

**WILD ACRE METALS LIMITED**  
**ACN 125 167 133**  
**(to be renamed Nuheara Limited)**

## **NOTICE OF GENERAL MEETING**

**A General Meeting of the Company will be held at  
the Richardson Hotel, Board Room 1, Level 1,  
32 Richardson Street, West Perth,  
on Tuesday, 19 January 2016 at 10.00 am (WST).**

*The Notice of General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.*

*Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on (08) 9226 0085.*

Shareholders are urged to attend or vote by lodging the proxy form attached to the Notice

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# WILD ACRE METALS LIMITED

A C N 125 167 133

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## NOTICE OF GENERAL MEETING

Notice is hereby given that the general meeting of Shareholders of Wild Acre Metals Limited (Company) will be held at the Richardson Hotel, Board Room 1, Level 1, 32 Richardson Street, West Perth, Western Australia on Tuesday, 19 January 2016 at 10.00 am (WST) (Meeting).

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

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 as Shareholders on 17 January 2016 at 10.00 am.

Terms and abbreviations used in this Notice and the Explanatory Memorandum are defined in Schedule 1.

## AGENDA

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### 1. Resolution 1 - Approval to change in nature and scale of activities

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

*"That, subject to each of the other Acquisition Resolutions being passed, pursuant to and in accordance with Listing Rule 11.1.2 and for all other purposes, approval is given for the Company:*

(a) *to make a significant change to the nature and scale of its activities resulting from the Acquisition on the terms and conditions set out in the Explanatory Memorandum; and*

(b) *to issue the Capital Raising Shares at an issue price of \$0.025 per Share."*

#### Voting Exclusion

The Company will disregard any votes cast on this Resolution by a person who might receive a benefit except a benefit solely in the capacity of a holder of ordinary securities if the Resolution is passed and any associates of those persons.

However, the Company will not disregard a vote if:

(a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or

(b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## 2. Resolution 2 - Approval to issue Consideration Shares

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

*"That, subject to each of the other Acquisition Resolutions being passed and pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 201,250,000 Shares (Consideration Shares) on the terms and conditions set out in the Explanatory Memorandum."*

### Voting Exclusion

The Company will disregard any votes cast on this Resolution by a person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any associates of those persons.

The Company will not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## 3. Resolution 3 - Approval to issue Facilitator Shares

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

*"That, subject to each of the other Acquisition Resolutions being passed and pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 24,802,321 Shares (Facilitator Shares) on the terms and conditions set out in the Explanatory Memorandum."*

### Voting Exclusion

The Company will disregard any votes cast on this Resolution by Inkling Capital Pty Ltd and any of its associates, including Dr Michael Ottaviano.

The Company will not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## 4. Resolution 4 - Approval to issue Management Options

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

*"That, subject to each of the other Acquisition Resolutions being passed and pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 20,000,000 Options (Management Options) with an exercise*

*price of \$0.03 each on the terms and conditions set out in the Explanatory Memorandum."*

#### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution by Mr Justin Miller and Mr David Cannington and any of their associates.

The Company will not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## **5. Resolution 5 - Approval to issue Capital Raising Shares**

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

*"That, subject to each of the other Acquisition Resolutions being passed and pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 140,000,000 Shares at \$0.025 each on the terms and conditions in the Explanatory Memorandum."*

#### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution by a person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any associates of those persons.

The Company will not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## **6. Resolution 6 - Approval of change of Company name**

To consider and, if thought fit, to pass with or without amendment, as a special resolution the following:

*"That, subject to each of the other Acquisition Resolutions being passed and pursuant to and in accordance with section 157 of the Corporations Act and for all other purposes, the name of the Company be changed to 'Nuheara Limited' with effect from the date that ASIC alters the details of the Company's registration."*

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## **7. Resolution 7 - Election of Director - Dr Michael Ottaviano**

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

*"That, subject to each of the other Acquisition Resolutions being passed and completion of the Acquisition, Dr Michael Ottaviano be elected as a Director."*

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## **8. Resolution 8 - Election of Director - Mr Justin Miller**

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

*"That, subject to each of the other Acquisition Resolutions being passed and completion of the Acquisition, Mr Justin Miller be elected as a Director."*

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## **9. Resolution 9 - Election of Director - Mr David Cannington**

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

*"That, subject to each of the other Acquisition Resolutions being passed and completion of the Acquisition, Mr David Cannington be elected as a Director."*

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## **10. Resolution 10 - Approval to issue Convertible Note Shares**

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

*"That pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 62,500,000 Shares (Convertible Note Shares) on the terms and conditions in the Explanatory Memorandum."*

### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution by a person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any associates of those persons.

The Company will not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
  - (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.
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## **11. Resolution 11 - Ratification of prior issue of Placement Shares**

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

*"That pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 9,375,000 Shares (Placement Shares) at an issue price of \$0.016 per Share on the terms and conditions in the Explanatory Memorandum."*

### Voting Exclusion

The Company will disregard any votes cast on this Resolution by a person (and any associate or nominee of such a person) who participated in the issue of the Shares.

However, the Company need not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## 12. Resolution 12 - Ratification of prior issue of Shares to Teck

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

*"That pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 2,500,000 Shares to Teck Resources Limited (Teck Shares) at a deemed issue price of \$0.02 per Share on the terms and conditions in the Explanatory Memorandum."*

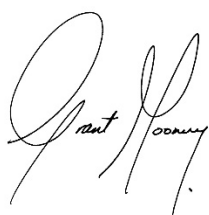
### Voting Exclusion

The Company will disregard any votes cast on this Resolution by Teck Resources Limited and any of its associates or nominees.

However, the Company need not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'Grant Mooney', is written over a light blue horizontal line.

Grant Mooney  
Company Secretary

Dated: 18 December 2015

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# WILD ACRE METALS LIMITED

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## EXPLANATORY MEMORANDUM

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### 1. Introduction

The Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at the Richardson Hotel, Board Room 1, Level 1, 32 Richardson Street, West Perth, Western Australia, on Tuesday, 19 January 2016 at 10.00 am (WST).

The Explanatory Memorandum forms part of the Notice which should be read in its entirety. The Explanatory Memorandum contains the terms and conditions on which the Resolutions will be voted.

The Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

Section 2:	Action to be taken by Shareholders
Section 3:	Conditional Resolutions
Section 4:	Background to the proposed acquisition of Nuheara
Section 5:	Risks associated with the Acquisition
Section 6:	Directors' recommendation
Section 7:	Resolution 1 - Approval to change in nature and scale of activities
Section 8:	Resolution 2 - Approval to issue Consideration Shares
Section 9:	Resolution 3 - Approval to issue Facilitator Shares
Section 10:	Resolution 4 - Approval to issue Management Options
Section 11:	Resolution 5 - Approval to issue Capital Raising Shares
Section 12:	Resolution 6 - Approval of change of Company Name
Section 13:	Resolutions 7, 8 and 9 - Election of Directors - Dr Ottaviano, and Messrs Miller and Cannington
Section 14:	Resolution 10 - Approval to issue Convertible Note Shares
Section 15:	Resolution 11 - Ratification of prior issue of Placement Shares
Section 16:	Resolution 12 - Ratification of prior issue of Shares to Teck
Schedule 1:	Definitions
Schedule 2:	Pro forma Balance Sheet
Schedule 3:	Terms and Conditions of Options

A Proxy Form is located at the end of the Explanatory Memorandum.

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## 2. Action to be taken by Shareholders

Shareholders should read the Notice including the Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

The Chair intends to exercise all available proxies in favour of all Resolutions.

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## 3. Conditional Resolutions

The Acquisition Resolutions are inter-conditional, meaning that each of them will only take effect if all of them are approved by the requisite majority of Shareholders' votes at the Meeting. If any of the Acquisition Resolutions are not approved at the Meeting, none of the Acquisition Resolutions will take effect and the Acquisition Agreement and other matters contemplated by the Acquisition Resolutions will not be completed.

Resolution 6 (*Change of Name*) is further conditional on Completion of the Acquisition.

For the avoidance of doubt, Resolutions 1 to 9 (inclusive) are referred to as the Acquisition Resolutions throughout this Notice. Resolutions 10, 11 and 12 are not conditional on the approval of any other Resolution.

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## 4. Background to the proposed acquisition of Nuheara

### 4.1 Existing activities of the Company

Wild Acre was incorporated on 1 May 2007 and admitted to the official list on 5 March 2010. The Company's most recent primary activity has been mineral exploration.

Since incorporation, the Company has been focused on mineral exploration for gold and base metals in Australia and Peru. Its principal exploration assets are the Mt Ida gold and nickel project in Western Australia and the Sambalay high grade silver-gold project in Southern Peru. The Company also retains a 0.5% net smelter royalty over the El Molino Gold Project and part of the El Galeno Copper Project located in Northern



Peru, currently owned under a joint venture with China Minmetals Corporation and Jiangxi Copper Corporation.

On 26 May 2014, the Company entered into an option agreement with Teck Resources Limited (**Teck**) to acquire the Salvador exploration project in southern Peru (**Option Agreement**). This Option Agreement was terminated on 26 May 2015.

On 10 December 2015 the Company announced that its wholly owned subsidiary, Wild Acre Metals (Peru) SAC (**Wild Acre Peru**) had entered into an acquisition agreement to acquire the Salvador exploration project from Teck Peru S.A., a subsidiary of Teck (**Teck Agreement**). Pursuant to the Teck Agreement, on 9 December 2015 the Company issued the Teck Shares the subject of Resolution 12 to Teck as part consideration for Wild Acre Peru acquiring a 100% interest in the Salvador project. Please refer to the Company's announcement dated 10 December 2015 for further details on the Teck Agreement.

#### 4.2 Proposed Acquisition of Nuheara Pty Ltd

On 18 May 2015 the Company announced that it had entered into a binding agreement (**Acquisition Agreement**) with Nuheara Pty Ltd (**Nuheara**) pursuant to which the Company will acquire 100% of the issued capital of Nuheara (**Acquisition**). The Acquisition Agreement was amended and restated on or about 30 June 2015.

Nuheara is an independent audio Wearable technology development company, which was founded in Perth, Western Australia. Nuheara is developing proprietary hardware and software to deliver multi-functional audio Wearable technology that augments a user's hearing and facilitates cable free connection to smart devices.

On 11 September 2015, the Company received shareholder approval pursuant to its notice of meeting (**September NOM**) in connection with the Acquisition.

The Company's Shares were suspended from quotation on 11 September 2015 and remain suspended.

On 26 August 2015 the Company lodged a prospectus (**August Prospectus**) to satisfy the Conditions Precedent under the Acquisition Agreement by offering:

- (a) up to 140,000,000 Shares to the public at a price of \$0.025 each to raise up to \$3,500,000 before costs;
- (b) 130,000,000 Shares to the Nuheara Shareholders as consideration for the Acquisition (i.e. the initial Consideration Shares); and
- (c) the Facilitator Shares.

On 21 September 2015 the Company announced that ASIC had issued an interim order in respect of the August Prospectus.

On 19 October 2015 the Company announced that:

- (a) ASIC was concerned that the Company's disclosure in the August Prospectus, the investor presentation released on 10 September 2015 and Nuheara's promotional materials made available on the internet did not disclose reasonable grounds that the Nuheara intelligent earbud technology with the described specifications could be produced at all or within the indicated time frames and sold at a profit for the stated price; and

- (b) the Company had chosen to withdraw the August Prospectus, the investor presentation and previous statements made with respect to these matters, consenting to a final stop order being imposed by ASIC on the August Prospectus.

