

What You Now Have

Draft Agreement: /context/business/mokai/docs/contracts/MOKA
I-Shareholders-Agreement-DRAFT.md

Key Features

Structure: ~2000 lines, 39 clauses + 4 schedules

- Based on proven 18fifty3 template
- Fully adapted for cybersecurity prime contractor model
- All Indigenous business compliance requirements integrated

Novel Cybersecurity Provisions (Not in 18fifty3)

1. Security Clearance Management (Clause 11 + Schedule 4)

- Mandatory clearances for shareholders >10% and all

directors

- 6-month restoration period before compulsory transfer
- PSPF-compliant classified information handling

2. Intellectual Property Framework (Clause 24)

- Default company ownership for work product
- SaaS product commercialization provisions
- Individual ownership exceptions for personal research
- IP valuation in fair value determinations

3. Subcontractor & Vendor Governance (Clause 28)

- Key subcontractor approval (\$100K threshold)
- Quality assurance requirements
- Vendor partnership management
- Commission disclosure requirements

4. Indigenous Business Compliance (Clause 29)

- Hard 51% ownership threshold with automatic protections
- Quarterly monitoring requirement
- Unanimous approval for status-affecting decisions
- Annual reporting obligations

5. Enhanced Insurance (Schedule 3)

- Professional indemnity: \$20M minimum
- Cyber liability: \$10M minimum
- 7-year tail coverage requirement
- Subcontractor insurance verification

Key Adaptations from 18fifty3

| Element | 18fifty3

| MOKAI

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| Business Activity |

Aviation/construction/environmental | Cybersecurity

consulting, prime contractor, SaaS products |
| Social Purpose | Indigenous aviation employment
| Indigenous cybersecurity workforce, digital sovereignty
|
| Competition Restraint | NSW/ACT, 3 years
| Australia-wide, 2 years, exemptions for existing roles
|
| Share Structure | 8 complex classes (A-H)
| Simplified ordinary + preference shares
|
| Special Provisions | None
| Security clearances, IP framework, Indigenous compliance
|

Before Execution - CRITICAL STEPS

6. Customization Required (All [INSERT] Fields)

- Company ACN and address
- Shareholder names and details
- Director appointments
- Dollar thresholds (\$50K, \$100K, \$250K)
- Security clearance levels (SECRET vs TOP SECRET)
- Complete Schedule 1 shareholding (must = 100%, ≥51% Indigenous)

2. Legal Review Required

- Cybersecurity industry lawyer - professional services, government contracting
- Indigenous business law specialist - IPP and Supply Nation compliance
- Tax advisor - IP commercialization implications
- Insurance broker - verify coverage levels appropriate

3. Shareholder Discussions

Address 20 key questions from analysis including:

- Security clearance requirements (SECRET vs TOP SECRET?)
- Competition restraint scope (keep Australia-wide?)
- Existing business exemptions (what to exempt?)
- Dollar thresholds (appropriate for MOKAI's size?)
- Drag-along percentage (keep 85% or adjust?)

Key Protection Mechanisms

- ✔ Indigenous Ownership - Hard 51% threshold, automatic transfer restrictions, quarterly monitoring
- ✔ Security Clearances - Multiple cleared directors, 6-month restoration period, compulsory transfer fallback
- ✔ Intellectual Property - Clear ownership rules, SaaS commercialization, IP register, client contract provisions

- ✔ Prime Contractor Model - Subcontractor approval, quality assurance, liability allocation, vendor governance
- ✔ Fair Valuation - Cybersecurity-specific factors: tools, methodologies, government contracts, Indigenous status premium

The agreement successfully transforms the aviation business structure to cybersecurity consulting while preserving Indigenous procurement advantages and enabling future SaaS product development. Ready for customization and legal review!

MOKAI PTY LTD

DIRECTORS AND SHAREHOLDERS AGREEMENT

DRAFT DOCUMENT - FOR REVIEW PURPOSES ONLY

IMPORTANT NOTICES:

1. This is a DRAFT document prepared for discussion and review purposes only
2. This document has NOT been reviewed by qualified legal counsel
3. DO NOT EXECUTE this agreement without proper legal review
4. Engage qualified legal counsel specializing in:
 - Cybersecurity industry law
 - Indigenous business law and IPP compliance
 - Corporate governance
5. This draft is based on adaptation analysis and requires customization for specific circumstances

Document Control

| Version | Date | Status | Author |
|---------|------------|--------|--------------------|
| 0.1 | 2024-01-27 | DRAFT | AI Legal Assistant |

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SCHEDULES

- Schedule 1 - Shareholding
- Schedule 2 - Competition Restraint
- Schedule 3 - Insurance Requirements
- Schedule 4 - Security Clearance Requirements

THIS AGREEMENT dated [INSERT DATE]

BETWEEN

MOKAI PTY LTD ACN [INSERT ACN] of [INSERT ADDRESS] (Company)

AND

[INSERT SHAREHOLDER NAMES AND DETAILS] (Shareholders)

BACKGROUND

- A. The Company was incorporated as a proprietary company on [INSERT DATE] with issued capital of \$[INSERT AMOUNT] represented by [INSERT NUMBER] ordinary shares, each with a par value of \$[INSERT VALUE].
- B. The shares are issued and are beneficially owned by the shareholders in the numbers and classes set out in this agreement.
- C. The Company operates as an Indigenous-owned technology consultancy providing cybersecurity services, government compliance consulting, and technology advisory services primarily to Australian government and enterprise clients.
- D. The shareholders acknowledge that various sections of the Corporations Act 2001 prescribe rules that create rights and obligations of the Company, its shareholders and its officers. The Act permits some of these rules ('replaceable rules') to be replaced by the constitution of a company. The Act also permits the shareholders to override any replaceable rule or provision of the constitution by agreement between the shareholders.
- E. The parties have agreed to enter into this agreement for the purpose of regulating their rights, protecting the Company's Indigenous business status, managing intellectual property and security clearance requirements, and ensuring the orderly succession of the control of the Company.
-

OPERATIVE PART

1. INTERPRETATION

1.1 Governing Law

This agreement is governed by the laws of New South Wales and the parties submit to the non-exclusive jurisdiction of the courts of that state.

1.2 Rules of Interpretation

In the interpretation of this agreement:

- (a) References to legislation or provisions of legislation include changes or re-enactments of the legislation and statutory instruments and regulations issued under the legislation;
- (b) Words denoting the singular include the plural and vice versa, words denoting individuals or persons include bodies corporate and vice versa, words denoting one gender include all genders and references to documents or agreements also mean those documents or agreements as changed, novated or replaced;
- (c) Parties must perform their obligations on the dates and times fixed by reference to the capital city of New South Wales;
- (d) Reference to an amount of money is a reference to the amount in the lawful currency of the Commonwealth of Australia;
- (e) If the day on or by which anything is to be done is a Saturday, a Sunday or a public holiday in the place in which it is to be done, then it must be done on the next business day;
- (f) References to a party are intended to bind their heirs, executors, administrators, successors and assigns;

- (g) Obligations under this agreement affecting more than one party bind them jointly and each of them severally; and
- (h) This agreement may be executed using digital signature through electronic communication (including email) and the electronically signed document shall be considered an original and validly executed document, including under the terms of the Corporations Act 2001 (Cth).
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2. DEFINITIONS

In this agreement, unless the context otherwise requires:

- Business** means the business of providing cybersecurity consulting services, technology advisory services, government compliance services, risk management consulting, and related technology services as described in clause 10.1;
- Classified Information** means information classified at PROTECTED, SECRET, TOP SECRET or any other security classification under the Protective Security Policy Framework (PSPF) or any successor framework;
- Competing Business** means any business that provides cybersecurity consulting services, penetration testing, governance risk and compliance services, IRAP assessments, security architecture reviews, or substantially similar services to government or enterprise clients within the Competition Restraint Area;
- Competition Restraint Area** means the geographic area specified in Schedule 2;
- Dispose** means to grant options or rights of pre-emption over, sell, transfer, assign, part with the benefit of, declare a trust of, encumber or deal with;
- Encumbrance** means security interest under the Personal Property Securities Act 2009, pledge, lien, assignment, or any other security arrangement;
- Indigenous Business** means a business that meets the definition requirements under the Indigenous Procurement Policy (IPP) or Supply Nation certification, being a business that is at least 51% owned and controlled by Indigenous Australians;
- Indigenous Ownership Threshold** means a minimum of 51% of the issued shares in the Company being beneficially owned and controlled by persons who are Indigenous Australians as defined under the Commonwealth Electoral Act 1962;
- Insolvency Event** means in relation to a body corporate:
- (i) An administrator of the body corporate being appointed under the Corporations Act;
 - (ii) The body corporate executing a deed of company arrangement;
 - (iii) The body corporate being insolvent within the meaning of the Corporations Act;
 - (iv) The appointment of a receiver or receiver and manager in respect of the body corporate or any part of its property;
- Intellectual Property** or **IP** means all intellectual property rights including patents, trademarks, designs, copyright, trade secrets, know-how, methodologies, processes, software, algorithms, and any other proprietary information or materials;
- Key Subcontractor** means any subcontractor engaged by the Company for services exceeding AUD \$100,000 in aggregate value over any 12-month period, or any subcontractor providing services that are critical to the Company's ability to deliver on major client contracts;

