
NUHEARA LIMITED

ACN 125 167 133

NOTICE OF GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 9.00am (WST)

DATE: Friday, 14 August 2020

PLACE: Nuheara Limited, 190 Aberdeen Street, Northbridge, Western Australia

The business of the Meeting affects your shareholding and your vote is important.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5.00pm (WST) on 12 August 2020.

BUSINESS OF THE MEETING

NOTICE IS HEREBY GIVEN that a general meeting of the Shareholders of Nuheara Limited ACN 125 167 133 (Company) will be held on Friday, 14 August 2020 at 9.00am (WST) at the offices of Nuheara Limited, 190 Aberdeen Street, Northbridge, Western Australia for the purpose of transacting the following business (**Meeting**).

We encourage you to participate in the Meeting in the manner described below.

AGENDA

RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF CONVERTIBLE NOTE AND SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 1 Convertible Note and 12,500,000 Shares on partial conversion of the Convertible Note on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of Lind or any associates of Lind.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE OF LIND OPTIONS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 24,264,706 Lind Options on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by Lind or any associates of Lind.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or

- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

RESOLUTION 3 – RATIFICATION OF ISSUE OF COLLATERAL SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 20,000,000 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by Lind or any associates of Lind.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

RESOLUTION 4 – RATIFICATION OF PLACEMENT SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 88,235,293 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue or any associates of those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and

- (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

RESOLUTION 5 – RATIFICATION OF ISSUE OF SPP UNDERWRITER OPTIONS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 3,750,000 Options on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue or any associates of those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

RESOLUTION 6 – APPROVAL FOR THE ISSUE OF OPTIONS TO THE HON. CHERYL EDWARDES AM

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 3,000,000 Options to the Hon. Cheryl Edwardes AM (or her nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 6 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- (a) The Hon. Cheryl Edwardes AM (and her nominee/s) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company); or

- (b) an associate of that person or those persons.
- However, this does not apply to a vote cast in favour of this Resolution by:
- (a) a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
 - (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the chair to vote on this Resolution as the chair decides; or
 - (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on this Resolution; and
 - (ii) the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

RESOLUTION 7 – APPROVAL FOR THE ISSUE OF OPTIONS TO DAVID BUCKINGHAM

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 3,000,000 Options to David Buckingham (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution. Provided the Chair is not a Resolution 7 Excluded Party, the above prohibition does not apply if:
 - (a) the proxy is the Chair; and
 - (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- (a) David Buckingham (and his nominee/s) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company); or
- (b) an associate of that person or those persons.

However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the chair to vote on this Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on this Resolution; and
 - (ii) the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

RESOLUTION 8 - APPROVAL OF EMPLOYEE SHARE AND SALARY SACRIFICE PLAN

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 7.2 (Exception 13(b)) and for all other purposes, approval is given for the Company to adopt an employee incentive scheme titled Employee Share and Salary Sacrifice Plan and for the issue of securities under that Employee Share and Salary Sacrifice Plan, on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is eligible to participate in the Employee Share and Salary Sacrifice Plan or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
 - (b) the appointment does not specify the way the proxy is to vote on this Resolution.
- However, the above prohibition does not apply if:
- (a) the proxy is the Chair; and
 - (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

RESOLUTION 9 - APPROVAL OF INCENTIVE OPTION PLAN

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 7.2 (Exception 13(b)) and for all other purposes, approval is given for the Company to adopt an employee incentive scheme titled Incentive Option Plan and for the issue of securities under that Incentive Option Plan, on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is eligible to participate in the Incentive Option Plan or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (iii) a Closely Related Party of such a member; and
 - (b) the appointment does not specify the way the proxy is to vote on this Resolution.
- However, the above prohibition does not apply if:
- (a) the proxy is the Chair; and
 - (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Dated: 8 July 2020

By order of the Board



**Susan Hunter
Company Secretary**

NOTES

VOTING IN PERSON

To vote in person, attend the Meeting at the time, date and place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

CORPORATE REPRESENTATIVES

If your holding is registered in a company name, a corporate securityholder may appoint a person to act as its representative to participate in the teleconference by providing that person with the appropriate 'Appointment of Corporate Representative' (available from the Share Registrar or www.investorcentre.com under the help tab "Printable Forms"). Once completed, this form should be provided to the Company Secretary at investor@nuheara.com prior to the Meeting commencing.

VOTING ENTITLEMENTS

In accordance with Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the Board has determined that, for the purposes of voting at the Meeting, Nuheara Shareholders will be taken to be those persons recorded on the Company's register of members as at 5.00pm (WST) on 12 August 2020.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 6555 9999.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. RESOLUTIONS 1 TO 3 – RATIFICATION OF PRIOR ISSUE OF SECURITIES

1.1 General

On 24 January 2020, the Company announced that it had executed an agreement for a 24 month, \$2,500,000 funding (**Funding Agreement**) with the Lind Global Macro Fund, LP (an entity managed by The Lind Partners) (**Lind**) in the form of 1 secured convertible note with a face value of \$3,000,000 on the terms outlined in Schedule 1 (**Convertible Note**). The financing from Lind improved the Company's balance sheet and allowed the Company to reallocate operating cash flow to facilitate mass production of the Company's new IQbuds² MAX product, which was launched at the Consumer Electronic Show (CES) "Unveiled" event in Las Vegas on 5 January 2020.

The conversion price for the Convertible Note will be:

- (a) for the first 120 days after issue and provided no event of default has occurred, \$0.06 (**Fixed Price**); and
- (b) otherwise, the lesser of:
 - (i) the Fixed Price; or
 - (ii) 90% of the average of the five lowest daily VWAPs during the 20-trading days prior to conversion (**Variable Price**),

(each, a **Conversion Formula**).

The Convertible Note was issued in compliance with listing rule 7.1 on the basis that, applying the Conversion Formula based on the Variable Price as at the time of issue of the Convertible Note, the number of Shares into which the Convertible Note would have converted was within the Company's listing rule 7.1 capacity at the time.

On 5 June 2020, Lind converted \$200,000 of the Convertible Note into 12,500,000 Shares at \$0.016 per Share in accordance with the formula noted above. The remaining face value of the Convertible Note is \$2,800,000.

Set out below is a worked example of the number of Shares that may be issued on conversion of the Convertible Note under Resolution 1, using both the Fixed Price and worked examples of an assumed Variable Price. In determining the assumed Variable Price, the figures chosen as 100% of the average of the five lowest daily VWAPs during the 20-trading days prior to conversion are the closing price of the Shares on 6 July 2020 of \$0.018 and assumed prices which are 25% higher and 25% lower than that price, being \$0.014 and \$0.022.

Assumed VWAP	Assumed conversion price (90% of the average of the five lowest daily VWAPs during the previous 20-trading days)	Number of Shares that may be issued on conversion of the Convertible Note ^{1,2}	Current Shares on issue as at the date of this Notice ³	Dilution effect on existing Shareholders
\$0.014	\$0.013	215,384,615	1,359,811,584	15.8%
\$0.018	\$0.016	175,000,000	1,359,811,584	12.9%
\$0.022	\$0.02	140,000,000	1,359,811,584	10.3%
\$0.060	\$0.054	51,851,851	1,359,811,584	3.8%

Notes:

1. Rounded down to the nearest whole number.
2. Assuming the Convertible Note has a face value of \$2,800,000.
3. There are currently 1,359,811,584 Shares on issue as at the date of this Notice and this table assumes no Options are exercised, no convertible securities are converted (other than the Convertible Note the subject of this Resolution 1) and no other additional Shares are issued.

The Company notes that the above workings are an example only and the actual issue price may differ. This will result in the maximum number of Shares to be issued and the dilution percentage to also differ.

In addition to the limitations on the Company's capacity to issue Shares under the Listing Rules, the Funding Agreement also provides the following protections which may protect Shareholders from excessive dilution:

- (a) if Lind elects to convert the Convertible Note to Shares during the period starting 121 days after issue and ending on the earlier of:
 - (i) 12 months after issue; or
 - (ii) the occurrence of an event of default,

Lind may not give conversion notices in a calendar month for an aggregate exceeding \$200,000 (excluding any conversion at the Fixed Price). This restriction will cease to apply if at any time the market capitalisation is less than \$25,000,000 (being, a Share price of \$0.018 per Share)¹ or more than \$57,000,000 (being, a Share price of \$0.042 per Share)²;
- (b) if Lind converts and the Variable Price is below \$0.02, the Company may elect to satisfy that conversion by payment in cash (instead of Shares) plus a 5% premium;
- (c) Lind may elect to have the conversion satisfied in whole or in part by a reduction in the number of Shares held by Lind as Collateral Shares, instead of by the issue of new shares;
- (d) if the Company is unable to issue the Shares after receiving a conversion notice, Lind may, but is not required to, require the Company to pay an

¹ The market capitalisation price per share assumes that there are 1,359,811,584 Shares on issue.

