

**THIS IS AN IMPORTANT DOCUMENT
AND REQUIRES YOUR ATTENTION**

STOKES LIMITED

ACN 004 554 929

NOTICE OF ANNUAL GENERAL MEETING and EXPLANATORY STATEMENT

Annual General Meeting of Shareholders
will be held at the offices of Pitcher Partners
Level 19, 15 William Street, Melbourne, VIC 3000
on 1 November 2017, commencing at 11.00am AEDT

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

**Should you wish to discuss the matters set out in this Notice of Meeting please do
not hesitate to contact the Company Secretary on (+61 3) 9289 5000**

STOKES LIMITED

ACN 004 554 929

NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of the Shareholders of **Stokes Limited** will be held at the offices of Pitcher Partners at Level 19, 15 William Street, Melbourne, Victoria 3000 at 11.00am AEDT on 1 November 2017

BUSINESS:

1. FINANCIAL REPORT

To receive and consider the Annual Report, Financial Statements, and the reports of the Directors and the Auditor for the year ended 30 June 2017.

Note: there is no requirement for Shareholders to approve these reports and financial statements.

2. RESOLUTION 1 - ADOPTION OF REMUNERATION REPORT

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

"That the Company be authorised to adopt the Remuneration Report for the year ended 30 June 2017."

The Corporations Act 2001 requires listed companies to put to Shareholders at the Annual General Meeting a resolution concerning the Remuneration Report which is contained in the Directors' Report section of the 2017 Annual Report.

Shareholders will be given an opportunity to ask questions concerning the Remuneration Report at the Annual General Meeting.

Voting Exclusion Statement

The Company will disregard any votes cast on this resolution:

- (a) by or on behalf of a member of the Company's key management personnel as disclosed in the Remuneration Report
- (b) by or on behalf of a Closely Related Party of a member of Key Management Personnel; and
- (c) as a proxy by a member of Key Management Personnel or a Closely Related Party of a member of Key Management Personnel,
unless the vote is cast as proxy for a person entitled to vote in accordance with a direction on the Proxy Form or by the Chairman pursuant to an express authorisation to exercise the proxy

3. RESOLUTION 2 - RETIREMENT OF A DIRECTOR BY ROTATION AND ELECTION OF DIRECTOR:

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

"That having retired pursuant to the constitution of the Company, Greg Jinks be re-elected as a director."

The Company's Constitution requires one third of the directors (other than the Managing Director or directors appointed during the year) or if that number is not a multiple of three then the number nearest to one-third (but not less than one-third unless every non-retiring director has been elected at the last and penultimate AGM) to retire at each AGM. Directors who retire by rotation may offer themselves for re-election. This rule applies this year to Greg Jinks, who, being eligible, offers himself for re-election.

4. RESOLUTION 3 - ELECTION OF DIRECTOR:

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

“That having retired pursuant to the constitution of the Company, Terence Grigg be elected as a director.”

Mr Terence Grigg was appointed by the directors as non-executive director on 31 January 2017, pursuant to rule 13.1 of the constitution of the Company, which allows the Board to appoint a director to fill a casual vacancy or as an addition to the existing Directors.

Terence retires as required by rule 13.1 of the constitution of the Company and being eligible, offers himself for election as Non-Executive Director.

5. RESOLUTION 4 - ELECTION OF DIRECTOR:

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

“That having retired pursuant to the constitution of the Company, Thomas Krulis be elected as a director.”

Mr Thomas Krulis was appointed by the directors as non-executive director on 20 September 2017, pursuant to rule 13.1 of the constitution of the Company, which allows the Board to appoint a director to fill a casual vacancy or as an addition to the existing Directors.

Thomas retires as required by rule 13.1 of the constitution of the Company and being eligible, offers himself for election as Non-Executive Director.

6. RESOLUTION 5 – RATIFICATION OF THE PRIOR ISSUE OF ORDINARY SHARES

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

“That for the purposes of Listing Rule 7.4 and for all other purposes, approval is given to ratify the prior issue of 7,269,998 Ordinary Shares at an issue price of \$0.30 per share to sophisticated investors pursuant to a placement on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting”

On 13 June 2017, the Company issued 7,269,998 Ordinary Shares at an issue price of \$0.30 per Ordinary Share to Australian institutional and sophisticated investors pursuant to a placement on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting (**Placement**). These shares were issued under the Company's 15% placement capacity pursuant to Listing Rule 7.1 and the Company's 10% placement capacity pursuant to Listing Rule 7.1A.

