

SECURITIES & EXCHANGE COMMISSION EDGAR FILING

DYADIC INTERNATIONAL INC

Form: 8-K

Date Filed: 2019-05-02

Corporate Issuer CIK: 1213809

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (date of earliest event reported): April 26, 2019

Dyadic International, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or
organization)

000-55264

(Commission File Number)

45-0486747

(I.R.S. Employer Identification Number)

140 Intracoastal Pointe Drive, Suite 400
Jupiter, FL 33477

(Address of principal executive offices and zip code)
(561) 743-8333

(Registrant's telephone number, including area code)

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.001 per share	DYAI	The NASDAQ Stock Market LLC

Item 1.01. Entry into a Material Definitive Agreement.

Sub-License Agreement

On April 26, 2019, Dyadic International, Inc. ("Dyadic" or the "Company") entered into a sub-license agreement (the "Sub-License Agreement") with Luina Bio Pty Ltd. and Novovet Pty Ltd ("Novovet").

Under the terms of the Sub-License Agreement, the Company has granted to Novovet, subject to the terms of the license agreement entered into between the Company and Danisco US, Inc. on December 31, 2015, a worldwide sub-license to certain patent rights and know-how related to Dyadic's proprietary C1 gene expression platform for the exclusive and sole purpose of commercializing certain targeted antigen and biological products for the prevention and treatment of various ailments for companion animals.

In consideration of the license granted pursuant to the Sub-License Agreement, Dyadic received 20% equity in Novovet ("Up-Front Consideration") in accordance with the Shareholders Agreement described below, and a percentage of royalties on net sales and non-sales revenue which incorporates Dyadic's proprietary C1 gene expression platform. The Sub-License Agreement will terminate on a country-by-country basis in accordance with the terms set forth in the Sub-License Agreement.

Shareholders Agreement

As a result of receipt of the Up-Front Consideration, Dyadic became a party to the Novovet Shareholders Agreement on April 26, 2019 (the "Shareholders Agreement") pursuant to which the Company has agreed to certain rights, covenants and obligations.

Board Nomination Rights

The Shareholders Agreement provides that, for as long as the Company has a respective proportion of Novovet equal to or more than 20%, it may designate one individual to serve on the board of directors. The Dyadic appointee is Mark Emalfarb, Dyadic's CEO.

Transfer Restrictions

Pursuant to the Shareholders Agreement, the Company agreed, subject to certain exceptions, not to sell, transfer, assign, convey or otherwise dispose of its interests in Novovet.

Other Rights

Pursuant to the Shareholders Agreement, the Company is entitled to or subject to, as applicable, anti-dilution rights, tag along rights and drag along rights, each as described in the Shareholders Agreement.

The foregoing descriptions of the Sub-License Agreement and the Shareholders Agreement are qualified in their entirety by reference to the complete terms and conditions of the agreements, which are filed as Exhibit 10.1 and Exhibit 10.2, respectively, to this Current Report on Form 8-K and incorporated by reference herein.

Item 8.01 Other Events

On April 30, 2019, Dyadic issued a press release announcing the entry into Sub-License Agreement and Shareholders Agreement described in Item 1.01 on this Current Report on Form 8-K. A copy of this press release is attached to this Current Report on Form 8-K as Exhibit 99.1 and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit Number	Exhibit Description
10.1	Sub-License Agreement among Dyadic International (USA), Inc., Luina Bio Pty Ltd. and Novovet Pty Ltd, dated April 26, 2019 . Specific items in this exhibit have been redacted, as marked by three asterisks [***].
10.2	Shareholders Agreement among Dyadic International (USA), Inc., JCL Biologics Pty Ltd and Novovet Pty Ltd, dated April 26, 2019 . Specific items in this exhibit have been redacted, as marked by three asterisks [***].
99.1	Press Release issued by Dyadic International, Inc. announcing Sub-licensing Agreement with Luina Bio

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dyadic International, Inc.

Date: May 2, 2019

By: /s/ Mark A. Emalfarb

Name: Mark A. Emalfarb

Title: Chief Executive Officer

*Portions of this Exhibit have been redacted because they are both (i) not material and (ii) would be competitively harmful if publicly disclosed. Information that was omitted has been noted in this document with a placeholder identified by the mark “[***]”.*

Sub-License Agreement

Dyadic International (USA), Inc

and

Luina Bio Pty Ltd

and

Novovet Pty Ltd

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Sub-License Agreement

Date ► 26 April 2019

Parties

- 1 **Dyadic International (USA), Inc** of 140 Intracoastal Pointe Drive, Suite 404, Jupiter FL 33477-5094, United States (**Dyadic**)
- 2 **Luina Bio Pty Ltd ACN 074 656 509** of 2806 Ipswich Road, Darra, Brisbane 4076 Queensland, Australia (**Luina**)
- 3 **Novovet Pty Ltd ACN 631 032 749** of 2806 Ipswich Road, Darra, Brisbane 4076 Queensland, Australia (**Novovet**)

Background

- A Dyadic owns or has been granted rights under certain Patent Rights and Know-How from Danisco US, Inc. relating to the Sub-Licensed IP.
- B Luina is an experienced contract manufacturing and development company with experience in manufacturing animal health products.
- C Luina wishes to Commercialise the Sub-Licensed IP within the Field and Territory.
- D Luina and Dyadic have agreed that they will work together to Commercialise the Sub-Licensed IP and have agreed to establish Novovet for the purposes of achieving this objective.
- E In consideration of the mutual promises and consideration set out in this document, Dyadic has agreed to grant to Novovet a licence to the Sub-Licensed IP on the terms of this document.

It is agreed as follows.

1 Definitions and interpretation

1.1 Definitions

The following definitions apply in this document:

Affiliate means:

- (a) a corporation that is related to a party as defined in the *Corporations Act 2001* (Cth); or
- (b) any individual who, or any corporation or other form of business organisation which, in any country directly or indirectly (including through intermediaries), is Controlled by, or is under common Control with, or Controls, a party.

Agreement means this document and includes any schedules or annexures.

Business Day means any a day which is not a Saturday, Sunday or public holiday in Brisbane.

C1 Expression Platform means the *Myceliophthora Thermophila* (formerly classified as *Chrysosporium lucknowense*, "C1") technology including the

genetic elements and molecular tools, and protocols necessary for the development of C1 strains to express Target Indicator genes and to grow and manufacture the proteins derived from the Target Indicators genes.

cGMP means current good manufacturing practice in accordance with Australian laws and the requirements of the Australian Therapeutics Goods Administration, or such higher standards as may be required in a particular country in the Territory.

Change of Control means the happening of circumstances or events following which a person becomes Controlled by another person, alone or together with any associates, who did not previously Control that person.

Commencement Date means the date of this agreement.

Commercialise means:

- (a) in relation to a Product, to make, have made, use, sell, have sold, offer for sale, import and export the Product; and
- (b) in relation to an Intellectual Property Right, the exercise of the rights granted to the holder of such Intellectual Property Right by the laws of the jurisdiction in which the Intellectual Property Right subsists, including the right to grant sub-licences in accordance with clause 3.

Confidential Information means information in any form which is disclosed by a party (Discloser) to the other party (Recipient) or otherwise obtained directly or indirectly by the Recipient from the Discloser, that:

- (a) is by its nature confidential;
- (b) is designated as confidential; or
- (c) the Recipient knows or ought to reasonably know is confidential,

and includes:

- (a) information comprised in or relating to the Sub-Licensed IP;
- (b) information relating to the business and financial affairs of the Discloser;

but does not include any information which:

- (a) is in or comes into the public domain otherwise than by disclosure in breach of this document or other duty of confidentiality owed to the Discloser;
- (b) had been independently developed by the Recipient prior to obtaining it from the Discloser; or
- (c) is received by the Recipient from a third party who has the right to provide that information without breach of any legal obligation.

For the avoidance of doubt, the Know-How is Confidential Information belonging to Dyadic and/or Dyadic's Contract Research Collaborators.

Control means:

- (a) the ability to cast or control the casting of more than 50% of the maximum number of votes that might be cast at any general meeting (or equivalent) of an entity;

- (b) the holding of more than 50% of the issued ordinary share capital, the equity, or other ownership interest, in the entity, or the holding of the maximum ownership interest permitted in the country where the entity exists; or
- (c) the ability of a person or persons to direct, or share equally in the direction of, the composition of the board of directors (or equivalent) of the entity, or to manage the entity pursuant to an agreement.

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

Diligence Report means the report to be provided by Novovet to Dyadic pursuant to clause 6.10.

Field means the prevention and treatment of companion animal antigens solely within the Target Indicators.

Force Majeure means a circumstance beyond the reasonable direct or indirect control and without the fault or negligence of the party claiming force majeure, including fire, explosion, epidemic, strike, lockout, labour conditions, civil disturbance, riot, act of God, act of war, terrorist incident, cyclone, flood, storm or earthquake.

Improvement means any development, modification, adaptation or improvement of the subject matter of Sub-Licensed IP made by or on behalf of, or in respect of which Intellectual Property Rights are acquired by, a party or its Affiliates during the Term, including processes for the manufacture of Products by Dyadic.

Insolvency Event means any of the following:

- (a) a person is or states that the person is unable to pay from the person's own money all the person's debts as and when they become due and payable;
- (b) a person is taken or must be presumed to be insolvent or unable to pay the person's debts under any applicable legislation;
- (c) an application order is made for the winding up or dissolution or a resolution is passed or any steps are taken to pass a resolution for the winding up or dissolution of a corporation and the application or resolution is not stayed, withdrawn or dismissed within seven days;
- (d) an administrator, provisional liquidator, liquidator or person having a similar or analogous function under the laws of any relevant jurisdiction is appointed in respect of a corporation or any action is taken to appoint any such person and the action is not stayed, withdrawn or dismissed within seven days;
- (e) a controlled is appointed in respect of any property of a corporation;
- (f) a corporation is deregistered under the Corporations Act or notice of its proposed deregistration is given to the corporation and the notice is not stayed, withdrawn or dismissed within seven days;
- (g) a distress, attachment or execution is levied or becomes enforceable against any property of a person;

- (h) a person enters into or takes any action to enter into an arrangement (including a scheme of arrangement or deed of company arrangement), composition or compromise with, or assignment for the benefit of, all or any class of the person's creditors or members or a moratorium involving any of them; or
- (i) anything analogous to or of a similar effect to anything described above under the law of any relevant jurisdiction occurs in respect of a person.

Intellectual Property Rights means all present and future rights in relation to copyright (including future copyright), trade mark, design, patent and circuit layout rights, rights in respect of confidential information or know-how and all other rights generally falling within the scope of this term, whether registered or unregistered and whether registrable or not, and all other statutory and proprietary rights in respect of the foregoing rights and any right to apply for registration of any of those rights.

Know-How means the Confidential Information and Intellectual Property Rights described in Schedule 3 or supplied by Dyadic under clause 7.2(a), including any pre-clinical and CMC package, reports, data, trial results, copyright materials and other proprietary materials.

Launch means the first commercial sale of the Product by Novovet or its Affiliates in the Territory and within the Field.

Laws means all laws including, without limitation, all local, federal and state government legislation, codes, regulations and by-laws as amended from time to time.

Net Sales means the total gross invoice prices (or, if no invoice is generated for a sale, the total sales price) of Products sold by Novovet and its Affiliates, less the sum of the following actual and customary deductions where applicable and separately listed:

- (a) cash, trade or quantity discounts;
- (b) value-added, sales, use, tariff, import/export duties or other excise taxes imposed on particular sales (except for income taxes); and
- (c) transportation charges if not paid by the customer.

Net Sales includes the cash equivalent or fair market value of all other consideration received by Novovet and its Affiliates in respect of Products sold, whether such consideration is in cash, payment in kind, exchange, or other form.

For purposes of calculating Net Sales, transfers between Novovet and its Affiliates will be excluded and Net Sales will be calculated based upon the ultimate sale or provision of a service to a Third Party, unless the amount for the transfer to an Affiliate is greater, in which event that higher amount will apply.

Non-Sales Revenue means all amounts received by Novovet or its Affiliates from Sub-Licensees in respect of the Commercialisation of the Sub-Licensed

IP or Products, whether by way of royalties, license fees, milestone payments, lump sum payments or otherwise, after deduction of all value-added or similar taxes, duties or other amounts forming part of such amounts required to be remitted to government or quasi-government authorities in connection with such Commercialisation, but not including income tax. If Novovet or its Affiliates receive non-monetary consideration from Sub-Licensees in lieu of financial payments, the parties agree to negotiate in good faith arrangements for the sharing of such non-monetary consideration in a manner that reflects the calculation and sharing of Non-Sales Revenue under this agreement.

Patent Costs means all cost and expenses, including all legal and patent

Patent Rights means subject to the Pharma License Agreement all patents will be owned by Dyadic or Danisco, US, Inc except those patents which solely relate to the production and sale of a Target Indicators Product which will be owned by Novovet.

Personnel of a party means:

- (a) the party's employees, agents, students, contractors, directors, officers; and
- (b) the employees, agents, students, contractors, directors and officers of that party's Associates.

Pharma License Agreement means the pharma license agreement entered into between Dyadic and Danisco US, Inc on 31 December 2015.

Products means **Target Indicators** products which apply, incorporate, fall within the scope of, or are created, supplied or used in accordance with any of the Sub-Licensed IP.

Quarter means the three month periods ending on 31 March, 30 June, 30 September and 31 December.

Registration Costs mean all fees, costs and expenses (including patent attorney and legal fees and expenses) incurred by Dyadic in the obtaining of grants of Patent Rights in the Territory and maintaining the same, including all expenses incurred in making and prosecuting patent applications and dealing with any opposition to any application for such registrations or any challenge to the validity of any such registrations

Regulatory Approval mean the approval of the applicable Regulatory Authority necessary for the marketing and sale of a product for a particular indication in a country, excluding separate pricing or reimbursement approvals that may be required, and including the expansion or modification of the label for such indication.

Regulatory Authority means any federal, national, multinational, state, provincial or local regulatory agency, department, bureau or other governmental entity with authority over the marketing and sale of a pharmaceutical product in a country, including the United States Food and Drug Administration.

Royalties means the amounts payable or paid by Novovet pursuant to clause 4.1(b).

Sub-Licensees mean any Third Party to whom Novovet has granted a sub-licence of the Sub-Licensed IP pursuant to clause 3.1.

Sub-Licensed IP means the Intellectual Property Rights which Dyadic either owns or has been granted rights under certain Patent Rights and Know-How under the Pharma License Agreement relating to the generation and use of its C1 Expression Technology which is necessary to enable Novovet to Commercialise the Sub-Licensed IP in the Field solely to develop, manufacture and sell the Target Indicators Products and includes the Patent Rights set out in Schedule 2, the Know-How set out in Schedule 3 and the Confidential Information relating to those Patent Rights and the Know-How.

Shareholders' Agreement means the Shareholders' Agreement in respect of Novovet dated on or about the date of this agreement.

Target Indicators means Products targeting the following antigens:

- (a) [***];
- (b) [***];
- (c) [***];
- (d) [***];
- (e) [***]; and
- (f) [***]

Term means the term described in clause 8.1.

Territory means worldwide.

Third Party means an entity that is not an Affiliate of either Dyadic or Luina.

Up-front Sub-License Fee means \$[***] which will be paid to Dyadic in the form of shares of Novovet in accordance with clause 4.1(a).

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1.2 Rules for interpreting this document

Headings are for convenience only, and do not affect interpretation. The following rules also apply in interpreting this document, except where the context makes it clear that a rule is not intended to apply.

- (a) A reference to:
 - (i) legislation (including subordinate legislation) is to that legislation as amended, re-enacted or replaced, and includes any subordinate legislation issued under it;
 - (ii) a document (including this document) or agreement, or a provision of a document (including this document) or agreement, is to that document, agreement or provision as amended, supplemented, replaced or novated;

- (iii) a party to this document or to any other document or agreement includes a permitted substitute or a permitted assign of that party;
 - (iv) a person includes any type of body of persons, whether or not it is incorporated or has a separate legal identity, and any executor, administrator or successor in law of that person; and
 - (v) anything (including a right, obligation or concept) includes each part of it.
- (b) A singular word includes the plural, and vice versa.
 - (c) A word which suggests one gender includes all other genders.
 - (d) If a word or phrase is defined, any other grammatical form of that word or phrase has a corresponding meaning.
 - (e) If an example is given of anything (including a right, obligation or concept), such as by saying it includes something else, the example does not limit the scope of that thing.
 - (f) A reference to **dollars** and **\$** is to Australian currency.
 - (g) The word **agreement** includes an undertaking or other binding arrangement or understanding, whether or not in writing.
 - (h) The expression **this document** includes the agreement, arrangement, understanding or transaction recorded in this document.
 - (i) The expressions **subsidiary**, **holding company** and **related body corporate** each have the same meaning as in the Corporations Act.

1.3 Business Days

If the day on or by which a person must do something under this document is not a Business Day:

- (a) if the act involves a payment that is due on demand, the person must do it on or by the next Business Day; and
- (b) in any other case, the person must do it on or by the previous Business Day.

1.4 Multiple parties

If a party is made up of more than one person, or a term is used in this document to refer to more than one party:

- (a) an obligation of those persons is several;
- (b) a right of those persons is held by each of them severally; and
- (c) any other reference to that party or that term is a reference to each of those persons separately, so that (for example) a representation, warranty or undertaking relates to each of them separately.

2 Grant of rights

2.1 Grant

With effect from the Commencement Date, subject to the Pharma License Agreement Dyadic grants to Novovet separate licences of:

- (a) the Patent Rights; and
- (b) the Know-How,

for the sole purpose of Commercialising the Products and the Sub-Licensed IP within the Field in the Territory in accordance with this agreement.

