

STOKES LIMITED

ACN 004 554 929

("Stokes" or "Company")

NOTICE OF ANNUAL GENERAL MEETING and EXPLANATORY STATEMENT

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR ATTENTION

If you are in any doubt as to how to deal with it,
please consult your financial or other professional adviser.

The annual general meeting will be held:

- at Level 12, 15 William Street, Melbourne Victoria 3000;
- on Friday 28th November at 10.00am AEDT.

You can vote by:

- attending and voting at the meeting; or
- appointing someone as your proxy to attend and vote at the meeting on your behalf, by completing and returning the proxy form to Stokes in the manner set out in this Notice of Meeting. The proxy form (and any power of attorney under which it is signed) must be received by Stokes no later than 10.00 am (AEDT) on Wednesday 26th November 2014. Any proxy form received after that time will not be valid for the meeting.

STOKES LIMITED
ACN 004 554 929

NOTICE OF ANNUAL GENERAL MEETING

BUSINESS:

1 FINANCIAL REPORT

To consider the Annual Report, Financial Statements, and the reports of the directors and the auditor for the year ended 30 June 2014.

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 2014."

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 2014 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 the proposed resolution for adoption of the Remuneration Report by or on behalf of:

- (a) a member of the Company's key management personnel whose remuneration details are included in the Remuneration Report (**KMP**); or
- (b) a Closely Related Party (as defined in the Corporations Act) of a KMP,

whether the votes are cast as a Shareholder, proxy or in any other capacity. However, the Company will not disregard a vote cast by a KMP or Closely Related Party of a KMP if it is cast as a proxy and it is not cast on behalf of a KMP or a Closely Related Party of a KMP and either:

- (c) the proxy is appointed by writing that specifies how the proxy is to vote on the resolution proposed in Resolution 1; or
- (d) the proxy is the chair of the meeting and the appointment of the chair as proxy does not specify the way the proxy is to vote on Resolution 1 and expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a KMP of the Company (or the group).

If you are a KMP or a Closely Related Party of KMP (or are acting on behalf of any such person) and purport to cast a vote that will be disregarded by the Company (as indicated above), you may be liable for an offence for breach of voting restrictions that apply to you under the Corporations Act.

Further details of this resolution are set out in the Explanatory Memorandum.

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

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

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

Further details of this resolution is set out in the Explanatory Memorandum.

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 Corporations Act requires listed companies to put to Shareholders at the AGM a non-binding resolution concerning the Remuneration Report which is contained in the Directors' Report section of the Annual Report.

The Corporations Act also requires the Company to exclude votes cast on the resolution by members of the Company's Key Management Personnel (**KMP**) whose remuneration details are included in the Remuneration Report and their Closely Related Parties. KMP broadly means those persons, including any director (whether executive or otherwise) having authority and responsibility for directly or indirectly planning, directing and controlling the Company's activities. 'Closely Related Parties' is defined as:

- a spouse or child of the KMP;
- a child of the KMP's spouse;
- a dependent of the KMP or the KMP's spouse;
- anyone else who is a member of the KMP's family and may be expected to influence the KMP or be influenced by the KMP, in the KMP's dealing with the entity;
- a company the KMP controls; or
- a person prescribed by the Corporations Regulations.

As specified in section 250R of the Corporations Act, Resolution 1 is not binding on the Company. 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.

In summary, if at least 25% of the votes cast on the resolution to adopt the Remuneration Report are voted against adopting the Remuneration Report at this Annual General Meeting, and then again at the Company's 2014 annual general meeting, the Company will be required to put to Shareholders a resolution proposing the calling of an extraordinary general meeting to consider the appointment of new directors to the Company (**Spill Resolution**).

The Company's Remuneration Report for the financial year ending 30 June 2015 will also need to include an explanation of the Board's proposed action in response or, if no action is proposed, the Board's reasons for this.

If more than 50% of Shareholders (excluding KPM) vote in favour of the Spill Resolution, the Company must convene the extraordinary general meeting (**Spill Meeting**) within 90 days of the Company's 2014 Annual General Meeting. All of the Directors who are in office when the Company's 2014 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 2013 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 Resolution 1.

3 RESOLUTIONS 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 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 recommend that you **vote in favour** of Resolution 2.

4. 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 28th November 2014.

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.

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 10.00am AEDT Melbourne time on **Wednesday 26th November 2014** by:
- Hand delivery to: the Company at its registered address, 24 Palmerston Road West, Ringwood, Victoria; or
 - Posted to: P.O. Box 168, Mitcham, Victoria 3132; or
 - Fax to: the Company on (03) 9845 8373.
- (b) A 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.
- (c) 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.
- (d) 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.
- (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 you expressly authorise the Chairman to vote in favour of Resolution 1 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 2014.
- (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