Shareholder approval is now being sought for the purpose of Listing Rule 7.4 so that the Company will have flexibility to issue further Ordinary Shares under Listing Rules 7.1 and 7.1A.

Voting Exclusion Statement

The Company will disregard any votes cast on this Resolution by any person who participated in the issue the subject of this Resolution and any person associated with those persons

- (a) by any person who participated in the share placement; and
- (b) an associate of the person who participated in the share placement.

However, the Company need not disregard a vote if:

- (c) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (d) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

7. RESOLUTION 6 –ISSUE OF 7,269,998 UNLISTED OPTIONS EXERCISABLE AT \$0.35 PER SHARE AND EXPIRING ON OR BEFORE 30 JUNE 2019

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

"approval is given for issue of unlisted options, exercisable at \$0.35 per share expiring on or before 30 June 2019 to sophisticated investors who participated share placement by the Company on 13 June 2017"

On 13 June 2017 the Company issued 7,269,998 Ordinary Shares under the Company's 15% placement power pursuant to Listing Rule 7.1 and the Company's 10% placement power pursuant to Listing Rule 7.1A. Under the placement, and subject to shareholder approval, investors will also receive one attaching unlisted option for every share subscribed for, with each option exercisable at \$0.35/share and expiring on or before 30 June 2019.

Shareholder approval is now being sought for the issue of unlisted options to investor who subscribed for shares offered under the placement.

Voting Exclusion Statement

The Company will disregard any votes cast on this Resolution by any person who participated in the issue subject of Resolution 5 and any person associated with those persons. Further, the Company will disregard any votes cast by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

8. RESOLUTION 7 – PARTICIPATION OF DIRECTORS IN THE SHARE PLACEMENT

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

"That for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve and authorise the Directors to issue and allot:

- (a) *up to 286,667 Ordinary Shares at \$0.30 per share and up to 286,667 unlisted options exercisable at \$0.35 per share expiring on or before 30 June 2019 to Mr Greg Jinks (or his nominee); and*
- (b) *up to 286,667 Ordinary Shares at \$0.30 per share and up to 286,667 unlisted options exercisable at \$0.35 per share expiring on or before 30 June 2019 to Mr Peter Jinks (or his nominee),*

on the same terms and conditions as the other participants in the Share Placement."

Mr Greg Jinks and Mr Peter Jinks (together, the **Participating Directors**) each wish to participate in the Placement on the same terms as the other participants and subscribe for up to 286,667 Ordinary Shares and 286,667 unlisted options, exercisable at \$0.35 per share expiring on or before 30 June 2019. The Participating Directors are related parties of the Company for the purposes of the Listing Rules and, accordingly, the Company is required to obtain Shareholder approval before issuing the Ordinary Shares to the Participating Directors.

Voting Exclusion Statement

The Company will disregard any votes cast on this Resolution by a Participating Directors and any associate of a Participating Director.

However, the Company need not disregard a vote if:

- a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- b) It is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

9. RESOLUTION 8 - APPROVAL FOR ADDITIONAL PLACEMENT CAPACITY

To consider and, if thought fit, pass the following resolution, with or without amendment, as a special resolution:

"That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the issue and allotment of Equity Securities totalling up to 10% of the number of Ordinary Shares on issue (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2; and otherwise on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement:

The Company will disregard any votes cast on this Resolution by a person who may participate in an issue under the 10% Placement Facility and a person who might obtain a benefit, except benefit solely in the capacity of a holder of Shares, if this Resolution is passed (and any associates of such a person).

However, the Company will not disregard a vote cast on Resolution 3 if it is cast:

- a) by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- b) by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides

Other business

In accordance with section 250S(1) of the Corporation Act, Shareholders are invited to ask questions about or make comments on the management of the Company and to raise any other business which lawfully be brought before the Annual General Meeting.

By order of the Board:



Peter Jinks

Executive Chairman

Dated: 27 September 2017

IMPORTANT VOTING INFORMATION

1. HOW TO VOTE

Shareholders entitled to vote at the Annual General Meeting may vote by attending the Annual General Meeting in person, by attorney or proxy or, in the case of corporate shareholders, by a corporate representative.