² The market capitalisation price per share assumes that there are 1,359,811,584 Shares on issue.

amount equal to the number of conversion Shares multiplied by the VWAP per Share on the date of the issue of the conversion notice;

- (e) if an issue of Shares to Lind pursuant to the Funding Agreement would result in Lind acquiring a relevant interest in the Shares which would cause Lind's (and its associates') voting power in the Company to exceed 19.99%, then Lind may, by written notice, require the Company to pay a cash amount equal to the number of new shares which would have been issued to Lind and the VWAP per Share on the date Lind's Shares were due to be issued;
- (f) the Company may redeem some or all of the outstanding Convertible Note (other than that part of the Convertible Note for which Lind has already given a conversion notice to the Company) at any time by giving notice to Lind. The Company must pay Lind the outstanding face value of the Convertible Note plus any other amounts outstanding under the Funding Agreement; or
- (g) within five business days of receiving a redemption notice from the Company, Lind may give a conversion notice to the Company for up to:
 - (i) the lesser of 33% of the face value of the Convertible Note at the time of issue; and
 - (ii) the total amount outstanding under the Funding Agreement (including the outstanding face value of the Convertible Note).

Additionally, the Company issued 24,264,706 unlisted options to Lind on the terms outlined in Schedule 2 (**Lind Options**).

As security for the Convertible Note, the Company agreed to issue 20,000,000 Shares as collateral on the terms outlined in Schedule 3 (**Collateral Shares**).

The funds raised from the issue of the Convertible Note, being \$2,500,000 less transaction fees of \$92,520, have been applied to the mass production and marketing of the recently released IQbuds² MAX and for general working capital purposes.

Lind is not a related party of the Company.

1.2 ASX Listing Rule 7.4

Resolutions 1 to 3 seeks Shareholder ratification for the issue of the securities to Lind as part of the Funding Agreement, which were all issued under the Company's then available placement capacity.

Broadly speaking, and subject to a number of exceptions, ASX Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

ASX Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under ASX Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities into the future without having to obtain Shareholder approval for such issues under ASX Listing Rule 7.1.

To this end, Resolutions 1 to 3 seek Shareholder approval for the issue of the Convertible Note, Shares on conversion of \$200,000 of the Convertible Note, the Lind Options and the Collateral Shares under and for the purposes of ASX Listing Rule 7.4.

If Resolutions 1 to 3 are each passed, the remaining \$2,800,000 Convertible Note (and the underlying Shares into which the Convertible Note would convert), the 12,500,000 Shares issued on conversion of \$200,000 of the Convertible Note, the Lind Options and the Collateral Shares respectively will be excluded in calculating the Company's 15% limit in ASX Listing Rule 7.1, effectively increasing the number of equity securities it can issue without Shareholder approval over the 12 month period following the issue date of the Convertible Note, the 12,500,000 Shares issued on conversion of \$200,000 of the Convertible Note, the Lind Options and the Collateral Shares.

If any of Resolutions 1 to 3 are not passed, then the securities to which that specific Resolution relates will be included in calculating the Company's 15% limit in ASX Listing Rule 7.1, effectively decreasing the number of equity securities it can issue without Shareholder approval over the 12 month period following the issue date of the Convertible Note, the Lind Options and the Collateral Shares.

1.3 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolutions 1 to 3:

- (a) the Convertible Note (Resolution 1), the 12,500,000 Shares issued on conversion of \$200,000 of the Convertible Note (Resolution 1), the Lind Options (Resolution 2) and the Collateral Shares (Resolution 3) were issued to Lind, who is not a related party of the Company;
- (b) the Company issued the following number of securities:
 - (i) 1 Convertible Note (convertible into that number of Shares calculated using the relevant Conversion Formula at the time of conversion) and the 12,500,000 Shares issued on conversion of \$200,000 of the Convertible Note (Resolution 1);
 - (ii) 24,264,706 Lind Options (Resolution 2);
 - (iii) 20,000,000 Collateral Shares (Resolution 3); and
- (c) the terms of the securities are as follows:
 - (i) a summary of the material terms of the Convertible Note is set out in Schedule 1;
 - (ii) The Shares issued on conversion of \$200,000 of the Convertible Note are fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;

- (iii) a summary of the material terms of the Lind Options is set out in Schedule 2;
 - (iv) the Collateral Shares issued are all fully paid ordinary shares in the capital of the Company issued on the terms and conditions as summarised in Schedule 3; and
- (d) the Company issued the securities on the following dates:
- (i) 1 Convertible Note on 3 February 2020;
 - (ii) 12,500,000 Shares on 5 June 2020;
 - (iii) 24,264,706 Lind Options on 3 February 2020; and
 - (iv) 20,000,000 Collateral Shares on 3 February 2020;
- (e) The issue price of the securities is detailed below:
- (i) the Convertible Note was issued for \$2,500,000 (with a face value of \$3,000,000);
 - (ii) the 12,500,000 Shares were issued at \$0.016 per Share being 90% of the average of the five lowest daily VWAPs during the 20-trading days prior to conversion;
 - (iii) the Lind Options were issued for nil additional consideration, as part of the consideration payable under the Funding Agreement, if the Lind Options are exercised, the Company will receive the proceeds of that number of exercised Options being a maximum of \$1,213,235;
 - (iv) the Collateral Shares were issued for nil additional cash consideration, as security to Lind for the Convertible Note; and
- (f) the Company:
- (i) used the funds raised from the issue of the Convertible Note for the mass production and marketing of the recently released IQbuds² MAX including manufacturing costs, Direct To Consumer (online) advertising expenditure, and for general working capital purposes; and
 - (ii) did not receive any funds from the issue of the Lind Options and Collateral Shares as the Lind Options and Collateral Shares were issued for nil consideration;
- (g) the Company surveyed the range of alternatives, including engaging with its advisers and making enquiries of other ASX listed companies which had recently raised funding as to funding sources they had explored, to meet the Company's need for near term funding to improve the Company's balance sheet and allow the Company to reallocate operating cash flow to facilitate mass production of the Company's new IQbuds² MAX product. In challenging markets, the financing from Lind was the most cost effective and efficient funding source identified, and indeed the only realistic funding source the Company was able to identify

at the time to provide funding within the required time frame on terms which the Company considered to be in the best interests of the Company. Collateral shares were issued to Lind because this was a term required by Lind in order for it to be willing to provide the funding; and

(h) a voting exclusion statement is included in Resolutions 1 to 3 of the Notice.

2. RESOLUTION 4 – RATIFICATION OF ISSUE OF PLACEMENT SHARES

2.1 General

As announced on 4 May 2020, the Company undertook a Share Purchase Plan to raise \$2.5 million (**SPP**). Canaccord Genuity (Australia) Limited (**Canaccord**) agreed to underwrite the SPP so that the Company raised not less than \$1.5 million under the SPP. The results of the SPP were announced to ASX on 1 June 2020. 176,865,999 Shares were issued to eligible Shareholders on 1 June 2020 under the SPP at \$0.017 per Share raising a total of \$3 million before costs. Given the success of the SPP, Canaccord were not required to underwrite the SPP as more than \$1.5 million was raised under the SPP. On 1 June 2020 the Company also announced that Canaccord had agreed to a \$1.5 million placement of Shares at the SPP issue price of \$0.017 per Share to raise a further \$1.5 million before costs (**Placement**) under the Company's available Listing Rule 7.1A placement capacity. The total amount raised from the SPP and the Placement was approximately \$4.5 million.

2.2 ASX Listing Rule 7.1A

ASX Listing Rule 7.1A provides that in addition to issues permitted without prior shareholder approval under ASX Listing Rule 7.1, an entity that is eligible and obtains shareholder approval under ASX Listing Rule 7.1A may issue or agree to issue during the period for which the approval is valid a number of quoted equity securities which represents 10% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period as adjusted in accordance with the formula in ASX Listing Rule 7.1.

Where an eligible entity obtains shareholder approval to increase its placement capacity under ASX Listing Rule 7.1A then any ordinary securities issued under that additional placement capacity:

(a) will not be counted in variable "A" in the formula in ASX Listing Rule 7.1A; and

(b) are counted in variable "E",

until their issue has been ratified under ASX Listing Rule 7.4 (and provided that the previous issue did not breach ASX Listing Rule 7.1A) or 12 months has passed since their issue.

