

ASX Announcement

NOTICE OF EXTRAORDINARY GENERAL MEETING

25 June 2018, Melbourne Australia:

Stokes Limited (ASX: **SKS**) (**Stokes**) is pleased to advise that the Company's Extraordinary General Meeting (**EGM**) will be held at Pitcher Partners, Level 13, 664 Collins Street, Melbourne VIC 3000 at 12.00 pm on 25 July 2018.

The EGM Notice of Meeting and Proxy Form, attached below, is being mailed to Shareholders today.

Stokes will seek Shareholder approval for a range of resolutions as outlined in the Notice of Meeting inclusive of the following.

- i. A proposed new placement of shares to sophisticated investors to raise up to \$3.28 million (before costs) (previously announced \$3.48 million) through the issue of 16.4 million (previously announced 17.4 million) Shares at \$0.20 per new Share.
- ii. It is also proposed to seek shareholder approval for the Director Placement, namely subscriptions by Mr Peter Jinks, Mr Greg Jinks, Mr Thomas Krulis and Mr Terry Grigg, being Directors of Stokes, to subscribe between them, in aggregate, for up to a further 3,600,000 Shares (previously announced 2,600,000 Shares) to raise up to an aggregate \$720,000 (previously announced \$520,000).

For further information contact:

Peter Jinks

Stokes Limited

Chairman & Managing Director

Phone 03 9289 5000

Stokes Limited

ACN 004 554 929

Notice of Extraordinary General Meeting of Ordinary Shareholders to be held on 25 July 2018

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT ABOUT THE ACTION YOU SHOULD TAKE PLEASE CONSULT YOUR STOCKBROKER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER.

**NOTICE OF GENERAL MEETING TO BE HELD AT Pitcher Partners,
Level 13, 664 Collins Street, Melbourne VIC 3000, Australia**

At 12.00 pm on 25 July 2018

**TO BE VALID, FORMS OF PROXY FOR USE AT THE EXTRAORDINARY GENERAL
MEETING MUST BE COMPLETED AND RETURNED TO THE COMPANY NO LATER
THAN 12.00 PM MELBOURNE TIME ON 23 JULY 2018**

Stokes Limited
ACN 004 554 929

Notice of General Meeting of Ordinary Shareholders

Notice is given that a meeting of the holders of the ordinary shares of Stokes Limited ("**Company**" or "**Stokes**") will be held at 12.00 pm on 25 July 2018 at Pitcher Partners, Level 13, 664 Collins Street, Melbourne VIC 3000, Australia (Melbourne time) for the purpose of considering and, if thought appropriate, passing the following Resolutions.

Resolution 1 – Change of Company Name

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

"That, for the purpose of section 157(1) of the Corporations Act and for all other purposes, approval is given for the name of the Company to be changed to Enevis Limited and that, for the purposes of section 136(2) of the Corporations Act and for all other purposes, all references to "Stokes Limited" in the Company's constitution be replaced with references to 'Enevis Limited'."

Resolution 2 – Issue of Shares to Scholz Industries Pty Ltd

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

*"That pursuant to ASX Listing Rule 7.1 and for all other purposes, the shareholders approve the issue by the Company to Scholz Industries Pty Ltd (**Scholz**) of up to 10,000,000 fully paid ordinary shares in tranches over 2 years (up to 4,000,000 of which may issue in less than 2 years) pursuant to the terms of the Asset Sale Agreement between the Company and Scholz dated 6 June 2018, as detailed in the Explanatory Notes which accompany this Notice of Meeting."*

Resolution 3 – Variation of Convertible Note Terms

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

*"That the Company be entitled to offer each of the 6 holders of convertible notes issued on 28 October 2016 (**Convertible Notes**) (for an aggregate issue of 1,081,079 Shares, if converted) (each a **Noteholder**) the right to amend the current conversion price of their respective Convertible Notes from \$0.37 cents per Share such that the conversion price becomes equal to a 20% discount to the volume weighted average price of the Shares as traded on the ASX for the 20 Trading Days (Victoria) (**20 Business Day VWAP**) immediately prior to 28 October 2018 (provided that the 20 Business Day VWAP cannot be less than 25 cents per Share)"*

Resolution 4 - Approval of proposed new placement of Shares to sophisticated investors

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

"That pursuant to ASX Listing Rule 7.1 and all other purposes, the members of the Company approve the issue of a maximum of 16.4 million Shares to raise up to \$3.28 million worth of fully paid ordinary shares in the capital of the Company to institutional and sophisticated investors (to be approved by the Board) at a price of \$0.20 per Share and otherwise on the terms and conditions set out in the Explanatory Notes which accompany this Notice of Meeting."

Resolution 5 - Approval of proposed new placement of Shares to Peter Jinks

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

"That for the purposes of ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of up to a total of 1,000,000 Shares to Peter Jinks (and/or his associated entities), a Director of the Company, at a price of \$0.20 per Share on the terms and conditions outlined in the Explanatory Memorandum which accompanies this Notice of Meeting."

Resolution 6 - Approval of proposed new placement of Shares to Greg Jinks

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

"That for the purposes of ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of up to a total of 2,000,000 Shares to Greg Jinks (and/or his associated entities), a Director of the Company, at a price of \$0.20 per Share on the terms and conditions outlined in the Explanatory Memorandum which accompanies this Notice of Meeting."

Resolution 7 - Approval of proposed new placement of Shares to Thomas Krulis

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

"That for the purposes of ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of up to a total of 500,000 Shares to Thomas Krulis (and/or his associated entities), a Director of the Company, at a price of \$0.20 per Share on the terms and conditions outlined in the Explanatory Memorandum which accompanies this Notice of Meeting."

Resolution 8 - Approval of proposed new placement of Shares to Terry Grigg

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

"That for the purposes of ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of up to a total of 100,000 Shares to Terry Grigg (and/or his associated entities), a Director of the Company, at a price of \$0.20 per Share on the terms and conditions outlined in the Explanatory Memorandum which accompanies this Notice of Meeting."

A form of proxy accompanies this Notice of Meeting.

By order of the Board:



Peter Jinks
Executive Chairman
Dated: 18 June 2018

Voting Exclusion Statements

Voting Exclusion Statement – Resolution 2

Pursuant to ASX Listing Rules 7.3 and 14.11.1, the Company will disregard any votes cast in favour of Resolution 2 by or on behalf of:

- Scholz Industries Pty Ltd;
- any person who will obtain a material benefit as a result of the proposed issue; and
- an associate of that person (or those persons).