2.2 Exclusivity

Subject to clause 8.8, the licence granted to Novovet in clause 2.1 are exclusive as it solely relates to the development, manufacture and sale of a Target Indicators Product within the Territory and the Field.

2.3 Acknowledgments

Novovet acknowledges and agrees that, unless agree otherwise in writing, it is not entitled to:

- (a) sell or otherwise dispose of Products outside of the Territory or Field or to a customer that it knows or has reason to believe intends to use or resupply the Products outside of the Territory or Field, unless Dyadic has given its prior written approval; and
- (b) use any of the Sub-Licensed IP other than for bona fide Commercialisation of the Products in accordance with this agreement.

3 Sub-licensing

3.1 Consent required

- (a) Novovet is not permitted to sub-license the Sub-Licensed IP to any Affiliate or Third Party unless Dyadic has given its prior written consent.
- (b) Dyadic will not unreasonably withhold its consent where the proposed Sub-Licensee is an Affiliate of Novovet and has adequate resources to enable it to fulfil its obligations under the proposed sub-licence.
- (c) Novovet remains solely liable for the performance of its obligations under this agreement, notwithstanding the grant of any sub-licence or sub-contract.

3.2 Conditions of sub-licence

Any transaction permitted by clause 3.1 must be subject to the terms of the Pharma License Agreement and on terms which:

- (a) prohibit the grant of further sub-licences unless Dyadic has given its prior written consent (which consent may be granted, whether or not subject to conditions, or withheld in Dyadic's sole discretion);
- (b) contain provisions no less onerous than those set out in clauses 6.7 (**Branding**), 6.12 (**Personnel**), 7.3 (**Adverse Event Reporting**), 7.4 (**Recalls, Market Withdrawals or Corrective Action**), 13 (**Insurance**) and

14 (**Confidentiality and Media Releases**), and otherwise be on terms consistent with this agreement;

- (c) will automatically terminate if Novovet exercises its right of termination under clause 8.5; and
- (d) will, at Dyadic's option, either terminate or be novated to Dyadic on termination of this agreement (other than termination by Novovet under clause 8.5).

3.3 Contract Manufacture

Notwithstanding the provisions of this clause 3, subject to the Pharma License Agreement Novovet may sub-contract the manufacture of Products or components of Products to a Third Party contract manufacturing organisation located in [***] provided that such manufacturer has agreed to be bound by obligations at least as onerous as those set out in clauses 6.6 (Care and Skill) and 14 (Confidentiality and Media Releases).

3.4 Related party services

For the avoidance of doubt, nothing in this agreement prohibits Novovet from sub-contracting either Luina or Dyadic to provide services on a fee for services basis provided that such services are provided on behalf of Novovet on an arms-length basis and in accordance with any obligations set out in the Shareholders' Agreement and which are subject to the Pharma License Agreement.

4 Payment Obligations

4.1 Payments by Novovet

In consideration of the licence granted in clause 2.1, Novovet agrees to:

- (a) pay Dyadic the Upfront Sub-Licence Fee by way of the issue of ordinary shares (credited as fully paid) equal to 20% of the equity in Novovet in accordance with the terms of the Shareholders' Agreement; and
- (b) pay to Dyadic any Royalties on Net Sales and Non-Sales Revenue in accordance with Schedule 1.

4.2 Timing of Royalty Payments

- (a) Payments of Royalties are to be made by Novovet to Dyadic within 30 days after the end of each Quarter and are to be calculated by reference to Net Sales and Non-Sales Revenue made during that Quarter.
- (b) Each payment must be accompanied by a statement signed by an authorised officer of Novovet containing a detailed summary of:
 - (i) Products sold, delivered or otherwise disposed of during the relevant Quarter;
 - (ii) the calculation of the Net Sales, Non-Sales Revenue and Royalties payable in respect of, the relevant Quarter; and
 - (iii) sales, marketing, training and other activities relating to the Commercialisation of the Product, provided that after Launch such reports only need to be made annually.

4.3 Currency

All payments made under this agreement are to be made in Australian dollars. Where conversion from foreign currency is required the conversion is to be made at the average day's buying rate published in Bloomberg as at close of business on the previous Business Day.

4.4 Payment

All payments made by Novovet under this agreement are to be made by telegraphic transfer into an account nominated by Dyadic, or in such other manner agreed by the parties. All bank fees and other charges directly related to such telegraphic transfers are Dyadic's sole responsibility.

4.5 Interest on overdue payments

If Novovet fails to make any payment in full when due, Dyadic will be entitled (without prejudice to any other right or remedy it may have) to charge Novovet interest on the overdue amount at the rate of 2% per annum above the then current cash target rate of the Reserve Bank of Australia, calculated daily from the date the payment became due to the date of full and final payment.

4.6 Withholding tax

- (a) If any laws, rules or regulations require the withholding or deduction of amounts of income or other taxes or other amounts from payments made by a party to the other under this agreement, the party making the payment will make such withholding payments as required.
- (b) The recipient will, provided it has received proof of payment of the withholding taxes, sign such documentation as the paying party reasonably requires in order for it to obtain credits or rebates under any applicable double taxation treaties.

5 Records and audits

5.1 Records

Novovet agrees to keep at its principal place of business true and accurate records of Net Sales, Non-Sales Revenue, including proper and comprehensive books of account relating to all Royalties and other moneys from time to time payable pursuant to this agreement and the basis on which the quantum of those payments are calculated. Records must be maintained for at least seven years.

5.2 Right of audit

- (a) Novovet agrees at all reasonable times to permit Dyadic's auditor to access, inspect and review the accounts, books and records referred to in clause 5.1.
- (b) Novovet further agrees to permit those books of accounts and records to be examined at Dyadic's expense by an independent accountant, and to permit that accountant to take copies of or extracts from the accounts, books and records. Such audits may not be conducted more than once each calendar year.
- (c) Novovet agrees to give Dyadic's representatives reasonable assistance, access and facilities to enable them to verify such accounts, books and

records and supply such other information as may be necessary or proper to enable Novovet's compliance with this agreement to be verified.

- (d) If an audit conducted in accordance with clause 5.2(b) identifies a deviation of more than 5% from the amounts identified as payable in statements provided by Novovet pursuant to clause 4.2 in any consecutive period of four Quarters, the costs of the audit are to be reimbursed to Dyadic by Novovet on demand.
- (e) Dyadic's rights under this clause 5.2 apply during the Term and for seven years thereafter.
- (f) Novovet agrees to permit Dyadic's representative to inspect Novovet's manufacturing facilities and those of any permitted sub-contract manufacturers in order to verify {Novovet}'s compliance with this agreement (including under clause 6.6). At least ten Business Days' notice of any such inspection will be given.

6 Further obligations of the parties

6.1 Technology transfer and assistance

- (a) Dyadic will disclose the Sub-Licensed IP to Novovet, including providing Novovet with electronic copies of the Know-How, within 60 days of the Commencement Date. All documents will be provided in English.
- (b) Dyadic will use all reasonable endeavours to provide updated versions of the Know-How on a timely basis. Novovet is solely responsible for the cost of modifying or translating any materials supplied by Dyadic, or developing its own materials, as may be necessary or desirable for the Territory.
- (c) Dyadic will provide such technical advice and assistance as Novovet may reasonably require, via telephone and email, for a maximum of [***]. Any additional assistance will be at Dyadic's discretion and on its standard consulting terms.
- (d) Any site visits by Dyadic's Personnel will be at Dyadic's discretion and sole expense unless such site visit(s) are requested by Novovet. If Novovet requests such a site(s) visits then all travel, hotel, meal and other costs and expenses along with the then current Dyadic or its Collaborators FTE daily rate will be at the sole expense of Novovet.

6.2 Prosecution and maintain Sub-Licensed IP

Subject to the Pharma License Agreement, Dyadic agrees to prosecute and maintain the Patent Rights during the Term, to the sole extent it deems commercially and legally reasonable in accordance with the advice and resources available to it. Dyadic will provide a written report to Novovet of any changes to Patents it owns within ninety (90) days annually on 31 December of each year.

6.3 Registration Costs

Subject to the Pharma License Agreement Dyadic is responsible to pay for all Patent Registration Costs relating to its Patent Rights, however (Novovet) will be responsible to pay for all Patent Registration Costs relating to Patents and Patent applications filed by Novovet which are based on the Target Indicators Products.

6.4 Commercialisation efforts

- (a) Novovet is to use reasonable and diligent efforts to develop and Commercialise the Sub-Licensed IP and Products throughout the Territory within the Field as soon as practicable, consistent with sound business practices and judgement.
- (b) Without limiting the generality of the foregoing, Novovet agrees to sell, distribute, market and promote Products in the Territory, including the provision of customer support, logistics, inventory, pharmacovigilance and related activities so as to maximise sales of Products in the Territory.

6.5 Commercialisation progress

If Novovet has not commenced a [preclinical study] within 1 year of the Commencement Date, Dyadic may, in its sole discretion:

- (a) extend the deadline for performance;
- (b) convert Novovet's exclusive rights to non-exclusive in all or part of the Field and Territory by giving five Business Days' notice; or
- (c) terminate this agreement by giving 60 days' written notice,

provided that Dyadic must consult with Novovet and not unreasonably terminate this agreement if circumstances beyond Novovet's control have caused the delay or if Dyadic has been a substantial cause for the delay.

6.6 Care and skill

Novovet must Commercialise the Products with all due care and skill and in a competent and prudent manner so that all legal and regulatory requirements in the Field and Territory and any reasonable quality standards are met (including that the Products are manufactured in accordance with cGMP and other requirements of applicable Regulatory Authorities, supported by adequate quality control systems).

6.7 Branding

Novovet may market the Products under Novovet's brands or otherwise as it sees fit. Nothing in this agreement gives Novovet any licence or right to use Dyadic's name, brands or trade marks.

6.8 Patent marking

Novovet must ensure that all Products and associated materials are marked with relevant patent numbers, as required or desirable under local laws.

6.9 Recording licence

Subject to clause 14.4, each party must do all things necessary to record the existence of this agreement with relevant authorities as required or desirable under local laws. It is understood that Dyadic will have the obligation to issue an 8K, a press release and file a copy of this agreement (along with a request for confidential treatment of certain parts of the agreement) with the United States Security & Exchange.

6.10 Diligence Report

Until Novovet, an Affiliate or a Sub-licensee has achieved a first commercial sale of Products, Novovet shall provide a written semi-annual Diligence Report to Dyadic

due on January 31 and July 31 following the Commencement Date. These Diligence Reports shall describe Novovet's, an Affiliate or any Sub-licensee(s) technical, business and commercial efforts towards meeting the obligations of this agreement.

6.11 Review meetings

The parties agree to meet or hold a teleconference at least once every calendar year prior to Launch in order to discuss Novovet's Commercialisation of the Products within the Field and the Territory and this agreement generally.

6.12 Personnel

To the fullest extent permissible by applicable laws, Novovet must ensure that all of its Personnel who will be involved with Developing, Registering, Manufacturing and Commercialising Products or who will otherwise be required to have access to the Sub Licensed IP for the purposes of this agreement:

- (a) agree in writing, prior to beginning work, to assign to Novovet or Dyadic, as the case may be, all Intellectual Property Rights that may be created by such Personnel in connection with this agreement; and
- (b) have not been debarred by any Regulatory Authority.

6.13 Non-Solicitation

During the [***] following the Commencement Date, Novovet and its Affiliates must not solicit any of Dyadic's Personnel with a view to employing that person or engaging him or her as a consultant or officer.

7 Further development and regulatory matters

7.1 Regulatory approvals

Novovet:

- (a) is solely responsible for obtaining all Regulatory Approvals needed to Commercialise Products in the Field in the Territory;
- (b) must keep Dyadic informed of all material correspondence with, or investigations by, Regulatory Authorities; and
- (c) notify Dyadic in writing immediately if it becomes aware that it, its Affiliates or Sub-Licensees, contract manufacturer or any Third Party involved in the Commercialisation of Products or their respective Personnel is subject to a debarment investigation by a Regulatory Authority or if any action, suit, claim, investigation, or proceeding relating to the foregoing is pending or threatened.

7.2 Clinical trial data

- (a) Each party agrees to share with the other all results and data resulting from or generated in the course of any pre-clinical studies or clinical trials of the Product conducted by it, or its Affiliates (**Data**).
- (b) Each party will have the right to use any and all Data in the conduct of its obligations and exercise of its rights under this agreement.
- (c) Dyadic has the non-exclusive, royalty-free, irrevocable and perpetual right to use Data supplied by Novovet:
 - (i) outside the Field; and
 - (ii) within the Territory; and
 - (iii) in the event that this agreement is terminated by Dyadic for any reason or by Dyadic under clause 8.5, within the Field and within the Territory.
- (d) Any use of Data supplied by the other party in support of a patent application or a filing to obtain a Regulatory Approval (other than as required by law in connection with Dyadic's fulfilling its obligations as a publicly traded company) may only be made with the other party's prior written consent which will not be unreasonably withheld.

7.3 Adverse event reporting

- (a) Novovet will be responsible for Adverse Event (as defined below) reporting to applicable authorities in the Territory and complying with other pharmacovigilance obligations under applicable laws.
- (b) Novovet must promptly (and in any event within three Business Days) report and provide details to Dyadic of any Adverse Event. Adverse Events must be reported in as much detail as possible, whether or not there is proof of a causal connection between events and use of Products.
- (c) Each party must promptly notify the other if such party becomes aware of any information or circumstance that is likely to have a material adverse effect on the safety of animals using the Products.

- (d) For the purposes of this clause, **Adverse Event** means any side effect, injury, toxicity, sensitivity reaction, or other unintended harmful effect, or any unexpected incident, and the severity thereof, which are or may possibly be attributable to the Products.

7.4 Recalls, Market Withdrawals or Corrective Action

- (a) In the event that any Regulatory Authority issues or requests a recall or takes a similar action in connection with the Products in the Territory, or in the event either party determines that an event, incident or circumstance has occurred that may result in the need for a recall or market withdrawal in the Territory, the party notified of such recall or similar action, or the party that desires such recall or similar action, must within 24 hours, advise the other party by telephone (with written confirmation notice to follow) or by facsimile or email to the address specified in clause 17.1.
- (b) Novovet, in consultation with [Dyadic], will decide whether to conduct any recall of Products in the Territory (except in the case of a Regulatory Authority mandated recall, in which case either party may act without such advance notice but, will notify the other party as soon as possible) and the manner in which any such recall will be conducted.
- (c) Novovet must bear the sole expense of any recall of Products in the Territory.

8 Term and termination

8.1 Term

- (a) This agreement commences on the Commencement Date and, unless this agreement is terminated earlier in accordance with its terms, will continue in each country in the Territory until the later of:
- (i) [***];
 - (ii) [***]; or
 - (iii) [***].
- (b) On expiry or termination of this agreement in a country, Novovet will have a fully paid-up, perpetual, irrevocable, non-exclusive, non-transferrable licence to use the Know-How in that in a country, except in the event of termination by Dyadic for any reason or by Novovet pursuant to clause 8.5.

8.2 Termination for insolvency

Either party may terminate this agreement by giving written notice to the other party if an Insolvency Event occurs in relation to the other party and such event has continued for a period of at least five Business Days.

8.3 Termination for breach

Either party may terminate this agreement immediately by giving written notice to the other party if:

- (a) the other party is in breach of any of its material obligations under this agreement; and

- (b) the party in breach has failed to remedy the breach within 60 days of receipt of written notice from the other party describing the breach and calling for it to be remedied.

8.4 Termination by Dyadic

In addition to Dyadic's rights under clause 6.5, Dyadic may terminate this agreement by giving 30 days' written notice to Novovet:

- (a) if Novovet or its Affiliates challenge or assist any Third Party to challenge the validity of the Patent Rights; or
- (b) there is a change in the Control of Novovet, in respect of which Dyadic has not given its prior approval in accordance with the Shareholders' Agreement.

8.5 Termination by Novovet

Novovet may terminate this agreement by destroying all elements of the C1 Expression Platform including all C1 biological materials including those biological materials developed by Novovet or on Novovet's behalf, Data, protocols and other information that in any way relates to the C1 Expression Platform and proteins expressed and manufactured therefrom and after giving 120 days' written notice to Dyadic in respect of all or part of the Territory.

8.6 Consequences of termination

Upon termination or expiry of this agreement for any reason:

- (a) the licences granted in clause 2.1 terminate (other than any ongoing rights under clause 8.1(b));
- (b) Novovet, its Affiliates and Sub-Licensees if any must cease all use of the C1 Expression Platform, the Sub-Licensed IP and all research and development efforts in any way related to the C1 expression Platform and the Development, Registration, Manufacturing and Commercialisation of the Target Indicators Products;
- (c) each party must return to the other party all documents and other materials in any form in its possession or under its control which contain or refer to any Confidential Information of the other party;
- (d) Novovet must do such things as may be required to transfer all pending and granted Regulatory Approvals in respect of the Products to Dyadic or its nominee (except where this agreement is terminated by Novovet pursuant to clause 8.5).

8.7 Survival

Expiry or termination of this agreement for any reason does not affect any rights of the parties accrued prior to termination or the provisions of clauses 1 (Definitions and Interpretation), 5 (Records and Audit), 7.2(c) (Use of Clinical Trial Data), 9. (Improvements) but not 9.2,12 (Liability and Indemnities), 13 (Insurance), 14 (Confidentiality and Media Releases), 15 (Dispute Resolution), 17 (Miscellaneous) or any provision relating to the consequences of termination (including clause 8.6).