2. VOTING IN PERSON OR BY ATTORNEY

Shareholders or their attorneys wishing to vote in person should attend the Annual General Meeting. Persons are asked to arrive at least 30 minutes prior to the time the Annual General Meeting is scheduled to commence, so that their shareholding may be checked against the register and their attendance recorded. Shareholders intending to attend the Annual General Meeting by attorney must ensure that they have, not later than 48 hours prior to the time the Annual General Meeting is scheduled to commence, provided the original or a certified copy of the power of attorney to the Company, in the same manner prescribed below for the giving of proxy forms to the Company.

3. VOTING BY PROXY

- a) Shareholders wishing to vote by proxy must complete, sign and deliver the enclosed personalised proxy form or forms, in accordance with the instructions on the form, prior to 11.00am AEDST time on **30 October 2017** by:
 - Hand delivery to: the Company at its registered address at 53 Stanley Street, West Melbourne, Victoria 3003; or
 - Posted to 53 Stanley Street, West Melbourne, Victoria 3003; or
 - Fax to: the Company on (03) 9289 5050.
- b) If the appointment of a proxy specifies the way the proxy is to vote on a particular resolution, then the proxy need not vote, but if the proxy does so, the proxy must vote that way. Any directed proxies which, are not voted will automatically default to the Chairman of the meeting, who must vote the proxies as directed. If a proxy has 2 or more appointments that specify different ways to vote on the resolution - the proxy must not vote on a show of hands.
- c) Shareholder who is entitled to vote at the meeting may appoint:
 - 1) one proxy if the Shareholder is only entitled to one vote; or
 - 2) one or two proxies if the Shareholder is entitled to more than one vote.
- d) Where the Shareholder appoints two proxies, the appointment may specify the proportion or number of votes that each proxy may exercise. If the appointment does not do so, each proxy may exercise one-half of the votes, and any fraction of votes will be disregarded.
- e) A proxy need not be a shareholder of the Company. In the case of joint holders, all should sign the proxy form. In the case of corporations, proxies must be executed in accordance with the Corporations Act.
- f) To be valid, a proxy form, signed under a power of attorney, must be accompanied by the signed power of attorney, or a certified copy of the power of attorney.
- g) A proxy may decide whether to vote on any motion, except where the proxy is required by law, the ASX Listing Rules or the Constitution to vote, or abstain from voting, in their capacity as proxy. If a proxy is directed to vote on an item of business, the proxy may vote on that item only in accordance with the direction. If a proxy is not directed how to vote on an item of business, the proxy may vote as they think fit.

- h) The proxy form accompanying this Notice of Meeting contains detailed instructions regarding how to complete the proxy form if a Shareholder wishes to appoint the Chairman as his or her proxy. You should read those instructions carefully.
- i) By appointing the Chairman of the meeting as your proxy in relation to Resolution 1 and 7 you expressly authorise the Chairman to vote in favour of Resolution 1 and 7 unless:
 - 1) you direct the Chairman to vote against or to abstain from voting on the resolution; or
 - 2) you are a Member of the key management personnel of the Company and its subsidiaries, details of whose remuneration are included in the remuneration report for the year ended 30 June 2017.
- j) The Chairman of the meeting intends to exercise all available proxies by voting in favour of all resolutions.
- k) If you require an additional proxy form, the Company will supply it on request to the undersigned.

4. VOTING BY CORPORATE REPRESENTATIVE

Corporate Shareholders wishing to vote by corporate representative should:

- a) obtain an appointment of corporate representative form from the Company;
- b) complete and sign the form in accordance with the instructions on it; and
- c) bring the completed and signed form with them to the Annual General Meeting.

STOKES LIMITED

ACN 004 554 929

EXPLANATORY STATEMENT

1. INTRODUCTION

The purpose of this Explanatory Statement is to provide Shareholders with an explanation of the business of the meeting and the resolutions proposed to be considered at the Annual General Meeting.

2. RESOLUTION 1 – REMUNERATION REPORT

The Remuneration Report of the Company for the financial year ended 30 June 2017 is included in the Directors' Report in the Annual Report. The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company.

Section 249L(2) of the Corporations Act requires a company to inform Shareholders that a resolution on the Remuneration Report will be put at the Annual General Meeting. Section 250R of the Corporations Act requires a resolution that Remuneration Report adopted be put to the vote. Resolution 1 seek this approval.