Ordinary Resolution means:

- (i) In relation to a board meeting, a resolution approved by more than 60% in number of those directors present, whether in person or by telephone or audio-visual means, and entitled to vote at a duly convened and held board meeting at which a quorum is present;
- (ii) In relation to a shareholder meeting, a resolution approved by the holders of more than 60% of the issued shares present, whether in person or by proxy or by representative, and entitled to vote at a duly convened and held shareholder meeting at which a quorum is present;

Security Clearance means a security clearance at the level of [SECRET/TOP SECRET] or higher, issued by the Australian Government Security Vetting Agency (AGSVA) or its successor agency;

Special Resolution means:

- (i) In relation to a board meeting, a resolution approved by not less than 75% in number of those directors present, whether in person or by telephone or audio-visual means, and entitled to vote at a duly convened and held board meeting at which a quorum is present; and
 - (ii) In relation to a shareholder meeting, a resolution approved by the holders of not less than 75% of the issued shares present, whether in person or by proxy or by representative, and entitled to vote at a duly convened and held shareholder meeting at which a quorum is present.
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3. SHARE CAPITAL

3.1 Classes of Shares

The shareholders acknowledge the constitution provides that subject to section 259C of the Corporations Act, the board may, on behalf of the Company, issue, grant options over or otherwise dispose of unissued shares to any person on the terms, with the rights, and at the times that the board decides.

3.2 Share Capital Structure

The share capital of the Company may be divided into different classes at such issue price as the directors may from time to time determine. Without prejudice to any rights previously conferred on the holders of any existing shares, shares in the Company may be issued by the directors with such rights, privileges and conditions as the directors determine.

3.3 Share Classes

The capital of the Company comprises:

- (a) Ordinary shares;
- (b) Preference shares (if issued);

3.4 Rights Attached to Ordinary Shares

The holder of ordinary shares hold such shares subject to the following rights, privileges and conditions:

- (a) The right to attend and vote at all meetings of the Company on a show of hands to one vote for every share held and on every poll to one vote for every share held;
- (b) The right to participate in the dividends declared on ordinary shares;
- (c) On a winding up of the Company they rank equally and have the right to repayment of capital and the participation in the division of any surplus assets or profits of the Company after payment to preference shareholders (if any).

3.5 Rights Attached to Preference Shares (if issued)

If preference shares are issued, the holder of preference shares hold such shares subject to the following rights, privileges and conditions:

- (a) The right to attend meetings of the Company but no voting rights except upon a proposal that affects rights attached to the preference shares;
- (b) The right to receive from the profits of the Company a non-cumulative preferential dividend at a rate or dollar amount determined by the directors in priority to the payment of a dividend to ordinary shares;
- (c) The right on redemption and in a winding up of the Company to payment of the capital paid up together with any unpaid dividends in priority to ordinary shares, but with no right to participate in any surplus assets or profits of the Company beyond the return of capital and unpaid dividends.

3.6 Indigenous Ownership Requirement

- (a) Notwithstanding any other provision in this agreement, at all times the Company must maintain the Indigenous Ownership Threshold.
 - (b) Any proposed issue, transfer or dealing with shares that would result in the Company failing to meet the Indigenous Ownership Threshold is prohibited and shall be void.
 - (c) If at any time the Indigenous Ownership Threshold is not met, the directors must take immediate action to remedy the situation including but not limited to:
 - (i) Refusing to register any transfer that caused the breach;
 - (ii) Requiring compulsory transfer of shares under clause 21;
 - (iii) Issuing new shares to Indigenous Australian shareholders to restore the threshold.
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4. SHAREHOLDING

The shareholding of the shareholders as at the date of this agreement is as set out in Schedule 1 and, to the extent that any of these shares have not yet been allotted, the parties agree to do all acts and things necessary to cause those shares to be allotted as soon as possible.

5. ALLOTMENT OF ADDITIONAL SHARES

5.1 Pre-emptive Rights on New Issue

- (a) No unissued shares may be allotted by the Company unless such shares have first been offered to each shareholder in proportion to their existing shareholding. In the event that any shareholder does not wish to acquire its proportion of the said unissued shares, the other shareholders will be entitled to acquire those shares in equal parts or as otherwise agreed between those shareholders.
- (b) In the event that some or all of the shares are not acquired by the shareholders, the Company may allot those shares to a person who is not a shareholder on terms which are no more favourable than those offered to the shareholders.

5.2 Indigenous Ownership Protection

Any allotment of new shares must maintain or improve the Indigenous Ownership Threshold. The board must not allot shares to non-Indigenous persons if such allotment would cause the Indigenous Ownership Threshold to fall below 51%.

6. NEW SHAREHOLDERS TO SIGN AGREEMENT

Before any person becomes a shareholder, either by the allotment of new shares or the transfer of existing shares, that person must first enter into and execute an agreement upon the same terms and conditions as this agreement, or as may be specifically varied by all current shareholders and the directors of the Company, but including the new shareholder as one of the shareholders.

7. COMPANY OFFICERS

7.1 Directors

The shareholders agree to procure the appointment of each of the following persons as directors of the Company:

[INSERT DIRECTOR NAMES]

7.2 Managing Director / Chief Executive Officer

[INSERT NAME(S)] will be the [Managing Director/Chief Executive Officer] of the Company until they resign, retire, die or are replaced by a special resolution of the board. They will be responsible for the management and operation of the Company. No action or decision may be taken by the managing director/CEO in relation to any matter which requires a resolution of the board or the shareholders until such resolution has been passed.

7.3 Secretary

[INSERT NAME] will act as secretary of the Company and they will continue to act as secretary until they resign, retire, die or are removed by an ordinary resolution of the board.

7.4 Alternate Directors

A director may appoint a person to be an alternate director in their place during any period in which the director is incapacitated or is unable to attend a meeting by reason of illness or injury, or is on scheduled vacation or is absent from New South Wales on work-related business.

7.5 Conflict of Interest - Company Officers

A Company officer may not vote or make any decision where a conflict of interest exists and must advise the board immediately a conflict becomes apparent. This includes but is not limited to conflicts arising from:

- (a) Personal financial interests in competing businesses;
- (b) Family relationships with clients, subcontractors or competitors;
- (c) Government contracting opportunities where personal benefit may arise;
- (d) Security clearance issues that may affect Company operations.

7.6 Conflict of Interest - Shareholders

A shareholder who has a conflict of interest in a matter must not vote on that matter at a shareholder meeting and must advise the other shareholders of the conflict immediately it becomes apparent.

8. DIRECTORS TO RESIGN ON SALE OF SHAREHOLDING

8.1 Automatic Resignation

Directors must be shareholders in the Company. If at any time any director sells, transfers or assigns all of their shares in the Company, the director must also tender their resignation as a director of the Company, to be effective simultaneously with the sale, transfer or assignment of the shares. This agreement may be relied upon to evidence such resignation as and from the date of sale, transfer or assignment of the director's total shares in the Company.

9. MEETINGS AND VOTING

9.1 Chairperson

The directors will appoint [INSERT NAME] as chairperson of the board and the chairperson for all shareholder meetings.

9.2 Casting Vote

The chairperson of a board meeting or a shareholder meeting will have a casting vote in the event of an equality of votes.

9.3 Voting at Shareholder Meetings

At a shareholder meeting every person present as a holder of shares which confer voting rights or as a representative, proxy or attorney for them is entitled to one vote for each share held by that person.

9.4 Decisions by Ordinary Resolution

Subject to any provision to the contrary in this agreement or the Corporations Act, all resolutions of the shareholders and directors are to be by ordinary resolution.

9.5 Board Meetings

Unless the directors otherwise agree, a board meeting must be convened at least once every three calendar months and each director is to be given at least seven business days notice of the date and agenda of each meeting.

9.6 Calling of Board Meetings

Any director may at any time convene a meeting of the board and, unless the directors otherwise agree, notice of all board meetings must be communicated to all directors by the secretary in writing.

9.7 Calling of Shareholder Meetings

A meeting of shareholders may be called on 14 days written notice to shareholders by:

- (a) the board;
- (b) a director; or
- (c) shareholders of any class of shares representing at least 5% of the issued capital.

9.8 Minutes

The Company must cause minutes of:

- (a) Each shareholder meeting to be promptly prepared and copies circulated to the shareholders; and
- (b) Each board meeting to be promptly prepared and tabled for approval at the next board meeting and, if approved by the directors present at that board meeting, the chairman is to sign those minutes which then are prima facie evidence of the proceedings and decisions of the board meeting to which they relate.

9.9 Quorum Requirements

The quorum requirement for:

- (a) A shareholder meeting is all shareholders entitled to vote; and
- (b) A board meeting is all directors.