However, the Company need not disregard a vote if:

- 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
- 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.

Voting Exclusion Statement – Resolution 4

Pursuant to ASX Listing Rules 7.3 and 14.11.1, the Company will disregard any votes cast in favour of Resolution 4 by or on behalf of:

- any person who is to expected to participate under the proposed allotment which is the subject of Resolution 4;
- any person who will obtain a material benefit as a result of the proposed issue;
- an associate of those persons.

However, the Company may not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- 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.

Voting Exclusion Statement – Resolution 5

Pursuant to ASX Listing Rules 7.3 and 14.11.1, the Company will disregard any votes cast in favour of Resolution 5 by or on behalf of:

- Peter Jinks; and
- an associate of that person (or those persons).

However, the Company need not disregard a vote if:

- 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
- 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.

Voting Exclusion Statement – Resolution 6

Pursuant to ASX Listing Rules 7.3 and 14.11.1, the Company will disregard any votes cast in favour of Resolution 6 by or on behalf of:

- Greg Jinks; and
- an associate of that person (or those persons).

However, the Company need not disregard a vote if:

- 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
- 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.

Voting Exclusion Statement – Resolution 7

Pursuant to ASX Listing Rules 7.3 and 14.11.1, the Company will disregard any votes cast in favour of Resolution 7 by or on behalf of:

- Thomas Krulis; and
- an associate of that person (or those persons).

However, the Company need not disregard a vote if:

- 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
- 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.

Voting Exclusion Statement – Resolution 8

Pursuant to ASX Listing Rules 7.3 and 14.11.1, the Company will disregard any votes cast in favour of Resolution 8 by or on behalf of:

- Terry Grigg; and
- an associate of that person (or those persons).

However, the Company need not disregard a vote if:

- 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
- 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.

NOTES

These notes form part of the Notice of Meeting.

1. Determination of membership and voting entitlement

For the purpose of determining a person's entitlement to vote at the General Meeting, the Company has determined that in accordance with regulation 7.11.37 of the *Corporations Regulations*, shares will be taken to be held by the persons registered as holders at 7 pm on 23 July 2018, being not more than 48 hours prior to the General Meeting. Accordingly, transfers registered after that time will be disregarded in determining entitlements to vote at the Meeting.

2. Votes of members

On a show of hands, each member present in person or by proxy or, in the case of a body corporate, by a corporate representative at the Extraordinary General Meeting shall have one vote.

On a poll, every member present in person or by attorney or by proxy or, in the case of a body corporate, by a representative shall have one vote for each share held by him, her or it provided that all shares are fully paid.

3. Proxies

Please note that:

- (a) a member entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint no more than two proxies;
- (b) If you wish to appoint a person other than the Chairman, you should follow the instructions on the proxy form for doing so;
- (c) an instrument appointing a proxy must be in the form of the proxy form attached to this Notice;
- (d) where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the member's voting rights. If a member appoints two proxies, and the appointment does not specify the proportion of the member's voting rights, each proxy may exercise one-half of the voting rights;
- (e) a proxy need not be a member of the Company;
- (f) a proxy form may specify the manner in which the proxy is to vote in respect of each Resolution and, where the proxy form so provides, the proxy is not entitled to vote on the Resolutions except as specified in the proxy form;
- (g) a proxy has the authority to vote on the member's behalf as he or she thinks fit, on any motion to adjourn the Extraordinary General Meeting, or any other procedural motion, unless the member gives a direction to the contrary;
- (h) The Chairman intends to vote all undirected proxies in favour of the Resolutions put in the Notice of Meeting. In particular, if the Chairman of the Meeting is appointed as your proxy and you have not specified the way the Chairman is to vote on any of the Resolutions, by signing and returning the Proxy Form, you are considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention, namely in favour of each of the proposed Resolutions set out in the Notice of Meeting;

- (i) a valid proxy form will be deemed to confer authority to demand or join in demanding a poll;
- (j) to be valid, a proxy form must be signed by the member or the member's attorney or, if the member is a corporation, executed in accordance with the corporation's constitution and the Corporations Act (and may be signed on behalf of the corporation by its attorney); and
- (k) to be valid, a proxy form and the power of attorney or other authority (if any) under which it is signed (or an attested copy of it) must be received by no later than 12.00 pm (Melbourne time) on 23 July 2018 by the Company:
 - by mail: Computershare Investor Services,
GPO Box 242 Melbourne Victoria 3001 Australia
 - by facsimile: 1800 783 447 (within Australia)
+61 3 9473 2555 (outside Australia) or
 - by email: C/- Paul Miller at Paul.Miller@stokes.com.au.

4. Bodies Corporate

A body corporate may appoint an individual as its representative to exercise any of the powers the body may exercise at meetings of the Shareholders. The appointment may be a standing one. Unless the appointment states otherwise, the representative may exercise all of the powers that the appointing body could exercise at a meeting or in voting on a Resolution.

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

Stokes Limited
ACN 004 554 929

Extraordinary General Meeting of Ordinary Shareholders

Explanatory Memorandum

Introduction

Shareholders are being asked to consider –

- a change of the Company's name to Enevis Limited
- an issue of Consideration Shares to Scholz Industries Pty Ltd
- approval for the Company to issue up to 16.4 million Shares to sophisticated investors at the price of \$0.20 per Share
- approval for the subscription for Shares by 4 directors, also at the price of \$0.20 per Share

If all the Resolutions are approved and the entire 16.4 million Shares are subscribed by the Subscribers pursuant to Resolution 4, and if 3.6 million Shares are issued to the Directors pursuant to Resolutions 5 to 8 (inclusive), the capital structure table of the Company for the below subscribers will be as follows:

Name	% Relevant Interest as at the date of this Notice	% Relevant Interest (assuming Resolutions 2, 4, 5, 6, 7 and 8 approved and all Shares issued)
Scholz Industries Pty Ltd	Nil	13.87%
Sophisticated Investors (in aggregate across all such investors)	Nil	22.75%
Peter Jinks	11.93%	8.35%
Greg Jinks	11.93%	9.74%
Tom Krulis	3.75%	2.88%
Terry Grigg	0.17%	0.24%

1. Resolution 1 – Change of Company Name

1.1 Proposed Resolution 1

In Resolution 1 the Company seeks shareholder approval that pursuant to section 157(1) of the Corporations Act and for all other purposes, approval is given for the name of the Company to be changed to "Enevis Limited", and that, for the purposes of section 136(2) of the *Corporations Act* and for all other purposes, all references to "Stokes Limited" in the Company's constitution be replaced with references to 'Enevis Limited'.