In accordance with Section 250R(3) of the Corporation Act, Shareholders should note that Resolution 1 is "advisory only" resolutions which does not bind the Directors. However, Shareholders have the ability to "spill" the Company's board if there are "two strikes" against the adoption of the Remuneration Report at two successive AGMs. Under Section 250SA of the Corporation Act, the Chairman will provide a reasonable opportunity for discussion of the Remuneration Report at the Annual General Meeting.

If at least 25% of the votes on Resolution 1 are voted against the adoption of the Remuneration Report at this Annual General Meeting, and then again at the Company's 2018 Annual General Meeting, the Company will be required to put to Shareholders a resolution proposing the calling of an Extraordinary General Meeting (**Spill Meeting**) to consider the appointment of the Directors to the Company (**Spill Resolution**).

If more than 50% of Shareholders, excluding Key Management Personnel, vote in favour of the Spill Resolution, the Company must convene the Extraordinary General Meeting (Spill Meeting) within 90 days of the Company's 2018 Annual General Meeting. All of the Directors who are in office when the Company's 2018 Directors' Report is approved, other than the Managing Director, will cease to hold office immediately before the end of the Spill Meeting, but may stand for re-election at the Spill Meeting. Following the Spill Meeting, each person whose election or re-election as a Director is approved, will become a Director of the Company.

Shareholders should note that at the 2016 annual general meeting proxy votes against the Remuneration Report were less than 25%, and the resolution was passed by the required majority.

The Directors abstain from making a recommendation in relation to this Resolution.

3. RESOLUTION 2 - RETIREMENT OF DIRECTORS BY ROTATION AND BY OPERATION OF CONSTITUTION

The Company's Constitution requires one third of the directors (other than the Managing Director or directors appointed during the year) or if that number is not a multiple of three then the number nearest to one-third (but not less than one-third unless every non-retiring director has been elected at the last and penultimate AGM) to retire at each AGM. Directors who retire by rotation may offer themselves for re-election. This rule applies this year to Greg Jinks, and being eligible, Greg Jinks offers himself for re-election. Details in relation to Greg Jinks are set out in the Directors' Report section of the Annual Report

The Directors (excluding Greg Jinks) recommend that Shareholders **vote in favour** of this Resolution to reappoint Greg Jinks as a Director.

4. RESOLUTION 3 – ELECTION OF DIRECTOR

Mr Terence Grigg was appointed by the directors as non-executive director on 31 January 2017, pursuant to rule 13.1 of the constitution of the Company, which allows the Board to appoint a director to fill a casual vacancy or as an addition to the existing Directors.

Mr Grigg has had 25 years experience as an Executive Director of Ausfine Foods Pty Ltd an importer and exporter of meat and dairy products.

Mr Grigg has previously been a Director of Ansearch Limited, Richmond Football Club, Windermere Child and Family Services (not for profit), Position Partners Pty Ltd (Civil Construction & Infrastructure Services) and ESCA Australia Pty Ltd (Medical Research Stem Cells)

Mr Grigg's vast knowledge and experience in purchasing, sales and marketing, import and export logistics, accounting and financial management, foreign currency hedging and mitigation and banking facility negotiation will support the Company in achieving its market growth strategy and enhance the existing capabilities on the Board.

Mr Grigg retires as required by rule 13.1 of the constitution of the Company and being eligible, offers himself for election as Non-Executive Director.

The Directors (excluding Terence Grigg) recommend that Shareholders **vote in favour** of this Resolution to reappoint Terence Grigg as a Director.

5. RESOLUTION 4 – ELECTION OF DIRECTOR

Mr Thomas Krulis was appointed by the directors as non-executive director on 20 September 2017, pursuant to rule 13.1 of the constitution of the Company, which allows the Board to appoint a director to fill a casual vacancy or as an addition to the existing Directors.

Mr Krulis holds a B.Comm, LLB (UNSW) degree and worked as a Corporate Lawyer at Freehills in Sydney and as a Corporate Advisor at Australian Bank in Melbourne.

Mr Krulis was Joint Managing Director of Godfrey's before being appointed Chief Executive Officer and Managing Director of Godfreys Group Limited.

Mr Krulis retires as required by rule 13.1 of the constitution of the Company and being eligible, offers himself for election as Non-Executive Director.

The Directors (excluding Thomas Krulis) recommend that Shareholders **vote in favour** of this Resolution to reappoint Thomas Krulis as a Director.