By ratifying the issue the subject of Resolution 4, the base figure (ie variable "A") in which the Company's 15% and 10% annual placement capacities are calculated will be a higher number which in turn will allow a proportionately higher number of securities to be issued without prior Shareholder approval. If the ratification of the issue of Placement Shares the subject of Resolution 4 is not passed by Shareholders, it will reduce the Company's capacity to issue equity securities without shareholder approval for the 12 months following the issue of the Shares.

2.3 Technical information required by ASX Listing Rule 7.5

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the issue of the Placement Shares:

- (a) 88,235,293 Shares were issued to professional and sophisticated investors on 4 June 2020. The subscribers were determined by Canaccord in consultation with the Board. The subscribers were not related parties of the Company.
- (b) The issue price was \$0.017 per Share. The issue price was greater than \$0.0165 being 75% of the 15 day VWAP on 1 June 2020, the date the Shares were agreed to be issued.
- (c) The funds received from the issue of the Shares will be used for the same purpose that the funds raised under the SPP are intended to be used as set out in the announcement dated 4 May 2020 including the mass production and marketing of the recently released IQbuds² MAX including manufacturing costs and Direct To Consumer (online) advertising expenditure.
- (d) The Shares are fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.
- (e) A voting exclusion statement is included in the Notice.
- (f) The Directors recommend that Shareholders vote in favour of this Resolution.

3. RESOLUTION 5 – RATIFICATION OF ISSUE OF SPP UNDERWRITER OPTIONS

3.1 General

As announced on 4 May 2020, the Company undertook a SPP to raise \$2.5 million. Canaccord agreed to underwrite the SPP so that the Company raised not less than \$1.5 million under the SPP. Pursuant to the underwriting agreement with Canaccord (a summary of which is included as Schedule 4), the Company agreed to issue Canaccord (or nominee) 3,750,000 options exercisable at a price equal to 150% of the final price that the Shares were issued under the SPP, expiring on or before the date that is 3 years from the date of issue of those options (**Underwriter Options**). The results of the SPP were announced to ASX on 1 June 2020. 176,865,999 Shares were issued to eligible Shareholders on 1 June 2020 under the SPP at \$0.017 per Share raising a total of approximately \$3 million before costs. Given the success of the SPP, Canaccord were not required to underwrite the SPP as more than \$1.5 million was raised under the SPP. On 1 June 2020 the Company announced that Canaccord had agreed to a \$1.5 million placement of Shares at the SPP issue price of \$0.017 per Share to raise a further \$1.5 million before costs. The total amount raised from the SPP and the Placement was approximately \$4.5 million. Pursuant to the underwriting agreement with Canaccord, on 4 June 2020 3,750,000 Underwriter Options were issued to Canaccord (or nominee) with an exercise price of \$0.26 per Share (being 150% of the SPP issue price of \$0.017) and with an expiry date of 4 June 2023.

3.2 ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying the issue of Underwriter Options the subject of Resolution 5, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval. If the ratification of the issue of Underwriter Options the subject of Resolution 5 is not passed by shareholders, it will reduce the Company's capacity to issue equity securities without shareholder approval under Listing Rule 7.1 for the 12 months following the issue of the Shares.

3.3 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the issue of the Underwriter Options:

- (a) 3,750,000 Underwriter Options were issued to Canaccord (or nominee) on 4 June 2020 pursuant to the underwriting agreement with Canaccord (a summary of which is included in Schedule 4 to this Notice of Meeting). The Options have an exercise price of \$0.026 per share and expire on 4 June 2023. The terms and conditions of the Underwriter Options are included in Schedule 5 to this Notice of Meeting.
- (b) The Underwriter Options were issued to Canaccord, or to their nominees, none of whom were related parties of the Company.
- (c) The Company did not receive any funds from the issue of the Underwriter Options as the Underwriter Options were issued for nil consideration.
- (d) A voting exclusion statement is included in the Notice.
- (e) The Directors recommend that Shareholders vote in favour of this Resolution.

4. RESOLUTIONS 6 AND 7 – APPROVAL FOR THE ISSUE OF OPTIONS TO RELATED PARTIES

4.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue 6,000,000 Related Party Options, comprising 3,000,000 to the Hon. Cheryl Edwardes AM (or her nominee) and 3,000,000 to David Buckingham (or his nominee) as a cost effective method of remuneration for their roles as Chairman and Non-executive Director (respectively) of the Company.

The Related Party Options to be issued to the Related Parties are issued on the terms and conditions set out below and in Schedule 6 of this Notice. The issue of the Related

Party Options is a non-cash form of remuneration and will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to these Directors.

Resolutions 6 and 7 seek Shareholder approval for the grant of the Related Party Options to Mrs Edwardes and Mr Buckingham (or their nominees).

4.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of Related Party Options constitutes giving a financial benefit and Mrs Edwardes and Mr Buckingham who are related parties of the Company by virtue of being Directors.

The Directors (other than Mrs Edwardes and Mr Buckingham who has a material personal interest in Resolutions 6 and 7) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of Related Party Options because the agreement to grant the Related Party Options, reached as part of the remuneration package for Mrs Edwardes and Mr Buckingham, is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

4.3 ASX Listing Rule 10.11

ASX Listing Rule 10.11 also requires shareholder approval to be obtained, unless one of the exceptions in ASX Listing Rule 10.12 applies, where an entity issues, or agrees to issue, securities to:

- (a) 10.11.1 - a related party;
- (b) 10.11.2 - a person who is, or was at any time in the 6 months before the issue, a substantial (30%) holder in the Company;
- (c) 10.11.3 - a person who is, or was at any time in the 6 months before the issue, a substantial (10%) holder in the Company and who has nominated a director to the board of the Company pursuant to a relevant agreement which gives them a right or expectation to do so;
- (d) 10.11.4 - an associate of a person referred to in ASX Listing Rules 10.11.1 to 10.11.3; or
- (e) 10.11.5 - a person whose relationship with the Company or a person referred to in ASX Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue should be approved by its shareholders.

As the grant of the Related Party Options falls within ASX Listing Rule 10.11.1 and involves the issue of securities to a related party of the Company, Shareholder

approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

Resolutions 6 and 7 seek the required Shareholder approval for the grant of the Related Party Options under and for the purposes of ASX Listing Rule 10.11.

4.4 Technical information required by Listing Rule 14.1A

If Resolutions 6 and/or 7 are passed, the Company will be able to grant the Related Party Options to Mrs Edwardes and Mr Buckingham during the month following the Meeting (or a longer period if allowed by the ASX).

If Resolutions 6 and/or 7 are not passed, the Company may be required to re-negotiate the remuneration arrangements with Mrs Edwardes and Mr Buckingham, which may require additional cash payments and affect the Company's available cash position.

4.5 Technical Information required by ASX Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in respect of Resolutions 6 and 7:

- (a) the Related Parties to whom the Related Party Options are to be issued under these Resolutions are the Hon. Cheryl Edwardes AM and David Buckingham who are Related Parties by virtue of being Directors in accordance with ASX Listing Rule 10.11.1;
- (b) the maximum number of Related Party Options that will be issued is 6,000,000, comprising:
 - (i) 3,000,000 to the Hon. Cheryl Edwardes AM (or her nominee) (Resolution 6);
 - (ii) 3,000,000 to David Buckingham (or his nominee) (Resolution 7);
- (c) The Related Party Options will be granted no later than 1 month after the date of the Meeting (or such later date permitted by any modification of the ASX Listing Rules) and it is intended to issue all of the Related Party Options on the same date;
- (d) the Related Party Options to be issued will be issued for nil cash consideration as they constitute a fee for services provided by the recipients;
- (e) Mrs Edwardes receives \$75,000 (plus statutory superannuation) per annum as Director fees as Chair of Nuheara. Mr Buckingham receives \$50,000 (plus statutory superannuation) per annum as Director fees as a Non-executive Director of Nuheara.
- (f) the terms and conditions of the Related Party Options are set out in Schedule 6; and
- (g) no funds will be raised by the issue of the Related Party Options; however, if all of the Related Party Options to be issued to Mrs Edwardes and Mr Buckingham are exercised, the Company will receive \$350,000, being 2,000,000 multiplied by the exercise price of \$0.025 (tranche 1 Related Party Options), plus 2,000,000 multiplied by the exercise price of \$0.05 (tranche 2

Related Party Options) plus 2,000,000 multiplied by the exercise price of \$0.10 (tranche 3 Related Party Options).

Approval pursuant to ASX Listing Rule 7.1 is not required for the grant of the Related Party Options as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the grant of Related Party Options to Mrs Edwardes and Mr Buckingham (or their nominees) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

4.6 Board recommendation

The Board (other than Mrs Edwardes and Mr Buckingham) recommend that Shareholders vote in favour of Resolutions 6 and 7. The non-associated Directors of the Company believe the grant of the Related Party Options is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties.