1.2 Background

Under the Corporations Act, in order to change its name, the Company requires Shareholders to pass a special resolution approving the change. If Resolution 1 is approved as a special resolution, the change of name will take effect upon the lodgement of notice of the change of name with ASIC.

Resolution 1 is a special resolution. Accordingly, this requires approval of at least 75% of votes cast by Shareholders present and eligible to vote at the General Meeting (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

1.3 Board Recommendation

The Board unanimously recommends that shareholders vote in favour of Resolution 1.

2. Resolution 2 – Issue of Shares to Scholz Industries Pty Ltd

2.1 Background

As announced on 7 June 2018, the Company has entered an asset sale agreement (**Asset Sale Agreement**) with Scholz Industries Pty Ltd ACN 138 180 935 (**Scholz**) pursuant to which the Company has agreed to purchase (through its wholly owned subsidiary Urban Lighting Group Pty Ltd ACN 006 659 294 (**Urban Lighting**)) certain specified business assets (**Scholz Assets**) owned by Scholz. Subject to these Scholz business assets (**Business**) subsequently meeting certain performance hurdles described in section 2.2(b) below (**Performance Hurdles**), the Company will issue a total of up to 10,000,000 fully paid ordinary shares (**Consideration Shares**) to Scholz in tranches over 2 years as consideration for the purchase by Urban Lighting of the Scholz Assets.

In Resolution 2 the Company seeks shareholder approval pursuant to ASX Listing Rule 7.1 for the issue by the Company to Scholz of the Consideration Shares.

2.2 Relevant Terms of the Asset Sale Agreement

The key terms of the Asset Sale Agreement are summarised as follows:

- (a) The Company will issue up to 6,000,000 Consideration Shares upon the transfer of all of the Scholz Assets to the Company, with that transfer (**Completion**) scheduled to take place 10 Business Days after the below conditions precedent (**Conditions Precedent**) are fulfilled (or waived), and
- (b) up to a further 4,000,000 Consideration Shares (**Deferred Shares**) as follows:
 - (i) up to 1,000,000 Deferred Shares to be issued following the financial year ending 30 June 2019 (**FY19**), calculated on a sliding scale corresponding to the extent to which the Business achieves minimum revenues of greater than \$11.2 million and a minimum EBITDA contribution of \$1.12 million in FY19 (**Tranche 1**); and
 - (ii) up to 1,000,000 Deferred Shares to be issued following FY19, calculated on a sliding scale corresponding to the extent to which the Business achieves minimum EBITDA of greater than \$1.12 million in FY19 (**Tranche 2**); and
 - (iii) up to 1,000,000 Deferred Shares to be issued following the financial year ending 30 June 2020 (**FY20**), calculated on a sliding scale corresponding to the extent to which the Business achieves minimum revenues of greater than \$15.2 million and a minimum EBITDA contribution of \$1.52 million in FY20 (**Tranche 3**); and

- (iv) up to 1,000,000 Deferred Shares to be issued following FY20, calculated on a sliding scale corresponding to the extent to which the Business achieves minimum EBITDA of greater than \$1.52 million in FY20 (**Tranche 4**).
- (c) the Deferred Shares are proposed to be issued in tranches, each tranche to be issued within one calendar month after the Company's accounts and financial statements for the particular financial year are audited and finalised by the Company's auditors, as follows
 - (i) with respect to Tranche 1 and Tranche 2 - FY19 accounts and financial statements, and
 - (ii) with respect to Tranche 3 and Tranche 4 - FY20 accounts and financial statements, respectively.
- (d) should there be a successful Takeover Offer made for the Shares in the Company within the 2 year period following Completion (**Takeover Event**), some or all of the Deferred Shares that have not issued as at the date of Takeover Event (**Unissued Deferred Shares**) shall be immediately issued, subject to any required shareholder or regulatory approval pursuant to the ASX Listing Rules or the *Corporations Act 2001* (**Required Approvals**) being obtained.

The key Conditions Precedent to completion under the Asset Sale Agreement are included in the summary of the Asset Sale Agreement attached as Annexure A to this Notice of Meeting and include:

- (a) the Company's shareholders approve the issue of the Consideration Shares in accordance with Listing Rule 7.1;
- (b) the Company secures the ASX Waiver (referred to in section 2.4 below);
- (c) the Company completing an equity fundraising of at least \$2,000,000; and
- (d) Scholz enters a voluntary restriction agreement which confirms that the Consideration Shares are subject to an escrow arrangement for 24 months after the date on which the relevant Consideration Shares are issued to Scholz.

2.3 Effect of the Issue of the Consideration Shares

The effect of the issue of all the Consideration Shares (assuming all Performance Hurdles are met) is shown in the following table. The table disregards any shares that may be issued under Resolutions 5, 6, 7, and 8. Including an allowance for \$2,000,000 capital raising (such a capital raise being a Condition Precedent described above), the issue of the Consideration Shares (disregarding any Shares that may be issued under Resolutions 5, 6, 7, and 8) would give Scholz a relevant interest in the Company of 16.11%. If the Share issues contemplated by Resolutions 4 (in full) 5, 6, 7, and 8 are included, the relevant interest of Scholz will be 13.87%.

Ordinary Fully Paid Shares	Shares on Issue
As at 13 June 2018	42,087,214
Capital raise of \$2,000,000, being a condition precedent to Completion of the acquisition of the Assets taking place	10,000,000
Consideration Shares at Completion	6,000,000
Deferred Shares	<u>4,000,000</u>
Shares on Issue (assuming all Performance Hurdles fully met)	<u>62,087,214</u>

2.4 Regulatory requirements for the issue of Consideration Shares

ASX Listing Rule 7.1 sets out the regulatory requirements that must be satisfied in relation to the issue of securities under Resolution 2. ASX Listing Rule 7.1 prohibits the Company issuing shares in excess of 15% of the existing share capital in a 12 consecutive month period without prior shareholder approval.