6. RESOLUTION 5 – RATIFICATION OF THE PRIOR ISSUE OF ORDINARY SHARES

On 7 June 2017, the Company announced a capital raising of up to \$2.3 million to provide the Company with working capital and debt reduction. The Company engaged Pac Partners to act as lead manager for the capital raising.

The capital raising was completed by way of placement to sophisticated investors (Subscribers) at an issue price of \$0.30 per Ordinary Share (Placement). Under the Placement, 7,269,998 Ordinary Shares were issued on 13 June 2017.

Under the placement, and subject to shareholder approval, investors will also receive one attaching unlisted option for every share subscribed for, with each option exercisable at \$0.35/share and expiring on or before 30 June 2019.

The Ordinary Shares were issued under to the Company's 15% placement capacity pursuant to Listing Rule 7.1 and the Company's 10% placement capacity pursuant to Listing Rule 7.1A.

Listing Rule 7.1 imposes a limit on the number of Ordinary Shares that the Company can issue without Shareholder approval. Generally, a company may not, without shareholder approval, issue, during any 12 month period, more than 15% of the number of Ordinary Shares on issue 12 months before the issue date. Subject to obtaining shareholder approval at the previous annual general meeting, Listing Rule 7.1A permits eligible entities to issue a further 10% of the number of Ordinary Shares on issue 12 months before the issue date.

By ratifying the issue of 7,269,998 Ordinary Shares, the Company will retain the flexibility to issue equity securities to in the future up to 15% placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

In accordance with Listing Rule 7.5 the following information is provided to Shareholders in relation to Resolution 5:

The number of securities issued:	7,269,998 Ordinary Shares
Date of issue:	13 June 2017
The issue price of Ordinary Share:	\$0.30 per Ordinary Share
The names of the allottees:	Various sophisticated investors introduced by Pac Partners
The terms of the securities:	Fully paid ordinary shares
The intended use of the funds raised:	The funds raised under the Placement are to be used to: <ul style="list-style-type: none"> • Fund working capital; and • Reduce debt

The Directors unanimously recommend that Shareholders **vote in favour** of this Resolution.

7. RESOLUTION 6 – APPROVAL TO ISSUE 7,269,998 UNLISTED OPTIONS EXERCISABLE AT \$0.35 PER SHARE AND EXPIRING ON OR BEFORE 30 JUNE 2019

On 7 June 2017, the Company announced a capital raising of up to \$2.3 million to provide the Company with working capital and debt reduction. The Company engaged Pac Partners to act as lead manager for the capital raising.

The capital raising was by way of placement to various sophisticated investors (Subscribers) at an issue price of \$0.30 per Ordinary Share (Placement). Under the Placement, 7,269,998 Ordinary Shares were issued on 13 June 2017.

Under the placement, and subject to shareholder approval, investors will also receive one attaching unlisted option for every share subscribed for, with each option exercisable at \$0.35/share and expiring on or before 30 June 2019.

The Company is therefore seeking Shareholder approval for the issue of 7,269,998 unlisted options to sophisticated investors who subscribed for the shares under placement of shares on 13 June 2017.

In accordance with Listing Rule 7.3 the following information provide details on issue of unlisted options:

The maximum number of securities to be issued:	7,269,998 unlisted options
The issue date for the unlisted options:	No later than 1 month after the date of the Annual General Meeting
The issue price of the securities:	Nil
The intended use of the funds raised on exercise of unlisted options:	The funds raised on exercise of unlisted options will be used for general working capital

The Directors unanimously recommend that Shareholders **vote in favour** of this Resolution.

8. RESOLUTION 7 – PARTICIPATION OF DIRECTORS IN THE PLACEMENT

The Participating Directors wish to participate in the Placement on the same terms as the other Subscribers.

Unless one of the exceptions in Listing Rule 10.12 applies, the Company is prohibited under Listing Rule 10.11 from issuing Shares to a related party. A "related party" (as defined in the Listing Rules) includes the directors of the company. The Directors consider that the exceptions in Listing Rule 10.12 may not apply in the current circumstances. Accordingly, Shareholder approval is being sought under Listing Rule 10.11 to allot and issue Ordinary Shares and unlisted options to the Participating Directors (or their respective nominees).