8.8 Conversion to non-exclusive rights

Without prejudice to any other right it may have, Dyadic at its sole discretion may convert Novovet's rights under clause 2.1 to non-exclusive in all or part of the Field and/or Territory by giving 10 Business Days' notice if Dyadic is otherwise entitled to terminate this agreement.

9 Improvements

9.1 Relevant definitions

In this clause 9:

Novovet Improvements means all Improvements made or acquired by Novovet;

Novovet Non-Licensed IP Improvements means all Novovet Improvements other than Novovet Licensed IP Improvements.

Novovet Licensed IP Improvements means all Improvements made or acquired by Novovet which fall within the scope of any claims of the Patent Rights or general use which also have application outside of the Field.

Dyadic Improvements means all Improvements made or acquired by Dyadic relating to the process of improving the C1 Expression Platform or which fall within the scope of any claims of the Patent Rights and have application within or outside the Field.

9.2 Novovet Improvements

- (a) [***].
- (b) [***].
- (c) Novovet hereby grants Dyadic a non-exclusive, perpetual, irrevocable royalty free licence of all Novovet Non-Sub-Licensed IP Improvements outside of the Field and within the Territory.
- (d) In the event Dyadic terminates this agreement for any reason or Novovet terminates this agreement pursuant to clause 8.5, with effect from such termination Novovet hereby grants Dyadic a non-exclusive, perpetual, irrevocable royalty free licence of all Novovet Non-Sub-Licensed IP Improvements within the Field and within the Territory.
- (e) In the event Dyadic terminates this agreement under clause 8.3 or 8.4 with effect from such termination Novovet hereby assigns to Dyadic all right, title and interest in all Novovet Licensed IP Improvements and agrees to take all steps as Dyadic may reasonable require in order to give effect to such assignment and enable it to have the benefit of such Novovet Licensed IP Improvements.

9.3 Financial terms

- (a) No royalties or other payments are required to be made by Dyadic for the licenses of Novovet Improvements in clause 9.2 or for the assignment of Novovet Licensed IP Improvements in clause 9.2(e).
- (b) If the provisions of clause 9.3(a) are prohibited or unenforceable under the laws of a country within the Territory, the parties agree to negotiate financial terms for the assignment or licence in good faith.

9.4 Obligations in respect to Novovet Improvements

- (a) Novovet must give Dyadic details of all Novovet Improvements and do so promptly after their creation or acquisition, and in any event at least Quarterly.
- (b) Novovet must not transfer, use, license a Third Party to use or otherwise Commercialise the Novovet Improvements, in violation of the terms & conditions of the Pharma License Agreement or if such use or Commercialisation depends on the use of or would otherwise infringe any Sub-Licensed IP or other Intellectual Property Rights of Dyadic or its Affiliates, Dyadic's contract research collaborators unless Dyadic has given its prior written consent, which must be done only by Dyadic's CEO.

10 Prosecution and enforcement of Patent Rights

10.1 Notice of suspected infringement

Each party shall promptly give the other notice of:

- (a) any claim or allegations that the exercise of the rights under this agreement constitute an infringement of the rights of any Third Party, including an attack on the grant or validity of any of the Sub-Licensed IP;
- (b) any Third Party's infringement or threatened infringement of the Sub-Licensed IP.

10.2 Action by Dyadic

If any infringement of the Sub-Licensed IP affects or is likely to affect the Commercialisation of the Product within the Field and the Territory, Dyadic and/or Danisco US, Inc. as provided for in the Pharma License Agreement has the sole right to take such action as it sees fit at its cost and expense and:

- (a) will retain damages or other amounts recovered by it; and
- (b) Novovet must, at Dyadic's and/or Danisco US, Inc.'s expense, do all acts and execute such documents as may be necessary or desirable to enable Dyadic and/or Danisco US, Inc. to institute and prosecute those proceedings.

10.3 Action by Novovet

If Dyadic and/or Danisco US, Inc. does not bring suit against a Third Party who is infringing the Sub-Licensed IP in the Territory within 30 days of receiving a notice under clause 12.1, then Novovet may give Dyadic and Danisco US, Inc. notice in writing that it wishes to commence action. If Dyadic and/or Danisco US, Inc. does not advise that it will commence action within 14 days of that notice, then:

- (a) Novovet may institute and prosecute enforcement proceedings in its own name or, if required under local law, by joining Dyadic and/or Danisco US, Inc. if permitted under the Pharma License Agreement to such proceedings;
- (b) Dyadic must, at Novovet's expense, do all acts and execute such documents as may be necessary or desirable to enable Novovet to institute and prosecute those proceedings;
- (c) Novovet must ensure that it does not perform any acts or omissions that in anyway adversely affect the validity of the Sub-Licensed IP and the reputation of Dyadic and/or Danisco US, Inc. the owners or Licensee of the Sub-Licensed IP;
- (d) Novovet must indemnify Dyadic and/or Danisco US, Inc. against all actions, claims, loss, damage, costs, expenses and awards arising out of or in connection with those proceedings;
- (e) Novovet must regularly keep Dyadic and/or Danisco US, Inc. advised of the progress of such proceedings and provide copies of all material correspondence and documents; and
- (f) Novovet must remit 50% of all damages, accounts of profits, settlements or other amounts recovered in respect of the proceedings, after deduction of all

10.4 Notice of claims

If a claim is made or proceedings are threatened or commenced by a Third Party against Novovet or any of its Affiliates on the ground that the Commercialisation of the Sub-Licensed IP or Products infringes Intellectual Property Rights of the Third Party, then:

- (a) Novovet must immediately notify Dyadic and provide Dyadic with details of the claim or proceedings; and
- (b) Novovet and its Affiliates are to be solely responsible for the defence of proceedings against them, and Dyadic must, at Novovet's expense, do all acts and execute such documents as may be necessary or desirable to enable Novovet to institute and prosecute those proceedings.

11 Warranties

11.1 Mutual warranties

Each party warrants that as at the Commencement Date:

- (a) it has the power and authority to enter into and perform its obligations under this agreement and that the execution of this agreement by it has been duly and validly authorised by all necessary corporate action;
- (b) its obligations under this agreement are valid and binding and enforceable against it in accordance with their terms.

11.2 Dyadic's warranties

- (a) Dyadic warrants that, as far as its directors are aware, the Sub-Licensed IP is owned or licensed by Dyadic and it is entitled to grant the licences under clause 2.1 to Novovet.
- (b) In addition to the exclusions set out in clause 12.1, Dyadic does not warrant that any Patent Rights are or will be valid, or that the Commercialisation of the Sub-Licensed IP is not or will not be an infringement of the rights of Third Parties.

11.3 Novovet's warranties

Novovet warrants that it has the resources and experience necessary for it to perform its obligations under this agreement.

12 liabilities and indemnities

12.1 Dyadic's exclusions

- (a) Dyadic excludes all liability to Novovet in respect of the prospects of, or the suitability of the Sub-Licensed IP for the Commercialisation of the Sub-Licensed IP, the quality or performance of any Product, the fitness for purpose of any advice provided under this agreement or the claims of Third Parties arising from the Commercialisation of the Sub-Licensed IP.
- (b) Any clinical or scientific information provided as part of the Know-How is provided for Novovet's information only, and it must obtain its own

professional assessment from appropriately qualified individuals of the suitability of such Know-How for the Commercialisation of the Sub-Licensed IP.

12.2 Prescribed Terms

- (a) Except as required by any Prescribed Terms, all conditions, warranties, terms, and obligations expressed or implied by law or otherwise relating to the performance of Dyadic's obligations under, or any other services supplied by Dyadic in connection with, this agreement are excluded.
- (b) Where any Prescribed Terms apply, the liability of Dyadic to Novovet for a breach of a Prescribed Term implied into this agreement is limited to the re-supply of services or the payment of the cost of re-supplying services (at Dyadic's option).
- (c) For the avoidance of doubt, any Prescribed Term relating to the completeness, effectiveness or fitness for purpose of any Sub-Licensed IP is limited to the use of the Sub-Licensed IP solely for the purposes expressly contemplated by this agreement or otherwise agreed in writing by the parties.
- (d) For the purposes of this clause, **Prescribed Terms** mean terms, conditions and warranties implied by law into some contracts for the supply of goods or services or for the license of Intellectual Property Rights and which the law expressly provides may not be excluded, restricted or modified or may be excluded, restricted or modified only to a limited extent.

12.3 Novovet's indemnity

Novovet releases and indemnifies Dyadic, its Affiliates and their respective officers, employees, consultants and agents (**Dyadic Indemnitees**) from and against all actions, claims, proceedings and demands (including those brought by Third Parties) which may be brought against it or them, whether on its own or jointly with Novovet and whether at common law, in equity or pursuant to statute or otherwise (**Claim**), in respect of any loss, or damage arising out of or in connection with:

- (a) a breach of Novovet's warranties or obligations contained in this agreement; or
- (b) the Commercialisation of the Sub-Licensed IP or Products by or on behalf of Novovet,

and from and against all damages, reasonable costs and expenses incurred in satisfying, defending or settling any such Claim. The foregoing obligation does not apply to the extent any loss, or damage directly results from negligent conduct of, or breach of contractual obligation owed to Novovet by, the relevant Dyadic Indemnitee.

12.4 Consequential loss

Neither party is to have any liability to the other, however arising and under any cause of action or theory of liability, in respect of special, indirect or consequential damages, loss of profit or loss of business opportunity, unless this agreement expressly provides otherwise.

12.5 Cap on liability

The aggregate liability of Dyadic to Novovet under this agreement:

- (a) arising out of any one act, omission or event and any one series of related acts, omissions or events will not under any circumstance exceed the amounts paid by Novovet to Dyadic under this agreement in the 12 month period prior to the act, omission or event or the first in the series of acts, omissions or events; and
- (b) arising out of all acts, omissions and events whenever occurring will not under any circumstance exceed the total amounts paid by Novovet to Dyadic under this agreement.

13 Insurance

13.1 Novovet and Sub-Licensees to maintain insurance

Novovet and its Affiliates and Sub-Licensees, if any must take and out maintain the following insurances with a reputable insurer during the Term and, if the policy is on a claims-made basis, for seven years thereafter:

- (a) a comprehensive commercial general liability and products liability policy to cover all sums which it may become legally liable to pay as compensation consequent upon:
 - (i) death of, or bodily injury (including disease or illness) to, any person; and
 - (ii) loss of, or damage to, property,happening anywhere in the Territory arising out of or in connection with this agreement. The limit of liability provided by this policy must be not less than \$10 million.
- (b) clinical trial liability insurance in respect of all clinical trials;
- (c) insurance in respect of all claims and liabilities arising, whether at common law or under statute relating to workers compensation or employer's liability, from any accident or injury to any person employed in connection with the Commercialisation of Products, in compliance with applicable local; and
- (d) any other insurance required by law.

13.2 Dyadic to be noted

Dyadic must be noted as an interested party on all policies required under clauses 13.1(a) and 13.1(b).

13.3 Evidence of currency

Within five Business Days of a request from Dyadic, Novovet must produce evidence that the insurances required by this clause 13 are being maintained, including providing copies of policy documents.

13.4 Cancellation and changes

Novovet must notify Dyadic immediately of any cancellation or material change to a relevant insurance policy which affects or would reasonably be expect to affect Dyadic's interests.

13.5 Potential claims

If any event occurs which may give rise to a claim involving Dyadic under any policy of insurance to be taken out by Novovet under this clause 13 then Novovet must:

- (a) notify Dyadic as soon as reasonably practicable but in any event within five Business Days of the occurrence of that event; and
- (b) ensure that Dyadic is kept fully informed of any subsequent actions and developments concerning the relevant claim.

14 Confidentiality and media releases

14.1 Permitted use and disclosure

- (a) A party may disclose Confidential Information of the other party if legally compelled to do so by any judicial or administrative body, provided that the party required to make such disclosure must promptly inform the other party and cooperate (at the other party's expense) with the other party's efforts to take reasonably available legal measures to avoid or limit the extent of such disclosure.

1.1. Either party may disclose the terms of this agreement as to its auditors, and other advisors and as required by the SEC, a share listing exchange or other such regulatory or governmental agencies and to a Third Party who

- (b) is evaluating whether or not to acquire or invest in that party, where that Third Party is acting in good faith and is subject to a binding obligation of confidence.

14.2 Protection of Confidential Information

Subject to clause 14.1 each party must:

- (a) not use, and ensure that its Personnel do not use, any Confidential Information for any purpose other than compliance with its obligations or exercise of its rights under this agreement;
- (b) take reasonable action necessary to maintain the confidential nature of the Confidential Information, including keeping all records of the Confidential Information under the same degree of protection that such party uses for its own Confidential Information of a similar nature;
- (c) not disclose any of the Confidential Information to any person other than those Personnel of the party or an Affiliate who need to have access to the Confidential Information for the purposes of this agreement provided:
 - (i) such person has been made aware of the requirements of this clause and is subject to a legally enforceable undertaking of confidence on terms substantially equivalent to those in this agreement; and
 - (ii) enforce the terms of that obligation of confidence at its own expense, on the request of the party that disclosed the Confidential Information; and
- (d) return all documents and other materials in any medium in its possession, power or control which contain or refer to any Confidential Information, on the earlier of demand by the other party or the time the documents and other material are no longer required for the purposes of this agreement, except

that one copy of such materials may be retained solely by the party's legal department or external lawyers for legal/archival purposes.

14.3 Publications

- (a) Novovet must provide Dyadic with the opportunity to review any proposed publications, manuscripts or summaries of presentations in respect of the Product at least 45 days prior to publication, submission or being presented.
- (b) Dyadic will respond promptly and in no event later than 21 days after receipt of the proposed material with either approval of the proposed material or a specific statement of concern, based upon either the need to seek patent protection for any Improvement owned by Dyadic or concern regarding protection of its Confidential Information.
- (c) In the event of concern, Novovet agrees not to submit such publication or to make such presentation that contains such information until Dyadic is given a reasonable period of time (not to exceed 90 days) to seek patent protection for any material in such publication or presentation that it believes is patentable or to resolve any other issues, and Novovet must remove any Confidential Information of Dyadic from such proposed publication as requested.

14.4 Media and stock exchange releases

- (a) A party may not make press or other announcements or releases relating to this agreement and the matters the subject of this agreement without the prior approval of the other party. Each party acknowledges that the other party has a proprietary interest in its legal and business name and reputation. Therefore, each party agrees not to make reference to or otherwise use the other party's name or mention or describe this agreement or its relationship with the other party and its Affiliates in any advertising, marketing and/or promotional materials or other publications or materials (except as required or permitted by this agreement) without first obtaining the prior written approval of the other party.
- (b) Notwithstanding clause 14.4(a), if a party is required by law to disclose any information relating to this agreement or the identity of the other party (including filing a copy of this agreement with relevant authorities in the Territory or statements required to be made by either party to a relevant stock exchanges), it may do so to the extent required by law, provided that it:
 - (i) gives notice to the other party, including a copy of the proposed release containing the information, as soon as practicable after it becomes aware of the need for the release; and
 - (ii) minimises, to the extent permitted by law, the extent of the disclosure.

15 Dispute resolution

15.1 Notice of dispute

A party to this agreement claiming that a dispute or claim has arisen under or in relation to this agreement must give written notice to the other party specifying the nature of the dispute or claim. On receipt of that notice by the other party the parties' representatives must endeavour in good faith to resolve the dispute or claim expeditiously.

15.2 Dispute resolution procedure

- (a) If a dispute arises a party may not commence any court or arbitration proceedings relating to the dispute unless it has complied with this clause 15.2, except where the party seeks urgent interlocutory relief.
- (b) A party claiming that a dispute has arisen must give notice to the other party specifying the nature of the dispute.
- (c) On receipt of that notice by that other party, senior executives of both parties must endeavour in good faith to resolve the dispute expeditiously by negotiation or using informal dispute resolution techniques such as mediation, expert evaluation or determination or similar techniques agreed by them.
- (d) If the dispute has not been resolved or parties have not agreed within 30 days of receipt of the notice (or such further period as agreed in writing by them) as to:
 - (i) the dispute resolution technique and procedures to be adopted;
 - (ii) the timetable for all steps in those procedures; and
 - (iii) the selection and compensation of the independent person required for such technique,the parties agree to mediate the dispute in the United Kingdom.

15.3 Expert determination

- (a) If this clause 15.3 applies, an independent chartered accountant with at least 10 years' experience in valuing technology must be appointed as a valuer (**Independent Expert**) to determine the proportion of the value of a Third Party Transaction that is attributable to Target Indicators Products within the Field (**Apportionment**) in accordance with this clause 15.3.
- (b) If there is failure to agree on an independent chartered accountant, the Independent Expert will be appointed by the President for the time being of the Institute of Chartered Accountants in England and Wales.
- (c) Neither the Independent Expert, nor any firm or company of which the Independent Expert is an employee, partner, director or consultant, must have had any business dealings with either party in the two years before the date of appointment.
- (d) The Independent Expert will have a right of access at all reasonable times to the accounting records and other records of Dyadic, Luina and Novovet and its affiliates and is entitled to require from any officer of Dyadic, Luina, Novovet and its affiliates such information and explanation as the Independent Expert requires to determine the Apportionment.

- (e) The Independent Expert will be instructed to make a determination as soon as practicable and in any event within 30 Business Days after receiving instructions.
- (f) The parties agree that, in determining the Apportionment, the Independent Expert:
 - (i) will act as an expert and not as an arbitrator;
 - (ii) may obtain or refer to any documents, information or material and undertake any inspections or enquiries as he or she determines appropriate;
 - (iii) must provide the parties with a draft of his or her determination and must give the parties an opportunity to comment on the draft determination before it is finalised; and
 - (iv) may engage such assistance as or she reasonably believes is appropriate or necessary to make a determination.
- (g) The Independent Expert's determination will be final and binding on the parties.
- (h) The parties will equally pay the costs and expenses of the Independent Expert.

