
NUHEARA LIMITED
ACN 125 167 133
NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 9.00am (WST)
DATE: Friday, 27 November 2020
PLACE: Nuheara Limited
190 Aberdeen Street
NORTHBRIDGE WA 6003

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

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

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5.00pm (WST) on Wednesday, 25 November 2020.

BUSINESS OF THE MEETING

AGENDA

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2020 together with the declaration of the Directors, the Director's report, the Remuneration Report and the auditor's report.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

“That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2020.”

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

A voting prohibition statement applies to this Resolution. Please see below.

3. ELECTION AND RE-ELECTION OF DIRECTORS – BOARD ENDORSED CANDIDATES

RESOLUTION 2 – ELECTION OF DIRECTOR – HON. CHERYL EDWARDES AM

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

“That, for the purpose of clause 14.4 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Hon. Cheryl Edwardes AM, a Director appointed on 2 January 2020, retires, and being eligible, is elected as a Director.”

RESOLUTION 3 – RE-ELECTION OF DIRECTOR – MR DAVID CANNINGTON

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

“That, for the purpose of clause 14.2 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr David Cannington, a Director, retires by rotation, and being eligible, is re-elected as a Director.”

4. ELECTION OF NON-BOARD ENDORSED CANDIDATE

RESOLUTION 4 – ELECTION OF DIRECTOR – MR WARWICK SAUER

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

“That, for the purpose of clause 14.3 of the Constitution, ASX Listing Rule 14.3 and for all other purposes, Mr Warwick Sauer, a Shareholder who has nominated himself, is elected as a Non-executive Director of the Company.”

5. RESOLUTION 5 – APPROVAL OF 10% PLACEMENT CAPACITY

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

“That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to that number of Equity Securities equal to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Statement.”

6. RESOLUTION 6 – ISSUE OF SALARY SACRIFICE SHARES TO THE HON. CHERYL EDWARDES AM

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purposes of section 195(4) of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to enable up to 20% of the annual Director’s fee payable to the Hon. Cheryl Edwardes AM (or her nominee) in each of the three years following the date of this approval to be paid in Shares pursuant to the Company’s Plan on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement and voting prohibition statement applies to this Resolution. Please see below.

7. RESOLUTION 7 – ISSUE OF SALARY SACRIFICE SHARES TO JUSTIN MILLER

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purposes of section 195(4) of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to enable up to 10% of the annual Total Fixed Remuneration fee payable to the Mr Justin Miller (or his nominee) in each of the three years following the date of this approval to be paid in Shares pursuant to the Company’s Plan on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement and voting prohibition statement applies to this Resolution. Please see below.

8. RESOLUTION 8 – ISSUE OF SALARY SACRIFICE SHARES TO KATHRYN FOSTER

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purposes of section 195(4) of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to enable up to 20% of the annual Director’s fee payable to Ms Kathryn Foster (or her nominee) in each of the three years following the date of this approval to be paid in Shares pursuant to the Company’s Plan on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement and voting prohibition statement applies to this Resolution. Please see below.

9. RESOLUTION 9 – ISSUE OF SALARY SACRIFICE SHARES TO DAVID CANNINGTON

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purposes of section 195(4) of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to enable up to 10% of the annual Total Fixed Remuneration payable to Mr David Cannington (or his nominee) in each of the three years following the date of this approval to be paid in Shares pursuant to the Company’s Plan on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement and voting prohibition statement applies to this Resolution. Please see below.

10. RESOLUTION 10 – ISSUE OF OPTIONS TO JUSTIN MILLER

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

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

A voting exclusion statement and voting prohibition statement applies to this Resolution. Please see below.

11. RESOLUTION 11 – ISSUE OF OPTIONS TO DAVID CANNINGTON

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

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

A voting exclusion statement and voting prohibition statement applies to this Resolution. Please see below.