Each Participating Director has paid the subscription amount in respect of his participation in the Placement and the funds are being held on trust pending the outcome of the Annual General Meeting. If Resolution 6 is passed, the Company will issue and allot the Ordinary Shares and unlisted options to the Participating Directors (or their respective nominees). If Resolution 6 is not passed, the funds will be returned to the Participating Directors and no Ordinary Shares and unlisted options will be issued to any of the Participating Directors (or their respective nominees).

In accordance with Listing Rule 10.13, the following information is provided to Shareholders in relation to Resolution 6:

The names of the related parties:	Mr Greg Jinks Mr Peter Jinks
The number of securities to be issued:	286,667 Ordinary Shares to Greg Jinks 286,667 Ordinary Shares to Peter Jinks
The issue price of ordinary shares:	\$0.30 per share
The number of unlisted options exercisable at \$0.35 per share to be issued:	286,667 unlisted options to Greg Jinks 286,667 unlisted options to Peter Jinks
The issue price of unlisted option:	Nil
The issue date for the securities:	No later than 1 month after the date of the Annual General Meeting
The intended use of the funds raised:	The funds raised by issuing the Ordinary Shares to the Participating Directors will be applied in the same manner as the other funds raised under the Placement (as outlined in resolutions 5 and 6 above)

Under the Corporations Act, the provision of any financial benefit to a related party requires shareholder approval in accordance with the procedure set out in Part 2E.1 of the Corporations Act, unless one of a number of exceptions applies. Part 2E.1 of the Corporations Act applies to the issuance of securities to a related party. A "related party" (as defined in the Corporations Act) includes the Directors of the Company.

With respect to the issue of Ordinary Shares to the Participating Directors, as the Ordinary Shares are being issued on the same terms as other participants under the Placement, the Board is of the view that the issue of the Ordinary Shares satisfies the "arm's length terms" exception in Section 210 of the Corporations Act. Accordingly, the Board considers that the "arms length" exemption applies in these circumstances and shareholder approval is not being sought for the purposes of Chapter 2E of the Corporations Act.

The Directors abstain from making a recommendation in relation to this Resolution.

9. RESOLUTION 8 - APPROVAL FOR ADDITIONAL PLACEMENT CAPACITY

9.1 General

Under Listing Rule 7.1A, an Eligible Entity may seek shareholder approval at its Annual General Meeting to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the Annual General Meeting (10% Placement Capacity). The 10% Placement Capacity is in addition to the Company's 15% annual placement capacity under Listing Rule 7.1.

An Eligible Entity for the purpose of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less.

The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue Equity Securities the Company under the 10% Placement Capacity.

The exact number of Equity Securities to be issued under the 10% Placement Capacity will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2, (refer to section 9.2 below).

The Directors believes that Resolution 8 is in the best interests of the Company and unanimously recommends that Shareholders **vote in favour** of this Resolution.

9.2 Listing Rule 7.1A

Any Equity Securities issued under the 10% Placement Capacity must be in the same class as an existing class of quoted Equity Securities. The Company currently has only one class of quoted Equity Securities on issue, being the Ordinary Shares.

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

$$(A \times D) - E$$

Where:

- A** means the number of Ordinary Shares on issue 12 months before the date of issue or agreement:
- (i) plus the number of Ordinary Shares issued in the previous 12 months under an exception in Listing Rule 7.2;
 - (ii) plus the number of partly paid shares that became fully paid in the previous 12 months;
 - (iii) plus the number of Ordinary Shares issued in the previous 12 months with approval of Shareholders under Listing Rule 7.1 or 7.4. This does not include an issue of Ordinary Shares under the Company's 15% placement capacity without Shareholder approval;
 - (iv) less the number of Ordinary Shares cancelled in the previous 12 months.

Note that A has the same meaning in Listing Rule 7.1 when calculating the Company's 15% placement capacity.

D means 10%.

E means the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of Shareholders under Listing Rule 7.1 or 7.4.

9.3 Technical Information required by Listing Rule 7.1A

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

(a) Minimum Price

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of the Company's Equity Securities, calculated over the 15 Trading Days immediately before:

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

(b) Date of Issue

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Annual General Meeting and expiring on the first to occur of the following:

- (i) the date that is 12 months after the date of the Annual General Meeting; and
- (ii) the date of the approval by Shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking),

or such longer period if allowed by ASX.

(c) Risk of voting dilution

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Ordinary Shares under the issue.

If Resolution 8 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Ordinary Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in Listing Rule 7.1A.2, on the basis of the current market price of Ordinary Shares and the current number of Equity Securities on issue for variable "A" of the formula in Listing Rule 7.1A.2 as at the date of this Notice.