16 GST

16.1 GST pass on

If GST is or will be payable on a supply made under in connection with this document, to the extent that the consideration otherwise provided for that supply under this document is not stated to include an amount for GST on the supply:

- (a) the consideration otherwise provided for that supply under this document is increased by the amount of that GST; and
- (b) the recipient must make payment of the increase as and when the consideration otherwise provided for, or relevant part of it, must be paid or provided or, if the consideration has already been paid or provided, within seven days of receiving a written demand from the supplier.

16.2 Tax Invoice

The right of the supplier to recover any amount in respect of GST under this document on a supply is subject to the issuing of the relevant tax invoice or adjustment note to the recipient except where the recipient is required to issue the tax invoice or adjustment note.

16.3 Consideration exclusive of GST

Any consideration otherwise provided for a supply or payment obligation in connection with this document is exclusive of GST unless stated otherwise.

16.4 Adjustments

If there is an adjustment event in relation to a supply which results in the amount of GST on a supply being different from the amount in respect of GST already recovered by the supplier, as appropriate, the supplier within 14 days of becoming aware of the adjustment event:

- (a) may recover from the recipient the amount by which the amount of GST on the supply exceeds the amount already recovered by giving seven days written notice; or
- (b) must refund to the recipient the amount by which the amount already recovered exceeds the amount of GST on the supply to the extent that the supplier is entitled to a refund or credit from the Commissioner of Taxation; and
- (c) must issue an adjustment note or tax invoice reflecting the adjustment event in relation to the supply to the recipient within 28 days of the adjustment event except where the recipient is required to issue an adjustment note or tax invoice in relation to the supply.

16.5 Reimbursements

Costs actually or estimated to be incurred or revenue actually or estimated to be earned or lost by a party that is required to be reimbursed or indemnified by another party, or used as the basis for calculation of consideration for a supply, under this document must exclude the amount of GST referable to the cost to the extent to which an entitlement arises or would arise to claim an input tax credit and in relation to revenue must exclude any amount in respect of GST referable to the revenue.

17 Miscellaneous

17.1 Notices

Any notice, demand, consent or other communication (a **Notice**) given or made under this document:

- (a) must be in writing and signed by the sender or by a person duly authorised by the sender;
- (b) must be delivered to the intended recipient by prepaid post (if posted to an address in another country, by registered airmail) or by hand or email to the address or email address below or the address or email address last notified by the intended recipient to the sender after the date of this document:

- (i) to Dyadic: Address: 140 Intracoastal Pointe Drive, Suite #404
Jupiter, Florida USA 33477
Attention: Mark Emalfarb
Email: memalfarb@dyadic.com
- (ii) to Luina: Address: 2806 Ipswich Road, Darra, Brisbane 4076
Queensland, Australia
Attention: [***]
Email: [***]
- (iii) to Novovet: Address: 2806 Ipswich Road, Darra, Brisbane 4076
Queensland, Australia
Attention: Chris Burrell
Email: chris.burrell@novovet.com

(c) will be conclusively taken to be duly given or made:

- (i) in the case of delivery in person, when delivered; or
- (ii) in the case of delivery by post, two Business Days after the date of posting (if posted to an address in the same country) or seven Business Days after the date of posting (if posted to an address in another country) and
- (iii) in the case of email, the earlier of:
- (A) the time that the sender receives an automated message from the recipient's information system confirming delivery of the email; or
- (B) the time that the email is first opened or read by the recipient, or an employee or officer of the recipient,

but if the result is that the Notice would be taken to be given or made on a day that is not a business day in the place to which the Notice is sent or at a time that is later than 5pm in the place to which the Notice is sent, it will be conclusively taken to have been duly given or made at the start of business on the next business day in that place.

17.2 No waiver

A failure to exercise or a delay in exercising any right, power or remedy under this document does not operate as a waiver. A single or partial exercise or waiver of the exercise of any right, power or remedy does not preclude any other or further exercise of that or any other right, power or remedy. A waiver is not valid or binding on the party granting that waiver unless made in writing.

For the avoidance of doubt, the doctrine of affirmation by election will not apply to any failure by a party to exercise, or delay by a party in exercising, any right, power or remedy under this document.

17.3 Amendment

This document can only be amended or replaced by another document executed by both of the parties in writing.

17.4 Assignment

No party can assign, charge, create a security interest over, encumber or otherwise deal with any of its rights or obligations under this document, or attempt or purport to do so, without the prior written consent of the other party.

17.5 Further assurances

Each party must do anything (including execute any document) and must ensure that its employees and agents do anything (including execute any document) that any other party may reasonably require to give full effect to this document.

17.6 Costs and duty

Each party must bear its own costs arising out of the negotiation, preparation and execution of this document.

17.7 Severability of provisions

Any provision of this document that is prohibited or unenforceable in any jurisdiction is ineffective as to that jurisdiction to the extent of the prohibition or unenforceability. That does not invalidate the remaining provisions of this document nor affect the validity or enforceability of that provision in any other jurisdiction.

17.8 Variation of rights

The exercise of a right partially or on one occasion does not prevent any further exercise of that right in accordance with the terms of this document. Neither a forbearance to exercise a right nor a delay in the exercise of a right operates as an election between rights or a variation of the terms of this document.

17.9 No merger

The rights and obligations of the parties will not merge on the completion of any transaction contemplated by this document. They will survive the execution and delivery of any assignment or other document entered into for the purpose of implementing a transaction.

17.10 Entire agreement

This document contains the entire agreement between the parties with respect to its subject matter. It sets out the only conduct, representations, warranties, covenants, conditions, agreements or understanding (collectively **Conduct**) relied on by the parties and supersedes all earlier Conduct by or between the parties in connection with its subject matter. Neither party has relied on or is relying on any other Conduct in entering into this document and completing the transaction contemplated by it.

17.11 Governing law and jurisdiction

This document is governed by the laws of the United Kingdom. In relation to it and related non-contractual matters each party irrevocably submits to the non-exclusive jurisdiction of courts with jurisdiction there and waives any right to object to the venue on any ground.

17.12 Counterparts

This document may be executed in any number of counterparts. All counterparts together will be taken to constitute one instrument.

17.13 Authorised signatories

The signatories to this agreement warrant that they have authority to enter into this agreement on behalf of the party they are stated to represent

Schedule 1

– Royalties

1

Royalties on Net Sales of Products

Total Net Sales per country (AUD)	Royalty Rate (%) of Net Sales)
A. Countries in which Patent Rights exist	
\$0 - \$10 million	[**]%
Over \$10 million	[**]%
B. Countries in which Patent Rights have expired or abandoned, or do not exist	
\$0 - \$10 million	[**]%
Over \$10 million	[**]%

2

Royalties on Non-Sales Revenue

[**]% of all Non-Sales Revenue

Schedule 2 – Patent Rights

Attached is a copy of the Pharma License Agreement (redacted) setting out the details relating Patent Rights and other additional terms & conditions outlined therein that Novovet and its affiliates and sublicensees if any agree to be legally bound by.

Schedule 3 – Know-How

1 Know-How

(a) Strains and constructs:

- (i) [***].
- (ii) [***].
- (iii) [***].

(b) Dyadic SOPs:

- (i) [***]
- (ii) [***]
- (iii) [***]
- (iv) [***]
- (v) [***]
- (vi) [***]
- (vii) [***]
- (viii) [***]
- (ix) [***]

(c) [***]

Execution page

Executed as an Agreement.

Signed by
Dyadic International (USA), Inc
by

sign here ▶ /s/ Mark A Emalfarb _____
Director

print name ▶ Mark A. Emalfarb

Sign here ▶ /s/ Ping Rawson _____
Company Secretary

print name ▶ Ping Rawson

Signed by
Luina Bio Pty Ltd
by

sign here ▶ /s/ Chris Burrell _____
Director

print name ▶ Chris Burrell _____

Sign here ▶ /s/ Robbie White _____
Company Secretary

print name ▶ Robbie White _____

Signed by
Novovet Pty Ltd
by

sign here ► /s/ Chris Burrell
Director

print name ► Chris Burrell

Sign here ► /s/ Robbie White
Company Secretary

print name ► Robbie White

*Portions of this Exhibit have been redacted because they are both (i) not material and (ii) would be competitively harmful if publicly disclosed. Information that was omitted has been noted in this document with a placeholder identified by the mark “[***]”.*

Shareholders Agreement

The Shareholders detailed in Schedule 1

and

Novovet Pty Ltd

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Shareholders Agreement

Date ► 26 April 2019

Parties

- 1 The Shareholders detailed in Schedule 1 (Shareholders)
- 2 Novovet Pty Ltd ACN 631 032 749 of 2806 Ipswich Road, Darra, Brisbane 4076 Queensland, Australia (Company)

Background

- A The Company was registered in Queensland on 16 January 2019.
- B The Company has entered into the Sub-Licence Agreement for the purposes of conducting the Business.
- C The Shareholders wish to enter into this Agreement to:
 - (1) record their aims and objectives in relation to the Company;
 - (2) regulate their rights and obligations as members of the Company;
 - (3) provide for the admission (from time to time) of new shareholders to the Company; and
 - (4) provide for the operation and administration of the Company.

It is agreed as follows.

1 Definitions and interpretation

1.1 Definitions

The following definitions apply in this document:

Accounting Standards means:

- (a) the accounting standards made by the Australian Accounting Standards Board in accordance with the Corporations Act, and the requirements of that Act relating to the preparation and content of financial statements; and
- (b) generally accepted accounting principles that are consistently applied in Australia, except those inconsistent with the standards or requirements referred to in paragraph (a).

Affiliate means in relation to a person (first-mentioned person):

- (a) a person that Controls or is Controlled by the first-mentioned person;
- (b) a Related Body Corporate of the first-mentioned person;
- (c) in the case of a party that is a trustee of a trust, includes any replacement trustee of that trust where there is no change to the ultimate beneficial owner of the Securities

Agreement means this document and includes any schedules or annexures.

Associate has the same meaning as "associate" in the Corporations Act and includes a person deemed to be an associate of a designated body within the meaning of section 12 of the Corporations Act.

Board means the board of Directors and includes any committee of that board.

Board Meeting means a meeting of the Board (or any committee of the Board) duly convened and held in accordance with this Agreement and the Constitution.

Business means an animal health pharmaceuticals and vaccines business utilising the Sub-Licensed IP within the scope of the Sub-Licensed Agreement or, subject to clause 5.2, any other business carried on by the Company from time to time.

Business Day means any day upon which banks are open for business in Brisbane, other than a Saturday, Sunday or public holiday in Brisbane.

Business Plan means the program current from time to time for the conduct of the Business during a Financial Year consisting of:

- (a) a business plan specifying the proposed marketing plans, finance arrangements, capital expenditures and activities of the Business during that Financial Year; and
- (b) a budget specifying an estimate of the income to be received and the expenses to be incurred in carrying out that business plan.

Chairperson means the chairperson of the Board from time to time appointed under clause 3.4.

Change of Control means, in relation to a Shareholder that is a body corporate or, in the case of a joint shareholding, includes a body corporate, the occurrence of an event or circumstance where a person who is not presently able to do any of the following things becomes able to do one of the following things (whether alone or together with any Associates and whether directly or indirectly or through one or more intervening persons, companies or trusts):

- (a) control the composition of more than one half of the body's board of directors;
- (b) be in a position to cast, or control the casting of, more than one half of the maximum number of votes that might be cast at a general meeting of the members of the body or its ultimate holding company; or
- (c) hold or have a beneficial interest in more than one half of the issued share capital of the or its ultimate holding company.

Confidential Information means:

- (a) the terms of this Agreement and its subject matter, including Information submitted or disclosed by a party during negotiations, discussions and meetings relating to this Agreement;
- (b) Information that at the time of disclosure by a Disclosing Party is identified to the Receiving Party as being confidential; and
- (c) all other Information belonging or relating to a Disclosing Party, or any Related Entity of that Disclosing Party, that is not generally available to the public at the time of disclosure other than by reason of a breach of this Agreement or which the Receiving Party knows, or ought reasonably to be expected to know, is confidential to that Disclosing Party or any Related Entity of that Disclosing Party.

Constitution means the constitution or other constituent document of the Company, as amended from time to time.

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

Defaulting Party has the meaning set out in clause 22.2;

Directors means the directors of the Company for the time being and **Director** means one of them;

Disclosing Party means the party to whom Information belongs or relates;

Election Notice means a notice given by a Founding Shareholder under clause 13.9;

Employee Incentive Plan has the meaning in clause 10(a).

Encumbrance means:

- (a) any:
 - (i) legal or equitable interest or power created, arising in or reserved in or over an interest in any property or asset; or
 - (ii) security for payment of money, performance of obligations or protection against default (including a mortgage, bill of sale, charge, lien, pledge, trust, power or retention of title arrangement, right of set-off, assignment of income, garnishee order, monetary claim and flawed deposit arrangement);
- (b) any thing or preferential interest or arrangement of any kind giving a person priority or preference over claims or other persons with respect to any property or asset;
- (c) a security interest as defined in the PPSA; or
- (d) any agreement or arrangement (whether legally binding or not) to grant or create anything referred to in paragraphs (a), (b) or (c);

Event of Default means, in relation to a Shareholder, the occurrence of any one or more of the following events or circumstances:

- (a) the Shareholder fails to comply with any of its obligations under this Agreement;
- (b) an Insolvency Event occurs in relation to the Shareholder;
- (c) a Change of Control occurs in relation to the Shareholder, other than with the prior written consent of the other Shareholders;
- (d) a notice of deregistration of the Shareholder (or in the case of a joint shareholding, any person comprising the Shareholder) is given under sections 601AA(5) or 601AB(5) of the Corporations Act.

Excluded Issue means:

- (a) an issue of Securities expressly contemplated under this document or the Sub-License Agreement;
- (b) an issue of Securities in connection with the First Close Raising;
- (c) an issue of Securities to Dyadic pursuant to the Anti-Dilution Right in clause 11;
- (d) Securities issued in connection with share splits or the issue of dividends which is approved by a Special Majority Vote of the Board;
- (e) an issue of Securities under an Employee Incentive Plan;
- (f) Securities issued as part of an IPO which is approved by a Special Majority vote of the Board;
- (g) Securities constituting all or part of the consideration for a bona-fide acquisition of assets or shares by the Group which is approved by the Required Resolution of the Board; or
- (h) an issue of Securities approved in writing by all Shareholders.

Financial Year means the 12 months period ending on 30 June or on another day decided by the Board.

First Close Raising means the raising of up to [***] via the issue of Securities provided that the maximum number of Securities that can be issued under the First Closing Raising is capped at [***] of the fully diluted share capital of the Company as at the date of this Agreement.

Founding Shareholder means JCL Biologics Pty Ltd (being an Affiliate of Luina Bio Pty Ltd).

Government Agency means any government or any public, statutory, governmental (including a local government), semi-governmental or judicial body, entity, department or authority and includes any self-regulatory organisation established under statute.

Information means any information, whether oral, graphic, electronic, written or in any other form, including:

- (a) forms, memoranda, letters, specifications, processes, procedures, statements, formulae, technology, inventions, trade secrets, research and development information, know how, designs, plans, photographs, microfiche, business records, notes, accounting procedures or financial information, sales and marketing information, names and details of customers, suppliers and agents, employee details, reports, drawings and data;
- (b) copies and extracts made of or from that information and data, whether translated from the original form, recompiled, partially copied, modified, updated or otherwise altered; and
- (c) samples or specimens (if any) disclosed either before or after execution of this Agreement.

Insolvency Event means, in respect of a Shareholder, the occurrence of any one or more of the following events or circumstances applying to that Shareholder or, in the case of a joint shareholding, any person comprising that Shareholder:

- (a) its winding up, liquidation or provisional liquidation;
- (b) the appointment of an administrator under the Corporations Act;
- (c) the appointment of a controller (as defined in the Corporations Act) or analogous person to it or any of its property;
- (d) being deregistered as a company or other body corporate or otherwise dissolved;
- (e) being unable to pay any of its debts as and when due and payable or being deemed to be insolvent under any Law;
- (f) seeking protection from its creditors under any Law or entering into a compromise, moratorium, assignment, composition or arrangement with, or for the benefit of, any of its members or creditors;
- (g) it otherwise becomes a Chapter 5 body corporate, as defined in the Corporations Act;
- (h) if the Shareholder is an individual, they commit an act of bankruptcy within the meaning of section 40 of the *Bankruptcy Act 1966 (Cth)* or they are or become bankrupt within the meaning of section 5 of that Act;
- (i) an analogous event or circumstance to any listed above occurs in any jurisdiction;
- (j) suspending or threatening to suspend payment of its debts as and when they become due,

unless such event or circumstance occurs as part of a solvent reconstruction, amalgamation, compromise, arrangement, merger or consolidation approved by the other parties (which approval is not to be unreasonably withheld or delayed);

IPO means an initial public offering of Shares or shares in a holding company of the Company in conjunction with a listing or quotation on a recognised stock exchange.

Law means:

- (a) principles of law or equity established by decisions of courts;
- (b) statutes, regulations or by-laws of the Commonwealth, or any State or Territory of the Commonwealth of Australia or a Government Agency; and
- (c) requirements and approvals (including conditions) of the Commonwealth or any State or Territory of the Commonwealth of Australia or a Government Agency that have the force of law.

Ownership Percentage means Dyadic's percentage of Shares in the Company as at the date of this Agreement.

Quarter means a period of three consecutive calendar months, with successive Quarters ending on 31 March, 30 June, 30 September and 31 December.

Receiving Party means the party to whom Information is disclosed or who possesses or otherwise acquires Information belonging or relating to a Disclosing Party.