5. RESOLUTION 8 – APPROVAL OF EMPLOYEE SHARE AND SALARY SACRIFICE PLAN

5.1 General

Resolution 8 seeks Shareholder approval for the adoption of the employee incentive scheme titled "Employee Share and Salary Sacrifice Plan" (**Share Plan**) and for the issue of Shares under the Share Plan in accordance with Listing Rule 7.2 (Exception 13(b)).

The objective of the Share Plan is to attract, motivate and retain key employees and the Company considers that the adoption of the Share Plan and the future issue of Shares under the Share Plan will provide selected employees with the opportunity to participate in the future growth of the Company which does not unduly impact on the cash reserves of the Company.

Importantly, the Share Plan provides a cost effective method of remunerating key employees and will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to these employees.

5.2 ASX Listing Rule 7.2 (Exception 13(b))

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

Listing Rule 7.2 (Exception 13(b)) provides that Listing Rule 7.1 does not apply to an issue of securities under an employee incentive scheme if, within three years before the date of issue of the securities, the holders of the entity's ordinary securities have approved the issue of equity securities under the scheme as exception to Listing Rule 7.1.

Exception 13(b) is only available if and to the extent that the number of equity securities issued under the scheme does not exceed the maximum number set out in the entity's notice of meeting dispatched to shareholders in respect of the meeting at which shareholder approval was obtained pursuant to Listing Rule 7.2

(Exception 13(b)). Exception 13(b) also ceases to be available if there is a material change to the terms of the scheme from those set out in the notice of meeting.

If Resolution 8 is passed, the Company will be able to issue Shares under the Share Plan to eligible participants over a period of 3 years. The issue of any Shares to eligible participants under the Share Plan (up to the maximum number of Shares stated in Section 5.3(c) below) will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

For the avoidance of doubt, the Company must seek Shareholder approval under Listing Rule 10.14 in respect of any future issues of Shares under the Share Plan to a related party or a person whose relationship with the Company or the related party is, in ASX's opinion, such that approval should be obtained.

If Resolution 8 is not passed, the Company will be able to proceed with the issue of Shares under the Share Plan to eligible participants, but any issues of Shares will reduce, to that extent, the Company's capacity to issue equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the issue of the Shares.

5.3 Technical information required by Listing Rule 7.2 (Exception 13)

Pursuant to and in accordance with Listing Rule 7.2 (Exception 13), the following information is provided in relation to Resolution 8:

- (a) a summary of the key terms and conditions of the Share Plan is set out in Schedule 7;
- (b) the Company has not issued any Shares under this new Share Plan as this is the first time that Shareholder approval is being sought for the adoption of the Share Plan;
- (c) the maximum number of Shares proposed to be issued under the Share Plan, following Shareholder approval, is 33,995,289 Shares being 2.5% of the total number of Shares on issue as at the date of this Notice of Meeting. It is not envisaged that the maximum number of Shares for which approval is sought will be issued immediately;
- (d) each of the Directors has an interest in the outcome of Resolution 8 and accordingly do not make a voting recommendation to Shareholders; and
- (e) a voting exclusion statement is included in Resolution 8 of this Notice.

6. RESOLUTION 9 – APPROVAL OF INCENTIVE OPTION PLAN

6.1 General

Resolution 9 seeks Shareholder approval for the adoption of the employee incentive scheme titled "Incentive Option Plan" (**Option Plan**) and for the issue of Options under the Option Plan in accordance with Listing Rule 7.2 (Exception 13(b)).

The objective of the Option Plan is to attract, motivate and retain key employees and it is considered by the Company that the adoption of the Option Plan and

the future issue of Options under the Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

6.2 ASX Listing Rule 7.2 (Exception 13(b))

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

Listing Rule 7.2 (Exception 13(b)) provides that Listing Rule 7.1 does not apply to an issue of securities under an employee incentive scheme if, within three years before the date of issue of the securities, the holders of the entity's ordinary securities have approved the issue of equity securities under the scheme as exception to Listing Rule 7.1.

Exception 13(b) is only available if and to the extent that the number of equity securities issued under the scheme does not exceed the maximum number set out in the entity's notice of meeting dispatched to shareholders in respect of the meeting at which shareholder approval was obtained pursuant to Listing Rule 7.2 (Exception 13(b)). Exception 13(b) also ceases to be available if there is a material change to the terms of the scheme from those set out in the notice of meeting.

If Resolution 9 is passed, the Company will be able to issue Options under the Option Plan to eligible participants over a period of 3 years. The issue of any Options to eligible participants under the Options Plan (up to the maximum number of Shares stated in Section 6.3(c) below) will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

For the avoidance of doubt, the Company must seek Shareholder approval under Listing Rule 10.14 in respect of any future issues of Options under the Option Plan to a related party or a person whose relationship with the Company or the related party is, in ASX's opinion, such that approval should be obtained.

If Resolution 9 is not passed, the Company will be able to proceed with the issue of Options under the Option Plan to eligible participants, but any issues of Options will reduce, to that extent, the Company's capacity to issue equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the issue of the Options.

6.3 Technical information required by Listing Rule 7.2 (Exception 13)

Pursuant to and in accordance with Listing Rule 7.2 (Exception 13), the following information is provided in relation to Resolution 9:

- (a) a summary of the key terms and conditions of the Option Plan is set out in Schedule 8;
- (b) the Option Plan was previously approved by Shareholders at the Annual General Meeting of the Company held on 28 November 2016. The Company has issued a total of 61,500,000 Options under the Option Plan since that date. A total of 18,500,000 of these Options remain on issue, the remainder have either lapsed in accordance with the terms of the Plan (36,200,098 Options) or were exercised into Shares (6,799,902 Options);

- (c) the maximum number of Options proposed to be issued under the Option Plan, following Shareholder approval, is 33,995,289 Options being 2.5% of the total number of Shares on issue as at the date of this Notice of Meeting. It is not envisaged that the maximum number of Options for which approval is sought will be issued immediately;
- (d) each of the Directors has an interest in the outcome of Resolution 9 and accordingly do not make a voting recommendation to Shareholders; and
- (e) a voting exclusion statement is included in Resolution 9 of this Notice.

GLOSSARY

\$ means Australian dollars.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules or **Rules** means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (c) a spouse or child of the member;
- (d) a child of the member's spouse;
- (e) a dependent of the member or the member's spouse;
- (f) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (g) a company the member controls; or
- (h) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Collateral Shares has the meaning given in Section 1.1.

Company means Nuheara Limited (ACN 125 167 133).

Constitution means the Company's constitution.

Convertible Note has the meaning given in Section 1.1.

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

Directors means the current directors of the Company.

Employee Share and Salary Sacrifice Plan or Share Plan has the meaning given in Section 5.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or **Meeting** means the meeting convened by the Notice.

Incentive Option Plan or Option Plan has the meaning given in Section 6.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Lind means Lind Global Macro Fund, LP, an entity managed by The Lind Partners.

Lind Options has the meaning given in Section 1.1.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Proxy Form means the proxy form accompanying the Notice.

Related Party Option means an Option granted pursuant to Resolutions 6 and 7 with the terms and conditions set out in Schedule 6.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Section means a section of the Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

Share Registrar means Computershare Investor Services.

Underwriter Option means an Option granted pursuant to Resolution 5 with the terms and conditions set out in Schedule 5.

Placement Share means a fully paid ordinary share in the capital of the Company granted pursuant to Resolution 4.

VWAP means the volume weighted average Shares price on the ASX.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – SUMMARY OF KEY TERMS AND CONDITIONS OF THE CONVERTIBLE NOTE

Term	Summary
Price	The Convertible Note has a face value of \$3,000,000 except if repaid early (within 180 days of Closing) where the face value will be \$2,850,000 (Convertibly Security).
Issue Date	3 February 2020 (Closing).
Maturity Date	<p>The later of the date which is 24 months after Closing or 30 days after all obligations of the Company in relation to the Convertible Security are satisfied.</p> <p>However, if the Company pays Lind the whole of the amount outstanding under the Funding Agreement (including the outstanding face value of the Convertible Security) in cash before the date which is 24 months after the Closing, the Maturity Date will be the date that is 30 days after that payment is made.</p>
Interest	<p>Other than following an Event of Default (as defined under the Funding Agreement), the Convertible Security does not bear interest.</p> <p>If an Event of Default occurs, interest will accrue on the aggregate value of the Convertible Security then outstanding at a rate per annum of the "Cash Rate Target" last published by the Reserve Bank of Australia at the time of the Event of Default plus 6%, compounded monthly, until the Event of Default is remedied or all outstanding amounts are repaid.</p>
Security	<p>The Convertible Security is secured against the assets of the Company under a general security agreement.</p> <p>As additional security, the Company is also required to issue 20,000,000 Collateral Shares to Lind on or before Closing in consideration for Lind entering into the Funding Agreement.</p> <p>Lind may freely deal with the Collateral Shares and may (but is not obliged to) use them in full or partial satisfaction of the Company's obligation to issue Shares on conversion of the Convertible Security. Further detail on the Collateral Shares is provided in Schedule 3 below.</p>
Conversion Terms	<p>Lind may at any time (and more than once) elect to convert all or some of the Convertible Security into Shares by issuing a conversion notice to the Company (Conversion Notice).</p> <p>The conversion price will be:</p> <ul style="list-style-type: none"> • for the first 120 days after issue and provided no event of default has occurred, \$0.06 (the Fixed Price); and • otherwise, the lesser of the Fixed Price or 90% of the average of the five lowest daily VWAPs during the 20-trading days prior to conversion.