9.10 Adjournment Where Quorum Not Present

- (a) If within 30 minutes from the time appointed for a shareholder meeting or board meeting, a quorum is not present, the meeting will stand adjourned to the same day in the next week at the same time and place, except if that day is a public holiday in which case the meeting will be adjourned to the same time and place on the next business day after that day. No notice of the adjourned meeting is required to be given to those entitled to notice of the meeting.
- (b) If at such adjourned shareholder meeting or board meeting a quorum is not present, then any two or more shareholders or any two directors present will constitute a quorum and may transact the business for which the meeting was called except in respect of any matters which require a special resolution.

9.11 Telephone and Virtual Meetings

If all shareholders or directors agree, their meetings may be held by telephone or by audio-visual means.

9.12 Written Resolutions

Subject to the Corporations Act, if all of the directors or all of the shareholders sign a document containing a statement that they are in favour of a resolution in the terms set out in the document, a resolution in those terms is deemed to have been passed at a board meeting or a shareholder meeting held at the date and time at which the document was last signed by a director or shareholder.

10. MANAGEMENT OF THE COMPANY

10.1 Principal Activity

The shareholders agree that the Company's principal activity will include, but not be limited to:

(a) Providing cybersecurity consulting services including:

- Penetration testing and security assessments
- Governance, risk and compliance (GRC) services
- Information security risk assessments (IRAP)
- Security architecture reviews and design
- Incident response and forensics
- Security operations and monitoring

(b) Acting as prime contractor for technology services including:

- Managing and coordinating subcontractor delivery
- Vendor partnership management
- Technology solution integration
- Quality assurance and client relationship management

(c) Government compliance and advisory services including:

- Essential Eight maturity assessments
- Protective Security Policy Framework (PSPF) compliance
- Privacy and data protection advisory
- Cybersecurity strategy and roadmap development

(d) Technology services including:

- Automation consulting
- Managed security services
- Technology advisory and consulting

(e) Development and licensing of:

- Cybersecurity tools and methodologies
- Software as a Service (SaaS) products
- Intellectual property commercialization

(collectively, the **Business**)

10.2 Social Purpose

The shareholders agree that the Company's social purpose is:

(a) Employment, training and professional development of Indigenous Australians in cybersecurity and technology fields;

(b) Providing pathways for Indigenous Australians to enter and advance in cybersecurity careers through:

- Mentorship and professional development programs
- Security clearance sponsorship and support
- Technical training and certification support
- Career progression opportunities

(c) Supporting digital sovereignty and cybersecurity capability building in Indigenous communities;

- (d) Offering complete cybersecurity and technology solutions to government and enterprise clients through an Indigenous-owned business model;
- (e) Acting as single point of contact and accountability for complex cybersecurity projects while creating opportunities for Indigenous participation in the technology sector;
- (f) Developing Indigenous-owned intellectual property in cybersecurity tools and methodologies;
- (g) Contributing to the economic development and capacity building of Indigenous communities through technology sector participation.

10.3 Shareholder Covenants

Each shareholder covenants with the other shareholders:

- (a) To cooperate and use its reasonable endeavours to ensure that the Business, and its subsidiaries (if any), successfully carry on the Company's operations;
- (b) Not to use confidential information of the Company or any of its subsidiaries in a way which damages, or is reasonably likely to damage the Company, or any of the other shareholders or any of the Company's subsidiaries;
- (c) Not to unreasonably delay any action, approval, direction, determination or decision required of it;
- (d) To make approvals or decisions that are required of it in good faith and in the best interests of the Company, its subsidiaries and the carrying on of the Company's Business as a commercial venture; and
- (e) To be just and faithful in its activities and dealings with the other shareholders and not to act contrary to the interests of the Company or any of the Company's subsidiaries.

10.4 Matters Requiring a Special Resolution of Shareholders

Each of the following matters must not be acted upon by the Company or any shareholder, director or other officer or employee of the Company unless it has first been approved by a special resolution of shareholders:

- (a) Except as specifically contemplated by this agreement:
 - (i) The issue of shares; or
 - (ii) The issue or variation of convertible notes, rights, options or other securities in respect of any shares; or
 - (iii) The variation of any rights attaching to issued or unissued shares; or
 - (iv) Changes to the Social Purpose; or
 - (v) Any amendment to the constitution.
- (b) The sale, disposal or surrender of any asset of the Company or a subsidiary with an aggregate market value in excess of \$[50,000];
- (c) The entering into of any agreement or arrangement with:
 - (i) A shareholder;
 - (ii) An associate, as defined in the Corporations Act, of a shareholder; or
 - (iii) A trust under which a shareholder or an associate of a shareholder may benefit.
- (d) The entering into of any agreement or arrangement that is not arm's length and in the ordinary course of business;
- (e) Any loans to directors or shareholders;

- (f) Any increase in the remuneration package of a director or chief executive officer in excess of 10% per annum;
- (g) The sale of all or a substantial part of the business of the Company or a subsidiary;
- (h) Entry into subcontractor arrangements exceeding \$[250,000] in aggregate value;
- (i) Entry into vendor partnership arrangements where the Company acts as reseller or referrer;
- (j) Development or commercialization of Intellectual Property as a separate business line or product;
- (k) Any transaction or decision that would reasonably be expected to impact the Company's Indigenous Business status or eligibility for Indigenous procurement programs;
- (l) Any transaction or decision that would require Security Clearances at a higher level than currently held by the Company's personnel.

10.5 Employee Arrangements

The directors may review all employment arrangements of all employees and apply any increase or decrease in salary or any change to an employee's role provided at all times the changes made are lawful and reasonable considering the circumstances of the Company and the subject employee.

11. SECURITY CLEARANCE REQUIREMENTS

11.1 Mandatory Security Clearances

- (a) All shareholders holding more than [10%] of issued shares must obtain and maintain a Security Clearance within [12 months] of acquiring shares.
- (b) All directors must obtain and maintain a Security Clearance within [12 months] of appointment.
- (c) The Company must maintain at all times at least [two] directors or senior executives with current Security Clearances.

11.2 Clearance Obligations

- (a) Initial security clearance applications and processing costs will be borne by the Company.
- (b) Ongoing maintenance, renewal and re-verification costs will be borne by the individual shareholder or director.
- (c) All shareholders and directors with Security Clearances must:
 - (i) Immediately notify the Company of any matter that may affect their clearance status;
 - (ii) Cooperate fully with security vetting processes and reviews;
 - (iii) Comply with all requirements of the Protective Security Policy Framework (PSPF);
 - (iv) Maintain eligibility for clearance including citizenship requirements.

11.3 Clearance Verification

- (a) The Company must verify the current status of all Security Clearances annually.
- (b) Any shareholder or director must provide evidence of current clearance status upon request by the board.

11.4 Consequences of Clearance Loss or Suspension

If a shareholder or director loses or has their Security Clearance suspended:

(a) Immediate Consequences:

- (i) Automatic suspension of access to all Classified Information;
- (ii) Removal from participation in any contracts or activities requiring clearance;
- (iii) Suspension of voting rights on matters involving Classified Information;

(b) Restoration Period:

- (i) The affected person has [6 months] to restore their Security Clearance;
- (ii) During this period, the above restrictions remain in effect;
- (iii) The Company must make reasonable efforts to support clearance restoration;

(c) Permanent Loss:

- (i) If Security Clearance is not restored within [6 months], the shareholder is deemed to have received a compulsory transfer notice under clause 21;
- (ii) The affected director must immediately resign from the board;
- (iii) Fair value for compulsory transfer will be determined under clause 22.

11.5 Classified Information Handling

(a) Only shareholders and employees with appropriate Security Clearances may access Classified Information at or below their clearance level.

(b) All Classified Information must be handled in accordance with PSPF requirements including:

- (i) Secure storage and transmission;
- (ii) Need-to-know access restrictions;
- (iii) Proper marking and classification;
- (iv) Approved destruction methods.

(c) Board meetings or shareholder meetings involving Classified Information may only be attended by cleared individuals, and separate resolutions may be required from cleared shareholders only for matters involving classified matters.

11.6 Clearance Requirements Detail

The specific security clearance requirements are set out in Schedule 4.

12. CONSULTANCY OR SERVICES AGREEMENTS

Any officer or employee of the shareholders may enter into a consultancy or services agreement with the Company to provide their services to the Company on such terms and for such fee as is agreed by the Company on an arms-length market basis provided always that:

- (a) The copyright and intellectual property in any material becomes the property of the Company in accordance with clause 24; and
- (b) Any such agreement complies with clause 10.4(c).

13. ACCOUNTS

13.1 Proper Accounts

The Company must keep proper accounting records and accounts as required by the Corporations Act.

13.2 Financial Year

Subject to an ordinary resolution of shareholders to the contrary, the financial year for the Company will be 1 July to 30 June.

13.3 Frequency of Preparation of Accounts

The Company must prepare and provide to each director in respect of the Company and its subsidiaries, as soon as practicable after, and in any event within 30 days after the end of each three month period of a financial year:

- (a) An unaudited monthly cash flow statement for the preceding calendar month;
- (b) An unaudited profit and loss statement for the then current financial year to date; and
- (c) Such statements prepared in reasonable detail using generally accepted accounting principles consistently applied.