Related Body Corporate has the meaning given to that term in the Corporations Act.

Related Entity has the meaning given to that term in the Corporations Act.

Remaining Shareholders has the meaning given to that term in clause 13.9.

Respective Proportion means, in respect of a Shareholder at a particular time, the proportion of the Shares held by that Shareholder at that time expressed as a percentage of the total number of Shares held by all Shareholders at that time.

Sale Price has the meaning set out in clause 13.3(a).

Sale Shares has the meaning set out in clause 13.3.

Security means a security of the Company and includes Shares, preference shares, options, any convertible notes, warrants or other securities capable of conversion into Shares issued by the Company.

Seller means a Shareholder Transferring or required to Transfer any of its Shares under this Agreement, whether because the Shareholder issues or is taken to have issued a Transfer Notice in respect of the Shares or otherwise.

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

Shareholder means a person who holds, or 2 or more persons who together jointly hold, Shares from time to time and being, at the date of this Agreement, each of the shareholders described in Schedule 1.

Simple Majority Vote means a vote or resolution passed by:

- (a) in the case of a vote or resolution of Shareholders, Shareholders who together hold more than 50% of the Shares (excluding any Shares held by a Defaulting Party); or
- (b) in the case of a vote or resolution of the Board, Directors who together represent Shareholders who hold more than 50% of the Shares (excluding any Shares held by a Defaulting Party).

Special Majority Vote means a Simple Majority Vote at which the Founding Shareholder has also voted in favour.

Sub-License Agreement means the agreement between the Company, Dyadic International (USA), Inc and Luina Bio Pty Ltd dated on or about the date of this document relating to the sub-licence of certain intellectual property rights to the Company.

Sub-Licensed IP has the same meaning as defined in the Sub-License Agreement.

Third Party means a person who is not a party to this Agreement or is not otherwise bound by the terms of this Agreement by virtue of a deed of accession entered into under clause 17.1(a).

Third Party Offer means an offer for the purchase of Shares made in good faith and on arms-length terms by a Third Party other than a Related Entity of the Shareholder holding the Shares in question.

Transfer means to sell, assign, transfer, convey or otherwise dispose of.

Transfer Notice means a notice given by a Shareholder who wishes to Transfer its Shares.

1.2 Rules for interpreting this document

Headings are for convenience only, and do not affect interpretation. The following rules also apply in interpreting this document, except where the context makes it clear that a rule is not intended to apply.

- (a) A reference to:
 - (i) legislation (including subordinate legislation) is to that legislation as amended, re-enacted or replaced, and includes any subordinate legislation issued under it;
 - (ii) a document (including this document) or agreement, or a provision of a document (including this document) or agreement, is to that document, agreement or provision as amended, supplemented, replaced or novated;

- (iii) a party to this document or to any other document or agreement includes a permitted substitute or a permitted assign of that party;
 - (iv) a person includes any type of body of persons, whether or not it is incorporated or has a separate legal identity, and any executor, administrator or successor in law of that person; and
 - (v) anything (including a right, obligation or concept) includes each part of it.
- (b) A singular word includes the plural, and vice versa.
 - (c) A word which suggests one gender includes all other genders.
 - (d) If a word or phrase is defined, any other grammatical form of that word or phrase has a corresponding meaning.
 - (e) If an example is given of anything (including a right, obligation or concept), such as by saying it includes something else, the example does not limit the scope of that thing.
 - (f) A reference to **dollars** and **\$** is to Australian currency.
 - (g) The word **agreement** includes an undertaking or other binding arrangement or understanding, whether or not in writing.
 - (h) The expression **this document** includes the agreement, arrangement, understanding or transaction recorded in this document.
 - (i) The expressions **subsidiary**, **holding company** and **related body corporate** each have the same meaning as in the Corporations Act.

1.3 Business Days

If the day on or by which a person must do something under this document is not a Business Day:

- (a) if the act involves a payment that is due on demand, the person must do it on or by the next Business Day; and
- (b) in any other case, the person must do it on or by the previous Business Day.

1.4 Multiple parties

If a party is made up of more than one person, or a term is used in this document to refer to more than one party:

- (a) an obligation of those persons is several;
- (b) a right of those persons is held by each of them severally; and
- (c) any other reference to that party or that term is a reference to each of those persons separately, so that (for example) a representation, warranty or undertaking relates to each of them separately.

2 Operation of this Agreement

2.1 Agreement to override the Constitution

If there is any inconsistency between the provisions of this Agreement and the provisions of the Constitution, then the provisions of this Agreement prevail and the Constitution must be read and construed accordingly.

2.2 Shareholders to observe and implement this Agreement

- (a) Each Shareholder undertakes with each other party to:
 - (i) exercise all its votes, powers and rights under the Constitution so as to give full force and effect to the provisions and intentions of this Agreement;
 - (ii) exercise all its votes, powers and rights in relation to the Company so as to ensure that the Company fully and promptly observes, complies with and gives effect to the requirements and intentions of this Agreement and the Constitution; and
 - (iii) not unreasonably delay or withhold an action, approval, direction, determination or decision that is required of the Shareholder.
- (b) The obligations in this clause 2.2 include an obligation to:
 - (i) exercise its powers both as a Shareholder and, where applicable and to the extent permitted by Law, through any Director appointed by it; and
 - (ii) ensure, to the extent permitted by Law, that any Director appointed by it (whether alone or jointly with any other person) does any matter or thing required of that Director or the Board under the Law, this Agreement or otherwise.

2.3 Company to observe and implement this Agreement

The Company:

- (a) must do all things necessary or desirable to give effect to the provisions and intentions of this Agreement in accordance with its terms; and
- (b) is bound by all provisions of this Agreement that expressly or by implication apply to the Company.

3 Board of Directors

3.1 Number of Directors

There must at all times be at least 3 Directors (excluding alternate Directors), unless the Shareholders by Special Majority Vote determine otherwise.

3.2 Current Directors

As at the date of this Agreement, the Board comprises the following Directors:

- (a) Chris Burrell;
- (b) [***]; and

- (c) Mark A. Emalfarb..

3.3 Appointment and removal of Directors

- (a) For so long as:
 - (i) Luina has a Respective Proportion equal to or more than 40%, it is entitled to appoint up to 3 Directors. In all other circumstances, it is entitled to appoint up to 2 Directors.
 - (ii) Dyadic has a Respective Proportion equal to or more than 20%, it is entitled to appoint 1 Director.
- (b) Any Shareholder that has a Respective Proportion equal to or more than 20% is entitled to appoint 1 Director.
- (c) A Shareholder may nominate a person for consideration as a Director of the Company and at the next general meeting of the Company. The Shareholders may elect a nominee as a Director by a Simple Majority Vote.
- (d) The Board by a Simple Majority Vote may from time to time appoint a person to be a Director but they will hold office only until the next general Shareholders meeting at which their appointment is to be considered by the Shareholders (again requiring a Simple Majority Vote by Shareholders for appointment to the Board).
- (e) A Director may at any time resign from office by written notice to the Board.

3.4 Chairperson of Board

The Chairperson of the Board will:

- (a) be Chris Burrell unless removed by a Special Majority Vote of the Board; and
- (b) if there is an equality of votes, have a casting vote as Chairperson in addition to any vote she or he may otherwise have as a Director.

4 Board meetings

4.1 Frequency of Board meetings

- (a) At least 1 Board Meeting must take place at least every Quarter.
- (b) Any Board Meetings in addition to those referred to in clause 4.1(a) may be convened at the written request of any Shareholder or Shareholders that have an aggregate Respective Proportion of more than 20%. The agenda for a Board Meeting convened under this clause 4.1(b) must be determined by the Shareholder or Shareholders convening the meeting and no business other than that stated on the agenda may be transacted at that Board Meeting.
- (c) In addition to meetings held under clause 4.1(a) or clause 4.1(b), any Director may convene a meeting of the Board at any time by giving notice in accordance with this clause 4.

- (d) Subject to complying with the other provisions of this clause 4.1, the time, date and location of all Board Meetings must be determined by the Chairperson after consultation with the Board or, if there is no Chairperson, by a Simple Majority Vote of the Board.
- (e) Board meetings may be conducted by telephone conference, video conference or any other means of audio or audio-visual communication.

4.2 Notice of Board meetings

- (a) All Directors must be given at least 10 Business Days prior notice of a Board Meeting unless otherwise agreed by all Directors.
- (b) That notice must include an agenda and any proposed resolutions and, unless all Directors otherwise agree, a Board Meeting may only resolve matters specifically referred to in the agenda.

4.3 Voting rights at Board meetings

In any Board Meetings, each Shareholder's appointee on the Board will be entitled to exercise 1 vote, regardless of the number of Shares held by that Shareholder.

4.4 Quorum

Subject to clause 4.5(b), a quorum for Board Meetings is constituted by the attendance (in person or by alternate) of the Director/s nominated by the Founding Shareholder.

4.5 Quorum not present

- (a) If a quorum is not present within 30 minutes after the time specified for the Board Meeting, the meeting will be adjourned, by notice from the Chairperson or the Company secretary to all Directors, to a date and time 7 days after the original time of the meeting and at the same place as the original meeting.
- (b) Any Directors in attendance (in person or by alternate) at that adjourned meeting will constitute a quorum.
- (c) If no Director attends (in person or by alternate) that adjourned meeting, the meeting is regarded as dissolved.

5 Decision making

5.1 Simple Majority Vote

Subject to the Corporations Act and clause 5.2, all decisions of the Board or the Shareholders must be made by Simple Majority Vote.

5.2 Special Majority Vote required

Each of the matters outlined in Schedule 2, to the extent that they are not expressly covered by the Business Plan (as previously adopted in accordance with clause 1.1(v) of Schedule 2), require a Special Majority Vote before they are implemented or become effective.

5.3 Director's decisions

To the extent permitted by Law, a Director may make a decision in the interests of the Shareholder appointing him or her, without being required to have regard to:

- (a) the interests of the other Shareholders individually; or
- (b) the interests of the other Shareholders as a whole,

but nothing in this clause operates to relieve a Director from any other duty, liability or obligation owed by that Director to the Company.

5.4 Resolution without meeting

- (a) A resolution of the Board which is in writing and signed by all of the Directors who are entitled to vote (**Circular Resolution**) will be as valid and effective as if it had been passed at a meeting of the Board properly convened and held.
- (b) A Circular Resolution may consist of one or more documents in identical terms.

6 Financial reporting

6.1 Adopt Business Plan

The Shareholders must ensure that the Board considers and adopts a Business Plan before the commencement of each Financial Year.

6.2 Current Business Plan

If the Board fails to adopt a Business Plan in accordance with clause 6.1, then until a new Business Plan is adopted under clause 6.1, the Business must be conducted on the basis of the then current Business Plan.

6.3 Provision of financial information

The Company must provide to the Directors sufficient management and financial information and reports to allow them to monitor the efficient conduct of the Business, including:

- (a) within 10 Business Days after the end of each month, unaudited financial statements (with projections for the balance of the then current Financial Year) for the month just elapsed and for the then current Financial Year to date, which are prepared in reasonable detail and comply with the Accounting Standards;
- (b) within 15 Business Days after the end of March, June, September and December in each Financial Year:
 - (i) financial statements for the 3 months just elapsed with revised projections for the following 12 months; and
 - (ii) comparisons of the actual results with the projections set out in the current Business Plan and explanations for any variations,

each prepared in reasonable detail and complying with the Accounting Standards.

- (c) within 60 Business Days after the end of each Financial Year, financial statements for the Financial Year just elapsed and a statement of financial position as at the end of that Financial Year, each prepared in reasonable detail and complying with the Accounting Standards; and
- (d) any other reports or statements that the Board may require.

7 Funding

7.1 Excluded issues

This clause 7 does not apply to any Excluded Issue.

7.2 Offer to Shareholders to contribute

Subject to clause 1.1(t) of Schedule 2, if the Board wishes to raise additional funds for the Company, the Board must first offer each Shareholder the opportunity to contribute to the Company's funding requirements by:

- (a) the Shareholders applying for the issue to them of new Shares in accordance with their Respective Proportions; or
- (b) the making of loans to the Company by the Shareholders in accordance with their Respective Proportions,

as determined by the Board from time to time (**Funding Contribution**).

7.3 Board's responsibility

The Board must determine:

- (a) the number of Shares to be issued under clause 7.2(a); and
- (b) subject to clause 7.4, the terms and conditions (including the amount) of loans to be provided under clause 7.2(b),

in order to satisfy each contribution.

7.4 Conditions of loans

Unless otherwise determined by the Board, any loans made as at the date of this Agreement or provided under clause 7.2(b) must be:

- (a) made on identical terms and conditions (except for the amount of the loans if the Shareholders' Respective Proportions are not identical);
- (b) unsecured;
- (c) at interest rates to be agreed upon by the Board or, in the absence of agreement, interest-free; and
- (d) not assignable by the Shareholder or the Company.

7.5 Non-Contributing Shareholder

- (a) If a Shareholder fails to or elects not to provide all or part of its Funding Contribution (**Non-Contributing Shareholder**), the Board must offer the other Shareholders that have made their Funding Contribution (**Contributing Shareholder**) the opportunity to:
 - (i) apply for the new Shares which the Non-Contributing Shareholder did not apply for (**Shortfall Shares**); or
 - (ii) provide the loan which the Non-Contributing Shareholder did not provide (**Shortfall Loan**),
 on a pro-rata basis in accordance with the formula set out in clause 7.6 (**Contribution Amount**).
- (b) If a Contributing Shareholder provides a proportion of the Shortfall Loan in accordance with clause 7.5(a)(ii):
 - (i) the loan will be made on terms no more favourable than those originally offered to the Non-Contributing Shareholder; and
 - (ii) clauses 7.4(b) to 7.4(d) will apply to the loan.

7.6 Proportion

For the purposes of clause 7.5, the Contribution Amount of each Contributing Shareholder must be determined by applying the following formula:

$$A = B \times \frac{C}{D}$$

where:

- A = the Contribution Amount (rounded up or down to the nearest whole number at the discretion of the Board if A is not a whole number);
- B = the Shortfall Shares (expressed as a whole number rounded up or down at the discretion of the Board) or the Shortfall Loan (expressed as a dollar amount), as the case may be;
- C = the number of Shares held by that Contributing Shareholder at that time; and
- D = the total number of Shares held by all Contributing Shareholders at that time.

7.7 Offer of Shares to Third Parties

If an offer by the Board to apply for new Shares under clause 7.2(a) or clause 7.5(a)(i) is not accepted in full by the Shareholders, the Board may for a period of 90 days from the date on which the last offer to the Shareholders expires, offer to issue all or any part of the remaining new Shares not taken up to any Third Party:

- (a) on terms that are no more favourable than those offered to the Shareholders; and
- (b) clause 17.1 will apply.

7.8 External borrowings

Subject to clause 9.2, this clause 7 does not prohibit external borrowings by the Company, on terms and conditions approved by the Special Majority Vote.

8 Dividend policy

8.1 General rule

The Board will from time to time adopt a prudent policy of distributing to the Shareholders distributable profits of the Company generated by the operations of the Business:

- (a) consistent with prudent financial management; and
- (b) having regard to:
 - (i) the Business Plan;
 - (ii) the taxation, working capital, banking covenants and operational requirements of the Company; and
 - (iii) the terms of all loan agreements under which the Company has borrowed funds and all related security instruments, covenants and other contracts to which the Company is a party.

8.2 Special dividends/distribution

If the Company receives a significant up-front payment from a commercial transaction which would fall outside the scope of being treated as a royalty under the terms of the Sub-Licence Agreement, the Board will, having regard to the parameters in clause 8.1 and its obligations under the Corporations Act, determine whether a special dividend or distribution can be made to the Shareholders.

9 Encumbrances

9.1 No Encumbrance

A Shareholder must not create or give any Encumbrance over its Shares in favour of any person without the approval of the Board, which consent may be withheld by the Board at its absolute discretion.

9.2 Security

- (a) The Shareholders must ensure that the Company does not undertake any activity, including entering into a contract or arrangement to provide services or obtain external borrowings from a financial institution or other Third Party, that requires the Shareholders to give a guarantee, bond or other security (**Security**), without the prior written consent of all Shareholders, which consent may be withheld by any Shareholder at its absolute discretion.
- (b) Where the Shareholders agree to provide such Security and the Shareholders agree with the financial institution or Third Party that any liability is to be assumed jointly, or jointly and severally, by them under the Security, the Shareholders agree that:
 - (i) the amount of that liability will be apportioned between the Shareholders in their Respective Proportions; and

- (ii) despite any agreement with or action by the beneficiary of the Security, the Shareholders, between themselves, will be liable to make contributions to and indemnify each other so that any such liability is ultimately borne by the Shareholders in their Respective Proportions.

9.3 Security irrevocable

Any Security given, either jointly or jointly and severally, by the Shareholders is irrevocable except with the written consent of all Shareholders, which consent is not to be unreasonably withheld.

10 Employee Incentive Plan

The Shareholders agree that:

- (a) at any time, the Board may establish a formal written employee incentive plan to issue Securities to eligible service providers (whether Directors, employees or contractors) that result in the issue of that number of shares of an amount up to 10% of the fully diluted share capital of the Company as at the date of this document (**Employee Incentive Plan**);
- (b) the Employee Incentive Plan will authorise the Directors to issue Securities under the Employee Incentive Plan to eligible service providers in their discretion; and
- (c) any issue of Securities under the Employee Incentive Plan will be an Excluded Issue.