Dated: 26 October 2020

By order of the Board



**Susan Hunter
Company Secretary**

Voting Prohibition Statements

<p>Resolution 1 – Adoption of Remuneration Report</p>	<p>A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:</p> <ul style="list-style-type: none"> (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or (b) a Closely Related Party of such a member. <p>However, a person (the voter) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:</p> <ul style="list-style-type: none"> (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or (b) the voter is the Chair and the appointment of the Chair as proxy: <ul style="list-style-type: none"> (i) does not specify the way the proxy is to vote on this Resolution; and (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.
<p>Resolution 6 – Issue of Shares to Related Party</p>	<p>A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:</p>
<p>Resolution 7 – Issue of Shares to Related Party</p>	<ul style="list-style-type: none"> (a) the proxy is either: <ul style="list-style-type: none"> (i) a member of the Key Management Personnel; or (ii) a Closely Related Party of such a member; and
<p>Resolution 8 – Issue of Shares to Related Party</p>	<ul style="list-style-type: none"> (b) the appointment does not specify the way the proxy is to vote on this Resolution.
<p>Resolution 9 – Issue of Shares to Related Party</p>	<p>However, the above prohibition does not apply if:</p> <ul style="list-style-type: none"> (a) the proxy is the Chair; and (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.
<p>Resolution 10 – Issue of Options to Related Party</p>	<p>A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:</p> <ul style="list-style-type: none"> (a) the proxy is either: <ul style="list-style-type: none"> (i) a member of the Key Management Personnel; or (ii) a Closely Related Party of such a member; and (b) the appointment does not specify the way the proxy is to vote on this Resolution. <p>However, the above prohibition does not apply if:</p> <ul style="list-style-type: none"> (a) the proxy is the Chair; and (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.
<p>Resolution 11 – Issue of Options to Related Party</p>	<p>A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:</p> <ul style="list-style-type: none"> (a) the proxy is either: <ul style="list-style-type: none"> (i) a member of the Key Management Personnel; or (ii) a Closely Related Party of such a member; and (b) the appointment does not specify the way the proxy is to vote on this Resolution. <p>However, the above prohibition does not apply if:</p> <ul style="list-style-type: none"> (a) the proxy is the Chair; and (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Voting Exclusion Statements

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of the resolution set out below by or on behalf of the following persons:

Resolution 6 – Issue of Shares to Related Party	Cheryl Edwardes or any other person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in or an associate of that person or those persons.
Resolution 7 – Issue of Shares to Related Party	Justin Miller or any other person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question or an associate of that person or those persons.
Resolution 8 – Issue of Shares to Related Party	Kathryn Foster or any other person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question (including Kathryn Foster) or an associate of that person or those persons.
Resolution 9 – Issue of Shares to Related Party	David Cannington or any other person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question or an associate of that person or those persons.
Resolution 10 – Issue of Options to Related Party	Justin Miller (or their nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.
Resolution 11 – Issue of Options to Related Party	David Cannington (or their nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.

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

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

Voting in person

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

Voting by proxy

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

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

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

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

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

EXPLANATORY STATEMENT

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

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2020 together with the declaration of the Directors, the Directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at www.nuheara.com.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

2.2 Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

At the Company's previous annual general meeting, the votes cast against the remuneration report considered at that annual general meeting were less than 25%.

3. ELECTION OF DIRECTORS - BOARD ENDORSED CANDIDATES

3.1 RESOLUTION 2 - ELECTION OF DIRECTOR, HON. CHERYL EDWARDES AM

3.1.1 General

The Constitution allows the Directors to appoint at any time a person to be a Director either to fill a casual vacancy or as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Pursuant to the Constitution and ASX Listing Rule 14.4, any Director so appointed holds office only until the next following annual general meeting and is then eligible for election by Shareholders but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

The Hon. Cheryl Edwardes AM, having been appointed as independent Non-executive Chair by the Directors effective 2 January 2020 in accordance with the Constitution, will retire in accordance with the Constitution and ASX Listing Rule 14.4 and being eligible, seeks election from Shareholders.

3.1.2 Qualifications and other material directorships

Cheryl Edwardes

Independent Non-Executive Chair

Qualifications: AM LL.M, BA, GAICD

Mrs Edwardes has a strong legal and governance background with an extensive career spanning across government and business. She is on the Board of the West Australian Football Commission, a Board member of the Foreign Investment Review Board (FIRB) and Chairman and non-executive Director on a number of ASX-listed boards.

During her political career, Mrs Edwardes held positions as the first female Attorney General for Western Australia, Minister for Environment and Labour Relations, and was the Member for Kingsley for nearly 17 years. Mrs Edwardes was awarded an Order of Australia in the Queen's Birthday Honours 2016 for "significant service to the people and Parliament of Western Australia, to the law and to the environment, and through executive roles with business, education and community organisations". Cheryl was also named in the 100 Women of Influence 2016, inducted into Western Australian Women's Hall of Fame 2016 and was a finalist in the Women in Resources Award 2015.