ASX Listing Rule 7.3.2 requires the Shares to be issued, after receiving shareholder approval under ASX Listing Rule 7.1, within 3 months of shareholder approval. On 29 May 2018 the Company secured a waiver from the ASX from strict compliance with ASX Listing Rule 7.3.2, so as to entitle the Company to issue the Shares at Completion and across 4 tranches as described in section 2.2 above over a period of up to 2 years after shareholder approval (**ASX Waiver**). A copy of the ASX Waiver is attached as Annexure B to this Notice.

ASX Listing Rule 7.3 requires that a notice of meeting pursuant to which Shareholders are requested to consider approving an issue of shares pursuant to ASX Listing Rule 7.1 must include certain specified information in relation to the securities to be issued, as follows:

- (a) maximum number of securities to be issued:

10,000,000 Shares (credited as fully paid)

- (b) date which the securities are to be issued

As set out in section 2.2 of this Notice,

- (i) up to 6 million Shares upon Completion,*
- (ii) up to 2 million Shares within one calendar month after the Company's accounts and financial statements for the 2019 financial year are audited and finalised by the Company's auditors; and*
- (iii) up to 2 million within one calendar month after the Company's accounts and financial statements for the 2020 financial year are audited and finalised by the Company's auditors*

subject to the terms of the ASX Waiver and subject to any conditional acceleration of the issue date (if any) as described in section 2.2(d) above.

- (c) issue price of the securities:

At the time the Company executed the Asset Sale Agreement it had received some interest from potential investors considering subscribing for Shares on arm's length commercial terms (as contemplated by Resolution 4) at a price per Share of \$0.20.

- (d) names of the allottee/s (if known):

Scholz Industries Pty Ltd ACN 138 180 935

- (e) terms of the securities:

Fully paid ordinary shares in the capital of the Company

- (f) the intended use of the funds raised:

There will be no funds raised by the issue of the Shares. The Shares will be issued as consideration for the transfer to the Company's wholly owned subsidiary (Urban Lighting) of the Scholz Assets

2.5 Reason for the subscription

The Company's board believes that an issue of shares to Scholz on the terms described in these Explanatory Notes is of significant benefit to the Company.

The price of \$0.20 is equivalent (in material terms) to the 30 day volume weighted average price (\$0.2047) of the Company's shares prior to the announcement of the proposed transaction with Scholz Industries Pty Ltd.

There is of course the consideration that with the allotment, Scholz Industries Pty Ltd would in aggregate move to a holding of 13.87% of the Company's expanded share capital if all the Shares proposed to be issued pursuant to Resolutions 2 and 4, 5, 6, 7 and 8 are issued, but the Board is of the opinion that Scholz Assets are an ideal fit to progress the Groups energy efficiency strategic direction. The 13.87% holding gives Scholz Industries Pty Ltd a direct stake in the Company and therefore a significant additional incentive to contribute to the growth of the Company's product portfolio; and would not prevent possible further value creating transactions for the Company's group.

2.6 Board recommendation

The Board unanimously recommends that shareholders vote in favour of Resolution 2.

3. Resolution 3 – Variation of Convertible Note Terms

3.1 Background

On 28 October 2016 the Company issued, in aggregate, 1,081,079 convertible notes to 6 investors (each a **Noteholder**) (none of whom are related parties of the Company) to raise approximately \$400,000 (**Convertible Notes**) with a maturity date of 28 October 2018 (**Maturity Date**), when they are due to be redeemed (**Redemption Date**). In aggregate, the Convertible Notes are convertible into 1,081,079 fully paid ordinary shares in the capital of the Company (**Shares**), with a conversion price per Share (**Conversion Price**) of \$0.37.

The ASX traded market price of the Shares on the Australian Securities Exchange (**ASX**) as at close of trade on 13 June 2018 was \$0.22 per Share.

The original Conversion Price was based on the Company's share price on the ASX at the date the Convertible Notes were issued, namely \$0.40 per Share. Since the issue of the grant of the Convertible Notes, there has been a significant drop in the Company's Share price. As a result, the Convertible Notes no longer serve as an incentive to the Noteholders to convert the Notes into Shares on the Maturity Date and would cause considerable strain on the Company's resources after it completes the Proposed Capital Raising of \$4,000,000 (which would be disadvantaged if it also needed to contemplate the redemption of the Convertible Notes as part of its use of funds raised) and commences operation of the New Business.

The Company is seeking shareholder approval for the Company to be able to offer each Noteholder the choice to elect to accept or reject a proposal that the Conversion Price of each Convertible Note be amended such that it becomes equal to a 20% discount to the volume weighted average price of the Shares as traded on the ASX for the 20 Trading Days (Victoria) (**20 Business Day VWAP**) immediately prior to 28 October 2018 (provided that the **20 Business Day VWAP** cannot be less than 25 cents per Share) (**New Conversion Price**).

The expiry dates and other terms of the Convertible Notes will remain unchanged, including, without limitation, the Noteholder's entitlement to redeem the Notes on the Redemption Date.

3.2 Reason for the subscription

The Board believes that the variation of the Convertible Note Terms is advantageous to the Company. The change in the conversion price is aimed at encouraging the Noteholders to convert the Notes into Shares on the Maturity Date and avoid this strain on cash reserves on the Maturity Date, which is in the best interests of the Company and shareholders as a whole.

3.3 Board recommendation

The Board unanimously recommends that shareholders vote in favour of Resolution 3.

4. Resolution 4 - Approval of proposed new placement of Shares to sophisticated investors

4.1 Short explanation

The Company requires additional funding for its general working capital (inclusive of the operation of the Scholz Assets and Business), integration funding and retirement of debt and is seeking Shareholder approval for the ability to raise capital from institutional and sophisticated investors (**Subscribers**) to subscribe for up to 16.4 million Shares in the Company (**2018 Placement**), being persons described in Sections 708(8) and 708(10) of the Corporations Act.

By Resolution 4 the Company is seeking prior Shareholder approval for the purposes of ASX Listing Rule 7.1. By obtaining the prior approval of Shareholders for the issue of securities proposed under this Resolution 4, the Company will be able to issue up to a maximum of \$3.28 million worth of 2018 Placement Shares to the Subscribers without being in breach of ASX Listing Rule 7.1 and without those 2018 Placement Shares being included in the calculation of the Company's 15% entitlement under ASX Listing Rule 7.1.