11 Anti-Dilution Right

- (a) Where an issue of Securities is completed pursuant to the First Close Raising, the Company will issue to Dyadic for nil consideration such number of Shares that is required for Dyadic to maintain its Ownership Percentage (**Anti-Dilution Right**).
- (b) The parties acknowledge and agree that the Anti-Dilution Right:
 - (i) has been granted to Dyadic to reflect the valuation of the Sub-Licensed IP which has been licensed by Dyadic to the Company pursuant to the Sub-Licensed Agreement;
 - (ii) shall not apply to:
 - (A) issue of Securities through pro-rata issues, Shares issued on the exercise of any Securities convertible into Shares, dividend reinvestment plans, share purchase plans, asset acquisition or pursuant to a takeover or scheme of arrangement; or
 - (B) issues of any Shares, options or performance rights under the Employee Incentive Plan;
 - (iii) will immediately terminate in the event that Dyadic suffers an Insolvency Event; and
 - (iv) is non-transferrable other than to an Affiliate in accordance with clause 12.2.

12 Transfer of Shares

12.1 Transfer in accordance with Agreement

- (a) Unless all the Shareholders otherwise agree, a Shareholder must not Transfer Shares except in accordance with this Agreement.
- (b) Under this Agreement, Shares may be transferred only:
 - (i) by a Shareholder giving a Transfer Notice under clause 13.1;
 - (ii) where a Transfer Notice is taken to have been issued by a Shareholder under clause 12.3 (**Incapacity of Individual Shareholder**) or clause 22.2(f) (**Consequences of default**);
 - (iii) if the Transfer is to an authorised transferee under clause 12.2;
 - (iv) if a Founding Shareholder gives a Drag Along Notice (as defined in clause 14.1) under clause 14 to the Remaining Shareholders;
 - (v) if a Remaining Shareholder gives a notice under clause 15.1 to the Founding Shareholder in response to a Tag Along Notice (as defined in that clause); or
 - (vi) under the provisions of clause 23.4 relating to **resolution of deadlocks**,

and the terms of this Agreement relating to the relevant Transfer and to Transfers of Shares generally must be complied with.

- (c) The Company must not register any Transfer made in breach of this Agreement. Any purported Transfer so made has no effect.

12.2 Authorised transferees

- (a) Subject to clauses 12.4 and 12.5, but despite any other provision of this document:
 - (i) a Shareholder may Dispose any or all of its Securities from time to time to any of its Affiliates without restriction; and
 - (ii) an Affiliate of a Shareholder may Dispose any or all of its Securities from time to time to that Shareholder or another Affiliate of that Shareholder without restriction.
- (b) If a person to whom a Shareholder has disposed any Securities ceases to be an Affiliate (as applicable) of that Shareholder:
 - (i) that Shareholder must procure that that person immediately disposes the relevant Securities back to the original transferor (who must purchase the Securities); and
 - (ii) all rights attaching to the Securities held by that person will be suspended until the disposal back to the original transferor is completed.

12.3 Incapacity of individual Shareholder

If a Shareholder who is an individual dies or becomes permanently incapacitated or of unsound mind, other than where the Shareholder is a joint holder of the Shares, then that Shareholder is taken to have issued, under clause 13, a Transfer Notice to the Board for all his or her Shares.

12.4 Restrictions on Transfers

A Shareholder must not Transfer any legal or beneficial interest in its Shares if the Transfer would breach, or be an event of default under, any provision of the Company's lending facilities or any other agreement to which the Company is a party.

12.5 Conditions

Unless all the Shareholders agree, no Transfer of Shares by a Shareholder is effective unless the following conditions of Transfer are satisfied:

- (a) the Transfer relates to all of the Shares held by the Shareholder;
- (b) subject to compliance with the Corporations Act:
 - (i) all loans from the Company to the Shareholder transferring its Shares are repaid to the Company in full;
 - (ii) all loans from the Shareholder transferring its Shares to the Company are repaid in full to the Shareholder and replaced by

equivalent loans from the transferee to the Company in accordance with clause 17.2(c); and

- (c) the transferee, if a Third Party, complies with clauses 17.1 and 17.2.

13 Procedure on Transfer of Shares

13.1 Permitted Transfer

A Shareholder may Transfer its Shares by giving a Transfer Notice to the Board stating that the Shareholder wishes to Transfer its Shares in accordance with this clause 13.

13.2 Date notice given

A Transfer Notice:

- (a) given under clause 13.1 is issued on the date the Board receives the Transfer Notice from a Shareholder; or
- (b) that is taken to have been issued by a Shareholder under clause 12.3 (Incapacity of Individual Shareholder), 22.2(f) (Consequences of default) or any other provision of this Agreement, is issued on the first date that a Director is aware of the circumstances that cause that provision to operate in respect of that Shareholder.

13.3 Terms of Transfer

A Transfer Notice constitutes the Board as the agent of the Seller for the sale of all the Seller's Shares (**Sale Shares**) to the other Shareholders:

- (a) at the price specified in the Transfer Notice or, if none is specified, at the price determined under clause 16 (**Sale Price**), but in any event the Sale Price must always be a single instalment cash price; and
- (b) otherwise on terms that comply with this Agreement.

13.4 Offer to other Shareholders

On or within 5 Business Days after:

- (a) the date the Board receives a Transfer Notice; or
- (b) where no Sale Price is specified in the Transfer Notice, the date on which the Sale Price is determined according to clause 16,

whichever is the later, the Board must, on behalf of the Seller, offer for sale to each Shareholder other than the Seller (**Recipient**) that number of the Sale Shares as is determined by applying the following formula (each a **Round 1 Offer**):

$$A = B \times \frac{C}{D}$$

where:

A = the number of Sale Shares offered to a Recipient, which number may be rounded up or down to the nearest whole number at the discretion of the Board if A is not a whole number;

B = the total number of all Sale Shares;

C = the number of Shares held by that Recipient on the date of the Round 1 Offers; and

D = the total number of Shares held by all Recipients on the date of the Round 1 Offers.

Each Round 1 Offer must be on the same terms and at the Sale Price.

13.5 Acceptance of Round 1 Offers

- (a) On or within 5 Business Days after receipt of the Round 1 Offers, each Recipient must notify the Board whether it accepts or rejects its Round 1 Offer. A Round 1 Offer can only be accepted or rejected in full.
- (b) If a Recipient fails to notify the Board of its acceptance or rejection of the Round 1 Offer within the period set out in clause 13.5(a), that Recipient is taken to have rejected the Round 1 Offer.
- (c) Subject to clause 13.9(a), if a Recipient accepts its Round 1 Offer, the Seller must sell free from Encumbrances, and the accepting Recipient (**Accepting Shareholder**) must purchase, the total number of Sale Shares contained in that Round 1 Offer at the Sale Price and otherwise on the terms specified in the Round 1 Offer.

13.6 Remaining Sale Shares

If there are more than 2 Shareholders and any of the Sale Shares have not been accepted under the Round 1 Offers within the period set out in clause 13.5(a) (**Remaining Sale Shares**), the Board must re-offer for sale to each Accepting Shareholder at the Sale Price and on the terms set out in the Round 1 Offers, that number of Remaining Sale Shares as is determined by applying the following formula (**Round 2 Offer**):

$$A = B \times \frac{C}{D}$$

where:

- A = the number of Remaining Sale Shares offered to an Accepting Shareholder, which number may be rounded up or down to the nearest whole number at the discretion of the Board if A is not a whole number;
- B = the total number of all Remaining Sale Shares;
- C = the number of Shares held by that Accepting Shareholder on the date of the Round 2 Offers (including the Sale Shares accepted by the Accepting Shareholder under its Round 1 Offer); and
- D = the total number of Shares held by all Accepting Shareholders on the date of the Round 2 Offers (including the Sale Shares accepted by the Accepting Shareholders under the Round 1 Offers).

13.7 Acceptance of Round 2 Offers

- (a) On or within 5 Business Days after receipt of the Round 2 Offers, each Accepting Shareholder must notify the Board whether it accepts or rejects its Round 2 Offer. A Round 2 Offer can only be accepted or rejected in full.
- (b) If an Accepting Shareholder fails to notify the Board of its acceptance or rejection of the Round 2 Offer within the period set out in clause 13.7(a), that Accepting Shareholder is taken to have rejected the Round 2 Offer.
- (c) Subject to clause 13.9(a), if an Accepting Shareholder accepts its Round 2 Offer, the Seller must sell free from Encumbrances, and the Accepting Shareholder must purchase, the total number of Remaining Sale Shares contained in that Round 2 Offer at the Sale Price and otherwise on the terms specified in the Round 2 Offer.

13.8 Time and place of completion

Subject to clause 13.9(a), Completion of both the sale of those Sale Shares in respect of which a Round 1 Offer has been accepted and any Remaining Sale Shares in respect of which a Round 2 Offer has been accepted must take place:

- (a) within 10 Business Days after:
 - (i) the date by which Round 1 Offers must be accepted under clause 13.5(a); or
 - (ii) if any Round 2 Offer is made, the date by which Round 2 Offers must be accepted under clause 13.7(a); and
- (b) at a time and place to be agreed by the Seller and the Recipient or failing agreement, at the registered office of the Company at 10 am on the next Business Day after expiry of the period stated in clause 13.8(a).

13.9 Transfer to Third Party by Founding Shareholder

- (a) Subject to clauses 12.4 and 12.5, where:
 - (i) the Founding Shareholder has given a Transfer Notice under clause 13.1 as a result of the Founding Shareholder receiving a Third Party Offer, which it wishes to accept, for the purchase of all of the Founding Shareholder's Shares;
 - (ii) not all of the Round 1 Offers and not all Round 2 Offers (if any) were accepted within the periods set out in clauses 13.5(a) and 13.7(a) respectively; and
 - (iii) the Founding Shareholder gives an Election Notice under clause 13.9(b),
 then:
 - (iv) all of the Round 1 Offers and Round 2 Offers, whether accepted or not, are taken to be cancelled and of no effect and no Shares can be Transferred under them; and
 - (v) subject to clause 13.9(b), the Founding Shareholder may sell all the Sale Shares to the Third Party.

- (b) The Founding Shareholder must, within 3 Business Days after the expiration of the period set out in clause 13.5(a) or, if any Round 2 Offers are made, clause 13.7(a), give notice (**Election Notice**) in the same terms, to each of the other Shareholders (**Remaining Shareholders**):
- (i) specifying:
- (A) the details of the Third Party;
 - (B) the price payable for each Share;
 - (C) the date on which the Transfer of the Founding Shareholder's Shares is to occur, which must not be less than 20 Business Days after the date of the Election Notice; and
 - (D) any other material terms of the Third Party Offer;
- (ii) stating whether the Founding Shareholder wishes to exercise its right under clause 14 to require each Remaining Shareholder to sell to the Third Party all of the Remaining Shareholder's Shares for the price and on the terms specified in the Election Notice, in which case the procedure set out in clause 14 must be followed; and
- (iii) if the Founding Shareholder does not wish to exercise its right under clause 14, advising each Remaining Shareholder that the Remaining Shareholder may exercise the right conferred on the Remaining Shareholder by clause 15.1 to require the Founding Shareholder to use its best endeavours to cause the Third Party to purchase all of the Remaining Shareholder's Shares, in which case the procedure set out in clause 15 must be followed.

13.10 Transfer to Third Party

Subject to clauses 12.4 and 12.5:

- (a) where a Shareholder has given or is taken to have given a Transfer Notice for the purposes of this clause 13 and that Shareholder does not give an Election Notice under clause 13.9(b); and
- (b) after Round 1 Offers and any Round 2 Offers have been made, there are still Remaining Sale Shares that have not been Transferred as not all of the Round 1 Offers and any Round 2 Offers were accepted within the periods set out in clauses 13.5(a) and 13.7(a) respectively,

the Seller may, at any time before the expiry of 6 months after the Transfer Notice was given or was taken to be given, sell the unsold Sale Shares to a Third Party at a price and on terms no more favourable to the Third Party than those offered to the Recipients.

13.11 Inconsistency between Agreement and Transfer Notice

If there is any inconsistency between the terms of this clause 13 and the terms of sale set out in a Transfer Notice, then the terms of this clause 13 prevail.

14 Drag along rights

14.1 Remaining Shareholders must sell

If a Founding Shareholder gives an Election Notice under clause 13.9 stating, in accordance with clause 13.9(b)(ii), that the Founding Shareholder wishes to exercise its right under this clause 14 (in which case the Election Notice is a **Drag Along Notice**), then each Remaining Shareholder must sell all of its Shares to the Third Party for the price and on the terms specified in the Drag Along Notice, subject to the terms set out in this clause 14.

14.2 Notice irrevocable

A Drag Along Notice, once given, is irrevocable but both the Drag Along Notice and all obligations under it and this clause 14 will lapse and be at an end if for any reason the Founding Shareholder does not Transfer its Shares to the Third Party on the date specified in the Drag Along Notice, or any later date agreed between all the Shareholders and the Third Party.

14.3 Terms of sale must be the same

The Remaining Shareholders are only obliged to sell their Shares to the Third Party if:

- (a) for the avoidance of any doubt, the Founding Shareholder has first complied with the procedure set out in clause 13;
- (b) the Founding Shareholder completes the Transfer of its Shares to the Third Party on the date (or any other date agreed between all the Shareholders and the Third Party) and terms stated in the Drag Along Notice;
- (c) prior to the Transfer being effected, the Founding Shareholder discloses to the Remaining Shareholders any terms of any proposed transaction between the Founding Shareholder and the Third Party that a reasonable person would think could impact on the price (or other consideration) or terms on which a Shareholder would so sell its Shares; and
- (d) the price per Share to be paid (or price per Share equivalent if other consideration is provided) and the other terms on which the Third Party offers to acquire the Remaining Shareholders' Shares are the same as the price and the terms of the Third Party Offer to acquire the Founding Shareholders' Shares.

14.4 Appointment of attorney

Each of the Remaining Shareholders irrevocably appoints the Chairperson, or failing the Chairperson, a Director determined by a resolution passed by more than half of the Directors appointed by the Remaining Shareholders, to be their attorney to sign such transfers, consents and other documents as the Founding Shareholder reasonably considers necessary or desirable to give effect to this clause 14 (but for no other purpose).

15 Tag along rights

15.1 Remaining Shareholders have option

If a Founding Shareholder gives an Election Notice under clause 13.9 advising each Remaining Shareholder in accordance with clause 13.9(b)(iii) that the Remaining Shareholder has the right conferred on it by this clause 15.1 to require the Founding Shareholder to use its best endeavours to cause the Third Party to purchase all of the Remaining Shareholders' Shares (in which case the Election Notice is a **Tag Along Notice**), then at any time during the period of 10 Business Days after the date on which the Tag Along Notice is given (**Exercise Period**), each Remaining Shareholder may exercise this right by giving notice to that effect to the Founding Shareholder.

15.2 Effect of exercise of option

- (a) Where a Remaining Shareholder gives a notice under clause 15.1 (**Minority Seller**), the Founding Shareholder must use its best endeavours to cause the Third Party to purchase the Shares of that Minority Seller for the price and on the terms set out in the Tag Along Notice.
- (b) The Founding Shareholder cannot Transfer any of its Shares to the Third Party unless and until the Founding Shareholder:
 - (i) for the avoidance of any doubt, first complies with the procedure set out in clause 13; and
 - (ii) then complies with the procedure set out in this clause 15.

15.3 Notice irrevocable

A Tag Along Notice, once given, is irrevocable.

15.4 Extent of obligations

The requirement in clauses 15.1 and 15.2(a) that the Founding Shareholder use its best endeavours does not oblige the Founding Shareholder to expend any money or commence or continue any litigation or other proceedings to satisfy that requirement.

15.5 Effect of failure by Third Party

- (a) If the Third Party for any reason fails to buy all of the Shares of the Founding Shareholder on the terms set out in the Tag Along Notice, a Minority Seller must not Transfer any of its Shares to the Third Party.
- (b) If the Third Party for any reason fails to buy all of the Shares of a Minority Seller:
 - (i) at the price (or at a greater price) and on the on the terms set out in the Tag Along Notice; and
 - (ii) on the same date as the date for completion of the Transfer of the Founding Shareholder's Shares,other than because of any delay or default on the part of the Minority Seller, then the Founding Shareholder must not Transfer any of its Shares to the Third Party.

15.6 Completion of sale of Founding Shareholder's Shares

After the expiration of the Exercise Period the Founding Shareholder, subject to complying with its obligations under clause 15.2(a) and the provisions of clause 15.5 not applying, may sell its Shares to the Third Party on the same terms specified in the Tag Along Notice.

16 Determination of Sale Price

16.1 Appointment of Valuer

Within 5 Business Days after a Transfer Notice is:

- (a) issued under clause 13.1 such that, in accordance with clause 13.3(a), the price of the Sale Shares must be determined under this clause 16; or
- (b) taken to have been issued under clause 13.2(b),

the Board must:

- (c) agree on a person or, failing agreement within 5 Business Days, procure that the Australian Disputes Centre (**ADC**) in accordance with the ADC Rules for Expert Determination which are operating at the time of referral to ADC, nominates a person to value the Sale Shares (**Valuer**); and
- (d) instruct the Valuer to value the Sale Shares, adopting, subject to clause 16.2, the method of valuation that the Valuer considers appropriate.

16.2 Valuation of Shares

In valuing the Sale Shares the Valuer:

- (a) must assume that a reasonable time is available within which to obtain a sale of Sale Shares in the open market and for that purpose 90 days is taken to be a reasonable time;
- (b) must have regard to the following factors (in addition to any other factors that the Valuer believes should properly be taken into account) based on the best information available at the time:
 - (i) the prospects of the Business;
 - (ii) the estimated future maintainable earnings of the Company;
 - (iii) the net tangible assets, earnings before interest and tax and cash flow of the Company as disclosed in the last audited financial statements for the last preceding Financial Year, or to the extent that no audited financial statements of the Company are available, as disclosed in the latest management accounts of the Company; and
- (c) acts as an expert and not as an arbitrator.