Term	Summary
	<p>If Lind elects to convert the Convertible Security to Shares during the period starting 121 days after issue and ending on the earlier of 12 months after issue or the occurrence of an event of default, Lind may not give conversion notices in a calendar month for an aggregate exceeding \$200,000 (excluding any conversion at the Fixed Price). This restriction will cease to apply if at any time the market capitalisation is less than \$25,000,000 or more than \$57,000,000.</p> <p>If Lind elects to convert the Convertible Security to Shares at a price below \$0.02, the Company may elect to satisfy that conversion by payment in cash (instead of Shares) plus a 5% premium.</p> <p>Lind may elect to have the conversion satisfied in whole or in part by a reduction in the number of Shares held by Lind as Collateral Shares, instead of by the issue of new shares.</p> <p>If the Company is unable to issue the Shares after receiving a Conversion Notice, Lind may, but is not required to, require the Company to pay an amount equal to the number of conversion Shares multiplied by the VWAP per Share on the date of the issue of the Conversion Notice.</p>
Cash substitution formula	<p>If an issue of Shares to Lind in accordance with the terms of an Agreement would result in Lind acquiring a relevant interest in the Shares which would cause Lind's (and its associates') voting power in the Company to exceed 19.99%, then Lind may by written notice requiring the Company to pay a cash amount equal to the number of new shares which would have been issued to Lind and the VWAP per Share on the date Lind's Shares were to be issued.</p>
Redemption by the Company	<p>The Company may redeem some or all of the outstanding Convertible Security (other than that part of the Convertible Security for which Lind has already given a Conversion Notice to the Company) at any time by giving notice to Lind. The Company must pay Lind the outstanding face value of the Convertible Security plus any other amounts outstanding under the Funding Agreement.</p>
Buy-back rights	<p>Within five business days of receiving a redemption notice from the Company, Lind may give a Conversion Notice to the Company for up to the lesser of 33% of the face value of the Convertible Security at the time of issue and the total amount outstanding under the Funding Agreement (including the outstanding face value of the Convertible Security).</p>

SCHEDULE 2 – TERMS AND CONDITIONS OF LIND OPTIONS

(a) **Entitlement**

Each Lind Option entitles the holder to subscribe for one Share upon exercise of the Lind Option.

(b) **Exercise Price**

Subject to paragraphs (j) and (k), the amount payable upon exercise of each Lind Option will be \$0.05 (**Exercise Price**).

(c) **Expiry Date**

Each Lind Option will expire at 5:00 pm (WST) on 3 February 2024 (**Expiry Date**). A Lind Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Lind Options are exercisable on or after the issue date until any date on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Lind Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified in Annexure A of the Funding Agreement (**Notice of Exercise**) and payment of the Exercise Price for each Lind Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Lind Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 2 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Lind Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Lind Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Lind Options rank equally with the then issued Shares of the Company.

(i) **Bonus Issues**

If prior to an exercise of a Lind Option, but after the issue of the Lind Option, the Company makes an issue of Shares by way of capitalisation of profits or out of its reserves (other than pursuant to a dividend reinvestment plan), pursuant to an offer of such Shares to at least all the holders of Shares resident in Australia, then on exercise of the Lind Option, the number of Shares over which a Lind Option is exercisable will be increased by the number of Shares which the holder of the Lind Option would have received if the Lind Option had been exercised before the date on which entitlements to the issue were calculated.

(j) **Pro-Rata Issues**

If prior to an exercise of a Lind Option, but after the issue of the Lind Option, any offer or invitation is made by the Company to at least all the holders of Shares resident in Australia for the subscription for cash with respect to Shares, options or other securities of the Company on a pro-rata basis relative to those holders' Shareholding at the time of the offer, the Exercise Price will be reduced as specified in the Listing Rules in relation to pro-rata issues (except Bonus Issues).

(k) **Reconstruction of capital**

In the event of a consolidation, subdivision or similar reconstruction of the issued capital of the Company, and subject to such changes as are necessary to comply with the Listing Rules applying to a reconstruction of capital at the time of the reconstruction:

- (i) the number of the Shares to which each Lind Option holder is entitled on exercise of the outstanding Lind Options will be reduced or increased in the same proportion as, and the nature of the Shares will be modified to the same extent that, the issued capital of the Company is consolidated, subdivided or reconstructed (subject to the same provisions with respect to rounding of entitlements as sanctioned by the meeting of shareholders approving the consolidation, subdivision or reconstruction); and
- (ii) an appropriate adjustment will be made to the Exercise Price of the outstanding Lind Options, with the intent that the total amount payable on exercise of the Lind Options will not alter.

(l) **Cumulative Adjustments**

Full effect will be given to the Bonus Issues and Reconstruction of Capital provisions, as and when occasions of their application arise and in such manner

that the effects of the successive applications of them are cumulative, the intention being that the adjustments they progressively effect will be such as to reflect, in relation to the Shares issuable on exercise of the Lind Options outstanding, the adjustments which on the occasions in question are progressively effected in relation to Shares already on issue.

(m) **Notice of Adjustments**

Whenever the number of Shares over which a Lind Option is exercisable, or the Exercise Price, is adjusted pursuant to these terms and conditions, the Company must give notice of the adjustment to all the Optionholders as soon as reasonably practicable and in any event, within 3 Business Days.

(n) **Participation in new issues**

There are no participation rights or entitlements inherent in the Lind Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Lind Options without exercising the Lind Options.

(o) **Redemption**

The Lind Options will not be redeemable by the Company.

(p) **Transferability**

The Lind Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

SCHEDULE 3 – TERMS AND CONDITIONS OF COLLATERAL SHARES

(a) **Transferability**

The Collateral Shares may be sold, assigned, mortgaged or otherwise dealt with by Lind in its discretion. For clarity, any such dealing does not affect the number of Collateral Shares.

(b) **Reduction of number of Collateral Shares**

Notwithstanding any other provision of the Funding Agreement, Lind may elect at any time, by written notice to the Company to reduce the number of Collateral Shares (**Collateralisation Election Notice**).

(c) **Effect of Collateralisation Election Notice**

Upon provision of a Collateralisation Election Notice:

- (i) Lind will be required to advance in cleared funds to the Company's nominated account an amount determined by multiplying the number of Collateral Shares that is subject of the Collateralisation Election Notice by the Collateralisation Price; and
- (ii) the number of Collateral Shares will be reduced by that number of Collateral Shares specified in the Collateralisation Election Notice.

(d) **Collateralisation Price**

The price per Share will be equal to 90% of the average of the 5 lowest daily VWAPs per Share during the previous 20 trading days, from the daily VWAPs during the Collateralisation Pricing Period (provided that if the resultant number contains four or more decimal places, such number will be rounded down to the next lowest number containing three decimal places).

(e) **Collateralisation Pricing Period**

- (i) For determining the Collateralisation Price following Lind issuing a Collateralisation Election Notice, the 20 consecutive trading days immediately prior to the date of the Collateralisation Election Notice; or
- (ii) For determining the Collateralisation Price otherwise, the period:
 - (A) commencing on the date that is 20 trading days prior to the date that is immediately prior to the date on which such payment is made by Lind; and
 - (B) ending on the date that is immediately prior to the date on which such payment is made by Lind.

(f) **Outstanding Collateral Shares**

If after the Maturity Date, the number of Collateral Shares is greater than zero and there is no Amount Outstanding (the **Outstanding Collateral Shares**), Lind must, within 10 Business Days after that date, at the election of Lind, either:

- (i) transfer that number of Shares equal to the Outstanding Collateral Shares to, or at the direction of the Company; or
- (ii) (only where the Shares are trading on ASX on the relevant day and have been trading on ASX for at least 5 trading days during the Collateralisation Pricing Period) pay the Company in immediately available funds an amount equal to the Outstanding Collateral Shares multiplied by the Collateralisation Price.