13.4 Annual Accounts

The Company must:

- (a) Cause the accounts to be prepared in relation to each financial year and forwarded to each shareholder within three months after the end of the relevant financial year;
- (b) Ensure that the accounts are prepared in accordance with approved accounting standards and audited by the Company's auditor; and
- (c) Forward copies of the draft form of the accounts to each director as soon as practicable after receipt from the Company's auditor.

13.5 Signing of Accounts

Subject to approval of the accounts by the board, the accounts referred to in clause 13.4 are to be signed by at least one director.

14. BANK ACCOUNTS

The Company shall cause a bank account to be opened in the name of the Company and all money received from the ownership and trading of the business shall be deposited into and paid out of that account only. The Company shall trade and operate the business at all times in a proper and businesslike fashion and at least two of the directors shall be required signatories for amounts exceeding \$[INSERT AMOUNT].

15. SHAREHOLDER LOANS AND SECURITY

15.1 No Obligation to Lend

The Company and each shareholder acknowledge and agree that nothing in this agreement must create an obligation or duty on any shareholder to contribute or lend or otherwise provide any further or future money to the Company. If further capital or loan funds are required by the

Company or the business to be operated by the Company, then the Company must cause a meeting of the shareholders to be called to decide upon whether or not further capital or loan funds will be provided to the Company and, if so, by whom and upon what terms and conditions.

15.2 Form of Funding

Any funding provided by a shareholder may be by subscription for new fully paid shares or by making of loans to the Company.

15.3 Terms of Shareholder Loans

Unless the Company and a shareholder otherwise agree in writing, any loan made by a shareholder to the Company is made on the following terms:

- (a) Each advance by a shareholder is a separate loan;
- (b) Interest shall compound annually on each advance at the target cash rate published by the Reserve Bank of Australia from time to time plus 4%;
- (c) Each advance is repayable on the shareholder ceasing to hold shares;
- (d) The shareholder may in their absolute discretion vary the repayment date in respect of any or all advances made by that shareholder by giving the Company at least 60 days written notice. Such variation shall take effect at the end of the notice period;
- (e) The Company may make a payment of interest or repayment of any part of an advance at any time;
- (f) If the Company makes a payment without identifying the advance to which the payment is to be applied, the payment shall be applied to the oldest advance first;
- (g) If the Company makes a payment without specifying that it be applied to principal, it must be applied to accrued interest and only the residue applied to the principal;
- (h) By accepting the first advance from the shareholder, the Company creates a charge for that amount, and any additional advances, in favour of the shareholder on the Company's assets.

16. INCONSISTENCY WITH CONSTITUTION

The shareholders and the Company agree that:

- (a) To the extent of any inconsistency between the terms of this agreement and the constitution, the terms of this agreement prevail; and
- (b) The constitution must be interpreted as being modified by and subject to the express terms of this agreement.

17. THIRD PARTY INTEREST IN SHARES

Each shareholder agrees that it may not, without the written consent of each other shareholder, give or create an interest in any shares including by declaring a trust or giving an option to purchase, right of pre-emption, security interest under the Personal Property Securities Act or other encumbrance.

18. COVENANT AGAINST ENCUMBERING

No shareholder is entitled to charge, secure, encumber, mortgage or create a lien over or with respect to the shares they hold in the Company without the prior written consent of the Company and the other shareholders.

19. TRANSFER OF SHARES

19.1 Restrictions on Transfer

No shares may be disposed of and the Company must not register a transfer of shares, nor acknowledge that any person has any right in respect of any shares, unless and until:

- (a) The transferee replaces any existing shareholder loans made by the transferor shareholder;
 - (b) The transferee first executes and delivers to the Company and each of the other shareholders, a deed agreeing to be bound by the terms and conditions of this agreement, and agreeing to assume the obligations of the transferor shareholder under the constitution and this agreement;
 - (c) If the transferee is a Company, each of the directors and shareholders of the transferee executes a deed agreeing to be bound by the obligations of a covenantor under this agreement;
 - (d) The transfer will not result in the Company failing to meet the Indigenous Ownership Threshold;
 - (e) If the transferee will hold more than [10%] of issued shares, evidence is provided that they either:
 - (i) Currently hold an appropriate Security Clearance; or
 - (ii) Are eligible and willing to obtain a Security Clearance within [12 months];
 - (f) The pre-emptive rights procedures in clause 20 have been complied with or do not apply.
-

20. PRE-EMPTIVE RIGHTS

20.1 Transfer Notices

Before disposing of its shares, the transferor shareholder must give a transfer notice to the Company specifying:

- (a) The number of transfer shares to be disposed of, which may be all or part of the shares held; and
- (b) The price at which the transferor shareholder is willing to sell the transfer shares.

20.2 Agent Appointment

The transfer notice will appoint the Company the agent of the transferor shareholder for the sale of the transfer shares at the transfer price during the transfer period to all other shareholders, and will not be revocable except with the consent of all other shareholders.

20.3 Notice to Other Shareholders

Within ten business days after the receipt of a transfer notice, the Company must serve a copy of it on all other shareholders.

20.4 Transfer Price

(a) If the price stated in the transfer notice is accepted by all of the other shareholders within ten business days of the transfer notice being served, such price will be the transfer price.

(b) If such price is not so accepted, the fair value of the transfer shares will be determined in accordance with clause 22 and will then constitute the transfer price.

20.5 Transfer Period

The transfer period will be 60 days after acceptance of the price or the determination of the fair value.

20.6 Offer of Transfer Shares

Promptly following determination of the transfer price, the transfer shares must be offered by the Company by notice in writing to all other shareholders pro rata to their holdings. Such offer will be open for acceptance at any time within the transfer period. Every such offer must specify:

- (a) The total number of transfer shares;
- (b) The number of shares in the shareholder's pro rata transfer entitlement; and
- (c) The transfer price.

Each offer must be accompanied by a form to be completed, indicating acceptance of the pro rata entitlement and, if any, the number of shares in excess of such pro rata transfer entitlement the shareholder would wish to purchase.

20.7 Acceptance of Offer

(a) A shareholder may apply for only some of the transfer shares within the transfer period, and the transferor shareholder will be bound upon payment to transfer that number of transfer shares to the shareholder as it has applied for.

(b) If any shareholders do not accept the full amount of transfer shares in their pro rata transfer entitlement, any transfer shares not so accepted will be used to satisfy requests from other shareholders as nearly as may be in proportion to their requests for transfer shares in excess of their pro rata transfer entitlement.

(c) The directors must immediately give notice of such allocations to the transferor shareholder and the shareholders to whom the transfer shares have been allocated, and must specify in the notice the place and time, being within 60 days after the date of such notice, at which the sale of the transfer shares so allocated will be completed. The transferor shareholder will be bound upon payment to transfer the transfer shares so allocated to the relevant shareholders.

20.8 Transfers to Third Parties

If by the end of the transfer period the directors have not received acceptances from shareholders for all the transfer shares, then they must immediately give notice in writing of that fact to the transferor shareholder. The transferor shareholder will then be entitled at any time within 90 days after the date of the directors' notice to sell and transfer all of the remaining transfer shares, which have not been accepted, to any person at any price, being not less than the transfer price, subject to compliance with clauses 19.1(d) and (e).

20.9 Attorney for Transferor Shareholder

- (a) A transferor shareholder, having become bound to transfer any shares pursuant to this agreement, must deliver to the shareholders duly executed transfers in respect of such shares in favour of the shareholders against payment by them of the price. If the transferor shareholder defaults in transferring the same, any director is irrevocably and unconditionally appointed as the attorney of the transferor to complete and execute the necessary instrument of transfer of such shares and may deliver them on their behalf. The Company will receive the purchase money on trust for the transferor shareholder, and will cause the shareholders to be registered as the holder of such shares.
 - (b) The Company will not be bound to earn or pay interest on any money so held on behalf of the transferor shareholder, and will not pay such money to the transferor shareholder until it has delivered its share certificates, or an appropriate indemnity in respect of any lost certificates, to the Company. The receipt of the Company for such purchase money will be a good discharge to the transferor shareholder.
 - (c) Upon the transfer of any shares pursuant to the provisions of this agreement, the transferor shareholder will be entitled to all dividends and interest accrued in relation to those shares up to the date of transfer. Any amount paid to either the transferor shareholder or transferee shareholders in excess of such entitlement must be held on trust for the other.
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21. COMPULSORY TRANSFER OF SHARES

21.1 Deemed Transfer Notice

Where any of the following events apply to a shareholder, that shareholder will be deemed to have given a transfer notice in respect of all of their shares at the fair value:

- (a) A change in the persons having the effective control of the shareholder that is a corporation or trust;
- (b) The shareholder dying;
- (c) The shareholder being declared bankrupt;
- (d) A receiver being appointed to the shareholder;
- (e) A liquidator being appointed to the shareholder;
- (f) A compulsory transfer event under clause 21.2;
- (g) Loss of Security Clearance for more than [6 months] where the shareholder holds more than [10%] of issued shares (per clause 11.4);
- (h) Any action or circumstance that results or would result in the Company failing to meet the Indigenous Ownership Threshold.