As such, the Company has decided to put all resolutions previously put forward to the Shareholders at the September NOM in connection with the Acquisition forward to Shareholders again, noting the below variations (including the increase in the Consideration Shares) as set out in this Explanatory Memorandum.

As announced on 29 October 2015, the Company and Nuheara have agreed to a variation of the existing terms of the Acquisition Agreement (**Variation Agreement**) to require Nuheara to deliver a Working Wearable Prototype demonstrating specified functionality by 15 January 2016 in consideration for an increase in the vendor consideration. A summary of the Variation Agreement is included in Section 4.4.

The Conditions Precedent were originally required to be satisfied on or before 28 September 2015. As stated in the Company's announcements on 19 October 2015 and 29 October 2015, the timeline to Completion has been extended to allow Nuheara time to complete a wearable earbud prototype upon which the Company can rely on in order to release a new prospectus to complete the Acquisition.

Subject to satisfaction of the Conditions Precedent (including those in the Variation Agreement referenced in Section 4.4 below), the Acquisition is now expected to be completed by 29 February 2016.

#### 4.3 Placement and Nuheara Raising

On 29 October 2015, the Company announced that:

- (a) it had raised \$150,000 via a share placement (**Placement**) for general working capital. The Placement is the subject of Resolution 11; and
- (b) Nuheara had received commitments for a capital raising of \$500,000 via convertible notes (**Convertible Notes**) (which will ultimately convert into fully paid ordinary shares in the Company) to be used by Nuheara in the development of its earbud technology including the delivery of a Workable Wearable Prototype (**Nuheara Raising**).

#### 4.4 Variation Agreement

Pursuant to the terms of the Variation Agreement, there is an additional Condition Precedent that on or before 15 January 2016, Nuheara shall provide to the Company's satisfaction a working wearable prototype demonstrating an agreed specified functionality (**Working Wearable Prototype**). The outstanding Conditions Precedent (as set out in Section 4.5) must be satisfied on or before 29 February 2016 (or such other date as agreed between the parties).

Under the terms of the Variation Agreement and in consideration for the delivery of a Working Wearable Prototype, existing and new Nuheara Shareholders will receive (subject to Shareholder approval) 201,250,000 Consideration Shares in the Company in consideration for 100% of the share capital of Nuheara. The Consideration Shares include 31,250,000 Shares to be issued pursuant to the Convertible Notes under the Nuheara Raising (at an effective issue price of \$0.016). If the Acquisition does not complete and the Acquisition Agreement is terminated, the Convertible Note Shares shall be issued at an effective issue price of \$0.008. If this occurs, the Company will issue a total of 62,250,000 Convertible Note Shares.

The Consideration Shares and the Convertible Note Shares are the subject of Resolutions 2 and 10 of this Notice respectively.

#### 4.5 Outstanding Conditions Precedent

Completion of the Acquisition is subject to, amongst other things, the satisfaction or waiver by the parties of the following outstanding Conditions Precedent:

- (a) **(Regulatory approvals)** the Company obtaining:
  - (i) all regulatory approvals (as required) in order to undertake the Acquisition;
  - (ii) a waiver from ASX to permit the Company to issue the Capital Raising Shares at \$0.025 each;
  - (iii) a waiver from ASX to allow the Company to offer the Management Options at an exercise price of \$0.03 each and expiring three years from the issue date; and
  - (iv) "in principle" approval from ASX for the reinstatement of the Company's Securities to official quotation following Completion;
- (b) **(Capital Raising)** the Company completing the Capital Raising;
- (c) **(Restriction agreements)** to the extent required by ASX or the Listing Rules, each Nuheara Shareholder entering into a restriction agreement as required by ASX imposing such restrictions on trading of those Securities as mandated by the Listing Rules;
- (d) **(Firm commitments)** prior to the Meeting, there being sufficient commitments from investors to complete the Capital Raising;
- (e) **(Working Wearable Prototype)** Nuheara providing the Company with a Working Wearable Prototype on or before 15 January 2016; and
- (f) **(Shareholder approval)** Shareholders approving Resolution 2.

If any of these outstanding Conditions Precedent are not satisfied on or before 29 February 2016 (or such later date as the parties may agree in writing), then the Company, Nuheara or the Nuheara Shareholders may terminate the Acquisition Agreement by the provision of written notice to the other parties.

#### 4.6 Purpose of this Notice

As the Acquisition comprises a significant change in the nature of the Company's activities, Resolution 1 seeks Shareholder approval for a change in the nature and scale of the activities of the Company.

The Company proposes to, subject to the receipt of Shareholders' approval of the Acquisition Resolutions and the terms of the Acquisition Agreement (including the outstanding Conditions Precedent summarised in Section 4.5 above):

- (a) proceed to Completion of the Acquisition Agreement, pursuant to which the Company will issue:

- (i) 201,250,000 Shares (**Consideration Shares**) to Nuheara Shareholders in consideration for 100% of the issued shares of Nuheara (Resolution 2) (revised in accordance with the Variation Agreement);
  - (ii) 24,802,321 Shares (**Facilitator Shares**) to Dr Michael Ottaviano (Resolution 3); and
  - (iii) 20,000,000 Options (**Management Options**) to Mr Justin Miller and Mr David Cannington (Resolution 4);
- (b) raise up to \$3,500,000 via an offer under a prospectus (**Prospectus**) by the issue of up to 140,000,000 Shares at \$0.025 each (Resolution 5);
  - (c) change the Company's name to 'Nuheara Limited' with effect from the date that ASIC alters the details of the Company's registration (Resolution 6); and
  - (d) appoint Dr Ottaviano, and Messrs Miller and Cannington to the Board (Resolutions 7, 8 and 9).

The Company also proposes to, subject to the receipt of Shareholder approval:

- (e) approve the Convertible Note Shares pursuant to the Nuheara Raising (Resolution 10); and
- (f) ratify the Placement (Resolution 11).

The Convertible Note Shares (Resolution 10) shall only be issued in the event that the Acquisition does not complete and the Acquisition Agreement is terminated.

Other information considered material to the Shareholders' decision on whether to pass the Resolutions is set out in this Explanatory Memorandum, and Shareholders are advised to read this information carefully.

## 4.7 About Nuheara Pty Ltd

### (a) Background to Nuheara

Nuheara was incorporated in Australia in May 2015 and prior to this (between September 2014 and May 2015) was run as a private research project by its co-founders, Mr Justin Miller and Mr David Cannington. Nuheara was founded to change the way consumers listen, communicate and connect to their digital and physical world, or more specifically, to allow a user to hear what they want to hear, when they want to hear it - intelligent hearing.

The co-founders and management team have over 70 combined years of experience commercialising hearing technology devices and represent world-class audio technologists and experienced global business executives.

Nuheara's main asset is its intellectual property, which consists of trade secrets relating to intelligent hearing technology and trade mark applications. The proposed Acquisition of Nuheara also incorporates the employment by the Company of the core management team, with Messrs Justin Miller and David Cannington executing employment agreements with the Company.

At the heart of its business, Nuheara is building a proprietary hearing technology platform that combines unique hearing intelligence software with spatial directionality and placement, Bluetooth connectivity and app software components. Nuheara's goal is to realise this platform in two stylish Hearables

(ear buds), empowered by a smart phone app and accompanied by a small convenient charging case. Nuheara's intelligent hearing solution proposes to allow the user to control, either individually or in combination, the connection of the ear buds to compatible:

- (i) entertainment devices;
- (ii) Internet of Things; and
- (iii) communication devices such as smartphones,

with the ability to control and mix these digital devices' audio with hearing awareness for a range of day-to-day consumer situations.

The Nuheara product will not be a hearing aid and will not be marketed as a hearing aid.

**(b) Nuheara team**

Nuheara has assembled a highly connected team of experts to deliver the next evolution in Wearables.

*(i) Justin Miller (Co-Founder and Chief Executive Officer)*

Mr Miller is a serial entrepreneur who has developed a thorough knowledge of the global technology and innovation marketplace during his 25-year executive career. Throughout the course of his career, Justin has successfully founded and managed the aggressive and profitable growth of technology, manufacturing and service related companies. This includes strategic acquisitions, capital raisings, research & development, product development & onshore/offshore manufacture, significant staff growth and multi-million dollar sales deals involving both direct & channel sales models. Justin founded ASX-listed IT services company Empired and most recently was the founder and CEO of industrial hearing and communication company, Sensear Pty Ltd, where he was responsible for growing the global business from the San Francisco bay area.

*(ii) David Cannington (Co-Founder and Director of Marketing)*

Mr Cannington has over 25 years' global sales and marketing experience. He has held senior positions in sales and marketing for companies spanning consumer packaged goods (Cadbury Schweppes), advertising (McCann Erickson) data analytics (Neochange) and hearing technology (Sensear Pty Ltd). He has advised many startups on go-to-market and growth strategies and was the founding CEO of ANZA Technology Network, a leading cross-pacific technology entrepreneurs network. David has been recognised as one of the most influential Australian technology executives in Silicon Valley and brings a global perspective to technology commercialisation.

*(iii) Professor Sven Nordholm (Co-Founder)*

Professor Nordholm (SM IEEE) received a Ph.D. degree in Signal Processing from Lund University, Sweden in 1992. Since 1999, he has been a full professor at Curtin University, Perth, Australia, and founding member of Hearmore Pty Ltd and Sensear Pty Ltd. His research activities over the past 30 years focus on signal processing

and communication in acoustic media and speech processing. He is the holder of 7 patents and has contributed more than 200 technical papers. Professor Nordholm was the technology inventor and co-founder of Sensear Pty Ltd in 2006. He was a 2012 Eureka finalist and is a member of the IEEE SPS Technical Committee on Audio and Acoustic Signal Processing.

(iv) *Professor Kevin Fynn (Co-Founder)*

Kevin Fynn is Professor and Head of the School of Electrical Engineering and Computing at Curtin University of Technology. Professor Fynn is a distinguished research engineer, engineering manager, and electrical engineering practitioner. He has been closely associated with industry and engineering research and development for over 25 years, and has an outstanding record of design leadership and of building major research and development facilities. As director of the Western Australian Telecommunications Research Institute (Institute) he was responsible for its overall strategic direction and its corporate performance. At an operational level, he was responsible for commercialisation and management functions. His success in running a commercially focused centre is evidenced by the funding the Institute received including: Cooperative-Research Centres, WA State Government Centres of Excellence in Industry Focused Research, an AusIndustry Technology Diffusion grant, ARC grant funding, and industry consultancies. Kevin has 8 patent registrations and over 50 publications in diverse fields in electrical engineering. His commercial experience includes providing technology systems and services to the resources industry, establishing strategic relationships with leading information communication technology corporations, and being involved in numerous industry projects including international companies such as Boeing (USA). He is the co-founder of Xelor, Sensear Pty Ltd., TheBuzz Corp Pty Ltd., Hearmore Pty Ltd and MobiRoam Pty Ltd.

(v) *Dr Alan Davis (Vice President - Product)*

Dr Davis is an experienced audio product developer who has spent more than 12 years developing innovative audio technologies for consumer electronics and audio communication markets. He holds a Bachelor Degree with Honours in Electronic Engineering and a PhD in Signal Processing from Curtin University, Australia. Subsequently he has held management positions at Dolby Laboratories and industrial communications company Sensear Pty Ltd. Over his career he has successfully grown product development teams, managed intellectual property and brought to market multiple products in the audio space. He is also a published author of multiple technical papers and is a member of the Institute of Electrical and Electronics Engineering.

(vi) *David Ward (Vice President - Operations)*

Mr Ward is an electronic engineer and has been involved in the hearing aid and hearing protection industries for over 8 years.