SCHEDULE 4 – SUMMARY OF UNDERWRITING AGREEMENT

By an agreement between Canaccord Genuity (Australia) Limited (**Underwriter**) and the Company (**Underwriting Agreement**), the Underwriter agreed to conditionally underwrite the Offer up to an amount of \$1,500,000 (**Underwritten Securities**).

Pursuant to the Underwriting Agreement, the Company has agreed to pay the Underwriter a management fee of 2% of the proceeds from the Offer plus an underwriting fee of 4% of the proceeds of the Offer. In addition, the Company will also issue the Underwriter 3,750,000 options exercisable at a price equal to 150% of the final price that the Shares under the Offer are issued on or before the date that is 3 years from the date of issue of those options.

The Agreement is conditional upon:

- (a) the Company prepares a Share Purchase Plan and Offer Document that fully complies with all relevant aspects of the Corporations Act (including ASIC Regulatory Guides and ASIC Class Orders), the ASX Listing Rules and the Constitution of the Company;
- (b) the Company obtains before 9:00am on the Announcement Date, in a form and substance satisfactory to the Underwriter, all approvals, consents, modifications or waivers of or from ASIC, ASX or any other Government Agency that are necessary to implement the Offer in accordance with this agreement (including the Timetable);
- (c) the Issuer issuing and releasing to ASX the ASX Materials in a form acceptable to the Underwriter prior to 10.00am on the Announcement Date.

The obligation of the Underwriter to underwrite the Offer is subject to certain events of termination. The Underwriter may terminate its obligations under the Underwriting Agreement if:

- (a) a certificate which is required to be furnished by the Company under the Underwriting Agreement is not furnished by the time specified or any statement in a certificate is untrue, inaccurate, incomplete or misleading or deceptive in any material respect; or
- (b) the S&P/ASX Small Ordinaries Index is at any time from and including the date of the Underwriting Agreement and prior to the close of trading of Shares on the ASX on the Settlement Date lower than 92.5% of the level of that index as at the close of normal trading on ASX on either the Business Day immediately preceding the date of the Underwriting Agreement or the date of the Underwriting Agreement;
- (c) either:
 - (i) an application is made by ASIC for an order under Part 9.5 in relation to the Offer or the Offer Documents;
 - (ii) ASIC issues or threatens to issue proceedings in relation to the Offer, or commences any hearing, inquiry or investigation in relation to the Offer; or

- (iii) ASIC commences or gives notice of an intention to commence a prosecution of the Issuer or investigation or hearing under Part 3 of the Australian Securities and Investments Commission Act 2001 (Cth) in relation to the Offer or the Offer Documents;
- (d) any regulatory body withdraws, revokes or amends any regulatory approval or there is an application to a government agency for an order, declaration or other remedy, or a government agency commences any investigation or hearing or announces its intention to do so, in each case in connection with the Offer (or any part of it) or any agreement entered into in respect of the Offer (or any part of it);
- (e) ASX makes an official statement to any person, or indicates to the Company or the Underwriter (whether or not by official statement) that:
 - (i) official quotation of all of the Offer Shares will not be granted by ASX or will be granted subject to conditions that are not reasonably acceptable to the Underwriter or such approvals will not be given by the Trading Date (or such later date agreed in writing by the Underwriter in its absolute discretion) or is withdrawn, qualified or withheld on or before the Trading Date;
 - (ii) any Shares of the Company will be suspended from quotation by the ASX; or
 - (iii) the Company will be removed from the official list of the ASX,or any of the matters, events or things referred to in (i) to (iii) occur;
- (f) a new circumstance that would be adverse from the point of view of an investor arises that would have been required to be disclosed in the Offer Documents had it arisen before the Offer Documents were lodged with ASX;
- (g) the Company is or becomes required to obtain the approval of any class of security holder pursuant to the Listing Rules, the Act or any other applicable law in order to issue the Offer Shares;
- (h) the Company information includes:
 - (i) a statement which is or becomes misleading or deceptive or likely to mislead or deceive; or
 - (ii) any forecasts, expressions of opinion, intention or expectation which are not based on reasonable grounds;
- (i) there is an alteration to the Company's capital structure or Constitution, without the prior consent of the Underwriter or as otherwise provided in this agreement, or a breach of the Constitution occurs;
- (j) the Company commits a material breach of the Corporations Act, Listing Rules, the Constitution, or other applicable laws, or has failed to comply with its continuous disclosure obligations or its Constitution;
- (k) any of the following occurs:

- (i) a director or officer (as that term is defined in the Corporations Act) of the Company is charged with an indictable offence;
 - (ii) any administrative, regulatory, self-regulating body, court or other judicial body commences any public action against any such person in their capacity as such in relation to any fraudulent conduct or activity whether or not in connection with the Offer or the Issuer engages in fraudulent activity; or
 - (iii) any director of the Company is disqualified from managing a corporation under the Corporations Act;
- (l) the Company withdraws the Offer, or it does not proceed in accordance with this agreement;
 - (m) any member of the Company group (**Group**) becomes Insolvent or there is an act or omission which is reasonably likely to result in any member of the Group becoming Insolvent;
 - (n) any material adverse change occurs in the assets, liabilities, financial position or performance, profits, losses or prospects of the Issuer, or the Group including any adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Issuer, and the Group from those respectively disclosed in the ASX Materials or any adverse information arises or is released to ASX after the date of the Underwriting Agreement that can reasonably be expected to have a material adverse effect on the market price of the Shares;
 - (o) any event specified in the Timetable is delayed for 2 or more Business Days without the prior written consent of the Underwriter (such consent not to be unreasonably withheld or delayed);
 - (p) the Due Diligence Questionnaire or any other information supplied by or on behalf of the Company to the Underwriter in relation to the Group, the Offer or the Offer Documents is or becomes misleading or deceptive, including by way of omission;
 - (q) there is:
 - (i) a suspension or material limitation in trading in securities on ASX, the New York Stock Exchange, NASDAQ, the London Stock Exchange or the Hong Kong Stock Exchange or any adverse change or disruption to the existing financial markets, political or economic conditions of Australia, Japan, Hong Kong, the Republic of China, the United Kingdom, the United States of America, a member state of the European Union or the international financial markets; or
 - (ii) a general moratorium on commercial banking activities is declared by the relevant central banking authority in any of those countries;
 - (r) there is introduced into the Parliament of Australia or any State of Australia, a law or prospective law, or any new regulation is made under any statute, or a Government Agency adopts a policy, or there is any announcement that such a law, prospective law or regulation may be

introduced or policy may be adopted (except where such law is announced or generally known to the market prior to the date of this agreement), any of which does or is likely to prohibit or restrict the Offer;

- (s) hostilities not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of the United States, Australia, New Zealand, the United Kingdom, France, Germany, Russia, North Korea, South Korea, China, Japan or a member state of the European Union or the declaration by any of these countries of a national emergency or war or a major terrorist act is perpetrated in any of these countries;
- (t) a representation, warranty or undertaking made or given by the Company under the Underwriting Agreement proves to be or becomes, untrue or incorrect;
- (u) the Issuer fails to perform or observe any of its obligations or breaches any term or condition under the Underwriting Agreement;
- (v) legal proceedings against the Company, any other Group member or against any director of the Company or any other Group member in that capacity is commenced or any regulatory body commences any enquiry or public action against a Group member;
- (w) any Intellectual Property Right, licence, permit, authorisation or consent held by any Group member that is necessary to conduct its business is revoked, withdrawn, rescinded, breached, terminated, altered or amended (other than with the consent of the Underwriter);
- (x) a change in the senior management of the Company or in the board of directors of the Company is announced or occurs, other than one which has already been disclosed to ASX before the date of the Underwriting Agreement;
- (y) there is an event or occurrence, including any statute, order, rule, regulation, directive or request compliance with which is in accordance with the general practice of persons to whom the request is addressed of any governmental agency which makes it illegal for the Underwriter to satisfy an obligation under the Underwriting Agreement, or to market or promote the Offer or subscribe for Underwritten Securities; or
- (z) the Company issues a public statement concerning the Offer which has not been approved by the Underwriter in breach of the Underwriting Agreement.

The Underwriting Agreement otherwise contains undertakings and provisions in relation to the conduct of the Offer and other provisions consistent with an underwriting agreement of this nature.

