

QUARTERLY REPORT For the period ending 31 March 2016

HIGHLIGHTS

- ❖ Successful ASX Listing on ASX following \$3.5 million underwritten capital raising
 - ❖ Completion of working wearable prototype of IQbuds™
 - ❖ Announcement of IQbuds™ Production Pathway
 - ❖ R&D capability bolstered by Key technical staff appointments
 - ❖ Announced Pre-Order Campaign – commencing subsequent to end of quarter and having now achieved more than AUD \$600,000 in pre-order sales, representing 2300 units.
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Nuheara Limited (ASX: NUH) ('Nuheara' or the 'Company') is pleased to provide an update of the Company's activities for the quarter ended 31 March 2016.

ENGINEERING

Completed Working Wearable Prototype

Nuheara continues to develop the IQbuds™ product from the successful 'stage one' working wearable prototype launched in January 2016. The technology team has now taken feedback from 100's of beta testers and is in the process on integrating consumer feedback into the product development process.

Production Pathway

Nuheara announced plans to commence commercial production of IQbuds, with the Company's proposed production milestones including:

- Apr 2016 Selection of Contract Manufacturer
- May 2016 Hardware Components Ordered for Production
- Jul 2016 Product tooling commences
- Oct/Nov 2016 Contract Manufacturing Test production run commences
- Dec 2016 Initial "early supporter" production run and shipping commences
- Jan/Feb 2017 Contract Manufacture production ramp up and shipping

The Company remains on track to achieving its milestones, with an announcement on the selection of a Contract Manufacturer due in the course of the next week.

SALES & MARKETING

Demonstration of IQbuds

Since the announcement of the delivery of the Working Wearable Prototype in January 2016, Nuheara's Sales and Marketing executives have been beta testing the product in collaboration with the technical team. Accordingly hundreds of consumers have now tested IQbuds™ in Australia and the USA.

The beta testing set out to prove the performance of a component of Nuheara's Super Intelligent Noise Cancellation (SINC™) technology that is designed to allow consumers focus on conversations they want to focus on in challenging social environments such as cafes, restaurants and on the street.



Federal Minister for Trade & Investment Hon Steven Ciobo with Nuheara's David Cannington at the launch of the Australian Landing Pad in San Francisco trialing IQbuds™

IQbuds™ Pre-Order Campaign

With a production pathway announced, the Company initiated a product pre-order campaign to allow its followers, totalling in excess of 20,000 registered subscribers, to advance purchase IQbuds™ on the global sales and marketing platform- *Indiegogo*. The campaign commenced in April and remains in progress with pre-order sales at the date of this quarterly report now exceeding AUD \$600,000 and 2,300 units.

KEY APPOINTMENTS

During the course of the quarter, the Company made the following key appointments:



Dr Peng Jiang – Principal Software Engineer

12+ years software development experience in communication devices, including Sensear, Motorola Solutions and Lucent Technologies (Bell Labs).



Greg Breen – Software Team Lead

20+ years experience of embedded real-time software development across a range of technologies and industries including safety-critical control systems, ZigBee and xDSL.



Dr. Manimaran Kanesan – Senior Electronic Hardware Engineer

11+ years experience in industry & research in RF & electronic design, antenna engineering, and product development, formerly from Motorola Technology & RFDesign Pty.Ltd.



Andrew Linahan – Senior Product Test Engineer

35+ years of electronic industry experience, spanning customer service, production/test system design and development, technical management.



Dr. Pei Chee Yong – Research Fellow at Curtin University

6+ years experience as a researcher in Acoustic Signal Processing with emphasis on speech enhancement in assistive listening devices, published 10+ peer-reviewed papers.

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CORPORATE

The Company Successfully completed a \$3.5 million share offer at an issue price of 2.5 cents per share. The offer was fully underwritten by Oracle Securities and Prosperion Wealth Management.

In conjunction with the share offer, directors Justin Miller, David Cannington and Michael Ottaviano were appointed to the Board, while William Brown and Jeffrey Moore stepped down.

MINERAL ASSETS

During the Quarter, the Company completed the sale of the Mt Ida gold and nickel assets to MGK Resources Pty Ltd for cash consideration of \$150,000. In addition, Nuheara will retain a 1.5% Net Smelter Royalty (NSR) over all gold and base metals produced from the mineral Leases with the NSR from gold production commencing after 10,000 ounces of production.

FINANCE

The Company is well funded to pursue its product development plans and had approximately \$3.2 million in cash reserves at the end of the March 2016 quarter. Several non-recurring costs were incurred during the quarter related to completion of the acquisition of Nuheara.

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CORPORATE INFORMATION

ASX Code

NUH

Board of Directors

Justin Miller	-	Chief Executive Officer & Managing Director
Grant Mooney	-	Non-Executive Chairman
David Cannington	-	Executive Director- Sales and Marketing
Dr Michael Ottaviano	-	Non-Executive Director

Company Secretary

Grant Mooney

Principal Place of Business

Unit 5

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North Perth WA 6006

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Email: admin@nuheara.com

Internet: www.nuheara.com

Registered Address

Suite 4

6 Richardson Street

West Perth WA 6005

Share Registry

Security Transfer Registrars Pty Ltd

770 Canning Highway

APPLECROSS WA 6153

Phone: (+618) 9315 2333

Issued Capital as at 31 March 2016

553,822,613 ordinary shares (207,052,321 subject to escrow).

Unlisted Options on issue:

- 2,000,000 options expiring 28 October 2016 @ \$0.20 each.
- 7,900,000 options expiring 31 January 2017 @ \$0.15 each.
- 2,000,000 options expiring 27 May 2017 @ \$0.10 each.
- 8,319,445 options expiring 15.09.2017 @ \$0.10 each
- 500,000 options expiring 20.11.2017 @ \$0.10 each
- 20,000,000 options expiring 24.02.19 @ \$0.03 each
- 30,000,000 options expiring 31 May 2019 @ \$0.05 each