The 2018 Placement Shares will be issued at a price of \$0.20 per Share.

4.2 Regulatory requirements for the issue of Shares

ASX Listing Rule 7.1 sets out the regulatory requirements that must be satisfied in relation to the issue of securities under Resolution 4. ASX Listing Rule 7.1 prohibits the Company issuing shares in excess of 15% of the existing share capital in a 12 consecutive month period without prior shareholder approval.

ASX Listing Rule 7.3 requires that a notice of meeting pursuant to which Shareholders are requested to consider approving an issue of shares pursuant to ASX Listing Rule 7.1 must include certain specified information in relation to the securities to be issued, as follows.

This information is set out below:

- (a) maximum number of securities to be issued:

16.4 million Shares (credited as fully paid)

- (b) date which the securities are to be issued

No later than 3 months after the date of this General Meeting

- (c) issue price of the securities:

\$0.20 per Share to raise a total of \$3.28 million

- (d) names of the allottee/s (if known):

sophisticated investors, being persons described in Sections 708(8) and 708(10) of the Corporations Act, being placed by Daniel Slonim of Barclay Wells Limited

- (e) terms of the securities:

Fully paid ordinary shares in the capital of the Company

- (f) the intended use of the funds raised:

Fund general working capital (inclusive of the Scholz Assets), integration funding and retirement of debt as further detailed in section 4.3.

4.3 Reason for the subscription

Funds raised will be applied as outlined below on the basis that new placement is fully subscribed.

Use of Funds	Amount
Working capital for operation of the Scholz Assets and Business	700,000
Working capital for the Company's business units (other than Scholz Assets and Business)	390,000
Repayment of secured loan from Moller Volantor Pty Ltd	1,000,000
Fund set aside to meet quarterly ATO repayments and convertible note redemption (if required)	1,000,000
Maximum broker fees on 2018 Placement	<u>190,000</u>
	3,280,000

4.4 Board recommendation

The Board unanimously recommends that shareholders vote in favour of Resolution 4.

5. Resolution 5 - Approval of proposed new placement of Shares to Peter Jinks

5.1 Background

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

"That for the purposes of ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of up to a total of 1,000,000 Shares to Peter Jinks, a Director of the Company (and/or his associated entities) at a price of \$0.20 per Share on the terms and conditions outlined in the Explanatory Memorandum which accompanies this Notice of Meeting."

Peter Jinks, a director of the Company, wishes to subscribe (directly and or through his associated entities) for up to 1,000,000 Shares at the same price as the 2018 Placement. The subscription will be at the same price as subscribers and the other Directors pursuant to Resolutions 4, 6, 7 and 8, namely \$0.20 per Share.

If the proposed Share issue contemplated by this Resolution 5 is approved, the issue of the Shares to Peter Jinks (and/or his associated entities) will increase his relevant interest in Shares of the Company from 11.93% to 13.97%, without including the Shares proposed to be issued pursuant to Resolutions 2 and 4, 6, 7 and 8. If all the Shares proposed to be issued pursuant to Resolutions 2 and 4, 6, 7 and 8 are issued, Peter Jinks relevant interest in Shares of the Company will change from 11.93% to 8.35% with the issue of the Shares proposed in this Resolution 5.

5.2 Regulatory Requirements

ASX Listing Rule 10.11 provides that a listed company must not, without the approval of ordinary Shareholders, issue equity securities to a related party. A "related party" (as defined in the ASX Listing Rules) includes the directors of the listed company.

The Company has not sought Shareholder approval under Chapter 2E of the Corporations Act for a 'related party' transaction as the Board believes that the proposed subscription by Peter Jinks, being at the same price as that offered by the non-related sophisticated / professional investors (the subject of Resolution 4), is on reasonable arms length commercial terms.

5.3 ASX Listing Rules

ASX Listing Rule 10.13 requires that the notice in relation to a proposed resolution to approve an issue of securities to a related party, include the following information:

- (a) The name of the person to whom the securities will be issued:

Peter Jinks (and/or his associated entities)

- (b) The number of securities to be issued to the person:

Up to 1,000,000 ordinary shares in the capital of the Company, credited as fully paid

- (c) The date by which the entity will issue the securities:

No later than 1 month after the date of this General Meeting

- (d) The issue price of the securities and a statement of the terms of the issue:

\$0.20 per Share, which would result in a total subscription by Peter Jinks (and/or his associated entities) of up to \$200,000

- (e) The intended use of the funds raised

Fund general working capital (inclusive of the operation of the Scholz Assets and Business) and integration funding.

Approval of this issue of Shares pursuant to Listing Rule 10.11 means that pursuant to Listing Rule 7.2 (Exception 14), member approval is not required under Listing Rule 7.1 to the issue of these Shares to Peter Jinks (and/or his associated entities).

5.4 Recommendation

The Directors (other than Peter Jinks) recommend that Shareholders vote in favour of Resolution 5. Due to the interest he has in the outcome of Resolution 5, Peter Jinks makes no recommendation to Shareholders in relation to Resolution 5.

6. Resolution 6 - Approval of proposed new placement of Shares to Greg Jinks

6.1 Background

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

*"That for the purposes of ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of up to a total of 2,000,000 Shares (**GJ Shares**) to Greg Jinks, a Director of the Company (and/or his associated entities), at a price of \$0.20 per Share on the terms and conditions outlined in the Explanatory Memorandum which accompanies this Notice of Meeting."*

Greg Jinks, a director of the Company, wishes to subscribe (directly and or through his associated entities) for up to 2,000,000 Shares at the same price as the 2018 Placement.

It is intended that half (50%) of the subscription for the GJ Shares will be funded by the conversion of part of an existing unsecured loan advanced by an entity controlled by Greg Jinks (Moller Volanter Pty Ltd) to the Company (**MV Loan**). An amount of up to \$200,000 (of the current \$500,000 outstanding balance) of the MVC Loan will be converted into, and be regarded as, a subscription of up to a \$200,000 for up to 1,000,000 Shares by Greg Jinks (and/or his associated entities) at a price of \$0.20 per Share, being the same price as the subscriptions proposed to be made by the subscribers and other Directors referred to in Resolutions 4, 5, 7 and 8. The subscription for remaining 1,000,000 Shares by Greg Jinks will be by way of cash of \$200,000.

