price of \$0.14	2,400,000	5
Options expiring 4 March 2023 at an exercise price of \$0.11	50,000	1
Options expiring 11 November 2023 at an exercise price of \$0.30	18,000,000	10
Options expiring 2 December 2023 at an exercise price of \$0.30	200,000	1
Options expiring 26 August 2024 at an exercise price of \$0.30	200,000	1
Options expiring 4 October 2024 at an exercise price of \$0.39	2,000,000	1
Options expiring 16 November 2024 at an exercise price of \$0.38	7,350,000	11

Holders of over 20% of unlisted securities

There are the following holders of more than 20% of unlisted securities as at 20 September 2021:

	Number held
Mark Bennett	12,000,000

Distribution of Equity Securities

Analysis of numbers of ordinary shareholders by size of holding:

		Number of Shareholders	
1	-	1,000	1,969
1,001	-	5,000	1,167
5,001	-	10,000	550
10,001	-	100,000	1,017
100,001	and over		354
			5,507

There are 3,173 holders holding less than a marketable parcel of ordinary shares based on the closing market price as at 20 September 2021.

Ordinary Shares subject to escrow

There are zero ordinary shares subject to either regulatory or voluntary escrow.

On-Market Buy-Back

There is no current on-market buy-back.

Voting Rights

The voting rights attaching to each class of equity securities are set out below:

- (a) *Ordinary Shares:* On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.
- (b) *Options:* These securities have no voting rights.

Substantial Holders (Current as at 20 September 2021)

Substantial holders of equity securities in the Company as per substantial shareholders notices are set out below:

Ordinary Shares

Name	Number held	Percentage of issued shares
Mark Gareth Creasy, Yandal Investments Pty Ltd, Ponton Minerals Pty Ltd, Lake Rivers Gold Pty Ltd and Free CI Pty Ltd	67,419,935	18.92%
Merian Global Investors (UK) Limited	46,621,574	14.93%
Paradice Investment Management Pty Ltd	23,341,794	7.53%

Equity Security Holders (Current as at 20 September 2021)

The names of the twenty largest holders of quoted equity securities (ordinary shares) are listed below:

Rank	Name	Units	% of Units
1	CITICORP NOMINEES PTY LIMITED	61,671,036	17.31
2	YANDAL INVESTMENTS PTY LTD	42,482,707	11.92
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	30,616,099	8.59
4	PONTON MINERALS PTY LTD	8,312,410	2.33
5	FREE CI PTY LTD	8,312,409	2.33
6	LAKE RIVERS GOLD PTY LTD	8,312,409	2.33
6	BT PORTFOLIO SERVICES LIMITED <WARRELL HOLDINGS S/F A/C>	7,000,000	1.96
8	BLACK RAVEN MINING PTY LTD	5,000,000	1.40
9	GURRAVEMBI INVESTMENTS PTY LTD <THE GURRAVEMBI S/FUND A/C>	5,000,000	1.40
10	DR MARK ANTHONY BENNETT	4,095,000	1.15
11	BRINDABELLA CAPITAL MANAGEMENT PTY LTD	4,000,000	1.12
12	BELLARINE GOLD PTY LTD <RIBBLESDALE SUPER FUND A/C>	3,025,000	0.85
13	MARTINI 29 PTY LTD	3,000,000	0.84
14	PERTH SELECT SEAFOODS PTY LTD	3,000,000	0.84
15	BB CAPITAL PTY LTD	2,506,411	0.70
16	MR ALAIN CHEVALIER	2,100,000	0.59
17	ROXTRUS PTY LTD	2,005,946	0.56
18	MR ANDREW JOHN CLARINGBOLD	2,000,000	0.56
19	SEASCAPE CAPITAL PTY LTD	2,000,000	0.56
20	REDLAND PLAINS PTY LTD <MAJESTIC INVESTMENT FUND A/C>	1,922,187	0.54
	Total of Top 20	206,361,614	57.91
	Total Remaining Holders Balance	150,013,241	42.09