SCHEDULE 5 – TERMS AND CONDITIONS OF UNDERWRITER OPTIONS

Each Underwriter Option gives the holder (**Optionholder**) the right to subscribe for Shares on the following terms and conditions:

- (a) Each Underwriter Option entitles the Optionholder, when exercised, to one (1) Share.
- (c) The Underwriter Options are exercisable at any time on or before 4 June 2023.
- (d) Any Underwriter Options not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (e) The amount payable upon exercise of each Underwriter Option is \$0.026 (**Exercise Price**).
- (g) Optionholders may exercise their Underwriter Options by lodging with the Company, before the Expiry Date:
 - (1) a written notice of exercise of Underwriter Options specifying the number of Underwriter Options being exercised; and
 - (2) a cheque or electronic funds transfer for the Exercise Price for the number of Underwriter Options being exercised;

(Exercise Notice).
- (h) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price in cleared funds, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Underwriter Options specified in the Exercise Notice.
- (i) The Underwriter Options and any Shares issued through exercise of the Underwriter Options will be transferable.
- (j) All Shares allotted upon the exercise of Underwriter Options will upon allotment rank pari passu in all respects with other Shares.
- (k) The Company will not apply for quotation of the Underwriter Options on ASX. However, the Company will apply for quotation of all Shares allotted pursuant to the exercise of the Underwriter Options on ASX within 10 Business Days after the allotment of those Shares.
- (l) If at any time the issued capital of the Company is reconstructed, all rights of the Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (m) There are no participating rights or entitlements inherent in the Underwriter Options and the Optionholder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Underwriter Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give the Optionholder the opportunity to exercise the Underwriter Options prior to the date for determining entitlements to participate in any such issue.

- (n) In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to shareholders after the date of issue of the Underwriter Options, the exercise price of the Underwriter Options may be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2.
- (o) In the event the Company proceeds with a bonus issue of securities to shareholders after the date of issue of the Underwriter Options, the number of securities over which an Underwriter Option is exercisable may be increased by the number of securities which the Optionholder would have received if the Underwriter Option had been exercised before the record date for the bonus issue.

SCHEDULE 6 – TERMS AND CONDITIONS OF RELATED PARTY OPTIONS

Each Related Party Option gives the holder (**Optionholder**) the right to subscribe for Shares on the following terms and conditions:

- (a) Each option entitles the Optionholder, when exercised, to one (1) Share.
 - (b) The Options are subject to the following vesting conditions:
 - (1) Tranche 1 - 1,000,000 Options that vest upon approval of the Option issue by shareholders;
 - (2) Tranche 2 - 1,000,000 Options that vest on the first anniversary of appointment as a director of Nuheara Limited; and
 - (3) Tranche 3 - 1,000,000 Options that vest on the second anniversary of appointment as a director of Nuheara Limited.
 - (c) The Options are exercisable at any time on or before 3 years from the date of issue.
 - (d) Any Options not exercised before the Expiry Date will automatically lapse on the Expiry Date.
 - (e) The amount payable upon exercise of each Option (**Exercise Price**) is as follows:
 - (1) Tranche 1 - 1,000,000 Options that vest upon approval of the Option issue by shareholders have an Exercise Price of \$0.025;
 - (2) Tranche 2 - 1,000,000 Options that vest on the first anniversary of appointment as a director of Nuheara Limited have an Exercise Price of \$0.05; and
 - (3) Tranche 3 - 1,000,000 Options that vest on the second anniversary of appointment as a director of Nuheara Limited have an Exercise Price of \$0.10.
 - (f) The Options may be exercised in whole or in part, and if exercised in part, multiples of 100,000 must be exercised on each occasion.
 - (g) Optionholders may exercise their Options by lodging with the Company, before the Expiry Date:
 - (1) a written notice of exercise of Options specifying the number of Options being exercised; and
 - (2) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised;
- (Exercise Notice).**
- (h) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price in cleared funds, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.

- (i) The Options and any Shares issued through exercise of the Options will be transferable.
- (j) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
- (k) The Company will not apply for quotation of the Options on ASX. However, the Company will apply for quotation of all Shares allotted pursuant to the exercise of the Options on ASX within 10 Business Days after the allotment of those Shares.
- (l) If at any time the issued capital of the Company is reconstructed, all rights of the Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (m) There are no participating rights or entitlements inherent in the Options and the Optionholder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give the Optionholder the opportunity to exercise the Options prior to the date for determining entitlements to participate in any such issue.
- (n) In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to shareholders after the date of issue of the Options, the exercise price of the Options may be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2.
- (o) In the event the Company proceeds with a bonus issue of securities to shareholders after the date of issue of the Options, the number of securities over which an Option is exercisable may be increased by the number of securities which the Optionholder would have received if the Option had been exercised before the record date for the bonus issue.

SCHEDULE 7 – SUMMARY OF EMPLOYEE SHARE AND SALARY SACRIFICE PLAN

(a) **Eligibility**

Participants in the Share Plan may be Directors, full-time and part-time employees, and a casual employee or contractor (to the extent permitted by ASIC Class Order 14/1000) of the Company or any of its subsidiaries (**Participant**).

(b) **Power of the Board**

The Share Plan is administered by the Board which has power to:

- (i) determine appropriate procedures for administration of the Share Plan consistent with this Share Plan; and
- (ii) delegate to any one or more persons, for such period and on such conditions as it may determine, the exercise of any of its powers or discretions arising under the Share Plan.

Except as otherwise expressly provided in this Share Plan, the Board has absolute and unfettered discretion to act, or refrain from acting, under or in connection with the Share Plan or any Share under the Share Plan and in the exercise of any power or discretion under the Share Plan.

(c) **Offer**

The Board may issue an offer to a Participant to participate in the Share Plan.

The offer:

- (i) will invite application for the number of Shares specified in the offer;
- (ii) will specify the issue price for the Shares or the manner in which the issue price is to be calculated.
- (iii) may invite applications for a loan up to the amount payable in respect of the Shares accepted by the Participant in accordance with the offer;
- (iv) will specify any restriction conditions applying to the Shares;
- (v) will specify an acceptance period; and
- (vi) specify any other terms and conditions attaching to the Shares.

(d) **Issue price**

The issue price of each Share will be determined by the Board in its absolute discretion, which may be a nominal or nil amount.

(e) **Restriction Conditions**

Shares may be subject to restriction conditions (such as satisfying or waiving vesting conditions) which must be satisfied before the Shares can be sold, transferred, or encumbered. Shares cannot be sold, transferred or encumbered

until any loan in relation to the Shares has been repaid or otherwise discharged under the Plan.

(f) **Loan**

A Participant who is invited to subscribe for Shares may also be invited to apply for a loan up to the amount payable in respect of the Shares accepted by the Participant (**Loan**), on the following terms:

- (i) the Loan will be interest free, unless the Company and Participant agree otherwise;
- (ii) the Loan made available to a Participant shall be applied by the Company directly toward payment of the issue price of the Shares;
- (iii) the Loan is repayable in full on the repayment date specified in the offer unless earlier repayment is otherwise required under the Share Plan;
- (iv) the Participant may repay all or part of its Loan to the Company at any time prior to the loan repayment date;
- (v) a Participant must repay the Loan in full where:
 - A. a vesting condition in relation to the Share the subject of the Loan is not satisfied by the due date, or becomes incapable of satisfaction in the opinion of the Board, unless that vesting condition is not waived by the Board in accordance with the Share Plan;
 - B. the Participant ceases to be a Participant and, at that time, there is a vesting condition in relation to the Share that is unsatisfied or is incapable of satisfaction in the opinion of the Board (and that vesting condition is not waived by the Board in accordance with the Share Plan); and
 - C. the Participant suffers an Event of Insolvency (as defined in the Share Plan);
 - D. the Company notifies that the Share is to be bought back in accordance with the Share Plan; or
 - E. the Participant breaches any condition of the Loan or the Share Plan;
- (vi) Participants may not transfer, assign, encumber or otherwise deal with a Share until the Loan in respect of the Shares has been fully repaid or otherwise forgiven in accordance with the Share Plan;
- (vii) the Company shall have a lien over the Shares in respect of which a Loan is outstanding and the Company shall be entitled to sell those Shares in accordance with the terms of the Share Plan;
- (viii) a Loan will be non-recourse except against the Shares held by the Participant to which the Loan relates; and
- (ix) the Board may, in its absolute discretion, agree to forgive a Loan made to a Participant.

