
Sea Forest Pty Ltd

Board Protocol and Shareholders Deed

In this Board Protocol, unless the context requires otherwise, the terms below mean:

Board means the board of directors of the Company.

Board Protocol means the protocol for the operation of the Board set out in this Schedule as may be amended in accordance by a Special Majority of the Board.

Business means the business of the Company of commercialising Asparagopsis seaweed related products.

Business Day means a day that is not a Saturday, Sunday or a public holiday or bank holiday in Sydney or Melbourne.

Business Plan means the business plan for the Company and its Business as approved by the Board from time to time.

Completion means completion of the subscription for and issue of Subscription Shares to PGA.

Equity Securities means shares, options and any other securities convertible into shares in the capital of the Company.

Exit means an initial public offer (**IPO**) and listing on the Australian Securities Exchange (**ASX**) or other recognised stock exchange or a trade sale of the Company or all or substantially all of its Business or assets, or any similar transaction that will allow shareholders to realise their investment, on such terms as approved by the Board.

Investor means a shareholder, or group of shareholders, who individually or collectively hold a Minimum Percentage.

Investor Nominee means a director nominated by an Investor and appointed to the Board.

Minimum Percentage means a percentage shareholding in the Company of at least 8 % of the issued Shares in the capital of the Company or such other percentage agreed by the Investor and the Company.

Shares means fully paid ordinary shares in the capital of the Company.

Special Majority means approval by at least 75% of directors present and entitled to vote on a resolution (rounded down to the nearest whole number of directors).

- This Board Protocol will apply from Completion and for so long as any Investor maintains a shareholding in the Company of at least the Minimum Percentage.
- Each Investor Nominee will have the same rights and obligations as other directors on the Board, including as are set out in this Schedule.

Board

- The Board will comprise no more than 8 directors, unless the Board agrees to change that number by a Special Majority.

Frequency and Notice of Board meetings

- A Board meeting must be held at least once every two months, except if the Board otherwise determines.
- Written notice of a Board meeting must be given to all directors at least five Business Days before the Board meeting, except if all directors agree otherwise in writing.

Board papers

- A notice of a regular Board meeting must include:
 - an agenda;
 - a copy of all papers to be considered at that meeting; and
 - for regular Board meetings, a report from the CEO on trading over the period since the last Board meeting, including:
 - revenues, margins, overheads, profits, cash flow, prospects and any major commercial issues affecting the current and future trading position of the Company and proposed actions to correct any adverse variances;
 - a profit and loss statement for the months subsequent to the same report at the last regular Board meeting and year to date relative to budget;
 - consolidated finance
 - report; consolidated
 - balance sheet; variations
 - against budget; and cash flow and forecasts;
- Subject to the confidentiality obligations in clause 8, each Investor Nominee may disclose any information (confidential or otherwise) about the affairs, finances and accounts of the Company and the Business that comes into the director's possession from time to time, to the Investor that appointed the director on the basis that the Investor must keep that information confidential.

Quorum

- The quorum for a Board meeting will be 5 directors, including each Investor Nominee.
- If a quorum of directors is not present within 30 minutes after the time appointed for the Board meeting, the meeting stands adjourned to the same time and place two Business Days later. At the reconvened meeting, the quorum will be those directors who are present.

Voting

- At a Board meeting each director has one vote and Board decisions are by simple majority except any consent or approval under the Corporations Act or the Company's constitution which requires otherwise and the following matters which require approval by at least a Special Majority:
 - **(Business Plan)** approval of the Business Plan of the Company on at least an annual basis.
 - **(Equity Securities)** issue or allot or grant a right to issue or allot any Equity Securities including shares, debentures, stocks, bonds, notes, units, warrants, options or derivative instruments.
 - **(Borrowing)** borrow, or accept any financial accommodation of \$1 million or more, except in accordance with the Business Plan.
 - **(Encumbrances)** encumber an asset or undertaking of the Business having a value of \$1 million or more, except in accordance with the Business Plan.
 - **(Acquisitions and disposals)** acquire or dispose of a company or business for \$1 million or more, except in accordance with the Business Plan.
 - **(Assets)** acquire or dispose of an asset or assets (either tangible or intangible) having a value of \$1 million or more, except in accordance with the Business Plan.
 - **(Partnerships and joint ventures)** enter into, amend or vary a partnership or joint venture for \$1 million or more.

- **(Related party transactions)** enter into, terminate, amend, vary, assign, novate, enforce or waive a right under, a contract or other arrangement with a director or an Affiliate of a director.
- **(Financial assistance)** provide a loan or other financial assistance to a director or their Affiliates or vary the terms of any loan or other financial assistance previously provided to a director or their associates.
- **(Reorganisation Event)** undertake or undergo a bonus issue, subdivision of capital or other reorganisation of the share capital of the Company.
- **(Exit)** undertake or implement an Exit.
- **(Accounting Standards and principles)** materially alter the Accounting Standards or principles previously adopted by the Company for the preparation or presentation of any individual or consolidated financial statements, except if required by law.
- **(Auditor)** appoint or remove the Company's auditor.
- **(Dividends)** set or change the dividend or distribution policy of the Company, or declare, make or pay a dividend (either interim or final) or another distribution.
- **(Board Protocol)** amend the Board Protocol.
- **(Key Executives)** the appointment, removal, termination or variation of terms of employment or engagement of a CEO, COO, CFO or any other member of the Company's executive team.
- **(ESOP)** any issue of options or other Equity Securities under any employee incentive scheme of the Company which, if such Equity Securities and all other Equity Securities already on issue under any such schemes are fully exercised or converted, would result in the issue of Shares exceeding 10% of the issued Shares of the Company at that time.
- Each Investor will ensure that their appointed Investor Nominee acts in good faith and that decisions are made promptly and with full cooperation in an endeavour to ensure the success of the Business.
- If the Board is considering whether or not the Company should take action against an Investor or an Affiliate of that Investor, a director appointed by that Investor must abstain from voting on any question concerning the implementation or conduct of such action and the Board may determine that decision by simple majority vote of remaining directors (excluding the abstaining director).

Interests which Directors may take into account

- Subject at all times to the fiduciary and other duties of each director to the Company under the Corporations Act and general law, a director may in performing any of their duties or exercising any power, right or discretion as a director:
 - have regard to and represent the interests of the Investor which appointed the director; and
 - act on the wishes of that Investor,
 - provided always that the director is acting in good faith in the best interests of the Company or shareholders as a whole.

Directors remuneration and insurance

- Each non-executive director will be entitled to receive a fee of \$35,000 per annum. No increase in directors' fees will be made unless approved by a Special Majority.
- Reasonable expenses of directors associated with or incidental to the discharge of their obligations as directors or otherwise in connection with the Business including travel and accommodation expenses, will be reimbursed by the Company within 20 Business Days after it receives a statement of account (together with reasonable substantiation) for those expenses.
- The Company must seek quotes for 'Directors' and Officers' Insurance' in respect of the directors and the Board will then consider if it is reasonable and appropriate to take out such insurance, including by having regards to the cost of such insurance.
- The Company will enter into a Deed of Access, Indemnity and Insurance with each director in a form reasonably acceptable to those parties.