

5 May 2017

MR JOHN SAMPLE FLAT 123
SAMPLE STREET
SAMPLE STREET
SAMPLE STREET
SAMPLETOWN VIC 3030

Number of Notes Held – 9,999

Entitlement Notice - Conversion of Convertible Notes to Ordinary Shares and Issue of Unlisted Share Options

Dear Noteholder

In accordance with the terms governing the Unsecured Convertible Note Trust Deed, the Company advises you of the following options that are now available to all Noteholders. Those options are:

- (a) Option 1 - Convert Convertible Notes
- (b) Option 2 – Redeem Convertible Notes

OPTION 1 - CONVERT CONVERTIBLE NOTES

Should you wish to convert your Convertible Notes they will be converted to ordinary shares in the Company on 30 June 2017 on the basis of one Convertible Note for:

- (a) 1 ordinary share in the Company; and
- (b) The Company will also issue 1 new Option for every 2 New Shares issued upon Conversion of the Convertible Notes. The Options will be issued at no additional cost to Convertible Noteholders and will be exercisable at any time prior to 30 June 2019 at an Exercise Price of \$0.35 each.

Interest on the Convertible Notes will continue to accrue and be paid up to the Conversion Date of 30 June 2017.



OPTION 2 – REDEEM CONVERTIBLE NOTE

If you do not convert any of your Convertible Notes:

- (a) Convertible Notes will mature on the Maturity Date of 30 June 2017 and will be redeemed by the Company at the Issue Price of \$0.35 on the Maturity Date.
- (b) The Company will not issue any share options to Convertible Noteholders who choose to redeem their Convertible Notes.

Please complete the enclosed form marking your choice and send it back using the enclosed reply paid envelope.

If you choose to convert your Convertible Notes, please also complete the attached Conversion Notice and send it to back to the Company using the enclosed reply paid envelope.

Please send the enclosed form marking your choice and the Conversion Notice back to the Company on or before **5.00pm AEST Thursday, 7 June 2017**.

If you are in any doubt as to what you should do, we recommend that you consult your investment or other professional advisor.

Please contact the undersigned if you require any further information in completing the forms attached with this letter.

Yours sincerely

Hemant Amin
Company Secretary

Phone – 03 9289 5000

Email – hemant.amin@stokes.com.au

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**Securityholder Reference Number (or HIN) -
 Number of Notes Held -**

CONVERSION OF CONVERTIBLE NOTES

This form is to be completed by Convertible Noteholders in order to select whether to convert their Convertible Notes into ordinary shares in the Company or to redeem their Convertible Notes on the maturity date of 30 June 2017.

I/We being the above named holder of registered Convertible Notes select the option as indicated below. (Please tick)

OPTION 1 - CONVERT CONVERTIBLE NOTES

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OPTION 2 – REDEEM CONVERTIBLE NOTES

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Signature(s) of Convertible Noteholders

Noteholder 1 (Individual)	Joint Noteholder 2 (Individual)	Joint Noteholder 3 (Individual)
<div></div>	<div></div>	<div></div>
Sole Director and Sole Company (delete one)	Director/Company Secretary (delete one)	

Date:

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NOTEHOLDER CONVERSION NOTICE

Unsecured Convertible Notes

To the Directors,
 Stokes Limited ABN 24 004 554 929 ("Issuer")

I/We _____

Of _____

holding SRN/HIN number _____ hereby request conversion of _____
 Convertible Notes ("Notes") into fully paid ordinary shares in the capital of Stokes Limited in
 accordance with the Conditions of the Trust Deed dated on or about 23 May 2014.

I note that while I can serve this Conversion Notice on the Company at any time, no shares
 will be issued to me until the Conversion Date (being the last date of the Quarter in which
 this Conversion Notice is received by the Company).

I/We agree to be bound by the Constitution of Stokes Limited.

Dated:

Signature(s) of Convertible Noteholders

	Noteholder 1 (Individual)	Joint Noteholder 2 (Individual)	Joint Noteholder 3 (Individual)
Name:			
Signature			
	Director/Company Secretary (delete one)	Director/Company Secretary (delete one)	