Most recently Mr Ward was Managing Director and co-founder of Hearmore; instrumental in setting up a new hearing aid distribution model through pharmacies and several audiology support clinics. Mr

Ward successfully negotiated agreements with a major health fund (HBF), pharmacy chains and major hearing aid manufacturers.

Prior to his work at Hearmore, Mr Ward was Engineering Manager at Sensear for 5 years, managing the product development of Sensear's hearing protection range of smart communication products.

Mr Ward has over 30 years in the electronics industry. He has been engineering manager or consulting engineer for several successful technology start-ups, including Mobilarm, Quicktrack and Sensear. He graduated from the University of Western Australia with a Bachelor of Engineering with Honours.

(c) **Development status**

(i) **Historical**

The idea relating to the business that would become Nuheara was initially commenced as a research project in September 2014 by the co-founders, Justin Miller and David Cannington. The co-founders drew on their previous hearing technology commercialisation experience and conducted significant technical and market research, conceptual analysis and design modelling in an effort to determine preliminary product specifications to suit the expected consumer needs. As part of this process, start-up technical advice was sort from Professors Nordholm and Fynn in their respective fields of Digital Signal Processing and Electronics. This early engagement with Professors Nordholm and Fynn has resulted in a formal research agreement between Nuheara and Curtin University of Technology (for more information see Section 4.7(j)). Nuheara's technical and development team has been bolstered with the appointments of Dr Alan Davis, Vice-President of Product, and David Ward, Vice-President Operations.

(ii) **Current**

Nuheara is currently in prototype development stage, having produced its first 3D-printed non-functioning physical prototypes based on the preliminary ear-bud design set out below. For the avoidance of doubt, the current physical prototypes contain microphones, speakers and electronic boards that are physically connected via cable to external development boards.

As per any new technology product development cycle, Nuheara is currently undertaking desktop-based hardware and software implementation utilising development boards for the electronics and other internal components to confirm the proposed design specification represented below and the proposed features outlined in Section 4.7(e).



*Figure 1 - Diagrammatic representation of preliminary ear-bud hardware design*

(iii) Next steps

The next step in Nuheara's technology product development cycle, is for Nuheara to produce an initial functioning prototype (i.e. the Working Wearable Prototype which is a Condition Precedent to be satisfied on or before 15 January 2016). This Working Wearable Prototype will then likely be refined to produce an end product suitable for market.

The key activities to produce an end product ready for market will run concurrently with the Working Wearable Prototype development and include:

- (A) ongoing software development and optimisation with revisions on the Working Wearable Prototype;
- (B) ongoing development and optimisation of the industrial and electronic design suitable for volume manufacturing
- (C) final product tooling and revisions;
- (D) product testing and certifications; and
- (E) pilot and ongoing production runs.

The successful delivery of a Working Wearable Prototype and end product capable of commercial sales is based upon the following:

- (A) the progress made to date with desktop-based hardware and software implementation utilising development boards (discussed in further detail in Section 4.7(e) below);
- (B) the electronic and industrial design of the Working Wearable Prototype;
- (C) the existing technology available to Nuheara; and



- (D) the executive and management team's experience and previous track record in producing new hearing technology related products with a similar product development cycle,

Investors should note that, whilst the technology and hardware currently exist to create the ear-buds, there are risks involved in creating an end product that provides adequate hearing performance across a range of inputs and environments. The main factors that introduce risk in creating a product with suitable performance for market are software design, product realisation in a desired form factor, optimisation to minimise power consumption and acceptable levels of spatial awareness and placement without a cabled connection. See Section 5.2 for further information on specific risks.

(d) **Product Portfolio**

Based on the current design modelling, current available technology to Nuheara and the experience of the management team, the Nuheara proposed product portfolio (**Product Portfolio**) will consist of the following components:

- (i) 2 x Hearables (ear-buds);
- (ii) carrying case/charging unit; and
- (iii) Nuheara app (Mobile platforms).

(e) **Product features**

Nuheara's proposed product features are set out below.

*Current design product features*

- (i) Hands free calls: based on Nuheara's chosen Bluetooth processor available from a third party provider, Bluetooth capability and no wires are proposed to enable hands free phone calls.
- (ii) Stereo music: stereo sound quality for music, podcasts, audiobooks and other audio streams is available utilising the same Bluetooth processor above.
- (iii) Noise reduction: based on noise reduction techniques available today, the ear-buds will provide the ability to switch to noise reduction to allow users to enjoy audio streams by suppressing background noise.
- (iv) Awareness control: utilising multiple external microphones, this feature will allow users to be aware of their external surroundings.
- (v) Tap touch control: based on Nuheara's chosen tap-touch electronic control, proposed tap touch controls will allow users to answer phone calls, start/stop music and switch between physical and digital worlds.
- (vi) Hearing boost: based on current technology development available today, the digital signal processing experience of the Curtin and Nuheara teams, which is available for refinement under the Curtin Agreement, multiple microphones and processing techniques are

proposed to provide the user with ability to hear more clearly in challenging consumer environments. Further refinement and optimisation of the processing techniques and final software production can only occur once an initial functioning prototype has been produced. Ongoing testing at this stage will determine the ultimate quality of this feature to be included in the end product.

- (vii) Personalised hearing: based on pre-programmed hearing profiles, Nuheara will create an app to allow the user to control and save their hearing settings from their smartphone based on their individual hearing preferences.
- (viii) Stylish, comfortable design: Nuheara has engaged extensive third party Industrial Design in the development of ear-buds purposely designed to fit comfortably and appeal to consumer's preferences.
- (ix) Convenient charging case: Nuheara's dual purpose storage and charging case has been designed to be small enough to fit in a user's pocket or purse and with its own internal battery also allows charging of the ear-buds on-the-go.
- (x) Extended Battery Life: Based on desktop modelling of all powered components and circuitry in the current design of the ear-buds (including all of the proposed product features above), and available technology in Nuheara's selected rechargeable battery, Nuheara's ear-buds are targeted to last up to 4 hours with continuous wireless streaming. The charging case specification is designed to enable multiple recharges of both ear-buds, providing further on-the-go battery life.

All hardware to enable the proposed product features has been identified and is available from third party providers for incorporation into the initial wearable functioning prototype and ultimately the end product.

Software development will be finalised following production of the Working Wearable Prototype which is expected to complete in January 2016. Up to this point, software is however under development and is currently being built and tested at a desktop level.

Ongoing software development and optimisation with revisions deployed on the Working Wearable Prototype are required before an end product of suitable quality is market ready. During this process new technology or products may become available that Nuheara may choose to include in the end product.

As with any new technology product development process, multiple iterations, ongoing testing and optimisation occurs up to product launch and will continue post-launch to continually improve product performance.

Nuheara (and the Company) has a reasonable expectation that there is unlikely to be significant variations to the product features during the software optimisation process. This expectation is based on:

- (i) the progress made to date with desktop-based hardware and software implementation utilising development boards (discussed above for each feature);
- (ii) the existing technology available to Nuheara; and

- (iii) the executive and management team's experience and previous track record in producing new hearing technology related products with a similar product development cycle.

Investors should note that there are risks involved in the ability to translate the developed ideas and technologies into a solution that provides adequate hearing performance across a range of inputs and environments. The main factors that introduce risk in creating a product with suitable performance for market are software design, product realisation in a desired form factor, optimisation to minimise power consumption and acceptable levels of spatial awareness and placement without a cabled connection. See Section 5.2 for further information on specific risks.

(f) **Third Party Software**

It is envisaged that once Nuheara's audio wearable device (ear-bud) is complete, a Nuheara-provided software development kit will allow third party app developers with the ability to deliver software solutions which may operate on the ear-bud, such as voice recognition on a range of smart devices, and Internet of Things platforms.

(g) **Market positioning and opportunity**

Nuheara is poised to capitalise on the growth in the global Wearables market by commercialising the world's most intelligent Hearables (ear buds) technology that allows consumers to control what they want to hear. Nuheara was founded to change the way consumers listen, communicate and connect to their digital and physical world.

At the heart of its business, Nuheara is building a proprietary hearing technology platform that combines unique hearing intelligence software with spatial directionality and placement, Bluetooth connectivity and app software components. Embedded in two stylish hearables (ear buds), empowered by a smart phone app and accompanied by a small convenient charging case, Nuheara's proposed intelligent hearing solution represents a new way to listen, communicate and connect.

Nuheara is taking an innovative approach to consumer hearing technology. By evaluating what was happening in the headphone market, the Bluetooth earpiece market and the hearing assistance markets Nuheara concluded that it could build something unique for the growing Wearables consumer market.

Nuheara plans to provide the consumer with a product which will be like using an assisted listening device, a Bluetooth earplug and a noise-cancelling headset all in the one product. The real benefit of Nuheara is that it will give the consumer the control to orchestrate their hearing experience via the Nuheara app and with the tap touch functionality on the Hearable.

With so many demands on consumers' hearing, Nuheara's goal is to allow consumers to seamlessly listen, communicate and connect to their digital and physical worlds with one smart Hearable device.

Nuheara's early adopters will be the approximately 50 million consumers (predominantly in North America and Australia) who experience some hearing issues in certain day-to-day environments but have not been diagnosed with a hearing disorder, and who would like a cool looking device that enables them to augment their hearing and allows them to connect to their digital world.

Nuheara will also attempt to tap into the massive consumer market of headset and earpiece users who are looking for the latest wireless hearing technology to enhance their connected lifestyle.

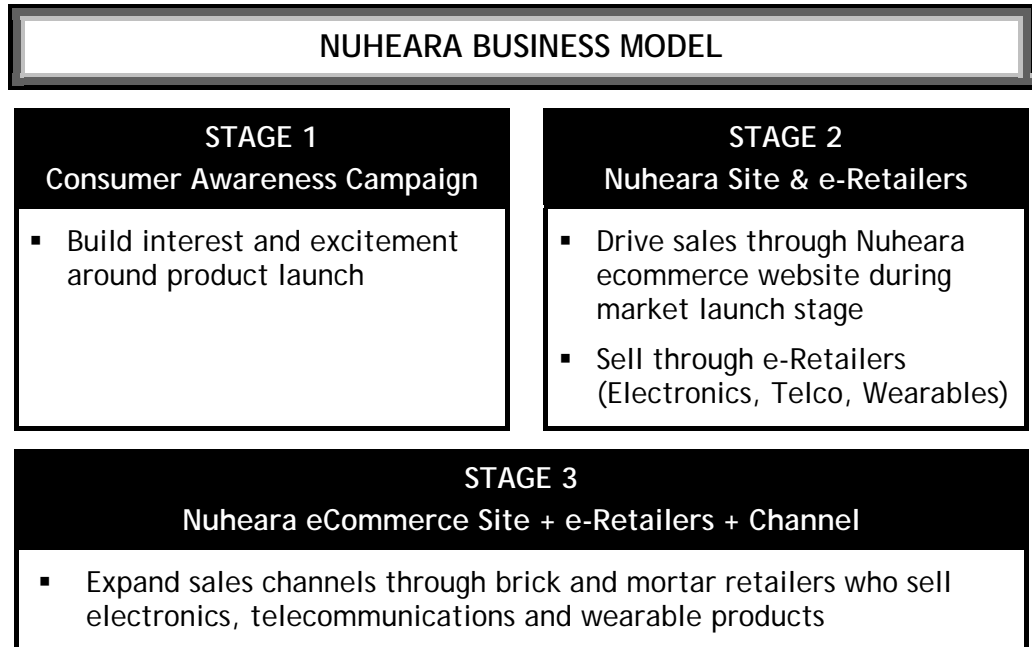
The opportunity for Nuheara to build a significant business can be summarised as follows:

- (i) the Wearables market is projected to rapidly grow over the next 5 years with many industry research bodies predicting strong consumer and enterprise adoption;
- (ii) Wearables innovation is expected to move from the wrist to other parts of the body including the ear (i.e. Hearables);
- (iii) hearing loss impacts approximately 50 million people in the USA and Australia so Nuheara's target early adopter customer base is significant;
- (iv) according to independent market research company eMarketer Inc, it is anticipated that approximately 2.56 billion smartphones will be in circulation by 2018 and many consumers will require a hearing device to connect to their smartphone;
- (v) Nuheara's opportunity is global in scale and not restricted to any particular geography. Nuheara has the added benefit of its co-founders being co-located in Australia and the USA;
- (vi) the hearing aid market is valued at US\$5 billion per annum but with high price points and legacy distribution channels it is ripe for disruption for those consumers who have not been diagnosed with a hearing disorder but are seeking some hearing assistance for certain day-to-day environments;
- (vii) technology adoption is moving rapidly to a voice-enabled world where consumers interact with their smart devices with their voice - Nuheara is placed to be one of the best of breed hearing platforms to enable this adoption;
- (viii) Nuheara's aim is to make its Hearables the platform of choice for the world's voice enabled software developers. Nuheara expects to release a software development kit to third party app developers. For example, this could include Hearable apps such as:
  - (A) translating languages on the fly; and
  - (B) personal tour or sightseeing guides;
- (ix) the technology team at Nuheara are world class audio digital signal processing technologists and have a proven background in inventing and building complex audio technology devices; and
- (x) the co-founders of Nuheara have a history of building global technology companies and this is the second hearing technology business they have commercialised and taken global.