(g) **Forfeiture of Shares**

Except as otherwise provided by this Share Plan, a Share will be forfeited, and the Company must, subject to the Corporations Act and the ASX Listing Rules, buy back and cancel a Share under Part 2J.1 of the Corporations Act where:

- (i) an unauthorised dealing in, or hedging of, the Share occurs, as governed by the Share Plan or an applicable trust deed;
 - o a vesting condition in relation to the Share is not satisfied by the due date, or becomes incapable of satisfaction, as determined by the Board in its absolute discretion, unless the Board exercises its discretion to waive the vesting condition under the Share Plan;
 - o a person ceases to be a Participant, and, at that time, there is a vesting condition in relation to that Share that is unsatisfied or is incapable of satisfaction in the opinion of the Board, unless the Board:
 - exercises its discretion to waive that vesting condition; or
 - in its absolute discretion, resolves to allow the vesting condition to continue to apply to the Share Plan after the person ceases to be a Participant;
 - o the Board deems that a Share is forfeited due to fraud, dishonesty or other improper behaviour of the Participant under the Share Plan (fraud and related matters); or
 - o the Company undergoes a change in control or a winding up resolution or order is made, and the Board does not waive the vesting condition .

(h) **Power of Attorney**

The Participant irrevocably appoints each of the Company and each director of the Company severally as his or her attorney to do all things necessary to give effect to the buy-back of the Participant's Shares in accordance with the Plan.

(i) **Plan limit**

The Company must take reasonable steps to ensure that the number of Shares offered by the Company under the Plan when aggregated with the number of Shares issued during the previous 3 years under the share Plan does not exceed 5% of the total number of Shares on issue at the time of an offer.

(j) **Quotation on ASX**

The Company will apply for each Share to be admitted to trading on ASX within the later of:

- (i) the date the Shares are issued; and
- (ii) the date any restriction period that applies to the Shares end.

Quotation will be subject to the ASX Listing Rules and any holding lock applying to the Shares.

(k) **Rights attaching to Shares**

A participant will, from and including the issue date, be the legal owner of the Shares issued under the Share Plan and will be entitled to dividends and to exercise voting rights attached the Shares.

(l) **Trustee**

In the Board's absolute discretion, may determine that the Shares offered to the Participant be held by a trustee on trust for the benefit of the Participant and be held for the benefit of the Participant in accordance with the Share Plan, the offer and any trust deed entered into for the purpose of the Share Plan.

SCHEDULE 8 – SUMMARY OF TERMS OF INCENTIVE OPTION PLAN

- a) **Eligibility:** Participants in the Plan may be:
- i. a Director (whether executive or non-executive) of the Company, its subsidiaries and any other related body corporate of the Company (**Group Company**);
 - ii. a full or part time employee of any Group Company;
 - iii. a casual employee or contractor of a Group Company to the extent permitted by ASIC Class Order 14/1000 (or any amendment to or replacement of that Class Order) (**Class Order**); or
 - iv. a prospective participant, being a person to whom the offer is made but who can only accept the offer if an arrangement has been entered into that will result in the person becoming a Participant under clauses (i), (ii) or (iii) above,

who is declared by the Board to be eligible to receive grants of Options under the Plan (**Participants**).
- b) **Offer:** The Board may, from time to time, in its absolute discretion, make a written offer to any Participant (including a Participant who has previously received an offer) to apply for up to a specified number of Options, upon the terms set out in the Plan and upon such additional terms and conditions as the Board determines.
- c) **Plan limit:** The Company must have reasonable grounds to believe, when making an offer, that the number of Shares to be received on exercise of Options offered under an offer, when aggregated with the number of Shares issued or that may be issued as a result of offers made in reliance on the Class Order at any time during the previous 3 year period under an employee incentive scheme covered by the Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the offer.
- d) **Issue price:** unless the Options are quoted on the ASX, Options issued under the Plan will be issued for no more than nominal cash consideration.
- e) **Vesting Conditions:** An Option may be made subject to vesting conditions as determined by the Board in its discretion and as specified in the offer for the Option.
- f) **Vesting:** The Board may in its absolute discretion (except in respect of a Change of Control occurring where Vesting Conditions are deemed to be automatically waived) by written notice to a Participant, resolve to waive any of the Vesting Conditions applying to Options due to:
- i. the Participant ceasing to be a Participant due to death or total and permanent disability; or
 - ii. a Change of Control occurring; or
 - iii. the Company passing a resolution for voluntary winding up, or an order is made for the compulsory winding up of the Company.

- g) **Lapse of an Option:** An Option will lapse upon the earlier to occur of:
- i. an unauthorised dealing in the Option;
 - ii. a Vesting Condition in relation to the Option is not satisfied by its due date, or becomes incapable of satisfaction, unless the Board exercises its discretion to vest the Option (eg due to death, total and permanent disability);
 - iii. in respect of unvested Option only, a Participant ceases to be a Participant, unless the Board exercises its discretion to vest the Right (eg due to death, total and permanent disability) or allow the unvested Options to remain unvested after the relevant person ceases to be a Participant;
 - iv. in respect of vested Options only, a relevant person ceases to be a Participant and the Option granted in respect of that person is not exercised within one (1) month (or such later date as the Board determines) of the date that person ceases to be a Participant;
 - v. the Board deems that an Option lapses due to fraud, dishonesty or other improper behaviour of the Participant;
 - vi. the Company undergoes a change in control or winding up, and the Board does not exercise its discretion to vest the Option;
 - vii. the expiry date of the Option; and
 - viii. the 7 year anniversary of the date of grant of the Option.
- h) **Not transferrable:** Options are only transferrable with the prior written consent of the Board (which may be withheld in its absolute discretion) or by force of law upon death to the participant's legal personal representative or upon bankruptcy to the participant's trustee in bankruptcy.
- i) **Shares:** Shares resulting from the exercise of the Options shall, subject to any Sale Restrictions (refer below) from the date of issue, rank on equal terms with all other Shares on issue.
- j) **Quotation of Shares:** If Shares of the same class as those issued upon exercise of Options issued under the Plan are quoted on the ASX, the Company will, subject to the ASX Listing Rules, apply to the ASX for those Shares to be quoted on ASX within 10 business days of the later of the date the Shares are issued and the date any restriction period applying to the disposal of Shares ends.
- k) **Share Sale Restrictions:** The Board may, in its discretion, determine at any time up until exercise of Options, that a restriction period will apply to some or all of the Shares issued to a Participant (or their eligible nominee) on exercise of those Options up to a maximum of seven (7) years from the grant date of the Options.
- l) **No Participation Rights:** There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options.
- m) **Reorganisation:** If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a holder of an Option are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.

- n) **Amendments:** Subject to express restrictions set out in the Plan and complying with the Corporations Act, ASX Listing Rules and any other applicable law, the Board may at any time by resolution amend or add to all or any of the provisions of the Plan, or the terms or conditions of any Option granted under the Plan including giving any amendment retrospective effect.

Definitions: Capitalised terms used in the above summary are as defined in the Plan, including:


Change of Control means:

- a bona fide Takeover Bid is declared unconditional and the bidder has acquired a Relevant Interest in at least 50.1% of the Company's issued Shares;
- a court approves, under section 411(4)(b) of the Corporations Act, a proposed compromise or arrangement for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with any other company or companies; or
- in any other case, a person obtains Voting Power in the Company which the Board (which for the avoidance of doubt will comprise those Directors immediately prior to the person acquiring that Voting Power) determines, acting in good faith and in accordance with their fiduciary duties, is sufficient to control the composition of the Board.

NUH
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
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SAMPLE ESTATE
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Need assistance?

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

 **Online:**
www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **9:00am (WST)** **Wednesday, 12 August 2020.**

Proxy Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

ATTENDING THE MEETING

If you are attending in person, please bring this form with you to assist registration.

Corporate Representative

If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Appointment of Corporate Representative" prior to admission. A form may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Lodge your Proxy Form:

XX

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



Control Number: 999999
SRN/HIN: I999999999
PIN: 99999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

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

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia



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

MR SAM SAMPLE
 FLAT 123
 123 SAMPLE STREET
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 SAMPLE ESTATE
 SAMPLEVILLE VIC 3030

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



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Nuheara Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of Nuheara Limited to be held at the offices of Nuheara Limited, 190 Aberdeen Street, Northbridge, Western Australia on Friday, 14 August 2020 at 9:00am (WST) and at any adjournment or postponement of that meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 6 to 9 (except where I/we have indicated a different voting intention in step 2) even though Resolutions 6 to 9 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 6 to 9 by marking the appropriate box in step 2.

Step 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
1 Ratification of prior issue of Convertible Note and Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Ratification of prior issue of Lind Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Ratification of issue of Collateral Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Ratification of Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Ratification of issue of SPP Underwriter Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Approval for the issue of Options to The Hon. Cheryl Edwardes AM	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Approval for the issue of Options to David Buckingham	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8 Approval of Employee Share and Salary Sacrifice Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9 Approval of Incentive Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1 Securityholder 2 Securityholder 3 / /
 Sole Director & Sole Company Secretary Director Director/Company Secretary Date

Update your communication details (Optional)

Mobile Number Email Address
 By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