The table also shows:

- (i) an example where variable “A” has increased by 50% and 100%. Variable “A” is based on the number of Ordinary Shares the Company has on issue. The number of Ordinary Shares on issue may increase as a result of issues of Ordinary Shares that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders’ meeting; and
- (ii) an example of the result of the issue price of ordinary securities decreasing by 50% and increasing by 50% as against the current market price.

Variable “A” in Listing Rule 7.1A	Dilution			
	Number of Shares issued under 10% Placement Capacity	Funds raised based on issue price of \$0.14 (50% decrease in current issue price)	Funds raised based on issue price of \$0.28 (Current issue price)	Funds raised based on issue price of \$0.42 (50% increase in current issue price)
Current Variable “A” 41,513,880 Shares	4,151,388	\$581,194	\$1,162,389	\$1,743,583
50% increase in current Variable “A” 62,270,820 Shares	6,227,082	\$871,791	\$1,743,583	\$2,615,374
100% increase in current Variable “A” 83,027,760 Shares	5,830,256	\$1,162,389	\$2,324,777	\$3,487,166

- (iii) The table above uses the following assumptions:
 - The current shares on issue are the Ordinary Shares on issue as at the date of this notice.
 - The issue price set out above is the closing price of the Ordinary Shares on the ASX on 25 September 2017.
 - The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
 - The Company has not issued any Equity Securities in the 12 months prior to the Annual General Meeting that were not issued under an exception in Listing Rule 7.2 or with approval under Listing Rule 7.1.
 - The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
 - This table does not set out any dilution pursuant to approvals under Listing Rule 7.1.
 - The issues of Equity Securities under the 10% Placement Capacity consist only of Ordinary Shares. Shareholders should note that there is a risk that:
 - (i) the market price for the Company’s Ordinary Shares may be significantly lower on the issue date than on the date of the Annual General Meeting; and
 - (ii) the Ordinary Shares may be issued at a price that is at a discount to the market price for those Ordinary Shares on the date of issue,

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

(d) Purpose of issue under 10% Placement Capacity

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration, in which case the Company intends to use funds raised for general working capital; or
- (ii) as non-cash consideration for the acquisition of new assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.

(e) Allocation under the 10% Placement Capacity

The allottees of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the allottees of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the allottees at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

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

(f) Previous Approval under Listing Rule 7.1A

The Company previously obtained approval under Listing Rule 7.1A at its 2016 Annual General Meeting.

(g) Previous issues of Equity Securities

In the 12 months preceding the date of the Annual General Meeting, the Company has issued following shares

1. On 13 June 2017 the Company issued 7,269,998 Ordinary Shares, representing 23.6% of the shares on issue at the commencement of that 12 month period, details are as follows.
 - 1.1. A total of 7,269,998 Ordinary Shares were issued.
 - 1.2. The Ordinary Shares were issued at \$0.30 per share.
 - 1.3. A 9 per cent discount, based on a 5-day VWAP price to 4 June 2017.
 - 1.4. The Ordinary Shares issued were fully paid in the capital of the Company and rank equally in all respects with the existing fully paid Ordinary Shares on issue.
 - 1.5. The Ordinary Shares under the Placement were issued to various sophisticated investors.
 - 1.6. Total of \$2.18 million cash consideration was received on the placement of shares.
 - 1.7. 100% of funds raised by the placement of share have been spent.
 - 1.8. Funds raised was used for working capital and to reduce debt.

2. On 30 June 2017 the Company issued 3,470,979 Ordinary Shares to Convertible Note holders who elected to convert their Convertible Notes, details are as follows.
 - 2.1. A total of 3,470,979 Ordinary Shares were issued.
 - 2.2. The Convertible Notes were issued for \$0.35 per convertible notes. Conversion of the Convertible Notes into Ordinary Shares were for nil cash consideration. If the Convertible Note holder did not elect to convert, the issue price of \$0.35 per Convertible Note was repaid to the Convertible Note holder.
 - 2.3. The Ordinary Shares issued were fully paid in the capital of the Company and rank equally in all respects with the existing fully paid Ordinary Shares on issue.
 - 2.4. The Ordinary Shares were issued to Convertible Note holders who elected to convert their Convertible Notes.
 - 2.5. Ordinary Shares were issued in lieu of redemption of the Convertible Notes, no cash consideration was received.