(h) **Business model**

(i) **Consumer product**

Nuheara plans to build out its business model with a staged consumer-facing product go-to-market approach.



Nuheara has proposed a staged approach to their consumer product market entry:

*Stage One* -Nuheara will build interest around the product launch through advertising, social media and tradeshow to generate interest and excitement around the product launch.

*Stage Two* - Product launch campaign via Nuheara website and potential e-retailers such as electronic, telecommunication and wearable product e-retailers anticipated to commence three months prior to product availability. While Wearables are relatively new to the broader retail market, it is significant to note that a number of e-retailers already have a classification for "Wearables" within their product categories.

*Stage Three* - Selling through leading brick and mortar retailers who sell electronic, telecommunication and wearable products anticipated to commence within the first 12 months of product availability.

(ii) **Enterprise/commercial applications**

Although enterprise applications will not be the primary focus of the business model, Nuheara can be opportunistic in its consideration of commercial applications.

As enterprises that rely on mobile communication move to hands-free applications, Nuheara's proposed innovative "hands-free, voice enabled" product capability will be attractive to workers with these requirements.

(iii) The platform

Nuheara plans to open up its application programming interface to developers around the globe who are building speech recognition solutions for the voice-enabled world. These applications will be both consumer and enterprise solutions.

It is foreseeable that Nuheara will develop partnerships with speech recognition software developers who are looking to deliver their solutions on a best-of-breed hearing platform like Nuheara.

(i) **Marketing strategy**

(i) Positioning

Nuheara will be positioned as an innovative intelligent hearing device that allows consumers to hear what they want to hear. The unique proposition is that Nuheara enables consumers to listen, communicate and connect to their digital and physical world with two stylish Hearables (ear-buds) with no wires.

(ii) Target audience

*Primary* - men over the age of 35 who are looking to connect to digital devices and may also have some difficulty in hearing in certain day-to-day situations (but have not been diagnosed with a hearing disorder). The Nuheara product will not be a hearing aid however and, as such, Nuheara will not be marketed as a hearing aid.

*Secondary* - people aged 25-55 who are looking for an innovative hearable device that allows them to connect to their digital world.

(iii) Advertising/promotion

Nuheara will be using the following strategic marketing channels to drive consumer awareness and trial:

- (A) social media advertising: Facebook, Twitter and LinkedIn;
- (B) public relations: strategically timed for the pre-order launch and product launch; and
- (C) trade shows: Consumer Electronics Show, Mobile Congress and other Wearables, telecommunication and electronic trade shows.

(j) **Partnerships**

Nuheara has established partnerships with leading organisations to support its successful commercialisation, including Curtin University of Technology (Curtin) and Wearable World Inc (Wearable World).

Curtin and Nuheara have executed a collaborative research and development agreement to deliver new processing techniques and intellectual property for intelligent hearing with communication capabilities for a range of consumer applications (Curtin Agreement).

The key terms of the Curtin Agreement include:

- (i) Curtin is engaged to join a collaborative research and development effort to deliver processing techniques and intellectual property for augmented hearing with communication capabilities, developed for a range of consumer or socially focussed environments (**Project**).
- (ii) The deliverables include: software implementations of processing techniques, technical reports, evaluation protocol reports and product testing reports.
- (iii) The research on the Project will include, but not limited to, processing techniques suited to blend a user's listening and communication capabilities, as well as a user's ability to spatially control the placement of these varying audio streams.
- (iv) In consideration of Curtin's services in connection with the research and development of the Project, Nuheara will pay Curtin a fee of \$298,834 (which is payable in accordance with a payment schedule over approximately 21 months).
- (v) Any co-developed intellectual property will be owned by and vest with Nuheara from the date of its creation. In consideration of the assignment of such intellectual property, Nuheara agrees to pay Curtin a 2% royalty of net revenues up to a maximum of \$1,000,000.
- (vi) The Curtin Agreement may be terminated by a party where:
  - (A) any payment due remains unpaid for a period of 60 days;
  - (B) the other party breaches the agreement and such breach is not remedied within 30 days;
  - (C) the other party becomes, threatens resolves to become or is in jeopardy of becoming subject to any form of insolvency administration;
  - (D) the other party ceases or threatens to cease conducting its business in the normal manner; or
  - (E) by agreement in writing at any time.

Nuheara has also partnered with Wearable World ([www.wearableworld.co](http://www.wearableworld.co)), one of the world's leading incubators of Wearables technology companies based in San Francisco, to assist with Nuheara's market development program. Wearable World has been instrumental in incubating over 50 Wearable technology companies over the last two years. Nuheara is already working closely with Wearable World via an agreement under which Wearable World provides Nuheara with U.S. based incubation services, such as office space, marketing assistance and general Wearable industry market guidance (**Wearable World Agreement**). The Weraable World Agreement expires in March 2016, but Nuheara expects to renew the arrangements. Wearable World is a Nuheara Shareholder.

(k) **Financial history**

Nuheara is a start-up company with a presence in Perth, Australia and San Francisco, USA. Nuheara was incorporated in Australia in May 2015 and prior to this was run as a private research project. Accordingly Nuheara has a limited trading history. Nuheara's activities since incorporation have

predominantly involved hardware and software research & development, industrial design, development of a technology & product roadmap, and extensive market analysis and strategic business planning.

Nuheara is yet to receive any revenue and given that its business is at an early stage of development (start-up), it is difficult to make an evaluation of Nuheara's business or its prospects. Accordingly, the Company can provide no assurance that it will achieve commercial viability through the acquisition of Nuheara and the implementation of its business plan.

(I) **Intellectual Property**

(i) Trademarks

Nuheara has applied for the following trademarks in order to provide itself with an exclusive right to use the brand in the marketplace:

Australian Trade Mark Application No. 1702493

Mark: NUHEARA

Class: 09

Applicant: Nuheara Pty Ltd

Australian Trade Mark Application No. 1736292

Mark: IQbuds

Class: 09

Applicant: Nuheara Pty Ltd

U.S. Trademark Application Serial Number 86738905

Mark: NUHEARA

International Class: 009

Applicant: Nuheara Pty Ltd

(ii) Patents

Nuheara's intellectual property currently consists of trademarks and trade secrets (obtained when the private research project moved to an incorporated vehicle in Nuheara). However, as a result of its ongoing development process, Nuheara is expecting to finalise and lodge any patent applications prior to pilot production runs in 2016.

As mentioned above, Nuheara has entered into a partnership with Curtin which has a proven background in research, development and testing of advanced audio digital signal processing technologies. This collaborative research and development effort by Nuheara with Curtin, will deliver new processing techniques and intellectual property for intelligent hearing, with communication capabilities, for a range of consumer applications. Nuheara retains 100% ownership rights to any co-developed intellectual property under the terms of the Curtin Agreement. The Company confirms that Professors Nordholm and Fynn were not involved in the development of any intellectual property for the private research project before the incorporation of Nuheara. Please refer to Section 5.2(a)(viii) in relation to the risks associated with the Curtin Agreement.

## 4.8 Board of Directors

The Board currently comprises:



- (a) Mr Grant Mooney (Chair);
- (b) Mr William Richard Brown (Non-Executive Director); and
- (c) Mr Jeffery Moore (Non-Executive Director).

Mr Brown and Mr Moore shall resign at Completion. It is intended that Mr Mooney will remain as a Director and will continue as Company Secretary.

Mr Miller and Mr Cannington will be appointed as executive Directors on and from Completion. Dr Ottaviano will be appointed as a non-executive Director on and from Completion.

See Section 13 for further information on the proposed Directors.

#### **4.9 Proposed changes to senior management**

On and from Completion, Professor Sven Nordholm and Professor Kevin Fynn will form part of the management and development team of the Company.

See Section 4.7(b) for further information on Professors Nordholm and Fynn.

#### **4.10 Capital Raising**

As set out in Section 4.5(b) above, one of the Conditions Precedent to Completion is the completion of the Capital Raising (the subject of Resolution 5).

The Company has applied to ASX for a waiver from Listing Rule 2.1 Condition 2 to allow the Company to offer the Capital Raising Shares for \$0.025 each.

#### **4.11 Management Options**

The Company has applied to ASX for a waiver from Listing Rule 1.1 Condition 11 to allow the Company to offer the Management Options at an exercise price of \$0.03 each and expiring three years from the issue date.

The Company understands the grant of these waivers for similar re-compliance transactions is common and expects the waivers above will be granted by ASX in due course.

If the waivers were not granted the Company will need to review and re-assess the transaction in its entirety.

The Company will make an announcement with respect to the outcome of the waiver applications.

#### **4.12 Pro forma balance sheet**

A pro forma balance sheet for the Company is included in Schedule 2.

#### **4.13 Pro forma capital structure**

The pro forma capital structure of the Company following completion of the Acquisition and the Capital Raising is set out below:

Securities	Shares	Options
Existing issued Securities <sup>1</sup>	187,770,292	20,719,445 <sup>2</sup>
Consideration securities (Resolutions 2 and 4) <sup>3</sup>	201,250,000	20,000,000
Facilitator shares (Resolution 3)	24,802,321	-
Capital Raising Shares (Resolution 5)		
• Minimum Capital Raising (\$3,000,000)	120,000,000	-
• Maximum Capital Raising (\$3,500,000)	140,000,000	-
<b>TOTAL</b>		
• Minimum Capital Raising (\$3,000,000)	533,822,613	40,719,445
• Maximum Capital Raising (\$3,500,000)	553,822,613	40,719,445

**Notes:**

- Assumes no further Securities are issued prior to Completion other than as set out in the table and that the shortfall under the rights issue has been allocated.
- The unquoted Options consist of:
  - 2,000,000 unquoted Options exercisable at \$0.20 each and expiring 28 October 2016;
  - 7,900,000 unquoted Options exercisable at \$0.15 each and expiring 31 January 2017;
  - 2,000,000 unquoted Options exercisable at \$0.10 each and expiring 27 May 2017;
  - 8,319,445 unquoted Options exercisable at \$0.10 each and expiring 15 September 2017; and
  - 500,000 unquoted Options exercisable at \$0.10 each and expiring 18 November 2017.
- Assumes Completion of the Acquisition Agreement and includes the conversion of the Convertible Notes into 31,250,000 Shares.