16.3 Sale Price final and binding

The Sale Price as determined by the Valuer is final and binding on the Seller and the transferee.

16.4 Cost of Valuer

The cost of the Valuer's determination must be paid by the Shareholders in their Respective Proportions unless the determination was necessary because of any failure or default on the part of a Shareholder, in which case that Shareholder must pay the cost of the Valuer's determination.

17 Provisions applying to all Transfers

17.1 Requirements for Transfer to Third Party

A Transfer of Shares cannot be made to a Third Party unless:

- (a) the Third Party enters into and delivers to each Shareholder a deed of accession under which it agrees to be bound by the terms of this Agreement, in substantially the same form as the Annexure 1 to this Agreement;
- (b) the Third Party is, in the reasonable opinion of the Shareholders (other than the Seller), of good standing, financial substance and reputation.

17.2 Obligations of parties at completion

At completion of any Transfer of Shares under this Agreement:

- (a) each transferee (**Buyer**) must pay to the Shareholder selling or required to Transfer the Shares in question (**Seller**) the relevant purchase price for those Shares in full;
- (b) the Seller must deliver to each Buyer:
 - (i) the certificates relating to the Shares being Transferred;
 - (ii) a transfer of those Shares, duly executed by the Seller in favour of the Buyer; and
 - (iii) a release of any Encumbrances affecting the relevant Shares; and
- (c) subject to the Corporations Act and unless otherwise determined by Special Majority Vote of the Board, the Buyer must provide loans to the Company:
 - (i) to replace the value of any outstanding loans from the Seller to the Company immediately prior to the Transfer of the Seller's Shares to the Buyer; and
 - (ii) on the same terms as the Seller's outstanding loans,

to ensure that the Company is funded to enable it to repay all outstanding loans from the Seller to the Company.

17.3 Non-Completing Seller

If a Seller defaults in completing the Transfer of any Shares under this Agreement (**Non-Completing Seller**), the Chairperson or, failing the Chairperson, a Director determined by resolution of all Directors other than the Director appointed by the Non-Completing Seller, is taken to be the Non-Completing Seller's duly appointed attorney with full power to:

- (a) receive the purchase price from the Buyer on behalf of the Non-Completing Seller;
- (b) give to the Buyer a valid receipt of the purchase price on behalf of the Non-Completing Seller;
- (c) ensure that the Buyer's name is entered in the Company's register of members as the holder of the Non-Completing Seller's Shares; and
- (d) take all further action necessary to complete the Transfer of the Non-Completing Seller's Shares as required under this Agreement.

17.4 Registration of Transfer

The Company must register each Transfer of Shares to which this clause 17 applies.

18 Confidentiality

18.1 Obligations of confidentiality

Subject to clauses 18.2 and 18.3, the Receiving Party must:

- (a) keep the Confidential Information confidential and not directly or indirectly disclose, divulge or communicate any Confidential Information to, or otherwise place any Confidential Information at the disposal of, any other person without the prior written approval of the Disclosing Party;
- (b) take all reasonable steps to secure and keep secure all Confidential Information coming into its possession or control;
- (c) not memorise, use, modify, reverse engineer or make copies, notes or records of the Confidential Information for any purpose other than in connection with the performance by the Receiving Party of its obligations under this Agreement; and
- (d) take all reasonable steps to ensure that any person to whom the Receiving Party is permitted to disclose Confidential Information under clause 18.3 complies at all times with the terms of this clause 18 as if that person were a Receiving Party.

18.2 Exceptions

The obligations of confidentiality under clause 18.1 do not apply to:

- (a) any Confidential Information that:
 - (i) is disclosed to the Receiving Party by a third party entitled to do so, whether before or after the date of this Agreement;
 - (ii) was already lawfully in the Receiving Party's possession when it was given to the Receiving Party and was not otherwise acquired from the Disclosing Party directly or indirectly; or
 - (iii) is generally available to the public at the date of this Agreement or subsequently becomes so available other than by reason of a breach of this Agreement; or

- (b) any disclosure of Confidential Information by the Receiving Party that is necessary to comply with any court order, law, or the applicable rules of any financial market (as defined in the Corporations Act) if, to the extent practicable and as soon as reasonably possible, the Receiving Party:
 - (i) notifies the Disclosing Party of the proposed disclosure;
 - (ii) consults with the Disclosing Party as to its content; and
 - (iii) uses reasonable endeavours to comply with any reasonable request by the Disclosing Party concerning the proposed disclosure.

18.3 Authorised disclosure

A Receiving Party may disclose Confidential Information to any Related Entity, employee, agent, contractor, officer, professional adviser, banker, auditor or other consultant of the Receiving Party (each a **Recipient**) only if the disclosure is made to the Recipient strictly on a "need to know basis" and, prior to the disclosure:

- (a) the Receiving Party notifies the Recipient of the confidential nature of the Confidential Information to be disclosed;
- (b) the Recipient undertakes to the Receiving Party (for the benefit of the Disclosing Party) to be bound by the obligations in this clause 18 as if the Recipient were a Receiving Party in relation to the Confidential Information to be disclosed to the Recipient; and
- (c) if requested to do so by the Disclosing Party, the Recipient signs an undertaking or deed in a form acceptable to the Disclosing Party (and for the benefit of the Disclosing Party) agreeing to be bound by the obligations in this clause 18 as if it were a Receiving Party in relation to the Confidential Information to be disclosed to the Recipient.

18.4 Return or destruction of Confidential Information

Immediately on the written request of the Disclosing Party or on the termination of this Agreement for any reason, a Receiving Party must:

- (a) cease the use of all Confidential Information of or relating to the Disclosing Party (or any Related Entity of the Disclosing Party);
- (b) deliver to the Disclosing Party all documents and other materials in its possession or control containing, recording or constituting that Confidential Information or, at the option of the Disclosing Party, destroy, and certify to the Disclosing Party that it has destroyed, those documents and materials; and
- (c) for Confidential Information stored electronically, permanently delete that Confidential Information from all electronic media on which it is stored, so that it cannot be restored.

18.5 Warranties

The Disclosing Party warrants to the Receiving Party that:

- (a) it has the right to disclose Confidential Information to the Receiving Party and to authorise the Receiving Party to use the Confidential Information as permitted by this Agreement; and
- (b) the use of the Confidential Information as permitted by this Agreement does not breach the intellectual property rights of any other person.

18.6 Liability for breach by recipient

The Receiving Party is liable for any breach of this clause 18 by a Recipient as if the Recipient were a Receiving Party in relation to the Confidential Information disclosed to the Recipient.

18.7 Survival of clause

Despite any other provision of this Agreement, this clause 18 survives the expiry or termination of this Agreement.

19 Public announcements

19.1 Making announcements

A party must not make, or authorise or cause to be made, any public announcement relating to the negotiations between the parties or the terms or the subject matter of this Agreement unless:

- (a) it has the prior written consent of each other party; or
- (b) it is required to do so by Law or by the rules of any financial market (as defined in the Corporations Act) to which a party, or a Related Body Corporate of a party, is subject.

19.2 Requirements

If a party is required to make a public announcement under clause 19.1(b), it must before doing so, to the extent practicable and as soon as reasonably possible:

- (a) notify each other party of the proposed announcement;
- (b) consult with each other party as to its content; and
- (c) use reasonable endeavours to comply with any reasonable request by any other party concerning the proposed announcement.

20 Indemnity

Each party (**Indemnifying Party**) indemnifies and must keep indemnified each other party (**Indemnified Party**), its officers, employees and contractors, against all actions, claims, proceedings, demands, liabilities, losses, damages, expenses and costs (including legal costs on a full indemnity basis) that may be brought against the Indemnified Party or which the Indemnified Party may pay, sustain or incur as a direct or indirect result of any one or more of the following:

- (a) any breach or non-performance of this Agreement by the Indemnifying Party;
- (b) any wrongful, wilful or negligent act or omission of the Indemnifying Party or any of its employees, agents or contractors; and
- (c) any representation or warranty made or repeated by any party under this Agreement being untrue or misleading in any material respect (including by omission) when made or repeated.

21 Party as trustee

21.1 Capacity

If any party (**Trustee**) enters into this Agreement in the capacity as trustee of any trust (**Trust**) under any trust deed, deed of settlement or other instrument (**Trust Deed**), and whether or not the other parties have notice of the Trust, then the Trustee enters into this Agreement both as trustee of the Trust and in its personal capacity.

21.2 Trustee's warranties

The Trustee represents and warrants that:

- (a) the Trustee has power under the Trust Deed and, in the case of a corporation, under its constitution, to enter into and execute this Agreement and to perform the obligations imposed under this Agreement as trustee;
- (b) all necessary resolutions have been passed as required by the Trust Deed and, in the case of a corporate Trustee, by its constitution, in order to make this Agreement fully binding on the Trustee;
- (c) the execution of this Agreement is for the benefit of the Trust;
- (d) the Trustee is not in default under the Trust Deed;
- (e) the Trustee has not done, and the Trustee will not during the term of the Agreement do anything by virtue of which there will be in the future, any restriction or limitation on the right of the Trustee to be indemnified out of the assets of the Trust; and
- (f) there is no material fact or circumstance relating to the assets, matters or affairs of the Trust that might, if disclosed, be expected to affect the decision of the other parties, acting reasonably, to enter into this Agreement.

21.3 Change of Trustee

No change of Trustee can occur without the prior written consent of the other parties, which consent must not be unreasonably withheld or delayed.

22 Default

22.1 Default Notice

If an Event of Default, other than an Insolvency Event or Change of Control, occurs in relation to a Shareholder (**Relevant Party**), any other Shareholder may give a notice (**Default Notice**) to all other Shareholders specifying the Event of Default and requiring the Relevant Party to remedy the default within 10 Business Days after the Default Notice is given to the Relevant Party.

22.2 Consequences of default

If a Shareholder (**Defaulting Party**):

- (a) receives a Default Notice and does not comply with the notice within the period referred to in clause 22.1;

- (b) is the subject of an Insolvency Event; or
- (c) is the subject of a Change of Control that has not had the prior written approval of the other Shareholders,

then, without limiting any other rights or remedies that the other Shareholders may have against the Defaulting Party:

- (d) despite any other provision of this Agreement, any Director appointed by the Defaulting Party cannot formally consider nor vote on any matter considered at Board meetings during that period or whilst the default in question continues;
- (e) other than the Defaulting Party's right to receive sale proceeds if its Shares are sold as contemplated by clause 22.2(f), all rights under this Agreement or otherwise attaching to the Shares (including voting rights) held by the Defaulting Party or its appointed Director will be suspended until the default is remedied (if applicable) and otherwise will be suspended indefinitely; and
- (f) the Defaulting Party is taken to have issued a Transfer Notice to the Board for all the Defaulting Party's Shares and clause 13 and any other applicable provisions of this Agreement will apply to the sale of those Shares, except that the Shares will not be offered to the Defaulting Party or any Shareholder that is also a Related Entity of the Defaulting Party.

23 Resolution of deadlocks

23.1 Adjourned meeting

If a matter requiring the Special Majority Vote of the Directors or the Shareholders is raised in good faith, but not passed, the Directors or Shareholders (as the case may be) must cause the following procedure to be followed:

- (a) the meeting will, at the request of a Director or a Shareholder (as applicable), be adjourned to a date not earlier than 5 Business Days and not later than 10 Business Days after the date of the original meeting; and
- (b) the resolution must be proposed again and reconsidered at the adjourned meeting.

23.2 Deadlock

If on 3 or more occasions in any period of 6 consecutive months a resolution is reconsidered at an adjourned meeting under clause 23.1 but is not passed, then any Director or Shareholder (as the case may be) may at any time within 30 days after the end of that 6 month period notify the other Directors or Shareholders (as applicable) under this clause 23.2, in which case a deadlock is taken to have occurred (**Deadlock**).

23.3 Mediation

If a Deadlock occurs, then the Deadlock must be referred to mediation in accordance with the following:

- (a) The Directors or Shareholders (as applicable) must agree on a mediator within 5 Business days. If they fail to do so, any party may request the Australian Dispute Centre (**ADC**) to appoint a mediator.
- (b) Any mediator agreed by the parties or appointed by ADC must be independent and impartial and have appropriate qualifications and experience relevant to negotiating a resolution of the Deadlock.
- (c) The mediation must be commenced within 20 Business Days after the mediator has been appointed and must be concluded within 30 Business Days after the mediator has been appointed, unless otherwise agreed between the parties to the Dispute.
- (d) The mediation must take place in Brisbane, Australia.
- (e) The parties must in good faith co-operate with the mediator and must comply with requests by the mediator including requests to submit written materials, provide evidence, attend meetings and pay the mediator's fees. Each party must pay its own costs of complying with this clause 23.3. The Company must pay the costs of any Mediator engaged.
- (f) The parties agree that the mediation will be private and confidential and they undertake not to rely on or introduce as evidence in any arbitral or judicial proceedings, whether or not such proceedings relate to the Dispute that is the subject of the mediation, any matter relating to the mediation (including the existence of the mediation), any settlement agreement, materials created for the purpose of the mediation and documents produced by another party in the mediation except:
 - (i) for the purpose of making an application to a court of competent jurisdiction to enforce the settlement agreement;
 - (ii) pursuant to the order of a court of competent jurisdiction; or
 - (iii) if required by the law of any State which is binding on the party making the disclosure.
- (g) Without limiting any other right that a Shareholder may have to Transfer Shares under this Agreement, if after exhausting the procedure set out in this clause 23.3, the Deadlock has not been resolved, then clause 23.4 applies without the necessity of first complying with clause 13.

23.4 Party may offer to Sell Shares

- (a) If the Deadlock is not resolved within the period set out in clause 23.3(c), then within 10 Business Days after that period expires, any Shareholder (**Offeror**) may make an unconditional written offer (**Offer Notice**) to the other Shareholders (**Receiving Parties**) to either:
 - (i) sell all of the Offeror's Shares to the Receiving Parties at the price and on the terms specified in the Offer Notice; or
 - (ii) buy all of the Receiving Parties' Shares at the price and on the terms specified in the Offer Notice,
 and otherwise on the terms set out in this clause 23.4.

- (b) The Receiving Parties must, within 5 Business Days after receipt of an Offer Notice under clause 23.4(a)(i), either:
- (i) purchase all the Offeror's Shares (with the number of Shares to be purchased by each Receiving Party being calculated under clause 23.4(f)) for the price and on the terms specified in the Offer Notice; or
 - (ii) collectively give notice (**Counter Purchase Notice**) to the Offeror stating that the Receiving Parties:
 - (A) do not intend to purchase the Offeror's Shares; and
 - (B) instead requiring the Offeror to purchase all of the Receiving Parties' Shares at the price per Share and on the other terms set out in the Offer Notice.

If the Receiving Parties do not comply with this clause 23.4(b) within that 5 Business Day period, the Receiving Parties will be taken to have made an election under, and must comply with, clause 23.4(b)(i).

- (c) Not later than 10 Business Days after receipt of a Counter Purchase Notice given under clause 23.4(b)(ii), the Offeror must purchase the Receiving Parties' Shares at the price per Share and on the terms set out in the Offer Notice.

- (d) The Receiving Parties must, within 5 Business Days after receipt of an Offer Notice under clause 23.4(a)(ii), either:

- (i) sell all of their Shares to the Offeror for the price and on the terms specified in the Offer Notice; or
- (ii) give notice (**Counter Sale Notice**) to the Offeror stating that the Receiving Parties:
 - (A) do not intend to sell their Shares; and
 - (B) instead require the Offeror to sell all of its Shares to the Receiving Parties (with the number of Shares to be sold to each Receiving Party being calculated under clause 23.4(f)) at the price per Share and on the other terms set out in the Offer Notice.

If the Receiving Parties do not comply with this clause 23.4(d) within that 5 Business Day period, the Receiving Parties will be taken to have made an election under, and must comply with, clause 23.4(d)(i).

- (e) Not later than 10 Business Days after receipt of a Counter Sale Notice given under clause 23.4(d)(ii), the Offeror must sell all of its Shares to the Receiving Parties at the price per Share and on the terms set out in the Offer Notice.

- (f) For the purposes of clauses 23.4(b)(i) and 23.4(d)(ii), the number of Shares to be purchased by or sold to each Receiving Party must be determined by applying the following formula:

$$A = B \times \frac{C}{D}$$

where:

A = the number of Shares to be purchased by or sold to a Receiving Party, which number may be rounded up or down to the nearest whole number at the discretion of the Board if A is not a whole number;

B = the total number of the Offeror's Shares;

C = the number of Shares held by that Receiving Party at that time; and

D = the total number of Shares held by all Receiving Parties at that time.

(g) Completion of the Transfer of Shares under clause 23.4(b)(i), clause 23.4(c), clause 23.4(d)(i) or clause 23.4(e) as applicable must take place in accordance with clause 17.

24 Termination

24.1 When terminated

Subject to clause 24.3, this Agreement will be terminated:

- (a) by mutual agreement in writing of all Shareholders;
- (b) for any Shareholder, if and when it ceases to hold, directly or indirectly, any Shares;
- (c) if and when the Company is deregistered or wound up voluntarily or by an order of a court; or
- (d) if the Company is listed on any financial market (as that term is defined in the Corporations Act).

24.2 Consequences generally

Subject to clause 24.3, on the termination of this Agreement, this Agreement is at an end as to its future operation except for the enforcement of any right or claim that arises on, or has arisen before, the termination.

24.3 Clauses surviving termination

Despite any other provision of this Agreement, this clause 24 and clauses 1, 17, 18, 19, 20, 25 and 26 survive the expiry or termination of this Agreement.