21.2 Compulsory Transfer Events

A compulsory transfer event occurs when:

- (a) The shareholder fails to observe or perform the provisions of this agreement in a way which the majority of directors consider has, or could reasonably be expected to have, a substantial adverse effect upon the Company and the failure continues unremedied for a period of 30 days after receipt of a notice from the board requiring that it be remedied; or

(b) The shareholder materially breaches clause 27 (No Interest in Competing Business); or

(c) The shareholder materially breaches the confidentiality provisions in clause 34 or the security clearance requirements in clause 11.

21.3 Board Appointment of Expert

Within 20 days of the issue of a deemed transfer notice, the board must appoint an expert to determine the fair market value of the transfer shares in accordance with clause 22.

22. DETERMINATION OF FAIR VALUE

22.1 Determination by Expert

(a) If this agreement provides for the fair value of any shares to be determined, the value must be as agreed or, failing agreement, determined by an expert appointed by the CEO for the time being of the Australian Disputes Centre.

(b) The fair value of the shares will be the value determined by the expert who will act as an expert and not an arbitrator.

(c) The fair value of the relevant shares will be determined as at the date on which the transfer notice or deemed transfer notice is given. The expert must determine the fair value of the relevant shares within 30 business days of the date of their appointment and must provide a copy of their valuation to each shareholder.

(d) The expert's determination is binding on the shareholders.

(e) The expert so appointed may appoint a recognised, experienced and qualified valuer to determine the value of any particular asset of the Company.

22.2 Matters to Which the Expert Must Have Regard

Where an expert is appointed, the expert:

(a) Must not apply a discount for minority holdings;

(b) Must have regard to the rights, privileges and limitations attached to the shares;

(c) Must have regard to input from the company accountant [INSERT NAME], or their successor;

(d) Must consider and take into account the business activities and profit recorded in the financial year the valuation takes place and the preceding 3 years;

(e) Must have regard to the following factors, in addition to any other factors which they believe should properly be taken into account, based on the best information available at the time:

(i) If an offer has been made to acquire at least 75% of the shares, the particulars of that offer;

(ii) The prospects of the Company's business, including, without limitation, taking into account the continuing association or involvement of any of the principals with the Company and its subsidiaries;

(iii) The value, at a specified capitalisation rate appropriate to the Company's business, of the estimated future maintainable earnings of the Company;

- (iv) The yield which an open-market investor would reasonably require in an acquisition of the shares;
- (v) The net tangible assets of the Company as disclosed in the accounts for the last preceding financial year or, if no accounts of the Company are available, as disclosed in the latest management accounts of the Company;
- (vi) The value of Intellectual Property owned by the Company, including but not limited to:
 - Cybersecurity tools and methodologies developed by the Company;
 - Software as a Service (SaaS) products or platforms;
 - Proprietary processes and frameworks;
 - Customer contracts and relationships;
 - Brand value and market reputation;
- (vii) The value of the Company's government contracts and pipeline;
- (viii) The Company's Indigenous Business status and eligibility for Indigenous procurement programs;
- (ix) Such other matters as the expert considers necessary to arrive at a determination of fair value.

22.3 Cost of Valuation

- (a) The expert's costs for determining the fair value will be paid by the transferor.
 - (b) If a party to this agreement disputes a valuation and is unsuccessful in any proceedings, that party must pay the legal costs of all the shareholders on a solicitor-client basis, including the expert's costs of defending their valuation.
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23. DRAG ALONG AND TAG ALONG RIGHTS

23.1 Drag Along Rights

If shareholders with [85%] or more shares in the Company (majority shareholders) receive a bona fide offer for the purchase of their shares and the other shareholders, having been notified of the offer, have not exercised their pre-emptive rights to acquire such shares, then the majority shareholders may require the holders of all other shares (minority shareholders) to join in the sale and sell their shares on the same terms.

23.2 Tag Along Rights

Likewise the minority shareholders, or any one of them, may require that their shares be included in the sale on the same terms as the majority shareholders.

23.3 Bona Fide Offer Definition

- For purposes of this clause an offer is a bona fide offer if:
- (a) Should the majority shareholders exercise their drag along rights or the minority shareholders exercise their tag along rights, the sale price for each share is equal to or greater than fair value as determined under clause 22;
 - (b) The purchaser has been verified as meeting requirements to maintain the Indigenous Ownership Threshold or the sale includes appropriate arrangements to maintain that threshold;

(c) If the purchaser will control more than [10%] of shares, evidence has been provided of current or obtainable Security Clearances.

23.4 Notice Period

To provide the minority shareholders with the opportunity to assess the proposed transaction, at least 14 days written notice containing comprehensive details of the sale must be given, and within 14 days of the expiry of that 14 day period, notice of the exercise of the drag along, or the tag along right must be given.

23.5 Adequate Information

In the event that insufficient details of the sale are provided in the notice, then the 14 day period for exercise of the drag along or tag along rights extends to 14 days after full details of the sale are provided sufficient to enable the minority shareholders to properly assess the proposed sale, the credentials, reputation and financial standing of the purchaser, and the price and other terms of sale.

23.6 Oppression Protection

In the event of the exercise of the drag along rights then the minority shareholders must join in the sale, unless they are able to establish that the proposed sale is an oppression of a minority according to the principles understood in the law relating to corporations.

24. INTELLECTUAL PROPERTY RIGHTS

24.1 Company Ownership (Default Rule)

Subject to clauses 24.2 and 24.3, all Intellectual Property created, developed, discovered or reduced to practice by any shareholder, director, employee, contractor or subcontractor in connection with the Business belongs to the Company where such Intellectual Property:

- (a) Is developed during company time or using company resources;
- (b) Is created using Classified Information or confidential client information;
- (c) Relates directly to the Company's business activities or services;
- (d) Is funded by the Company or client contracts;
- (e) Is derived from or builds upon the Company's existing IP;
- (f) Constitutes cybersecurity tools, methodologies, frameworks, software, or processes used in service delivery.

24.2 Individual Shareholder Ownership

A shareholder retains ownership of Intellectual Property only where:

- (a) It is created entirely outside of business hours and without use of company resources;
- (b) It uses only publicly available information;
- (c) It does not compete with or relate to the Company's services or Business;
- (d) It is not derived from work performed for the Company or its clients;

(e) The shareholder can demonstrate it is pre-existing IP brought to the Company, with documentation establishing prior ownership.

24.3 Joint Ownership

Intellectual Property may be jointly owned by the Company and one or more other parties where:

- (a) It is developed in partnership with external entities under formal collaboration agreements;
- (b) Multiple parties make substantial contributions that cannot be separated;
- (c) The parties agree in writing to joint ownership with specified revenue sharing or licensing terms.

24.4 Assignment

- (a) Each shareholder, director, employee and contractor hereby assigns to the Company all right, title and interest in and to any Intellectual Property that falls within clause 24.1.
- (b) Each shareholder agrees to execute such documents and do such things as may be necessary to give effect to this assignment.
- (c) The Company must maintain a register of assigned Intellectual Property.

24.5 Moral Rights Consent

To the extent permitted by law, each shareholder and creator of Intellectual Property for the Company consents to:

- (a) The Company using the IP in any way it sees fit;
- (b) Any modifications, adaptations or alterations to the IP;
- (c) The Company licensing, commercializing or otherwise exploiting the IP;
- (d) Not being identified as the creator of the IP where the Company determines this is appropriate.

24.6 Commercialization and Licensing

- (a) The Company may commercialize, license, or otherwise exploit Company-owned Intellectual Property through:
 - (i) Direct licensing to third parties;
 - (ii) Development into Software as a Service (SaaS) products;
 - (iii) Sale or exclusive licensing of IP assets;
 - (iv) Incorporation into consulting services;
 - (v) Spinout companies or joint ventures.
- (b) Revenue generated from IP commercialization will be treated as company revenue and distributed to shareholders according to their shareholding.
- (c) Decisions to commercialize IP as a separate product line or through a spinout entity require a special resolution of shareholders under clause 10.4(j).

24.7 Right of First Refusal

Where a shareholder owns Intellectual Property under clause 24.2 that could reasonably be used in the Company's Business:

(a) The shareholder must offer the Company a right of first refusal to license or acquire the IP on commercially reasonable terms;

(b) The Company has 30 days to accept or decline the offer;

(c) If the Company declines, the shareholder is free to use or license the IP to third parties, subject to clause 27 (No Interest in Competing Business).

24.8 Protection of IP

(a) The Company must take reasonable steps to protect its Intellectual Property including:

(i) Maintaining confidentiality of trade secrets and know-how;

(ii) Registering patents, trademarks and designs where appropriate;

(iii) Using appropriate copyright notices;

(iv) Implementing access controls and security measures;

(v) Requiring confidentiality agreements with employees, contractors and subcontractors.

(b) All shareholders must assist the Company in protecting IP including providing evidence, testimony or documentation as required.