The above table is a statement of current intentions as at the date of this Notice and is subject to change.

#### 4.14 Proposed budget

The Company has current cash reserves of approximately \$150,000 as at the date of this Notice.

The Company intends to apply the current cash reserves as follows over the next two years, which when aggregated with the proposed Capital Raising funds, amount to total cash reserves of \$3,150,000 - \$3,650,000:

Item	Minimum Capital Raising (\$3,000,000) plus existing cash	Maximum Capital Raising (\$3,500,000) plus existing cash
Existing cash	\$150,000	\$150,000
Proceeds from Capital Raising	\$3,000,000	\$3,500,000
<b>Total cash on completion of re-compliance</b>	<b>\$3,150,000</b>	<b>\$3,650,000</b>

Use of funds		
Engineering	\$775,000	\$975,000
Research & Development (Curtin)	\$261,480	\$261,480
Sales & marketing	\$900,000	\$1,075,000
Intellectual property protection	\$150,000	\$175,000
Prototyping, product development & certification	\$245,000	\$245,000
Corporate & administration	\$400,000	\$450,000
Working capital and existing activities	\$188,520	\$208,520
Costs associated with the Acquisition and the Capital Raising	\$230,000	\$260,000
<b>TOTAL</b>	<b>\$3,150,000</b>	<b>\$3,650,000</b>

**Note:** The Directors reserve the discretion to modify the Capital Raising and the above table. The above table is a statement of current intentions as at the date of this Notice. Intervening events may alter the way funds are ultimately applied by the Company.

#### 4.15 Anticipated timetable for the key business the subject of the Resolutions

Event	Indicative Timing
Lodgement of Prospectus and Prospectus offers anticipated to open	22 January 2016
ASX notified whether Shareholders' approval has been granted for the Resolutions	19 January 2016
Prospectus offers close	19 February 2016
Issue date	24 February 2016
Completion of the Acquisition Agreement (subject to Directors' satisfaction that the Conditions Precedent are satisfied or waived)	24 February 2016
Commencement of trading of Shares on ASX (subject to the Company re-complying with Chapters 1 and 2 of the Listing Rules and subject to ASX agreeing to reinstate the Company's Shares to quotation)	29 February 2016

**Note:** The Directors reserve the right to change the above indicative timetable without requiring any disclosure to Shareholders or Optionholders.

#### **4.16 Board intentions if Completion occurs**

In the event that the Conditions Precedent to the Acquisition are satisfied (including successful completion of the Capital Raising), the funds raised from the Capital Raising, together with the Company's existing cash reserves will be used to:

- (a) advance development of the Nuheara business;
- (b) meet the ongoing administration costs of the Company;
- (c) pay the costs of the Capital Raising and Acquisition; and
- (d) otherwise contribute to the working capital of the Company.

It is intended to allocate the funds raised from the Capital Raising and existing cash reserves as set out in Section 4.14 above.

#### **4.17 Advantages of the proposals in the Acquisition Resolutions**

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on each Acquisition Resolution:

- (a) the Acquisition represents a significant opportunity for the Company to increase the scale of its activities which should increase the number and size of the investor pool that may invest in the Company's Shares;
- (b) the Acquisition provides an opportunity for the Company to diversify its interests to include Nuheara, which is developing Wearable Hearable technology;
- (c) the Acquisition provides the Company with the opportunity to increase the value of the Company; and
- (d) the Company may be able to raise further funds at higher prices by way of share equity as a result of the Acquisition.

#### **4.18 Disadvantages of the proposals in the Acquisition Resolutions**

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on each Acquisition Resolution:

- (a) the Company will be changing the nature and scale of its activities to become a company focused on Wearables technology, as referred to above, which may not be consistent with the objectives of all Shareholders;
- (b) the Acquisition and the Capital Raising will result in the issue of Shares to the Nuheara Shareholders and new investors, which will have a dilutionary effect on the holdings of Shareholders; and
- (c) there are inherent risks associated with the change in nature of the Company's activities. Some of these risks are summarised in Section 5 below.

#### **4.19 Plans for the Company if the Resolutions are not passed**

If the Resolutions are not passed and the Acquisition is not completed, the Company will continue to develop its existing business and look for potential projects in order to continue to take the Company forward.

#### **4.20 Directors' interests in the Acquisition**

None of the Company's existing Directors have any interest in the proposed Acquisition pursuant to the Acquisition Agreement, other than as disclosed in this Notice.

#### **4.21 Escrow implications**

Subject to the Company's Shares being reinstated to trading on the ASX, certain Shares in the Company will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of reinstatement. During the period in which these securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.

The securities likely to be subject to escrow are the Facilitator Shares, the Management Options and the Shares to be issued to Nuheara Shareholders and promoters of the Company (as defined in the Listing Rules).

Prior to the Company's Shares being reinstated to trading on the ASX, the Company will enter into escrow agreements with the recipients of the restricted securities in accordance with Chapter 9 of the Listing Rules, and the Company will announce to ASX full details (quantity and duration) of the Shares required to be held in escrow.

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### **5. Risks associated with the Acquisition**

Shareholders should be aware that if the proposed Acquisition is approved, the Company will be changing the nature and scale of its activities. Based on the information available, a non-exhaustive list of risk factors is as follows:

#### **5.1 Risks relating to the change in nature and scale of activities**

(a) Reinstatement of securities to quotation on ASX

The acquisition of Nuheara constitutes a significant change in the nature and scale of the Company's activities and the Company needs to re-comply with Chapters 1 and 2 of the Listing Rules as if it were seeking admission to the official list of ASX.

The Company's securities will be suspended prior to the Meeting. It is anticipated that the Company's securities will remain suspended until completion of the Acquisition, Capital Raising, re-compliance by the Company with Chapters 1 and 2 of the Listing Rules and compliance with any further conditions ASX imposes on such reinstatement.

There is a risk that the Company may not be able to meet the requirements of ASX for re-quotation of its Shares and Options. Should this occur, the Shares and quoted Options will not be able to be traded on the ASX until such time as those requirements can be met, if at all. Shareholders may be prevented from trading their Shares and quoted Options should the Company be suspended until such time as it does re-comply with the Listing Rules.

(b) Dilution risk

The Company currently has 187,770,292 Shares on issue. On Completion, the Company proposes to issue Shares and Options as required pursuant to the Acquisition Agreement and issue Shares as part of the Capital Raising.

On issue of the consideration under the Acquisition and the subscription of the Shares under the Capital Raising (assuming no Options are exercised), the existing Shareholders will retain approximately 31.6% of the issued capital of the Company, with the Nuheara Shareholders holding 34.3%, Dr Michael Ottaviano holding 4.2%, and the investors under the Capital Raising holding 29.9%.

There is also a risk that the interests of Shareholders will be further diluted as a result of future capital raisings required in order to fund the development of the business.

(c) Liquidity risk

The Shares to be issued to the Nuheara Shareholders in accordance with the Acquisition Agreement will be subject to escrow restrictions in accordance with Chapter 9 of the Listing Rules.

This could be considered an increased liquidity risk as a large portion of issued capital may not be able to be traded freely for a period of time.

(d) Contractual risk

Pursuant to the Acquisition Agreement (summarised above) the Company has agreed to acquire 100% of the issued share capital of Nuheara subject to the fulfilment of the Conditions Precedent.

The ability of the Company to achieve its stated objectives will depend on the performance by the parties of their obligations under the Acquisition Agreement. If any party defaults in the performance of its obligations, it may be necessary for the Company to approach a court to seek a legal remedy, which can be costly.

## 5.2 Specific risks

(a) Acquisition of Nuheara

There are a number of specific risks involved for the Company, and consequently its Shareholders, in the acquisition of Nuheara, including risks specific to the business and assets of Nuheara, which include the following non-exhaustive list:

(i) Limited trading history

Nuheara is a start-up company with a very limited trading history and there is therefore uncertainty in relation to the business of Nuheara and investors should consider Nuheara's prospects in light of its limited financial history. In addition, Nuheara is still in the development phase of both its software and hardware and is yet to reach the commercialisation phase of the business cycle. Accordingly no assurance can be given that Nuheara will achieve commercial viability through the implementation of its business plan.

(ii) Technology and product development

(A) Viable Productisation

Risks are involved in the ability to translate the developed ideas, research, design and technologies into a solution that

provides adequate hearing performance across a range of digital and physical inputs and environments. The main factors that introduce risk are software design and optimisation needed to minimise power consumption and also acceptable levels of spatial awareness and placement without a cabled connection. Nuheara's proposed products are highly compact and worn on the body. Risks are present to package the necessary hardware into the form factor required while meeting regulatory and performance requirements.

(B) Time-To-Market (TTM)

Nuheara is confident that its abilities and experience will enable it to deliver a commercial product within a reasonable timeframe upon completion of the Working Wearable Prototype. Notwithstanding this, there are some risks in Nuheara's planned TTM in addition to risks associated with "Viable Productisation"; these include contracting and "bringing up" a suitably qualified and experienced contract manufacturer. As a consequence of any delay in TTM, Nuheara could experience an adverse effect on revenue and associated added cost in bringing product to market.

(iii) Patent rights

Nuheara has undertaken research into the potential for patenting its technologies but has yet to pursue lodgement of any patents. While Nuheara does expect to lodge patents related to its products and technologies, the prospect of attaining patent protection by Nuheara is highly uncertain, complex and takes considerable time. Accordingly there is some risk that Nuheara may not succeed in obtaining certain patents, or still in the event that it does, there is some risk that its patents could be partially or wholly invalidated following challenges by third parties.

The granting of a patent does not guarantee that the rights of others are not infringed or that competitors will not develop competing intellectual property that circumvents such patents. Nuheara's success depends, in part, on its ability to obtain patents, maintain trade secret protection and operate without infringing the proprietary rights of third parties.

As an alternative to patents, Nuheara may choose other forms of intellectual property protection including:

- (A) further trademarks;
- (B) copyrights for software source code and technical documentation; and
- (C) trade secrets.

(iv) Nuheara's intellectual property

Nuheara may be required to incur significant expenses in monitoring and protecting its intellectual property rights. It may initiate or otherwise be involved in litigation against third parties for

infringement or to establish validity of its rights. Any litigation, whether or not successful, could result in significant expense to Nuheara and cause a distraction to management.

In addition, there can be no guarantee that unauthorised use or copying of the Nuheara brand in counterfeit products will be prevented or that those employees that have access adhere to their confidentiality obligations. Any significant failure or inability to adequately protect and control Nuheara's intellectual property rights may result in potential revenue loss and have an adverse impact on Nuheara's brand value and perceptions of its product qualities.

Although Nuheara has advised the Company that it is not aware of any third party interests in relation to the intellectual property rights of its intellectual property, and has taken steps to protect and confirm its interest in these rights, there is always a risk of third parties alleging that their intellectual property rights have been infringed. If such a claim were to arise, it could adversely affect the Company. The Company has sought to mitigate this risk by seeking independent legal advice.

(v) Trademark

Nuheara has filed trademark applications as set out in Section 4.7(l)(i).

There is a risk that the trademark applications may not be successful and Nuheara may not be able to obtain trademark protection in the future. If any trademarks are granted in the future, they may not provide Nuheara with any competitive advantages or may be challenged by third parties.