(h) Voting Exclusion

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

10. GLOSSARY

The following words and expressions used in the Notice of Meeting and Explanatory Statement have the following meanings unless the context requires otherwise:

Annual General Meeting means the annual general meeting of the Company to be held on 1 November 2017 at 11.00am AEDST.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited ACN 98 008 624 691.

Board means the board of directors of the Company.

Business Day means a day (not being a Saturday, Sunday or public holiday) on which Australian banks (as defined in Section 9 of the Corporations Act) are open for general banking business in Melbourne, Victoria.

Company means Stokes Limited ACN 004 554 929.

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

Director means a director of the Company.

Equity Security has the meaning given to that term in the Listing Rules.

Explanatory Statement means the explanatory statement accompanying the Notice.

Listing Rules means the Listing Rules of the ASX.

Notice of Meeting means the notice of meeting for the Annual General Meeting.

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

Resolution means a resolution proposed in the Notice of Meeting.

Shareholder means a holder of Ordinary Shares.

Trading Day has the meaning given to that term in the Listing Rules.

INSTRUCTIONS FOR COMPLETING PROXY FORM

1. **(Appointing a Proxy):** A Shareholder who is entitled to attend and cast a vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote for the Shareholder at the Annual General Meeting. A Shareholder who is entitled to cast 2 or more votes at the Annual General Meeting may appoint a second proxy. The appointment of the second proxy must be done on a separate copy of the proxy form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the Shareholder's voting rights. If a Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a Shareholder of the Company.
2. **(Direction to Vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose. Where more than one box is marked on an item the vote will be invalid on that item. Please refer to the voting exclusions for each Resolution for the directions that must be given to the proxy in relation to each resolution.
3. **(Signing Instructions for postal forms):**
 - **(Individual):** Where the holding is the one name, the Shareholder must sign.
 - **(Joint Holding):** Where the holding is in more than one name, all of the Shareholders should sign.
 - **(Power of Attorney):** If you have not already provided the power of attorney to the Company, please attach a certified copy of the power of attorney to this form when you return it.
 - **(Companies):** Where the Company has a sole Director who is also the sole company secretary, that person must sign. Where the Company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole Director can also sign alone.

Otherwise, a Director jointly with either another Director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.
4. **(Attending the Annual General Meeting):** Bring this form to assist registration. If a representative of a corporate Shareholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from the Company.
5. **(Return of Proxy Form):** To vote by proxy, please complete, sign and return the enclosed Proxy Form (and attach any authority under which it is signed) by:
 - hand delivery to the Company at its Registered Office at 53 Stanley Street West Melbourne, Victoria 3003
 - post to: 53 Stanley Street West Melbourne 3003, Victoria; or
 - facsimile to the Company on facsimile number +61 3 9289 5050;so that it is received not less than 48 hours prior to commencement of the Annual General Meeting.

Proxy Forms received later than this time will be invalid.

Stokes Limited

ABN 24 004 554 929

Lodge your vote:



By Mail:

Stokes Technologies
53 Standley Street, West Melbourne
Victoria 3003 Australia

Alternatively you can fax your form to
(03) 9289 5050

For all enquiries call:

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

SKS

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Proxy Form

XX

For your vote to be effective it must be received by 11.00am (AEDT) on Monday, 30 October 2017

How to Vote on Items of Business

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

Appointment of Proxy

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

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

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

A proxy need not be a securityholder of the Company.

Signing Instructions

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

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

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

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

Attending the Meeting

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

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

Turn over to complete the form ➔



View your securityholder information, 24 hours a day, 7 days a week:

www.investorcentre.com



Review your securityholding



Update your securityholding

Your secure access information is:

SRN/HIN: I9999999999



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

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

☐

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



I 9999999999

IND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Stokes Limited hereby appoint

☐ the Chairman of the Meeting OR

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Stokes Limited to be held at the offices of Pitcher Partners Level 19, 15 William Street, Melbourne, Victoria 3000 at 11.00am AEDT and at any adjournment or postponement of that Meeting.

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

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

STEP 2 Items of Business

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

		For	Against	Abstain
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Mr Greg Jinks as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Election of Mr Terence Grigg as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Election of Mr Thomas Krulis as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Ratification of the prior issue of Ordinary Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Issue of Unlisted Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Participation of Directors in the Share Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Approval for Additional Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

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

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

/ /