24.9 Client IP

(a) Where the Company provides services under contracts that specify client ownership of deliverables or IP, such provisions take precedence over this clause 24.

(b) The Company should where possible negotiate to retain ownership of underlying tools, methodologies and frameworks while granting clients rights to specific deliverables.

(c) Any contract that assigns Company IP to clients in a manner that would materially diminish the Company's IP portfolio requires approval by ordinary resolution of the board.

25. COMPETITION RESTRAINT

25.1 Acknowledgement

Each shareholder acknowledges and agrees with the Company and each other that the competition restraint in this clause is necessary to protect:

(a) The Company's client relationships and goodwill;

(b) The Company's Intellectual Property and proprietary methodologies;

(c) The Company's investment in developing the Business and market presence;

(d) The Company's Indigenous Business status and competitive advantages;

(e) The future value and return to the Company and its shareholders of its investment, development, management, operation, trading and marketing of the Business.

25.2 Restraint During Shareholding

At any time whilst they are a shareholder, each shareholder covenants and warrants to the Company and other shareholders that they must not, directly or indirectly and whether solely or jointly with others, be engaged, concerned, employed or interested in any Competing Business within the Competition Restraint Area, except:

- (a) As a shareholder in a company quoted on the Australian Stock Exchange holding less than 5% of issued shares;
- (b) With the prior written consent of all other shareholders;
- (c) In respect of business activities or roles existing at the date of this agreement and disclosed in Schedule 2.

25.3 Post-Shareholding Restraint

After they cease to be a shareholder or otherwise associated with the Company, each former shareholder covenants and warrants to the Company and continuing shareholders that they must not, directly or indirectly and whether solely or jointly with others, be engaged, concerned, employed or interested in any Competing Business within the Competition Restraint Area for the period stated in Schedule 2.

25.4 Geographic Scope and Period

The respective covenants and warranties referred to above apply for the period and in the area stated in Schedule 2, which period and area is expressly acknowledged by each of the shareholders to be no greater than is reasonably necessary to protect the Company's right to enjoy the full benefit of ownership of the Business and its goodwill and Intellectual Property, as well as to protect the future value and return to the Company and its shareholders of its investment, development, management, operation, trading and marketing of the Business.

25.5 Exceptions and Exemptions

Notwithstanding any other provision of this clause, the restraints do not prevent a former shareholder from:

- (a) Being employed in a role that does not directly compete with the Company's services;
- (b) Providing expert witness testimony or advisory services to courts, tribunals or government inquiries;
- (c) Academic teaching, research or publishing on cybersecurity topics;
- (d) Advisory board memberships in non-competing technology companies;
- (e) Activities specifically exempted in Schedule 2.

25.6 Severability of Restraints

If any part of the competition restraint is held to be void or unenforceable, the parties intend that:

- (a) The restraint should be read down to the maximum extent that is enforceable;
- (b) If the geographic scope is too broad, it should be reduced to the largest area that is enforceable;
- (c) If the time period is too long, it should be reduced to the longest period that is enforceable;
- (d) If the scope of activities is too broad, it should be reduced to the maximum scope that is enforceable.

26. SHAREHOLDERS TO PROMOTE BUSINESS

Each shareholder must at all times do all acts and things reasonably within their respective power and capacity to promote and assist the development of the Business. In the event that the Company employs a shareholder then they must receive all normal entitlements.

27. NO INTEREST IN COMPETING BUSINESS

27.1 Prohibition

No shareholder may have any interest in or be associated with a Competing Business without the prior written consent of all other shareholders.

27.2 Definition of Interest

In this clause, 'have any interest' includes without limitation interests held:

- (a) Personally;
- (b) By members of the shareholder's family;
- (c) Through trusts or companies;
- (d) As a trustee or legal personal representative;
- (e) As an official of any kind;
- (f) As a shareholder, except as shareholder in a company quoted on the Australian Stock Exchange holding less than 5% of issued shares;
- (g) As an appointor or beneficiary;
- (h) By a nominee or attorney.

27.3 Disclosure Obligation

Each shareholder must immediately disclose to all other shareholders:

- (a) Any offer or opportunity to be involved in a Competing Business;
- (b) Any circumstance that may result in them having an interest in a Competing Business;
- (c) Any family member or related entity that commences or is involved in a Competing Business.

27.4 Company Right of First Refusal

If a shareholder becomes aware of a business opportunity relating to the Business, the shareholder must:

- (a) Immediately notify the Company of the opportunity;
 - (b) Provide full details of the opportunity to the board;
 - (c) Not pursue the opportunity personally without first offering it to the Company;
 - (d) Give the Company 14 days to decide whether to pursue the opportunity.
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28. SUBCONTRACTOR AND VENDOR MANAGEMENT

28.1 Subcontractor Approval Process

- (a) The Company may engage subcontractors to deliver services to clients under the MOKAI brand.

(b) Engagement of Key Subcontractors requires:

- (i) Board approval by ordinary resolution;
- (ii) Due diligence on qualifications, experience and reputation;
- (iii) Verification of appropriate insurance coverage;
- (iv) Security clearance verification where required for the engagement.

(c) Engagement of subcontractors other than Key Subcontractors may be approved by management subject to compliance with Company policies.

28.2 Subcontractor Requirements

All subcontractors engaged by the Company must:

- (a) Meet minimum professional qualifications and experience requirements;
- (b) Hold appropriate professional certifications for the services to be provided;
- (c) Maintain professional indemnity insurance at levels specified in Schedule 3;
- (d) Hold Security Clearances at appropriate levels where services involve Classified Information;
- (e) Execute confidentiality and IP assignment agreements with the Company;
- (f) Comply with the Company's quality standards and client requirements;
- (g) Be subject to performance monitoring and regular review.

28.3 Quality Assurance

(a) The Company must maintain quality assurance processes for all subcontracted work including:

- (i) Regular performance reviews;
- (ii) Client satisfaction monitoring;
- (iii) Technical quality assessments;
- (iv) Compliance with professional standards.

(b) The Company must have the right to remove subcontractors who fail to meet quality standards.

(c) All work delivered by subcontractors under the MOKAI brand is subject to Company review and approval before delivery to clients.

28.4 Liability Allocation

(a) As between the Company and its subcontractors, subcontractors are responsible for their own professional negligence or errors.

(b) Subcontractor agreements must include appropriate indemnities in favour of the Company.

(c) The Company remains responsible to clients for all work delivered under the MOKAI brand regardless of whether subcontracted.

28.5 Vendor Partnership Management

(a) The Company may enter into vendor partnership arrangements where MOKAI acts as:

- (i) Reseller of technology products;
- (ii) Referrer receiving commissions on sales;

- (iii) Implementation partner for vendor solutions;
- (iv) Strategic alliance partner.

(b) Entry into strategic vendor partnerships requires:

- (i) Board approval by ordinary resolution;
- (ii) Disclosure of commission structures and financial terms to all shareholders;
- (iii) Assessment of compatibility with Company's Indigenous Business status;
- (iv) Evaluation of potential conflicts with existing client relationships.

28.6 Revenue Sharing

(a) Commission or referral revenue from vendor partnerships is company revenue distributed to shareholders according to shareholding.

(b) Individual shareholders may not accept personal commissions or benefits from vendors in connection with Company business without full disclosure and board approval.

28.7 Conflict Management

Where multiple opportunities exist for the same client need:

- (a) The Company must assess all options based on client best interest;
 - (b) Financial benefits to the Company must be disclosed to clients where material;
 - (c) Shareholder personal interests in vendors must be disclosed and the interested shareholder must not participate in the vendor selection decision.
-

29. INDIGENOUS BUSINESS COMPLIANCE

29.1 Maintenance of Indigenous Status

- (a) The Company must at all times maintain its status as an Indigenous Business under the Indigenous Procurement Policy and Supply Nation certification requirements.
- (b) The Company must comply with all reporting and verification requirements of relevant Indigenous business certification bodies.

29.2 Indigenous Ownership Monitoring

- (a) The board must review Indigenous ownership status quarterly.
- (b) The Company must maintain records demonstrating:
 - (i) Indigenous ownership percentage;
 - (ii) Indigenous control over business decisions;
 - (iii) Indigenous participation in management;
 - (iv) Benefits flowing to Indigenous shareholders.

29.3 Prohibited Transactions

Any transaction, arrangement or decision that would or could reasonably be expected to:

- (a) Reduce Indigenous ownership below the Indigenous Ownership Threshold;
- (b) Transfer effective control to non-Indigenous persons;
- (c) Result in loss of Indigenous Procurement Policy eligibility;

(d) Result in loss of Supply Nation certification;

is prohibited unless approved by [unanimous] vote of all Indigenous Australian shareholders.

29.4 Indigenous Participation

The Company should where commercially reasonable:

- (a) Employ and train Indigenous Australians;
- (b) Engage Indigenous-owned subcontractors and suppliers;
- (c) Support Indigenous professional development in cybersecurity;
- (d) Contribute to Indigenous communities through the Social Purpose.