There is a risk that the trademark applications may not be accepted, and subsequently registered. While this will not prevent Nuheara from trading using the ASX code "NUH" or continuing to trade under its current branding, it may limit the Company's ability to prevent a competing product being made available by another party using the same or similar branding, and may also give rise to a greater risk of a claim of trademark infringement being made against the Company. Accordingly, if any of the trademark applications are not accepted, the Company may be required to "rebrand" the Nuheara business, which may result in costs being incurred, a potential loss of goodwill and delays in the development of the Nuheara business.

(vi) Special reputational risks

Nuheara operates in a fast-changing environment, and negative publicity can spread quickly, whether true or false. Negative comments by disgruntled customers about Nuheara may have a disproportionate effect on Nuheara's reputation and its ability to earn revenues and profits. Additionally, complaints by such customers can lead to additional regulatory scrutiny and a consequential increase compliance burden in responding to regulatory inquiries. This could negatively impact on Nuheara's profitability.

(vii) Reliance on key personnel



It is anticipated that the future development of Nuheara will be in large part due to the talents, efforts and experience of Mr Justin Miller, Mr David Cannington, Dr Alan Davis, Mr David Ward, Professor Sven Nordholm and Professor Kevin Fynn. Mr Justin Miller and Mr David Cannington have signed employment agreements to join the Company as Directors on Completion. Professor Sven Nordholm and Professor Kevin Fynn will form part of the management and development team of the Company upon Completion. Dr Alan Davis and Mr David Ward have both signed employment contracts to join the Company on Completion.

There is no assurance that the contracts of Mr Justin Miller, Mr David Cannington, Dr Alan Davis and Mr David Ward will not be terminated or will be renewed on the expiry of their terms. In addition, there is no assurance that Mr Justin Miller, Mr David Cannington, Dr Alan Davis, Mr David Ward, Professor Sven Nordholm, and Professor Kevin Fynn would remain healthy and able to continue in their roles. If their contracts were terminated or breached, or if Mr Justin Miller, Mr David Cannington, Dr Alan Davis, Mr David Ward, Professor Sven Nordholm, or Professor Kevin Fynn were no longer to continue in their roles, Nuheara would need to employ alternative staff, and Nuheara's operations and business would be adversely affected.

(viii) Reliance on Curtin University and Wearable World Inc

Nuheara has entered into the Curtin Agreement with Curtin to fund the research and further development of audio Wearables technology. If the Curtin Agreement were terminated or breached, the Company would need to find alternative means of performing ongoing research and development work and the Company's operations and business would be adversely affected.

Nuheara has entered into the Wearable World Agreement with Wearable World Inc to provide U.S. based incubation services, such as office space, marketing assistance and general wearable industry market guidance. If the Wearable World Agreement were terminated or breached, the Company would need to find alternative means of incubation services and the Company's operations and business would be adversely affected.

(ix) Outsourcing

The Company and Nuheara outsource to consultants for expert advice and contract organisations for research, clinical and manufacturing services and there is no guarantee that such experts or organisations will be available as required or will meet expectations.

(x) Liability claims

Nuheara may be exposed to liability claims if its products or services are provided in fault and/or cause harm to its customers. As a result, Nuheara may have to expend significant financial and managerial resources to defend against such claims. If a successful claim is made against Nuheara, Nuheara may be fined or sanctioned and its reputation and brand may be negatively impacted, which could materially and adversely affect its reputation, business prospects, financial condition and results of operation.

(xi) Customer service risk

Customers may need to engage with Nuheara's customer service personnel in certain circumstances, such as if they have a question about the services or if there is a dispute between a customer and Nuheara. Nuheara needs to recruit and retain staff with interpersonal skills sufficient to respond appropriately to customer services requests. Poor customer service experiences may result in the loss of customers. If Nuheara loses key customer service personnel, fails to provide adequate training and resources for customer service personnel, this could lead to adverse publicity, litigation, regulatory inquiries and/or a decrease in customers, all of which may negatively impact on Nuheara's revenue.

(xii) Foreign exchange risks

If Nuheara has costs and expenses in other jurisdictions, such as the United States of America or Europe, then they will likely be denominated in foreign currency. Accordingly, the depreciation and/or the appreciation of the relevant foreign currency relative to the Australian currency would result in a translation loss on consolidation which is taken directly to shareholder equity. Any depreciation of the foreign currency relative to the Australian currency may result in lower than anticipated revenue, profit and earning. Nuheara could be affected on an ongoing basis by foreign exchange risks between the Australian dollar and the relevant foreign currency, and will have to monitor this risk on an ongoing basis.

(b) Regulatory risks

The Company will incur ongoing costs and obligations associated with compliance with necessary regulations. Any failure to comply with regulations may result in additional costs for corrective measures, penalties or restrictions on the Company's proposed business operations. In addition, changes in regulations could require extensive changes to the Company's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

The Company's ability to operate in the future will depend in part on whether it is able to effectively commercialise its potential interests in products. This will depend on successful completion of product development activities, obtaining regulatory approval and on there being commercial demand for such products which cannot be guaranteed.

(c) Sale of existing mineral assets

The Company is currently undertaking an assessment of its mineral assets with a view that these assets will be divested upon Completion. However, if the Company fails to undertake a successful divestment of these assets, the Company may need to continue to fund the maintenance of these assets for the foreseeable future or risk forfeiting these assets and not receive proceeds or future revenue streams from any agreement for sale.

### 5.3 Industry specific risks

(a) Competition and new technologies

Nuheara is confident that its product development will provide a unique offering in the Australian and global marketplace. However, the Wearables market is undergoing rapid growth with the expected entrance into hearing-related Wearables from new and existing Wearable- or technology-driven companies. Accordingly this could include companies (competitors) with significantly greater financial, technical, human, research and development, and marketing resources than currently available to Nuheara. Nuheara's competitors could develop products in advance of Nuheara that are more effective or have greater market acceptance. As a consequence, Nuheara's proposed products could become obsolete or uncompetitive, resulting in adverse effects on revenue, margins and profitability.

The cost and time for a competitor to develop a competing technology may not be significant (particularly for a larger competitor with access to funding and resources), and may be substantially less than the implied market capitalisation of the Company based on the issue price of Shares of \$0.025. This may result in a heightened risk of competition to the Company. If a person or entity successfully develops and commercialises a competing product, this may have a materially adverse effect on the value and prospects of the Company and consequently on the value of your investment.

(b) Unforeseen expenditure risk

Expenditure may need to be incurred that has not been taken into account in the estimates summarised in Section 4.14 above. Although the Company is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company.

## 5.4 General Risks

(a) Additional requirements for capital

The funds to be raised under the Capital Raising are considered sufficient to meet the immediate objectives of the Company. Additional funding may be required in the event costs exceed the Company's estimates and to effectively implement its business and operations plans in the future (including in relation to Nuheara) to take advantage of opportunities for acquisitions, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which the Company may incur. If such events occur, additional financing will be required.

The Company may seek to raise further funds through equity or debt financing, joint ventures, licensing arrangements, production sharing arrangements or other means. Failure to obtain sufficient financing for the Company's activities and future projects may result in delay and indefinite postponement of their activities and potential research and development programs. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to Shareholders.

(b) Economic

General economic conditions, introduction of tax reform, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's business activities and potential

research and development programs, as well as on their ability to fund those activities.

(c) Insurance risks

The Company intends to insure its operations and those of Nuheara (as required) in accordance with industry practice. However, in certain circumstances, such insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

(d) Litigation risks

The Company is exposed to possible litigation risks including, but not limited to, product liability claims, intellectual property claims and claims relating to supplier or distributor agreements. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. Neither the Company nor Nuheara are currently engaged in any litigation.

(e) Dependence on outside parties

The Company may pursue a strategy that forms strategic business relationships with other organisations in relation to potential products and services. There can be no assurance that the Company will be able to attract such prospective organisations and to negotiate appropriate terms and conditions with these organisations or that any potential agreements with such organisations will be complied with.

(f) Market conditions

Share market conditions may affect the value of the Company's Shares regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and technology stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return to Shareholders arising from the transactions the subject of this Notice or otherwise.

(g) Investment risk

The Shares to be issued pursuant to this Prospectus should be considered speculative. They carry no guarantee as to payment of dividends, return of capital or the market value of the Shares. The prices at which an investor may be able to trade the Shares may be above or below the offer price paid for the Shares. While the Directors commend the Capital Raising, prospective investors must make their own assessment of the likely risks and determine whether an investment in the Company is appropriate to their own circumstances.

(h) Taxation

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation point of view and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisers accept no liability and responsibility with respect to the taxation consequences of applying for Shares under the Prospectus.

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## 6. Directors' recommendation

The Directors of the Company unanimously recommend the Acquisition (and the change in nature and scale of the Company's activities) and that Shareholders vote in favour of the Resolutions.

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## 7. Resolution 1 - Approval to change in nature and scale of activities

### 7.1 General

Resolution 1 seeks the approval of Shareholders for a change in the nature and scale of the Company's activities via the acquisition of 100% of the issued capital of Nuheara.

A detailed description of the proposed Acquisition is outlined in Section 4 above.

Resolution 1 is an ordinary resolution and is subject to the approval of the other Acquisition Resolutions.

### 7.2 Listing Rule 11.1

Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the nature and scale of its activities, it must provide full details to ASX as soon as practicable and comply with the following:

- (a) provide to ASX information regarding the change and its effect on future potential earnings, and any information that ASX asks for;
- (b) if ASX requires, obtain the approval of holders of its shares and any requirements of ASX in relation to the notice of meeting; and
- (c) if ASX requires, meet the requirements of Chapters 1 and 2 of the Listing Rules as if the company were applying for admission to the official list of ASX.

ASX has confirmed to the Company that given the significant change in the nature and scale of the activities of the Company upon Completion, it requires the Company to:

- (a) obtain the approval of its Shareholders for the proposed change of activities; and
- (b) re-comply with the admission requirements set out in Chapters 1 and 2 of the Listing Rules.

For this reason, the Company is seeking Shareholder approval for the Company to change the nature and scale of its activities under Listing Rule 11.1.2 and pursuant to Listing Rule 11.1.3 in order to re-comply with Chapters 1 and 2 of the Listing Rules.

Details of the assets to be acquired by the Company and the proposed changes to the structure and operations of the Company are provided throughout this Explanatory Memorandum.

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## **8. Resolution 2 - Approval to issue Consideration Shares**

### **8.1 General**

Resolution 2 seeks Shareholder approval for the issue of the Consideration Shares.

Resolution 2 is an ordinary resolution and is subject to the approval of the other Acquisition Resolutions.

### **8.2 Listing Rule 7.1**

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.

The effect of Resolution 2 will be to allow the Company to issue the Consideration Shares during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

### **8.3 Chapter 2E of the Corporations Act and Listing Rule 10.11**

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.

In their capacity as Nuheara Shareholders:

- (a) 63,142,857 Shares will be issued as Consideration Shares to Mr David Cannington, a proposed Director; and

- (b) 63,142,857 Shares will be issued as Consideration Shares to Wasagi Corporation Pty Ltd (which is a related party of Mr Justin Miller, a proposed Director).

The Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Consideration Shares to associates of the proposed Directors because the grant of the Consideration Shares as part of the Acquisition Agreement is considered reasonable consideration for the Acquisition and the Acquisition Agreement was negotiated on an arm's length basis.

Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in Listing Rule 10.12 applies.

The Directors consider that Listing Rule 10.12 exception 6 applies to the proposed issue of the Consideration Shares and consequently Shareholders' approval is not sought under Listing Rule 10.11.