Tenement Schedule at 30 June 2021

Project	Tenement ID	Registered Holder	Location	Ownership %	Status
Western Australia					
Fraser Range	E28/2791	Southern Star Pty Ltd	Fraser Range	100%	Granted
Fraser Range	E28/2792	Southern Star Pty Ltd	Fraser Range	100%	Granted
Fraser Range	E28/2794	Southern Star Pty Ltd	Fraser Range	100%	Granted
Jillewarra	E51/1602	Tanzi Pty Ltd	Jillewarra	earning 51%	Granted
Jillewarra	E51/1603	Tanzi Pty Ltd	Jillewarra	earning 51%	Granted
Jillewarra	E51/1604	Tanzi Pty Ltd	Jillewarra	earning 51%	Granted
Jillewarra	E51/1617	Black Raven Mining Pty Ltd	Jillewarra	earning 51%	Granted
Jillewarra	E51/1906	Black Raven Mining Pty Ltd	Jillewarra	earning 51%	Granted
Jillewarra	E51/1915	Black Raven Mining Pty Ltd	Jillewarra	earning 51%	Granted
Jillewarra	M51/270	Tanzi Pty Ltd	Jillewarra	earning 51%	Granted
Jillewarra	M51/353	Tanzi Pty Ltd	Jillewarra	earning 51%	Granted
Jillewarra	M51/451	Tanzi Pty Ltd	Jillewarra	earning 51%	Granted
Jillewarra	P51/2696	Wood, Sandra	Jillewarra	earning 51%	Granted
Jillewarra	P51/2950	Black Raven Mining Pty Ltd	Jillewarra	earning 51%	Granted
Jillewarra	P51/3082	Black Raven Mining Pty Ltd	Jillewarra	earning 51%	Granted
Jillewarra	E51/1955	Black Raven Mining Pty Ltd	Jillewarra	earning 51% when granted	Application
Jillewarra	E51/1956	Black Raven Mining Pty Ltd	Jillewarra	earning 51% when granted	Application
Jillewarra	E51/1965	Black Raven Mining Pty Ltd	Jillewarra	earning 51% when granted	Application
Jillewarra	E51/1966	Black Raven Mining Pty Ltd	Jillewarra	earning 51% when granted	Application
Jillewarra	E51/2050	Third Eye Resources Pty Ltd	Jillewarra	earning 51% when granted	Application
Jillewarra	E51/2051	Third Eye Resources Pty Ltd	Jillewarra	earning 51% when granted	Application
Jillewarra	E51/2052	Third Eye Resources Pty Ltd	Jillewarra	earning 51% when granted	Application
Jillewarra	E51/2053	Third Eye Resources Pty Ltd	Jillewarra	earning 51% when granted	Application
Jillewarra	E51/2054	Third Eye Resources Pty Ltd	Jillewarra	earning 51% when granted	Application
Jillewarra	M51/885	Wood, Sandra	Jillewarra	earning 51% when granted	Application
Three Springs	E70/5380	Southern Star Pty Ltd	Three Springs	100%	Granted
Three Springs	E70/5381	Southern Star Pty Ltd	Three Springs	100%	Granted
West Murchison	E70/5382	Southern Star Pty Ltd	West Murchison	100%	Granted
West Murchison	E09/2390	Southern Star Pty Ltd	West Murchison	100%	Granted
West Murchison	E09/2391	Southern Star Pty Ltd	West Murchison	100%	Granted
Polar Bear	E15/1298	Polar Metals Pty Ltd	Lake Cowan	100% nickel	Granted
Polar Bear	E15/1461	Polar Metals Pty Ltd	Lake Cowan	100% nickel	Granted
Polar Bear	E15/1541	Polar Metals Pty Ltd	Lake Cowan	100% nickel	Granted
Polar Bear	E63/1142	Polar Metals Pty Ltd	Lake Cowan	100% nickel	Granted
Polar Bear	E63/1712	Polar Metals Pty Ltd	Lake Cowan	100% nickel	Granted
Polar Bear	E63/1725	Polar Metals Pty Ltd	Lake Cowan	100% nickel	Granted
Polar Bear	E63/1756	Polar Metals Pty Ltd	Lake Cowan	100% nickel	Granted
Polar Bear	E63/1757	Polar Metals Pty Ltd	Lake Cowan	100% nickel	Granted