29.5 Reporting

- (a) The Company must prepare annual reports on:
 - (i) Indigenous ownership and control;
 - (ii) Indigenous employment and training;
 - (iii) Engagement of Indigenous suppliers;
 - (iv) Community benefits provided;
 - (v) Progress against Social Purpose objectives.
 - (b) Such reports must be provided to all shareholders and to Indigenous business certification bodies as required.
-

30. SHAREHOLDER ACKNOWLEDGEMENTS

Each shareholder acknowledges that they are entering into this agreement as an entrepreneurial exercise and after each has conducted their own investigations and assessments as to the potential viability of the Business. Each shareholder has had the opportunity to seek and receive legal, financial or other expert advice or opinion as to the nature and effect of entering into this agreement and the Business generally and has elected to proceed based upon those investigations, assessments, advices and/or opinions and not relying upon any promise, warranty or guarantee made by the Company or any other shareholder, or any agent, servant, or representative of any other shareholder.

31. MEDIATION

31.1 Dispute

If the directors or shareholders are unable to agree on a matter of fundamental importance with regard to the operation of the Company including, but not limited to:

- (a) A matter which requires a special resolution of shareholders; or
- (b) A matter which the directors cannot determine by a vote at a board meeting; or
- (c) A matter which has been referred by the directors to the shareholders for resolution;

and are unable to resolve the dispute within 30 business days of it first arising, they must in good faith endeavour to resolve the dispute expeditiously using informal dispute resolution techniques such as mediation, expert evaluation or determination or similar techniques agreed

by them. If the dispute is not promptly resolved, any shareholder may give notice to the other shareholders of their intention to refer the dispute to mediation.

31.2 Shareholder to Seek Resolution in Good Faith

Where a shareholder gives notice of their intention to refer a dispute to mediation that shareholder must with that notice provide to the other shareholders a memorandum setting out its position on the dispute and its reasons for adopting such a position.

31.3 Compulsory Mediation

If the shareholders do not agree within five business days of receipt of that notice as to:

- (a) The dispute resolution technique and procedures to be adopted;
- (b) The timetable for all steps in those procedures; and
- (c) The selection and compensation of the independent person required for such technique;

the shareholders must mediate the dispute in accordance with the mediation rules of the Australian Disputes Centre, with the mediator to be selected and the mediation organised by them or a similar organisation agreed to by all parties.

31.4 Cost of Mediation

The shareholders must bear their own costs of dealing with any dispute and the costs of any expert or mediator will be borne equally by the shareholders.

32. COVENANT BY THE COMPANY

The Company acknowledges the rights and obligations of the shareholders in this agreement. The Company agrees for the benefit of the shareholders, that it will not record a change in membership, incur a liability, confer a benefit or do any act that is inconsistent with the rights and obligations of a shareholder provided for in this agreement.

33. INSURANCE

33.1 Mandatory Insurance

The Company must at all times maintain the following insurance with reputable insurers:

- (a) Professional Indemnity Insurance: minimum coverage of AUD \$[20,000,000];
- (b) Cyber Liability Insurance: minimum coverage of AUD \$[10,000,000];
- (c) Public Liability Insurance: minimum coverage of AUD \$[10,000,000];
- (d) Directors and Officers Insurance: minimum coverage of AUD \$[5,000,000];
- (e) Workers Compensation Insurance as required by law;
- (f) Such other insurance as is usual, proper and necessary for the due and proper ownership, trading and operation of the Company.

33.2 Payment of Premiums

The Company must pay and keep current all premiums necessary for such insurance.

33.3 Specific Requirements

The specific insurance requirements including coverage levels, policy terms, and conditions are set out in Schedule 3.

33.4 Annual Review

The board must review insurance coverage annually and adjust coverage levels as appropriate for the Company's operations and risk profile.

34. CONFIDENTIALITY

34.1 Confidentiality Obligation

Each shareholder and covenantor severally agrees with each other shareholder, and the Company, that all information in relation to the Company or any related body corporate, as defined in the Corporations Act, including trade secrets, operations know-how, any information concerning the organisation, management and finance of the other shareholder or the Company, or any of its related bodies corporate, which is exchanged between them under this agreement, or acquired during the negotiations prior to the execution of this agreement, is confidential and must not be disclosed to any person not being a party to this agreement, except:

- (a) To employees, legal advisers, auditors and other consultants requiring the information for the purposes of this agreement;
- (b) With the consent of the party who supplied the information;
- (c) If the information is, prior to the execution of this agreement, lawfully in the possession of the recipient of the information through sources other than the party who supplied the information;
- (d) If required by law or a stock exchange regulation;
- (e) If the information is or becomes generally and publicly available other than through the default of a party who divulges the information;
- (f) To any prospective purchaser or assignee of a share after such person has signed a confidentiality agreement acceptable to all shareholders.

34.2 Enhanced Confidentiality for Security Information

- (a) In addition to clause 34.1, any information relating to:
 - (i) Classified Information;
 - (ii) Client security vulnerabilities or assessments;
 - (iii) Penetration testing results;
 - (iv) Security clearance information;
 - (v) Cybersecurity tools and methodologies;

must be handled in accordance with the Protective Security Policy Framework (PSPF) and any applicable client confidentiality agreements.

- (b) Disclosure of such information is limited to persons with appropriate Security Clearances and a need to know.

34.3 Term of Confidentiality

The provisions of this clause continue in full force and effect:

- (a) For confidential business information: two years after the termination of this agreement;
 - (b) For Intellectual Property and trade secrets: indefinitely;
 - (c) For Classified Information: in accordance with PSPF requirements, generally indefinitely or until declassified.
-

35. NON-WAIVER

The failure to enforce or insist upon strict observance of any provision of this agreement by a shareholder against the others will not constitute or be construed as a waiver of any breach of this agreement.

36. EXCLUSION OF IMPLIED RELATIONSHIPS

The shareholders agree that:

- (a) Their rights, duties and obligations under this agreement are several and not joint, or joint and several;
 - (b) Nothing in this agreement constitutes or may be construed as constituting any shareholder as the partner, agent, employee or representative of any other shareholder or the Company;
 - (c) No shareholder has power to incur obligations on behalf of, or pledge the credit of, the other shareholders in any way;
 - (d) Except as provided in this agreement, no shareholder has authority to act for, or to create, and or assume any responsibility or obligation for the other shareholders;
 - (e) Each shareholder agrees to indemnify the other shareholders and the Company from and against any and all losses and liabilities arising out of any breach of this agreement.
-

37. TERM OF AGREEMENT

37.1 Term

This agreement continues in force and effect until:

- (a) Terminated by written agreement between the shareholders and the Company; or
- (b) All of the shares are beneficially held by one party; or
- (c) The liquidation of the Company.

37.2 Continuing Rights

Termination of this agreement does not extinguish, or otherwise affect, any rights of any party to this agreement against the other which:

- (a) Accrued before the time at which this agreement terminated; or

(b) Otherwise relate to or may arise at any future time from any breach, or non-observance of obligations under this agreement, which arose before the time at which this agreement terminated.

38. NOTICES

Any notice or other communication required or permitted to be given under this agreement will be in writing and delivered to that party:

- (a) Delivered personally; or
- (b) Posted to their address when it will be treated as having been received on the second business day after posting; or
- (c) Sent by email to their email address, when it will be treated as received when it enters the recipient's information system.

The addresses and email addresses for notices are:

[INSERT SHAREHOLDER DETAILS]

39. MISCELLANEOUS

39.1 Remedies

Each party to this agreement acknowledges and agrees that if any of them breach any of their undertakings and obligations, or the purposes of this agreement, or the agreed terms, on each of their parts contained in this agreement, damages may not be an adequate remedy and the agreed terms will be enforceable by injunction, order for specific performance or such other equitable relief as a court of competent jurisdiction may award.

39.2 Waiver

A waiver of a provision of, or right under, this agreement is effective only if it is in writing signed by the party granting the waiver.

39.3 Invalidity

The parties to this agreement agree and acknowledge that each of the clauses of this agreement are separate, severable and enforceable. In the event that any of the restrictions, terms, conditions, covenants, warranties or other provisions are declared to be void or ineffective, in whole or part, for whatever reason, that part must be severed and the remainder must apply with such modification as may be necessary to make them valid and effective.

39.4 Amendment

This agreement may be amended only by an instrument in writing signed by all the parties to this agreement.

39.5 Counterparts

This agreement may be executed in any number of counterparts and all such counterparts taken together will be deemed to constitute one and the same instrument, and the date of the agreement will be the date on which it is executed by the last party.

39.6 Assignment

No shareholder may assign its rights or obligations under this agreement to any person, without the prior written consent of all the shareholders and the Company.

39.7 Costs

Each party to this agreement must bear its own costs of preparing and executing this agreement, and each shareholder must pay in their respective proportion all duty on this agreement, and on any document executed to give effect to this agreement.

39.8 Entire Agreement

This agreement, together with any documents referred to in this agreement, or executed simultaneously in connection with this agreement, comprises the entire agreement between the parties with respect to the subject matter of this agreement and supersedes all prior understandings, agreements, representations and correspondence with respect to the same.