#### **8.4 Technical information required by Listing Rule 7.3**

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the issue of the Consideration Shares:

- (a) a maximum of 201,250,000 Shares are to be issued as Consideration Shares;
- (b) the Consideration Shares will be issued no later than 3 months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules);
- (c) the Consideration Shares are issued in consideration for the Nuheara Shareholders' shares in Nuheara and will therefore be issued at an issue price of nil;
- (d) the Consideration Shares will be issued to the Nuheara Shareholders, none of whom are a related party of the Company other than by reason of the Acquisition;
- (e) the Consideration Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) no funds will be raised from the issue of the Consideration Shares as they are to be issued in consideration for the Nuheara Shareholders' shares in Nuheara;
- (g) it is intended that the Consideration Shares will be issued on the same date, being the date of Completion; and
- (h) a voting exclusion statement is included in the Notice.

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## **9. Resolution 3 - Approval to issue Facilitator Shares**

### **9.1 General**

Resolution 3 seeks Shareholder approval the issue of the Facilitator Shares.

Resolution 3 is an ordinary resolution and is subject to the approval of the other Acquisition Resolutions.

## **9.2 Listing Rule 7.1**

A summary of Listing Rule 7.1 is contained in Section 8.2 above.

The effect of Resolution 3 will be to allow the Company to issue the Facilitator Shares during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

## **9.3 Chapter 2E of the Corporations Act and Listing Rule 10.11**

A summary of Chapter 2E of the Corporations Act and Listing Rule 10.11 is contained in Section 8.3 above.

It is proposed that 24,802,321 Facilitator Shares be issued to Inkling Capital Pty Ltd (which is a related party of Dr Michael Ottaviano, a proposed Director).

The Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Facilitator Shares because the agreement to issue the Facilitator Shares is considered reasonable consideration for Dr Ottaviano acting as the lead facilitator to the Acquisition and was negotiated on an arm's length basis.

The Directors also consider that Listing Rule 10.12 exception 6 applies to the proposed issue of the Facilitator Shares and consequently Shareholders' approval is not sought under Listing Rule 10.11.

## **9.4 Technical information required by Listing Rule 7.3**

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the issue of the Facilitator Shares:

- (a) a maximum of 24,802,321 Shares are to be issued as Facilitator Shares;
- (b) the Facilitator Shares will be issued no later than 3 months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules);
- (c) the Facilitator Shares will be issued in consideration for Dr Ottaviano acting as the lead facilitator to the Acquisition and will therefore be issued at an issue price of nil;
- (d) the Facilitator Shares will be issued in the name of Inkling Capital Pty Ltd (which is a related party of Dr Michael Ottaviano, a proposed Director), who is not a related party of the Company other than by reason of the Acquisition;
- (e) the Facilitator Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) no funds will be raised from the issue of the Facilitator Shares as they are to be issued in consideration for Dr Ottaviano acting as the lead facilitator to the Acquisition;
- (g) it is intended that the Facilitator Shares will be issued on the same date, being the date of Completion; and



- (h) a voting exclusion statement is included in the Notice.

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## **10. Resolution 4 - Approval to issue Management Options**

### **10.1 General**

Resolution 4 seeks Shareholder approval for the issue of the Management Options.

Resolution 4 is an ordinary resolution and is subject to the approval of the other Acquisition Resolutions.

### **10.2 Listing Rule 7.1**

A summary of Listing Rule 7.1 is contained in Section 8.2 above.

The effect of Resolution 4 will be to allow the Company to issue the Management Options during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

### **10.3 Chapter 2E of the Corporations Act and Listing Rule 10.11**

A summary of Chapter 2E of the Corporations Act and Listing Rule 10.11 is contained in Section 8.3 above.

It is proposed that:

- (a) 10,000,000 Options be issued as Management Options to Mr David Cannington, a proposed Director; and
- (b) 10,000,000 Options be issued as Management Options to Wasagi Corporation Pty Ltd (which is a related party of Mr Justin Miller, a proposed Director).

The Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Management Options because the grant of the Management Options as part of the Acquisition Agreement (and the agreement to act as Directors) is considered reasonable consideration for the Acquisition and was negotiated on an arm's length basis.

The Directors consider that Listing Rule 10.12 exception 6 applies to the proposed issue of the Management Options and consequently Shareholders' approval is not sought under Listing Rule 10.11.

### **10.4 Technical information required by Listing Rule 7.3**

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the issue of the Management Options:

- (a) a maximum of 20,000,000 Options are to be issued as Management Options with an exercise price of \$0.03 each;
- (b) the Management Options will be issued no later than 3 months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules);
- (c) the Management Options are issued in consideration for the Acquisition and will therefore be issued at an issue price of nil;

- (d) the Management Options will be issued to Mr Cannington and Mr Miller, neither of whom is a related party of the Company other than by reason of the Acquisition;
- (e) the Management Options will be issued on the terms and conditions in Schedule 3;
- (f) no funds will be raised from the issue of the Management Options as they are to be issued in consideration for the Acquisition;
- (g) it is intended that the Management Options will be issued on the same date, being the date of Completion; and
- (h) a voting exclusion statement is included in the Notice.

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## **11. Resolution 5 - Approval to issue Capital Raising Shares**

### **11.1 General**

Resolution 5 seeks Shareholder approval for the issue of the Capital Raising Shares.

Resolution 5 is an ordinary resolution and is subject to the approval of the other Acquisition Resolutions.

### **11.2 Listing Rule 7.1**

A summary of Listing Rule 7.1 is contained in Section 8.2 above.

The effect of Resolution 5 will be to allow the Company to issue the Shares pursuant to the Capital Raising during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

### **11.3 Technical information required by Listing Rule 7.3**

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the Capital Raising:

- (a) a maximum number of 140,000,000 Shares are to be issued as Capital Raising Shares;
- (b) the Capital Raising Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules);
- (c) the issue price of the Capital Raising Shares will be \$0.025 per Share;
- (d) the Capital Raising Shares are proposed to be issued to the public at the Board's discretion pursuant to a public offer by Prospectus for the purpose of Listing Rule 1.1 condition 3. None of the subscribers for the Capital Raising will be related parties of the Company;
- (e) the Capital Raising Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;

- (f) the Company's intended use of the funds raised from the issue of the Capital Raising Shares is set out in Section 4.14 above;
- (g) it is intended that the Capital Raising Shares will be issued on the same date, being the date of Completion; and
- (h) a voting exclusion statement is included in the Notice.

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## **12. Resolution 6 - Approval of change of Company name**

Section 157(1)(a) of the Corporations Act provides that a company may change its name if the company passes a special resolution adopting a new name.

Resolution 6 seeks the approval of Shareholders for the Company to change its name to 'Nuheara Limited'.

If Resolution 6 is passed the change of name will take effect when ASIC alters the details of the Company's registration.

The proposed name has been reserved by the Company and if Resolution 6 is passed (along with the other Resolutions) the Company will lodge a copy of the special resolution with ASIC following the Meeting in order to effect the change.

The Board proposes this change of name on the basis that it more accurately reflects the proposed future operations of the Company.

Resolution 6 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

Resolution 6 is subject to the approval of the other Acquisition Resolutions.

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## **13. Resolutions 7, 8 and 9 - Election of Directors - Dr Ottaviano, and Messrs Miller and Cannington**

### **13.1 General**

Pursuant to the Acquisition Agreement, at Completion it is proposed that Dr Ottaviano, and Messrs Cannington and Miller each be appointed as a Director.

Resolution 7 seeks approval for the election of Dr Ottaviano as a Director on and from Completion if each of the other Acquisition Resolutions is approved by Shareholders.

Resolution 8 seeks approval for the election of Mr Miller as a Director on and from Completion if each of the other Acquisition Resolutions is approved by Shareholders.

Resolution 9 seeks approval for the election of Mr Cannington as a Director on and from Completion if each of the other Acquisition Resolutions is approved by Shareholders.

Information on the qualifications, skills and experience of Dr Ottaviano, and Messrs Cannington and Miller is outlined below.

### **13.2 Dr Michael Ottaviano**

Dr Ottaviano has been employed by Carnegie Wave Energy Ltd (Carnegie) since January 2006 and was made Managing Director in March 2007. Dr Ottaviano oversees

all activities that Carnegie undertakes including all commercial and technical aspects of Carnegie's operations, engineering and design, intellectual property and finance and administration. During his time as CEO Dr Ottaviano has lead Carnegie's development of its CETO Wave Energy technology from proof of concept, through a pilot plant phase and into the initial commercial demonstration stages and has been responsible for raising \$77m in equity, \$35m in Government grant funding and \$20m in a loan facility.

Dr Ottaviano has previously worked in research and development and was a divisional manager for a private Australian engineering company. Prior to joining Carnegie, he was a senior manager specialising in technology and innovation consulting at a global accounting and advisory firm. He has advised companies on new product development, intellectual property, innovation portfolio management and technology commercialisation across various industries and ranging from start-ups to ASX-listed companies with market capitalisation in excess of \$1 billion. He has also been a board member of the Clean Energy Council, Australia's clean energy peak industry group, and a member of the Australian Government's Energy White Paper High Level Consultative Committee.

The Board has considered Dr Ottaviano's independence and considers that he is an independent Director.

### **13.3 Mr Justin Miller**

Mr Miller is a serial entrepreneur who has developed a thorough knowledge of the global technology and innovation marketplace during his 25-year executive career. Throughout the course of his career, Justin has successfully founded and managed the aggressive and profitable growth of technology, manufacturing and service related companies. This includes strategic acquisitions, capital raisings, research & development, product development & onshore/offshore manufacture, significant staff growth and multi-million dollar sales deals involving both direct & channel sales models. Justin founded ASX-listed IT services company Empired and most recently was the founder and CEO of industrial hearing and communication company, Sensear Pty Ltd, where he was responsible for growing the global business from the San Francisco bay area.

The Board has considered Mr Miller's independence and considers that he is not an independent Director.

### **13.4 Mr David Cannington**

Mr Cannington has over 25 years' global sales and marketing experience. He has held senior positions in sales and marketing for companies spanning consumer packaged goods (Cadbury Schweppes), advertising (McCann Erickson) data analytics (Neochange) and hearing technology (Sensear Pty Ltd). He has advised many startups on go-to-market and growth strategies and was the founding CEO of ANZA Technology Network, a leading cross-pacific technology entrepreneurs network. David has been recognized as one of the most influential Australian technology executives in Silicon Valley and brings a global perspective to technology commercialisation.

The Board has considered Mr Cannington's independence and considers that he is not an independent Director.

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## **14. Resolution 10 - Approval to issue Convertible Note Shares**

### **14.1 General**

Resolution 10 seeks Shareholder approval to issue the Convertible Note Shares. The Convertible Note Shares shall only be issued in the event that the Acquisition does not complete and the Acquisition Agreement is terminated.

Resolution 10 is an ordinary resolution.

### **14.2 Listing Rule 7.1**

A summary of Listing Rule 7.1 is contained in Section 8.2 above.

The effect of Resolution 10 will be to allow the Company to issue the Convertible Note Shares during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

### **14.3 Technical information required by Listing Rule 7.3**

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the issue of the Convertible Note Shares:

- (a) a maximum of 62,500,000 Shares will be issued as Convertible Note Shares;
- (b) the Convertible Note Shares will be issued no later than 3 months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules);
- (c) the Convertible Note Shares will be issued at an issue price of \$0.008 per Share;
- (d) the Convertible Note Shares will be issued to the Noteholders, none of whom are a related party of the Company;
- (e) the Convertible Note Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) no funds will be raised from the issue of the Convertible Note Shares as they will be issued as consideration for the Company's past and present corporate advisory services and assistance to Nuheara;
- (g) it is intended that the Convertible Note Shares will be issued on the same date, being the date of Completion; and
- (h) a voting exclusion statement is included in the Notice.