If the proposed Share issue contemplated by this Resolution 6 is approved and the entire amount is subscribed, the issue of the Shares to Greg Jinks will increase his relevant interest in Shares of the Company from 11.93% to 15.92%, without including the Shares proposed to be issued pursuant to Resolutions 2 and 4, 5, 7 and 8. If all the Shares proposed to be issued pursuant to Resolutions 2 and 4, 5, 7 and 8 are issued, Greg Jinks' relevant interest in Shares of the Company will change from 11.93% to 9.74% with the issue of the Shares proposed in this Resolution 6.

6.2 Regulatory Requirements

The same regulatory requirements as described in section 5.2 above apply equally for the proposed issue of Shares pursuant to this Resolution 6. The Company has not sought Shareholder approval under Chapter 2E of the Corporations Act for a 'related party' transaction as the Board believes that the proposed subscription by Greg Jinks (and/or his associated entities), being at the same price as that offered by the non-related sophisticated / professional investors (the subject of Resolution 4), is on reasonable arms length commercial terms.

6.3 ASX Listing Rules

ASX Listing Rule 10.13 requires that the notice in relation to a proposed resolution to approve an issue of securities to a related party, include the following information:

- (a) The name of the person to whom the securities will be issued:

Greg Jinks (and/or his associated entities)

- (b) The number of securities to be issued to the person:

Up to 2,000,000 ordinary shares in the capital of the Company, credited as fully paid

- (c) The date by which the entity will issue the securities:

No later than 1 month after the date of this General Meeting

- (d) The issue price of the securities and a statement of the terms of the issue:

\$0.20 per Share,

- (e) The intended use of the funds raised

Up to \$200,000 in cash subscribed will be applied to fund general working capital (inclusive of the operation of the Scholz Assets and Business). For the other subscription component (being up to \$200,000) there will be no funds raised by the issue of Shares to Greg Jinks. However the Company's liabilities will be reduced by the same amount as the amount deemed to have been subscribed by Greg Jinks (up to \$200,000) as a result of a reduction of the outstanding balance of the MV Loan.

Approval of this issue of Shares pursuant to Listing Rule 10.11 means that pursuant to Listing Rule 7.2 (Exception 14), member approval is not required under Listing Rule 7.1 to the issue of these Shares to Greg Jinks (and/or his associated entities).

6.4 Recommendation

The Directors (other than Greg Jinks) recommend that Shareholders vote in favour of Resolution 6. Due to the interest he has in the outcome of Resolution 6, Greg Jinks makes no recommendation to Shareholders in relation to Resolution 6.

7. Resolution 7 - Approval of proposed new placement of Shares to Thomas Krulis

7.1 Background

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

"That for the purposes of ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of up to a total of 500,000 Shares to Thomas Krulis, a Director of the Company (and/or his associated entities) at a price of \$0.20 per Share on the terms and conditions outlined in the Explanatory Memorandum which accompanies this Notice of Meeting."

Thomas Krulis, a director of the Company, wishes to subscribe (directly and or through his associated entities) for up to 500,000 Shares at the same price as the 2018 Placement. The subscription will be at the same price as the 2018 Placement subscribers and the other Directors the subject of Resolutions 5, 6 and 8, namely \$0.20 per Share.

If the proposed Share issue contemplated by this Resolution 7 is approved, the issue of the Shares to Thomas Krulis (and/or his associated entities) will increase his relevant interest in Shares of the Company from 3.75% to 4.88%, without including the Shares proposed to be issued pursuant to Resolutions 2 and 4, 5, 6, and 8. If all the Shares proposed to be issued pursuant to Resolutions 2 and 4, 5, 6, and 8 are issued, Thomas Krulis' relevant interest in Shares of the Company will change from 3.75% to 2.88% with the issue of the Shares proposed in this Resolution 7.

7.2 Regulatory Requirements

The same regulatory requirements as described in section 5.2 above apply equally for the proposed issue of Shares pursuant to this Resolution 7. The Company has not sought Shareholder approval under Chapter 2E of the Corporations Act for a 'related party' transaction as the Board believes that the proposed subscription by Thomas Krulis, being at the same price as that offered by the non-related sophisticated / professional investors (the subject of Resolution 4), is on reasonable arms length commercial terms.

7.3 ASX Listing Rules

ASX Listing Rule 10.13 requires that the notice in relation to a proposed resolution to approve an issue of securities to a related party, include the following information:

- (a) The name of the person to whom the securities will be issued:

Thomas Krulis (and/or his associated entities)

- (b) The number of securities to be issued to the person:

Up to 500,000 ordinary shares in the capital of the Company, credited as fully paid

- (c) The date by which the entity will issue the securities:

No later than 1 month after the date of this General Meeting

- (d) The issue price of the securities and a statement of the terms of the issue:

\$0.20 per Share, which would result in a total subscription by Thomas Krulis of up to \$100,000.

- (e) The intended use of the funds raised

Fund general working capital (inclusive of the operation of the Scholz Assets and Business) and integration funding.

Approval of this issue of Shares pursuant to Listing Rule 10.11 means that pursuant to Listing Rule 7.2 (Exception 14), member approval is not required under Listing Rule 7.1 to the issue of these Shares to Thomas Krulis (and/or his associated entities).

7.4 Recommendation

The Directors (other than Thomas Krulis) recommend that Shareholders vote in favour of Resolution 7. Due to the interest he has in the outcome of Resolution 7, Thomas Krulis makes no recommendation to Shareholders in relation to Resolution 7.

8. Resolution 8 - Approval of proposed new placement of Shares to Terry Grigg

8.1 Background

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

"That for the purposes of ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of up to a total of 100,000 Shares to Terry Grigg, a Director of the Company (and/or his associated entities) at a price of \$0.20 per Share on the terms and conditions outlined in the Explanatory Memorandum which accompanies this Notice of Meeting."

Terry Grigg, a director of the Company, wishes to subscribe (directly and or through his associated entities) for up to 100,000 Shares at the same price as the 2018 Placement. The subscription will be at the same price as the 2018 Placement subscribers and the other Directors the subject of Resolutions 5, 6 and 7, namely \$0.20 per Share.