39.9 Further Assurances

Each party to this agreement will, at its own expense and without additional consideration, upon receipt of a request by another party promptly do such further acts and will execute, acknowledge, deliver and record such other documents and instruments as may be reasonably necessary, or desirable from time to time, to give full effect to this agreement and any transaction contemplated by this agreement.

39.10 Events Beyond Control

A party shall not be liable to any other party for loss caused by failure to observe the terms and conditions of this agreement, where such failure is occasioned by strikes, war, restrictions and prohibitions or other interferences by any government, semi-governmental or local authorities, or any other event beyond the control of that party.

SCHEDULES

SCHEDULE 1 - SHAREHOLDING

| Shareholder | Number of Shares | Percentage | Share Class |
|-------------|------------------|------------|-------------|
| [INSERT] | [INSERT] | [INSERT] | Ordinary |
| TOTAL | [INSERT] | 100% | |

Indigenous Ownership Status:

- Total shares held by Indigenous Australian shareholders: [INSERT]
- Indigenous ownership percentage: [INSERT]% (must be ≥ 51%)

SCHEDULE 2 - COMPETITION RESTRAINT

Geographic Scope

The Competition Restraint Area is: **All states and territories of Australia**

Time Period

The restraint period for former shareholders is: **Two (2) years** from the date of ceasing to be a shareholder

Scope of Restraint

The restraint applies to:

1. Providing cybersecurity consulting services including:
 - Penetration testing and security assessments
 - Governance, risk and compliance (GRC) services
 - IRAP assessments
 - Security architecture and design services
 - Incident response services
2. Acting as prime contractor or intermediary for cybersecurity services to government or enterprise clients
3. Using or commercializing Intellectual Property that is substantially similar to or derived from MOKAI's IP

Existing Business Exemptions

The following existing business interests and activities are exempted from the competition restraint for [INSERT SHAREHOLDER NAME]:

1. [INSERT EXEMPTED ACTIVITIES]
2. [INSERT EXEMPTED ENTITIES]
3. [INSERT EXEMPTED ROLES]

Other Exemptions

The restraint does not prevent:

1. Employment in non-competing technology roles (e.g., software development, IT infrastructure management)
2. Advisory board positions in non-competing technology companies
3. Academic teaching, research or publishing on cybersecurity topics
4. Expert witness testimony or advisory services to courts, tribunals or government inquiries
5. Cybersecurity work for non-competing sectors (e.g., personal cybersecurity consulting, consumer security products) where the target market does not compete with MOKAI's government and enterprise focus

SCHEDULE 3 - INSURANCE REQUIREMENTS

Minimum Coverage Levels

| Insurance Type | Minimum Coverage | Deductible | Notes |
|------------------------|------------------|------------|--------------------------------------|
| Professional Indemnity | AUD \$20,000,000 | \$(INSERT) | Must cover all professional services |

| Insurance Type | Minimum Coverage | Deductible | Notes |
|----------------------|--------------------|------------|--------------------------------------|
| Cyber Liability | AUD \$10,000,000 | \$(INSERT) | First party and third party coverage |
| Public Liability | AUD \$10,000,000 | \$(INSERT) | Per occurrence |
| Directors & Officers | AUD \$5,000,000 | \$(INSERT) | Including entity coverage |
| Workers Compensation | As required by law | N/A | All states/territories |

Policy Requirements

All insurance policies must:

1. Be issued by insurers with minimum credit rating of [A- / Standard & Poor's or equivalent]
2. Include coverage for services provided by subcontractors acting under MOKAI's direction
3. Name MOKAI PTY LTD as the named insured
4. Provide minimum 30 days notice of cancellation or material adverse change
5. Include extended reporting period (tail coverage) of at least 7 years for professional indemnity

Subcontractor Insurance Requirements

All subcontractors must maintain:

1. Professional Indemnity Insurance: minimum AUD \$5,000,000
2. Public Liability Insurance: minimum AUD \$5,000,000
3. Cyber Liability Insurance: minimum AUD \$2,000,000 (for subcontractors handling sensitive data)
4. Workers Compensation as required by law
5. Certificate of currency to be provided before commencement and annually thereafter

Annual Review

The board must review insurance coverage levels annually considering:

1. Changes in revenue and contract values
2. Nature and complexity of projects undertaken
3. Subcontractor engagement levels
4. Industry standards and client requirements
5. Changes in risk profile or business activities

SCHEDULE 4 - SECURITY CLEARANCE REQUIREMENTS

Mandatory Clearances

Shareholders:

- All shareholders holding ≥ 10% of issued shares must obtain and maintain security clearance at [SECRET / TOP SECRET] level

Directors:

- All directors must obtain and maintain security clearance at [SECRET / TOP SECRET] level

Key Personnel:

- Chief Executive Officer / Managing Director: [SECRET / TOP SECRET]
- [Other key roles]: [INSERT LEVEL]

Clearance Timeline

1. **Initial Clearance:**
 - Application to be submitted within [30] days of appointment/acquisition
 - Target completion within [12] months
 - Company to provide full support and pay initial costs
2. **Renewal:**
 - Clearances to be renewed per AGSVA schedules
 - Responsibility of individual to maintain
 - Company to track and monitor expiry dates

Eligibility Requirements

Persons must meet AGSVA eligibility requirements including:

1. Australian citizenship (both applicant and immediate family members may be assessed)
2. Minimum residency requirements in Australia
3. Character and security assessment criteria
4. Financial probity
5. No adverse associations or activities

Clearance Levels

The Company requires the following clearance levels:

| Level | Description | Required For |
|-----------------------|-----------------------|----------------------------------------------|
| Baseline | Basic vetting | Support staff handling OFFICIAL information |
| NV1 (Secret) | Negative Vetting 1 | Access to SECRET information and systems |
| NV2 (Top Secret) | Negative Vetting 2 | Access to TOP SECRET information and systems |
| PV (Positive Vetting) | Highest level | Special access programs (if required) |

Interim Access

Where appropriate and approved by relevant government agencies, personnel may be granted interim access to classified information while clearance applications are being processed, subject to:

1. Agency approval
2. Appropriate supervision
3. Limitations on access level
4. Time restrictions

Clearance Maintenance

Personnel with clearances must:

1. Comply with ongoing disclosure obligations
2. Report any changes in circumstances affecting eligibility
3. Participate in periodic re-vetting as required
4. Complete mandatory security awareness training
5. Report security incidents or breaches immediately

Clearance Loss Procedures

If a person's clearance is suspended or revoked:

1. **Immediate Actions:**
 - Remove all access to classified systems and information
 - Reassign to non-classified duties if possible
 - Notify affected government clients as required
2. **Restoration Attempts:**
 - Provide reasonable support for restoration efforts
 - Allow [6 months] for restoration
 - Explore alternative roles during restoration period
3. **Permanent Loss:**
 - For shareholders: Compulsory transfer provisions apply (clause 21.1(g))
 - For directors: Immediate resignation required (clause 11.4(c)(ii))
 - For employees: Termination or role change as appropriate

Company Responsibilities

The Company must:

1. Maintain secure facilities meeting PSPF requirements for relevant classification levels
2. Provide security awareness training to all cleared personnel
3. Maintain clearance database and track expiry dates
4. Report security incidents per PSPF requirements
5. Conduct annual review of clearance requirements
6. Budget for clearance sponsorship and maintenance costs

EXECUTION PAGE

SIGNED AS AN AGREEMENT

EXECUTED BY [COMPANY NAME]
ACN [INSERT ACN]

in accordance with section 127 of the Corporations Act 2001:

Director

Name: [INSERT NAME]

Date: _____

Director/Secretary

Name: [INSERT NAME]

Date: _____

SIGNED BY [SHAREHOLDER 1 NAME]

Signature

Name: [INSERT NAME]

Date: _____

SIGNED BY [SHAREHOLDER 2 NAME]

Signature

Name: [INSERT NAME]

Date: _____

SIGNED BY [ADDITIONAL SHAREHOLDERS]

[Repeat execution blocks as needed]

END OF AGREEMENT

IMPORTANT FINAL REMINDERS

- 1. **THIS IS A DRAFT** - Not for execution without legal review
- 2. **Sections marked [INSERT]** require completion with specific details
- 3. **Dollar amounts** need to be customized to MOKAI's circumstances
- 4. **Shareholding percentages** in Schedule 1 must equal 100%
- 5. **Indigenous ownership** must be verified as ≥ 51%
- 6. **Security clearance levels** should be confirmed with AGSVA requirements
- 7. **Insurance amounts** should be verified with insurance broker
- 8. **Competition restraint** should be reviewed with employment lawyer
- 9. **Intellectual Property** clauses should be reviewed with IP specialist
- 10. **Tax implications** should be reviewed with tax advisor

Engage qualified legal counsel before execution.

Document prepared by: AI Legal Assistant
Based on: MOKAI Shareholders Agreement Adaptation Analysis
Date: 2024-01-27
Version: 0.1 DRAFT