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## **15. Resolution 11 - Ratification of prior issue of Placement Shares**

### **15.1 General**

Resolution 11 seeks the approval of Shareholders pursuant to Listing Rule 7.4 for the issue of 9,375,000 Placement Shares under the Placement to various sophisticated and

institutional investors who are not related parties or associates of related parties of the Company.

Resolution 11 is an ordinary resolution.

## **15.2 Listing Rule 7.1 and Listing Rule 7.4**

A summary of Listing Rule 7.1 is contained in Section 8.2 above.

The Placement Shares were issued within the 15% annual limit permitted under Listing Rule 7.1, without the need for Shareholder approval.

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

The effect of Shareholders passing Resolution 11 by ratifying the issue of the Placement Shares will be to restore the Company's ability to issue further Securities, to the extent of 9,375,000 Equity Securities, during the next 12 months.

## **15.3 Specific information required by Listing Rule 7.5**

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

- (a) 9,375,000 Placement Shares were issued on 29 October 2015;
- (b) the Placement Shares were issued at \$0.016 per Share;
- (c) the Placement Shares issued were fully paid ordinary shares in the capital of the Company and rank equally in all respects with the Company's existing Shares on issue;
- (d) the Placement Shares were issued to institutional and sophisticated investors who are not related parties or associates of related parties of the Company;
- (e) the proceeds from the Placement will be used towards general working capital; and
- (f) a voting exclusion statement is included in the Notice.

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## **16. Resolution 12 - Ratification of prior issue of Shares to Teck**

### **16.1 General**

Resolution 12 seeks the approval of Shareholders pursuant to Listing Rule 7.4 for the issue of the 2,500,000 Shares to Teck Resources Limited (Teck Shares) pursuant to the Teck Agreement.

Resolution 12 is an ordinary resolution.

### **16.2 Listing Rule 7.1 and Listing Rule 7.4**

A summary of Listing Rule 7.1 is contained in Section 8.2 above.

The Teck Shares were issued within the 15% annual limit permitted under Listing Rule 7.1, without the need for Shareholder approval.

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

The effect of Shareholders passing Resolution 12 by ratifying the issue of the Teck Shares will be to restore the Company's ability to issue further Securities, to the extent of 2,500,000 Equity Securities, during the next 12 months.

### **16.3 Specific information required by Listing Rule 7.5**

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to the ratification of the Teck Shares:

- (a) 2,500,000 Teck Shares were issued on 9 December 2015;
- (b) the Teck Shares were issued at deemed issue price of \$0.02 per Share;
- (c) the Teck Shares issued were fully paid ordinary shares in the capital of the Company and rank equally in all respects with the Company's existing Shares on issue;
- (d) the Teck Shares were issued to Teck Resources Limited;
- (e) the Teck Shares were issued as part consideration for the acquisition of the Salvador project and no funds were raised from the issue; and
- (f) a voting exclusion statement is included in the Notice.

## Schedule 1 - Definitions

In the Notice, words importing the singular include the plural and vice versa.

\$ means Australian dollars.

**Acquisition** means the proposed acquisition of Nuheara in accordance with the Acquisition Agreement.

**Acquisition Agreement** has the meaning given in Section 4.2 and includes the Variation Agreement.

**Acquisition Resolutions** means Resolutions 1 to 9 (inclusive).

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means the ASX Limited ABN 98 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited.

**August Prospectus** means the Company's prospectus dated 25 August 2015 which was subsequently withdrawn by the Company on 19 October 2015.

**Board** means the 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.

**Capital Raising** means the Company's proposal under Resolution 5 to raise a minimum of \$3,000,000 (and a maximum of up to \$3,500,000) via a public offer under the Prospectus.

**Capital Raising Shares** means the Shares proposed to be issued under the Capital Raising.

**Chair** means the person appointed to chair the Meeting of the Company convened by the Notice.

**Company** means Wild Acre Metals Limited ACN 125 167 133.

**Completion** means completion under the Acquisition Agreement of the sale by the Nuheara Shareholders and purchase by the Company of 100% of the issued capital of Nuheara.

**Conditions Precedent** means the conditions precedent to Completion and includes the outstanding conditions referred to in Section 4.5.

**Consideration Shares** has the meaning given in Resolution 2.

**Convertible Notes** has the meaning given in Section 4.3(b).

**Convertible Note Shares** has the meaning given in Resolution 10.

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

**Curtin** means Curtin University of Technology in Western Australia.

**Curtin Agreement** means the agreement between Curtin and Nuheara dated 20 August 2015 and amended on 28 October 2015, which is summarised in Section 4.7(j).

**Director** means a director of the Company.



**Equity Security** has the same meaning as in the Listing Rules and **Equity Securities** has the corresponding meaning.

**Explanatory Memorandum** means the explanatory memorandum which forms part of the Notice.

**Facilitator Shares** has the meaning given in Resolution 3.

**Hearables** means audio Wearables for the ear.

**Listing Rules** means the listing rules of ASX.

**Management Options** has the meaning given in Resolution 4.

**Meeting** has the meaning given in the introductory paragraph of the Notice.

**Notice** means this notice of general meeting.

**Nuheara** means Nuheara Pty Ltd ACN 605 704 096.

**Nuheara Raising** has the meaning given in Section 4.3(b).

**Nuheara Shareholders** means each of David Cannington, Wasagi Corporation Pty Ltd, Kevin Fynn, Sven Nordholm, Wearable World Inc. and such other persons who are shareholders of Nuheara as at the date of Completion.

**Option** means an option which entitles the holder to subscribe for one Share.

**Optionholder** means the holder of an Option.

**Placement** has the meaning given in Section 4.3(a).

**Placement Shares** has the meaning given in Resolution 11.

**Product Portfolio** has the meaning given in Section 4.7(d).

**Prospectus** means the prospectus proposed to be issued by the Company in relation to the Capital Raising.

**Proxy Form** means the proxy form attached to the Notice.

**Resolutions** means the resolutions referred to in the Notice or any one of them, as the context requires.

**Schedule** means a schedule to the Notice.

**Section** means a section of the Explanatory Memorandum.

**Securities** means all Equity Securities of the Company, including a Share and an Option.

**September NOM** has the meaning given in Section 4.2.

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

**Shareholder** means a holder of a Share.

**Teck** means Teck Resources Limited.

**Teck Agreement** has the meaning given in Section 4.1.

**Teck Shares** has the meaning given in Resolution 12.

**TTM** means time-to-market.

**US\$** means United States dollars.

**Variation Agreement** has the meaning given in Section 4.2.

**Wearable World** means Wearable World Inc.

**Wearable World Agreement** means the agreement between Nuheara and Wearable World summarised in Section 4.7(j).

**Wearables** means technology device worn on the body.

**Wild Acre Peru** means Wild Acre Metals (Peru) SAC.

**Working Wearable Prototype** has the meaning given in Section 4.4.

**WST** means Western Standard Time, being the time in Perth, Western Australia.

## Schedule 2 - Pro forma Balance Sheet

BALANCE SHEET as at 30/06/15	Balance Sheet as of 30/06/15	Significant changes since 30/06/15*	Sale of Mineral Assets**	Convertible Notes Conversion	Pro Form Balance Sheet - Post Acquisition (Minimum Capital Raising of \$3.0m)***	Pro Form Balance Sheet - Post Acquisition (Maximum Capital Raising of \$3.5m)***
<b>Current Assets</b>						
Cash and cash equivalents	374,038	39,728	200,000		3,383,766	3,853,766
Trade and other receivables	1,302				1,302	1,302
Other Assets	7,966				7,966	7,966
<b>Non Current Assets</b>						
Plant and equipment	12,947				12,947	12,947
Intangible assets- at cost				500,000	2,058,419	2,058,419
Financial assets					0	0
Exploration and evaluation expenditure					0	0
<b>TOTAL ASSETS</b>	<b>396,253</b>	<b>39,728</b>	<b>200,000</b>	<b>500,000</b>	<b>5,464,400</b>	<b>5,934,400</b>
<b>Current Liabilities</b>						
Trade and other payables	109,353	-69,353			40,000	40,000
Provisions	143,257				143,257	143,257
<b>TOTAL LIABILITIES</b>	<b>252,610</b>	<b>-69,353</b>	<b>0</b>	<b>0</b>	<b>183,257</b>	<b>183,257</b>
<b>NET ASSETS</b>	<b>143,643</b>	<b>109,081</b>	<b>200,000</b>	<b>500,000</b>	<b>5,281,143</b>	<b>5,751,143</b>
<b>EQUITY</b>						
Issued capital	6,872,148	250,000		500,000	11,950,567	12,420,567
Reserves	33,344				33,344	33,344
Accumulated losses	-6,761,849	-140,919	200,000		-6,702,768	-6,702,768
<b>TOTAL EQUITY</b>	<b>143,643</b>	<b>109,081</b>	<b>200,000</b>	<b>500,000</b>	<b>5,281,143</b>	<b>5,751,143</b>

\* Since the last audited accounts on 30 June 2015, the following significant changes (as set out in column 2 above) have been made:

- (i) Share issue on 16/9/2015 of 12,500,000 shares raising \$100,000;
- (ii) Share issue on 16/11/2015 of 9,375,000 shares raising \$150,000;
- (iii) Cash use and payment of creditors between 1/7/2015 to 18/11/2015.

\*\* Provision has been made for receipt of \$200,000 cash for sale of mineral assets.

\*\*\* Approximate expenses relating to the Acquisition have been included.

### Schedule 3 - Terms and Conditions of Options

The Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) each Option entitles the holder, when exercised, to one (1) Share;
- (b) the Options are subject to the following conditions and milestones:
  - (i) 1/3<sup>rd</sup> upon completion of the Product Portfolio (Milestone 1);
  - (ii) 1/3<sup>rd</sup> upon delivery of a Working Wearable Prototype by 15 January 2016 (Milestone 2); and
  - (iii) 1/3<sup>rd</sup> upon commencement of commercial production by December 2016 (Milestone 3);
- (c) the Options are exercisable at any time on or before 3 years from the date of issue;
- (d) the exercise price of the Options is \$0.03 each;
- (e) subject to the Corporations Act, the Constitution and the Listing Rules, the Options are fully transferable;
- (f) the Options are exercisable by delivering to the registered office of the Company a notice in writing stating the intention of the Optionholder to exercise a specified number of Options, accompanied by an Option certificate, if applicable, and a cheque made payable to the Company for the subscription monies due, subject to the funds being duly cleared funds. The exercise of only a portion of the Options held does not affect the Optionholder's right to exercise the balance of any Options remaining;
- (g) after an Option is validly exercised, the Company must as soon as possible following receipt of the Notice of Exercise and receipt of cleared funds equal to the subscription monies due:
  - (i) issue the Shares;
  - (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 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) do all such acts, matters and things to obtain the grant of quotation of the Shares by ASX by no later than 5 Business Days after the date of exercise of the Option;
- (h) all Shares issued upon exercise of the Options will rank pari passu in all respects with the Company's then issued Shares. The Company does not intend to seek quotation of the Options;
- (i) there are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of Options to Shareholders during the currency of the Options. However, the Company will ensure that, for the purpose of determining entitlements to any issue, Option holders will be notified of the proposed issue at least four (4) Business Days before the record date of any proposed issue. This will give Option holders the

opportunity to exercise the options prior to the date for determining entitlements to participate in any such issue;

- (j) in the event of any reconstruction (including consolidation, subdivision, reduction or return of capital) of the issued capital of the Company prior to the expiry date of the Options, all rights of the Optionholder will be varied in accordance with the Listing Rules; and
- (k) there will be no change to the exercise price of the Options in the event the Company makes a pro rata rights issue of securities.