If the proposed Share issue contemplated by this Resolution 8 is approved, the issue of the Shares to Terry Grigg (and/or his associated entities) will increase his relevant interest in Shares of the Company from 0.17% to 0.41%, without including the Shares proposed to be issued pursuant to Resolutions 2 and 4, 5, 6 and 7. If all the Shares proposed to be issued pursuant to Resolutions 2 and 4, 5, 6 and 7 are issued, Terry Grigg's relevant interest in Shares of the Company will change from 0.17% to 0.24% with the issue of the Shares proposed in this Resolution 8.

8.2 Regulatory Requirements

The same regulatory requirements as described in section 5.2 above apply equally for the proposed issue of Shares pursuant to this Resolution 8. The Company has not sought Shareholder approval under Chapter 2E of the Corporations Act for a 'related party' transaction as the Board believes that the proposed subscription by Terry Grigg, being at the same price as that offered by the non-related sophisticated / professional investors (the subject of Resolution 4), is on reasonable arms length commercial terms.

8.3 ASX Listing Rules

ASX Listing Rule 10.13 requires that the notice in relation to a proposed resolution to approve an issue of securities to a related party, include the following information:

- (a) The name of the person to whom the securities will be issued:
Terry Grigg (and/or his associated entities)
- (b) The number of securities to be issued to the person:
Up to 100,000 ordinary shares in the capital of the Company, credited as fully paid
- (c) The date by which the entity will issue the securities:
No later than 1 month after the date of this General Meeting
- (d) The issue price of the securities and a statement of the terms of the issue:
\$0.20 per Share, which would result in a total subscription by Terry Grigg of up to \$20,000
- (e) The intended use of the funds raised
Fund general working capital (inclusive of the operation of the Scholz Assets and Business) and integration funding.

Approval of this issue of Shares pursuant to Listing Rule 10.11 means that pursuant to Listing Rule 7.2 (Exception 14), member approval is not required under Listing Rule 7.1 to the issue of these Shares to Terry Grigg (and/or his associated entities).

8.4 Recommendation

The Directors (other than Terry Grigg) recommend that Shareholders vote in favour of Resolution 8. Due to the interest he has in the outcome of Resolution 8, Terry Grigg makes no recommendation to Shareholders in relation to Resolution 8.

9. Additional information

The Directors of the Company are not aware of any other information which is relevant to the consideration by members of the proposed Resolutions set out in this Notice of Meeting.

The directors recommend members read these explanatory notes in full and, if desired, seek advice from their own independent financial, taxation or legal adviser as to the effect of the proposed Resolutions before making any decision in relation to the proposed Resolutions.

Definitions

In this Notice of Meeting, unless the context otherwise requires:

\$ or A\$ means Australian dollars;

Company or **Stokes** means Stokes Ltd or ACN 004 554 929;

Board means the board of directors of the Company;

Corporations Act means the Corporations Act 2001 (Cth);

Constitution means the Constitution of the Company as amended from time to time;

General Meeting or EGM means the extraordinary general meeting of ordinary shareholders of the Company to be held on 25 July 2018 pursuant to the Notice of Meeting;

Group means collectively the Company and its subsidiaries;

Notice of Meeting or **Notice** means this notice of Extraordinary General Meeting;

Ordinary Shares means fully paid ordinary shares in the capital of the Company;

Resolution means a resolution proposed pursuant to this Notice of Meeting.

Annexure A - Summary of Asset Sale Agreement

The key terms of the Asset Sale Agreement are summarised below.

1. The ASA is subject to the following key conditions precedent:
 - (a) Stokes obtaining a waiver from the ASX in respect of the Deferred Consideration Shares.
 - (b) To the extent necessary, the shareholders of the Buyer and Stokes approving the purchase of the Assets under the ASA.
 - (c) Stokes obtains shareholder approval for the issue of the Consideration Shares .
 - (d) Scholz obtains all necessary third party consents in respect of the sale of the Assets.
 - (e) Stokes having completed an equity fundraising of at least \$2,000,000.
 - (f) Scholz having signed a restriction agreement generally in the form set out in Appendix 9A of the ASX Listing Rules which confirms that the Consideration Shares are subject to a voluntary escrow arrangement for 24 months.
 - (g) Key management personnel being retained, including Mr Erik Scholz.
 - (h) Scholz confirming ownership of a 3.75% shareholding in Nugreen Pty Ltd ACN 154 131 558
 - (i) No "material adverse change" occurring.
2. Other key terms under the ASA are summarised below:
 - (a) Completion will take place 10 business days after all conditions precedent are met (or waived).
 - (b) Subject to the below acceleration provisions relating to takeover offers, the issue of the Deferred Shares is contingent on the following performance hurdles being satisfied:
 - (i) Up to 1,000,000 to be issued following the financial year ending 30 June 2019 (FY19), calculated on a sliding scale subject to the Lumex business achieving minimum revenues of greater than \$11.2 million (upper target \$14 million) and a minimum EBITDA contribution of \$1.12 million in FY19 (**Tranche 1**); and
 - (ii) Up to 1,000,000 to be issued following the financial year ending 30 June 2019, calculated on a sliding scale subject to the Lumex business achieving a minimum EBITDA of greater than \$1.12 million (upper target of \$1.4 million) (**Tranche 2**); and
 - (iii) Up to 1,000,000 to be issued following the financial year ending 30 June 2020 (FY20), calculated on a sliding scale subject to the Lumex business achieving minimum revenues of greater than \$15.2 million (upper target \$19 million) and a minimum EBITDA contribution of \$1.52 million in FY20 (**Tranche 3**); and
 - (iv) Up to 1,000,000 to be issued following the financial year ending 30 June 2020, calculated on a sliding scale subject to the Lumex business achieving a minimum EBITDA of greater than \$1.52 million (upper target of \$1.9 million) (**Tranche 4**).