Polar Bear	M15/651	Polar Metals Pty Ltd	Lake Cowan	100% nickel	Granted
Polar Bear	M15/710	Polar Metals Pty Ltd	Lake Cowan	100% nickel	Granted
Polar Bear	M15/1814	Polar Metals Pty Ltd	Lake Cowan	100% nickel	Granted
Polar Bear	M63/230	Polar Metals Pty Ltd	Lake Cowan	100% nickel	Granted
Polar Bear	M63/255	Polar Metals Pty Ltd	Lake Cowan	100% nickel	Granted
Polar Bear	M63/269	Polar Metals Pty Ltd	Lake Cowan	100% nickel	Granted
Polar Bear	M63/279	Polar Metals Pty Ltd	Lake Cowan	100% nickel	Granted
Polar Bear	P15/5958	Polar Metals Pty Ltd	Lake Cowan	100% nickel	Granted
Polar Bear	P15/5959	Polar Metals Pty Ltd	Lake Cowan	100% nickel	Granted
Polar Bear	P63/1587	Polar Metals Pty Ltd	Lake Cowan	100% nickel	Granted
Polar Bear	P63/1588	Polar Metals Pty Ltd	Lake Cowan	100% nickel	Granted
Polar Bear	P63/1589	Polar Metals Pty Ltd	Lake Cowan	100% nickel	Granted
Polar Bear	P63/1590	Polar Metals Pty Ltd	Lake Cowan	100% nickel	Granted
Polar Bear	P63/1591	Polar Metals Pty Ltd	Lake Cowan	100% nickel	Granted
Polar Bear	P63/1592	Polar Metals Pty Ltd	Lake Cowan	100% nickel	Granted
Polar Bear	P63/1593	Polar Metals Pty Ltd	Lake Cowan	100% nickel	Granted
Polar Bear	P63/1594	Polar Metals Pty Ltd	Lake Cowan	100% nickel	Granted
Polar Bear	M63/662	Polar Metals Pty Ltd	Lake Cowan	100% nickel when granted	Application
Eundynie JV	E15/1458	Polar Metals Pty Ltd / Shumwari Pty Ltd	Lake Cowan	80% nickel	Granted
Eundynie JV	E15/1459	Polar Metals Pty Ltd / Shumwari Pty Ltd	Lake Cowan	80% nickel	Granted
Eundynie JV	E15/1464	Polar Metals Pty Ltd / Shumwari Pty Ltd	Lake Cowan	80% nickel	Granted
Eundynie JV	E63/1726	Polar Metals Pty Ltd / Shumwari Pty Ltd	Lake Cowan	80% nickel	Granted
Eundynie JV	E63/1727	Polar Metals Pty Ltd / Shumwari Pty Ltd	Lake Cowan	80% nickel	Granted
Eundynie JV	E63/1738	Polar Metals Pty Ltd / Shumwari Pty Ltd	Lake Cowan	80% nickel	Granted
Norcott	E15/1487	Polar Metals Pty Ltd	Mt Norcott	100% nickel	Granted
Norcott	E63/1728	Polar Metals Pty Ltd	Mt Norcott	100% nickel	Granted

New South Wales

Koonenberry	ELA6198	Third Eye Resources Pty Ltd	Koonenberry	100% when granted	Application
Koonenberry	ELA6199	Third Eye Resources Pty Ltd	Koonenberry	100% when granted	Application
Koonenberry	ELA6200	Third Eye Resources Pty Ltd	Koonenberry	100% when granted	Application