25 Notices

Any notice or other communication to or by a party under this Agreement:

- (a) must be given in accordance with this clause 25;
- (b) may be given by personal service, post or facsimile;

- (c) must be in writing, legible and in English addressed (depending on the manner in which it is given) as shown in Schedule 2 or addressed in accordance with any updated details last notified by the party to the sender by notice given in accordance with this clause;
 - (d) must be signed:
 - (i) in the case of a corporation registered in Australia, by any authorised representative or by the appropriate office holders of that corporation in accordance with the Corporations Act; or
 - (ii) in the case of a corporation registered outside of Australia, by a person duly authorised by the sender in accordance with the laws governing the place of registration of that corporation;
 - (e) is taken to be given by the sender and received by the addressee:
 - (i) if delivered in person, when delivered to the addressee;
 - (ii) if posted, at 9.00 am on the third Business Day after the date of posting to the addressee whether delivered or not; or
 - (iii) if sent by email the earlier of:
 - (A) the time that the sender receives an automated message from the recipient's information system confirming delivery of the email; or
 - (iv) the time that the email is first opened or read by the recipient, or an employee or officer of the recipient
- but if the delivery or receipt is on a day which is not a Business Day or is after 4.00 pm (addressee's time), it is taken to have been received at 9.00 am on the next Business Day.

26 General

26.1 Obligations are several

The rights, duties, obligations and liabilities of the Shareholders under this Agreement are several and not joint or joint and several. Each Shareholder is individually responsible only for its obligations as specified in this Agreement.

26.2 Time of the essence

In this Agreement, time is of the essence unless otherwise stated.

26.3 Entire understanding

- (a) This Agreement contains the entire understanding between the parties concerning the subject matter of this Agreement and supersedes, terminates and replaces all prior agreements and communications between the parties concerning that subject matter.
- (b) Each party acknowledges that, except as expressly stated in this Agreement, it has not relied on any representation, warranty, undertaking or statement made by or on behalf of another party in relation to this Agreement or its subject matter.

26.4 No adverse construction

No provision of this Agreement is to be construed to the disadvantage of a party solely because that party was responsible for preparing or proposing this Agreement or the provision.

26.5 Further assurances

A party, at its own expense and within a reasonable time of being requested by another party to do so, must do all things and execute all documents that are reasonably necessary to give full effect to this Agreement.

26.6 No waiver

- (a) A failure to exercise, a delay in exercising or partially exercising any power, right or remedy conferred on a party by or in respect of this Agreement does not operate as a waiver by that party of the power, right or remedy.
- (b) A single or partial exercise of any power, right or remedy does not preclude a further exercise of it or the exercise of any other power, right or remedy. A waiver of a breach does not operate as a waiver of any other breach.

26.7 Remedies cumulative

Except as set out in this Agreement, the powers, rights and remedies under this Agreement are cumulative with and not exclusive of any powers, rights and remedies provided by Law independently of this Agreement.

26.8 Severability

Any provision of this Agreement which is invalid in any jurisdiction must, in relation to that jurisdiction, be:

(a) read down to the minimum extent necessary to achieve its validity, if applicable; and

(b) severed from this Agreement in any other case,

without invalidating or affecting the remaining provisions of this Agreement or the validity of that provision in any other jurisdiction.

26.9 No assignment

A party cannot assign or otherwise deal with the benefit of this Agreement without the prior written consent of each other party, which consent may be withheld by a party in its absolute discretion.

26.10 Consents and approvals

Unless this Agreement provides otherwise, where anything depends on the consent or approval of a party, then that consent or approval may be given conditionally, unconditionally or withheld, in the absolute discretion of that party.

26.11 Variation

This Agreement may be varied (**Shareholder Variation**) at any time as approved by a Special Majority Vote of the Shareholders or as evidenced by a written document signed by at least that number of shareholders which in respect of their Shares would in aggregate constitute a Special Majority Vote. A Shareholder Variation is binding on all Shareholders (whether or not they have approved the variation or signed a document incorporating the variation).

26.12 Costs

The Company must pay all legal costs of and incidental to the preparation and completion of this Agreement, other than any costs and expenses that arise from a Shareholder obtaining independent advice which must be paid by that Shareholder.

26.13 Duty

Any duty (including related interest or penalties) payable in respect of this Agreement or any instrument created in connection with it must be paid by the Company.

26.14 Conflicting provisions

If there is any conflict between the main body of this Agreement and any schedules or annexures comprising it, then the provisions of the main body of this Agreement prevail.

26.15 No merger

Unless otherwise provided in this Agreement, the representations, undertakings, warranties and indemnities of the parties in, or the rights and remedies of the parties under, this Agreement will not merge on the completion of any transaction contemplated by this Agreement but will survive and remain enforceable to the fullest extent.

26.16 Relationship of parties

- (a) Except as otherwise expressly stated in this Agreement, nothing in this Agreement may be construed as creating a relationship of partnership, of principal and agent or of trustee and beneficiary between the parties or any of them.
- (b) A Shareholder must not act, represent or hold itself out as having authority to act as the agent of or in any way bind or commit the other Shareholders to any obligation.

26.17 Counterparts

If this Agreement consists of a number of signed counterparts, each is an original and all of the counterparts together constitute the same document. A party may sign a counterpart by executing a signature page and electronically transmitting a copy of the signed page to each other party or their authorised representative.

26.18 Governing law and jurisdiction

- (a) This Agreement is governed by and must be construed in accordance with the Laws of Queensland.
- (b) The parties submit to the exclusive jurisdiction of the courts of that State and the Commonwealth of Australia in respect of all matters arising out of or relating to this Agreement, its performance or subject matter.
- (c) Each party waives any rights to:
 - (i) object to the venue of any proceedings; or
 - (ii) claim that the proceedings have been brought in an inconvenient forum or that the courts of another place are a more convenient forum, if the proceedings have been brought in a court referred to in clause 26.18(b).

Schedule 1

– Shareholders

Name	Defined term used in this document	Address for service	Class and number of Shares held at date of this document (if any)
Dyadic International (USA), Inc	Dyadic	Address 140 Intracoastal Pointe Drive, Suite 404 Jupiter, FL 33477 Email Address memalfarb@dyadic.com Contact Mark Emalfarb	Ordinary Shares 1,500,000
JCL Biologics Pty Ltd	JCL	Address 2806 Ipswich Road Darra QLD 4076 Australia Email Address chris.burrell@luinabio.com.au Contact Chris Burrell	Ordinary Shares 6,000,000

Schedule 2 - Matters requiring Special Majority Approval

The following matters require a "Special Majority Approval" before being implemented by the Company:

- any change, suspension, cessation or abandonment of the Business or any substantial part of it;

- the submission of any tender, bid or proposal relating to any contract or commitment with a value of \$100,000 or more or duration of more than 1 year;

- the execution of any contract or entering into any commitment with a value of \$200,000 or more or duration of more than 1 year;

- incurring any capital expenditure or liability of \$100,000 or more in any Financial Year for an individual transaction or for a series of transactions in aggregate;

- the acquisition of any freehold land;

- entering into leases of real property with rental payments of more than \$50,000 for any Financial Year or duration of more than 1 year;

- the appointment or removal of a Director;

- the payment of remuneration or granting of other benefits to Directors or other officers of the Company;

- the provision of guarantees or any other security by the Company to any Third Party;

- obtaining new or increasing existing borrowings from any Third Party;

- the sale of the whole or part of any material undertaking of the Company, including the sale of any assets with a value of \$500,000 or more;

- entering into any transaction (including with a Shareholder (or any Related Entity) that is:

 - not proposed on a commercial "arms-length" basis;

 - of any unusual or onerous nature; or

 - outside the ordinary course of the Business;

 - the issue of any shares or other securities, or options to take up unissued shares or other securities, in the capital of the Company other than under clause 7;

 - any declaration of dividends;

 - the execution of or entry into any service, employment or consultancy contract with:

 - a term of more than 12 months; or

 - a financial commitment of \$100,000 or more;

the provision of any Encumbrance by the Company over any of its assets, property or undertaking securing an amount in excess of \$100,000;

any application for, or acquisition or sale of, any shares or other securities in any company (other than the Company), including the formation, sale or acquisition of any company as a subsidiary of the Company;

the commencement of any new business (other than the Business);

a modification, variation or amendment to any agreement or arrangement (other than this Agreement) referred to in this clause 5.2;

subject to clause 7 a determination by the Board on any of the matters relating to funding of the Company;

the number and identity of signatories to any cheque or other bank accounts of the Company;

the adoption or variation of a Business Plan;

settling or proceeding with any litigation or other form of dispute resolution;

the compromising, compounding, releasing or discharging (except on payment in full) of any debt exceeding \$50,000 due to the Company; and

any other matter that the Shareholders determine from time to time requires a decision by Special Majority Vote.

Execution page

Executed as an Agreement.

Signed by
Novovet Pty Ltd
by

sign here ► /s/ Chris Burrell
Director

print name ► Chris Burrell

Sign here ► /s/ Robbie White
Company Secretary

print name ► Robbie White

Signed by
JCL Biologics Pty Ltd
by

sign here ► /s/ Chris Burrell
Director

print name ► Chris Burrell

Sign here ► /s/ Robbie White
Company Secretary

print name ► Robbie White

Signed by
Dyadic International (USA), Inc
by

sign here ► /s/ Mark A Emalfarb _____
Director

print name ► Mark A. Emalfarb

sign here ► /s/ Ping Rawson _____
Company Secretary

print name ► Ping Rawson

Annexure 1 – Deed of Accession

[Acceding Party's name] of [Acceding Party's address] (**New Shareholder**)

In favour of the parties to the Shareholders Agreement from time to time.

RECITALS

- A. The New Shareholder has acquired or will acquire securities in Novovet Pty Ltd ACN 631 032 749 (the **Company**).
- B. This deed poll is supplemental to the shareholders' agreement dated 26 April 2019 between the Company and its shareholders in relation to the Company (**Shareholders Agreement**).
- C. The New Shareholder agrees to become a party to the Shareholders Agreement and to be bound by the terms and conditions of the Shareholders Agreement.

OPERATIVE PART

1 Definitions and Interpretation

Unless the context otherwise requires:

- (a) terms defined in the Shareholders Agreement have the same meaning when used in this deed; and
- (b) the interpretation provisions in the Shareholders Agreement apply to the interpretation of this deed.

2 New Shareholder's Shareholding

The New Shareholder confirms that:

- (a) it has been given a copy of the Shareholders Agreement; and
- (b) it will hold Securities in the capacity of a Shareholder.

3 Covenant

The New Shareholder covenants and agrees with the parties to the Shareholders Agreement (whether or original or by accession) that, as from the date of this deed, the New Shareholder will comply with the provisions of the Shareholders Agreement as fully and in the same manner as if it were a party to the Shareholders Agreement from the date of the Shareholders Agreement.

4 Notices

The notice details of the New Shareholder are as follows:

- (a) address: [insert address];

(b) and attention: *[insert name of person notices should be sent to]*; and

(c) email: *[insert email address]*.

5 Costs

The New Shareholder is responsible for all legal and other costs and expenses of and incidental to the preparation and execution of this deed and any stamp duty payable in connection with this deed.

6 Governing law

This deed is governed by the laws in force from time to time in the State of Queensland.

EXECUTED as a deed poll

[insert appropriate execution clause]



Dyadic Announces Sub-Licensing Agreement with Luina Bio

JUPITER, FL / ACCESSWIRE / April 30, 2019 Dyadic International, Inc. ("Dyadic") (NASDAQ: DYAI), a global biotechnology company focused on further improving and applying its proprietary C1 gene expression platform to speed up the development, lower production costs and improve the performance of biologic vaccines, drugs and other biologic products, at flexible commercial scales, is pleased to announce it has entered into a worldwide sub-licensing agreement with Australian based drug development and contract manufacturing organization, Luina Bio Pty Ltd ("Luina Bio"), for the development and commercialization of certain targeted antigen and biological products for the prevention and treatment of various ailments for companion animals using Dyadic's proprietary C1 gene expression platform.

Dyadic's Chief Executive Officer, Mark Emalfarb, said "We are very excited to announce this sub-licensing agreement with Luina Bio. Luina Bio has over 20 years of GMP contract manufacturing and drug development experience in human and animal health products, including recombinant proteins and vaccines." Matthew Jones, Dyadic's Chief Commercial Officer added that, "we believe that our proprietary C1 gene expression platform coupled with Luina Bio's animal health drug development expertise will bring us another step closer to achieving our mission to help speed the development and lower the cost of biologic drugs for human and animal health."

Luina Bio's Executive Chairman, Chris Burrell, said "We are thrilled to be working with Dyadic to develop and commercialize a number of targeted products for use in the prevention and treatment of various ailments for companion animals." Mr. Burrell further commented, "Continued population growth, urbanization and rising per capita income is seeing the rate of pet ownership globally continue to rise year on year. As pet ownership rates continue to rise so too will the standard of living for pets. In turn, animal health medicines and vaccines will be required in greater volumes. Our goal is to utilize Dyadic's C1 proprietary gene expression platform to not only speed up the development of new animal health medicines and vaccines but to lower the cost for such products making them more accessible to more people and their pets".

Under the worldwide sub-licensing agreement, Dyadic will receive 20% equity in a new joint venture company, Novovet Pty Ltd, and a percentage of royalties on net sales and non-sales revenue which incorporates Dyadic's proprietary C1 gene expression platform.

About Dyadic International, Inc.

Dyadic International, Inc. is a global biotechnology company which is developing what it believes will be a potentially significant biopharmaceutical gene expression platform based on the fungus *Myceliophthora thermophila*, named C1. The C1 microorganism, which enables the development and large scale manufacture of low cost proteins, has the potential to be further developed into a safe and efficient expression system that may help speed up the development, lower production costs and improve the performance of biologic vaccines and drugs at flexible commercial scales. Dyadic is using the C1 technology and other technologies to conduct research, development and commercial activities for the development and manufacturing of human and animal vaccines and drugs (such as virus like particles (VLPs) and antigens), monoclonal antibodies, Fab antibody fragments, Fc-Fusion proteins, biosimilars and/or biobetters, and other therapeutic proteins. Additionally, and more recently, Dyadic is also beginning to explore the use of its C1 technology and other technologies to conduct research, development and commercial activities for the development and manufacturing of Adeno-associated viral vectors (AAV), certain metabolites and other biologic products. Dyadic pursues research and development collaborations, licensing arrangements and other commercial opportunities with its partners and collaborators to leverage the value and benefits of these technologies in development and manufacture of biopharmaceuticals. In particular, as the aging population grows in developed and undeveloped countries, Dyadic believes the C1 technology may help bring biologic vaccines, drugs and other biologic products to market faster, in greater volumes, at lower cost, and with new properties to drug developers and manufacturers and, hopefully, improve access and cost to patients and the healthcare system, but most importantly save lives.

Please visit Dyadic's website at <http://www.dyadic.com> for additional information, including details regarding Dyadic's plans for its biopharmaceutical business.

About Luina Bio

Luina Bio is a Brisbane, Australia based drug development and contract manufacturing organization (CMO) serving the pharmaceutical, biotechnology and veterinary industries. Drawing on more than 20 years of contract manufacturing experience, Luina Bio has the scientific expertise, training and experience to ensure a successful outcome to any project. Utilizing its TGA/APVMA licensed facilities operating to international cGMP standards, Luina Bio provides a comprehensive suite of manufacturing services for both biological and small molecule drugs. Luina Bio has extensive experience in manufacturing recombinant proteins, live therapeutics, whole cell vaccines, viral vaccines, purified plant extracts and pro-biotics for pre-clinical, phase 1 to 3 human clinical trials and commercial products for veterinary industry for clients both within Australia and internationally in the United States, Europe and Asia.

In 2017 Luina Bio was the winner of the Queensland Government Export Awards for the Health and Biotechnology Industry and in 2018 was a winner in the Westpac Banking Top 200 Businesses of Tomorrow.

Learn more about Luina Bio <https://luinabio.com.au/>

Safe Harbor Regarding Forward-Looking Statements

This press release contains forward-looking statements. All statements other than statements of historical fact are forward-looking statements, which are often indicated by terms such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “goal,” “intend,” “look forward to,” “may,” “plan,” “potential,” “predict,” “project,” “should,” “will,” “would” and similar expressions. Forward-looking statements are based on management’s beliefs and assumptions and on information available to management only as of the date of this press release. These forward-looking statements involve risks, uncertainties and other factors that could cause Dyadic’s actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Investors are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements. Dyadic expressly disclaims any intent or obligation to update or revise any forward-looking statements to reflect actual results, any changes in expectations or any change in events. Factors that could cause results to differ materially include, but are not limited to: (1) general economic, political and market conditions; (2) our ability to generate the required productivity, stability, purity, performance, cost, safety and other data necessary to carry out and implement our biopharmaceutical research and business plans and strategic initiatives; (3) our ability to retain and attract employees, consultants, directors and advisors; (4) our ability to implement and successfully carry out Dyadic’s and third parties research and development efforts; (5) our ability to obtain new license and research agreements; (6) our ability to maintain our existing access to, and/or expand access to third party contract research organizations in order to carry out our research projects for ourselves and third parties; (7) competitive pressures and reliance on key customers and collaborators; (8) the pharmaceutical and biotech industry, governmental regulatory and other agencies’ willingness to adopt, utilize and approve the use of the C1 gene expression platform; and (9) other factors discussed in Dyadic’s publicly available filings, including information set forth under the caption “Risk Factors” in our December 31, 2018 Annual Report filed with the SEC on the Form 10-K on March 27, 2018. New risks and uncertainties arise from time to time, and it is impossible for us to predict these events or how they may affect us.

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