- (c) If there is a successful takeover offer made for the shares in Stokes (being an unconditional offer for which the bidder has acceptances for the offer for more than 50% of the issued shares in Stokes) (**Takeover Event**):
 - (i) before 30 June 2019, all of the Deferred Shares shall be immediately issued on the date which is 5 business days after the later of the date on which the Takeover Event occurs and the date on which Stokes obtains any necessary shareholder approval pursuant to the ASX Listing Rules or the Corporations Act 2001 (**Required Approvals**); and
 - (ii) after 30 June 2019 but before 30 June 2020, the Tranche 3 and Tranche 4 Deferred Shares (but not the Tranche 1 and Tranche 2 Deferred Shares) shall be immediately issued on the date which is 5 business days after the later of the date on which the Takeover Event occurs and the date on which Stokes obtains the Required Approvals.
- (d) The ASA provides for an adjustment mechanism under which the number of Up-Front Shares is adjusted if the "stock value" (as defined in the ASA) is less than \$1 million.
- (e) Scholz provides the Buyer with a limited indemnity in relation to the ASA warranties and for customer claims in connection with products/services provided prior to Completion.
- (f) Erik Scholz personally guarantees the performance by Scholz of its obligations under the ASA.
- (g) The ASA includes a restraint which applies to Scholz and Erik Scholz from the completion date.

Annexure B - ASX Waiver

Decision

1. Based solely on the information provided, ASX Limited ("ASX") grants Stokes Limited (the "Company") a waiver from listing rule 7.3.2 to the extent necessary to permit the notice of meeting (the "Notice") seeking shareholder approval for the issue of up to 4,000,000 fully paid ordinary shares ("Deferred Shares") as follows:
 - 1.1 Up to 1,000,000 to be issued following the financial year ending 30 June 2019 ("FY19"), subject to Scholz Industries Pty Ltd ("Scholz") achieving revenues greater than \$11.2 million and minimum EBITDA contribution of \$1.12 million in FY19 ("Tranche 1");
 - 1.2 Up to 1,000,000 to be issued following FY19, subject to Scholz achieving minimum EBITDA greater than \$1.12 million in FY19 ("Tranche 2");
 - 1.3 Up to 1,000,000 to be issued following the financial year ending 30 June 2020 ("FY20"), subject to Scholz achieving revenues greater than \$15.2 million and minimum EBITDA contribution of \$1.52 million in FY20 ("Tranche 3"); and
 - 1.4 Up to 1,000,000 to be issued following the FY20, subject to Scholz achieving minimum EBITDA greater than \$1.52 million in FY20 ("Tranche 4"),

to the shareholders of Scholz, not to state that the Deferred Share will be issued no later than 3 months after the date of the Company's shareholders meeting ("Meeting").
2. Resolution 1 is subject to the following conditions:
 - 2.1 The Notice sets out the material terms of the Deferred Shares and the maximum number of Deferred Shares that will be issued;
 - 2.2 The terms of the Deferred Shares to be issued will not be varied;
 - 2.3 The Deferred Shares will be issued in four tranches no later than as follows:
 - (a) For Tranche 1 and 2, no later than one calendar month after the Company's accounts and financial statements for the 2019 financial year are audited by the Company auditors, and
 - (b) For Tranche 3 and 4, no later than one calendar month after the Company's accounts and financial statements for the 2020 financial year are audited by the Company auditors.
 - 2.4 The Company will update shareholders in its annual reports of the number of Deferred Shares issued or remaining to be issued, as well as details of the conditions which are satisfied prior to the respective issue of each tranche.
3. ASX has considered listing rule 7.3.2 only and makes no statement as to the Company's compliance with other listing rules.

Basis for Decision

Underlying policy

4. Listing rule 7.3.2 protects a listed entity's security holders against dilution of their voting and economic interests in the listed entity by imposing a limit on the number of equity securities that may be issued by the entity without prior security holder approval. This limit is not applicable if security holders' approve the issue of the securities at a general meeting. Listing rule 7.3 sets out the information required to be included in the notice of meeting seeking approval for the issue of the securities. In particular, listing rule 7.3.2 requires the date by which the entity will issue the securities and this date must be no later than 3 months after the date of the meeting, or, for court approved reorganisations of capital, no later than 3 months after the date of the court approval. This rule ensures that an issue of securities that has been approved by security holders is made within a reasonable timeframe following the approval, so that it is less likely that the circumstances in which the issue is made will have changed materially from those prevailing at the time the approval was given.

Facts and reasons for granting waiver

5. Where a listed entity has entered into a transaction which calls for the issue of securities as deferred consideration at future times that necessarily will fall longer than 3 months after the date of a shareholders' meeting, ASX's policy is to permit entities to seek shareholder approval for the issue of all the securities that may be issued under that transaction over the various phases, provided that the milestones to be achieved which trigger the obligation to issue the securities are appropriate to the entity and the transaction in all the circumstances, and adequate information can be given to shareholders about the future issues of securities. This allows the entity and the counterparty to the agreement to have commercial certainty about the ability of the entity to issue each tranche of securities as the counterparty performs its obligations, while maintaining the principle that shareholders must give their informed consent to future issues of securities.
6. The Company is proposing to enter into a transaction where the Company will issue a total of up to 10,000,000 consideration shares in tranches over 2 years as consideration for the transfer to the Company of certain specified assets owned by Scholz, subject to Scholz meeting certain performance hurdles. The transactions requires 6,000,000 Consideration Shares to be issue on completion of the transfer of all Scholz Assets and up to a further 4,000,000 Deferred Shares that will be issued in tranches, where each tranche is to be issued within one calendar month after their respective years, after the revenue and EBITDA figures are audited by the Company's auditors.
7. The shareholders will be provided all relevant information about the hurdles required to be met by the Company before the respective Tranches qualify for issue. If shareholders do not agree with the terms applicable to the extended issue date for the Deferred Shares, shareholder approval of the Proposed Transaction will not be obtained. The extension time requested by the Company is for each tranche is one calendar month after their respective financial years, after revenue and EBITDA figures have been audited by the Company auditors.

Stokes Limited

ABN 24 004 554 929

Lodge your vote:



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

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

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

For all enquiries call:

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

Proxy Form

For your vote to be effective it must be received by 12.00 pm (Melbourne time) Monday 23 July 2018

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:



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

☐

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

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

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 General Meeting of Stokes Limited to be held at Pitcher Partners, Level 13, 664 Collins Street, Melbourne VIC on Wednesday, 25 July 2018 at 12.00 pm (Melbourne time) and at any adjournment or postponement of that Meeting.

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	Change of Company Name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Issue of Shares to Scholz Industries Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Variation of Convertible Note Terms	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of proposed new placement of Shares to sophisticated investors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval of proposed new placement of Shares to Peter Jinks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval of proposed new placement of Shares to Greg Jinks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Approval of proposed new placement of Shares to Thomas Krulis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Approval of proposed new placement of Shares to Terry Grigg	<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 / /