Finland

Exploration Licenses

Central Lapland	Kerjonen ML2015:0061	Sakumpu Exploration Oy	Central Lapland	100%	Granted
Central Lapland	Keulakkopää ML2016:0058	Sakumpu Exploration Oy	Central Lapland	100%	Granted
Central Lapland	Ruopas Pahtapuura ML2017:0040	Sakumpu Exploration Oy	Central Lapland	100%	Granted
Central Lapland	Paana Central ML2018:0081	Sakumpu Exploration Oy	Central Lapland	100%	Granted
Central Lapland	Aakenusvaara ML2018:0105	Sakumpu Exploration Oy	Central Lapland	100%	Granted
Central Lapland	Paana W2 ML2018:0107	Sakumpu Exploration Oy	Central Lapland	100%	Granted
Central Lapland	Putaanperä ML2016:0063	Sakumpu Exploration Oy	Central Lapland	100% when granted	Application

Central Lapland	Sikavaara E ML2016:0056	Sakumpu Exploration Oy	Central Lapland	100% when granted	Application
Central Lapland	Paana West ML2017:0028	Sakumpu Exploration Oy	Central Lapland	100% when granted	Application
Central Lapland	Paana East ML2017:0029	Sakumpu Exploration Oy	Central Lapland	100% when granted	Application
Central Lapland	Selkä ML2017:0037	Sakumpu Exploration Oy	Central Lapland	100% when granted	Application
Central Lapland	Nuttio ML2017:0041	Sakumpu Exploration Oy	Central Lapland	100% when granted	Application
Central Lapland	Hanhijarvi ML2017:0112	Sakumpu Exploration Oy	Central Lapland	100% when granted	Application
Central Lapland	Pikkulaki ML2017:0111	Sakumpu Exploration Oy	Central Lapland	100% when granted	Application
Central Lapland	Ruopas 1 ML2018:0065	Sakumpu Exploration Oy	Central Lapland	100% when granted	Application
Central Lapland	Pahasvuoma ML2019:0085	Sakumpu Exploration Oy	Central Lapland	100% when granted	Application
Central Lapland	Rova ML2019:0086	Sakumpu Exploration Oy	Central Lapland	100% when granted	Application
Central Lapland	Sikavaara W ML2019:0107	Sakumpu Exploration Oy	Central Lapland	100% when granted	Application
Central Lapland	Ruopas Pahtapuura 1 ML2020:0041	Sakumpu Exploration Oy	Central Lapland	100% when granted	Application
Central Lapland	Ruopas Ollerokka ML2020:0042	Sakumpu Exploration Oy	Central Lapland	100% when granted	Application
Central Lapland	Ruopas ML2020:0043	Sakumpu Exploration Oy	Central Lapland	100% when granted	Application
Central Lapland	Paana Silas ML2021:0057	Sakumpu Exploration Oy	Central Lapland	100% when granted	Application
Central Lapland	Paanapyyttö ML2021:0058	Sakumpu Exploration Oy	Central Lapland	100% when granted	Application
Kinross JV	Palvanen ML2016:0062	Sakumpu Exploration Oy	Central Lapland	100% (Kinross earning 70%)	Granted
Kinross JV	Mesi ML2017:0034	Sakumpu Exploration Oy	Central Lapland	100% when granted	Application
Kinross JV	Home ML2017:0042	Sakumpu Exploration Oy	Central Lapland	(Kinross earning 70%) 100% when granted	Application
Kinross JV	Home 1 ML2018:0109	Sakumpu Exploration Oy	Central Lapland	(Kinross earning 70%) 100% when granted	Application
<i>Exploration Reservations</i>					
Central Lapland	Kehrävarsi VA2021:0028	Sakumpu Exploration Oy	Central Lapland	100% when granted (Kinross earning 70%)	Application
Central Lapland	Kevuvuoma VA2021:0029	Sakumpu Exploration Oy	Central Lapland	100% when granted (Kinross earning 70%)	Application

Competent Persons Statement

The information in this report that relates to exploration results from Australia and Finland is based on information compiled by John Bartlett who is an employee of the company. Mr Bartlett is a member of the Australasian Institute of Mining and Metallurgy. Mr Bartlett has sufficient experience of relevance to the style of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as Competent Persons as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Bartlett consents to the inclusion in this report of the matters based on information in the form and context in which it appears.