Mrs Edwardes is Non-executive Chairperson of Vimy Resources Limited (ASX:VMY) and is a Non-executive Director of Flinders Mines Limited (ASX:FMS).

3.1.3 Independence

Mrs Edwardes has no interests, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his capacity to bring an independent judgement to bear on issues before the board and to act in the best interest of the entity and its security holders generally.

If elected, the Board considers Cheryl Edwardes will be an independent director.

3.1.4 Board recommendation

The Board supports the election of Mrs Edwardes and recommends that Shareholders vote in favour of Resolution 2.

3.2 RESOLUTION 3 - RE-ELECTION OF DIRECTOR, MR DAVID CANNINGTON

3.2.1 General

ASX Listing Rule 14.4 provides that, other than a managing director, a director of an entity must not hold office (without re-election) past the third AGM following the director's appointment or 3 years, whichever is the longer. However, where there is more than one managing director, only one is entitled not to be subject to re-election.

The Constitution sets out the requirements for determining which Directors are to retire by rotation at an annual general meeting.

Mr Cannington was last elected as a Director on 30 November 2018.

3.2.2 Qualifications and other material directorships

David Cannington
Executive Director and Chief Marketing Officer

Qualifications: BSc, ASc, MAICD

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 start-ups on go-to-market and growth strategies and was the founding CEO of ANZA Technology Network, a leading cross-pacific technology entrepreneurs' network. Mr Cannington has been recognised as one of the most influential Australian technology executives in Silicon Valley and brings a global perspective to technology commercialisation.

3.2.3 Independence

If elected the Board considers Mr David Cannington will not be an independent Director as he is an Executive Director of the Company.

3.2.4 Board recommendation

The Board supports the election of Mr David Cannington and recommends that Shareholders vote in favour of Resolution 3.

4. ELECTION OF DIRECTOR - NON-BOARD ENDORSED CANDIDATE

4.1 RESOLUTION 4 - ELECTION OF DIRECTOR, MR WARWICK SAUER

4.1.1 Resolution NOT supported by the Board

By notice to the Company received on 13 October 2020, Mr Warwick Sauer, an external non-Board endorsed candidate, has nominated to stand for election as a non-executive Director of the Company in accordance with clause 14.3 of the Company's Constitution. A copy of the consent received from Mr Sauer is attached to this Notice (refer Annexure A).

Mr Sauer has provided biographical details for inclusion in this Notice of Meeting, a summary of which follows. Other than the biographical detail outlined below, the Company has little knowledge of Mr Sauer, his bona fides, experiences or attributes he would bring to the Board. The Board has also not received results of bankruptcy checks or police clearances from Mr Sauer that are consistent with the expectations of modern corporate governance encapsulated in the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* applicable to the Company since 1 July 2020.

To the best of the Company's knowledge, based on the information provided by Mr Sauer, he holds 100 Shares in the Company.

4.1.2 Summary of information provided by Mr Sauer

Mr Sauer notes that he is a corporate lawyer of over 20 years' experience, focusing on commercial law, capital markets, and litigation. Mr Sauer also has a degree in commerce.

The Board has been unable to independently verify any of the information contained above.

Mr Sauer also notes that he is passionate about shareholder activism and ensuring that companies and their boards are unfailingly transparent, and truly work for the benefit of all shareholders. He has pursued shareholders' rights at many companies and in many forums, including a successful single-handed campaign against Regal Resources at the Takeovers Panel in 2016.

4.1.3 Independence

If elected the Board considers Mr Sauer would likely be an independent Director.

4.1.4 Why is the Board not in support of Resolution 4?

For the reasons outlined below, the Board does not support the election of Mr Sauer to the Board and unanimously recommends that Shareholders vote AGAINST this resolution.

The Board and its Remuneration and Nomination Committee has met and considered this nomination to the Board. Following these meetings and after due consideration, the Board does not consider, based on the limited information that Mr Sauer has provided to the Company, to have skills or experience that are not otherwise provided by existing members of the Board or that could add value to the Nuheara Board for the benefit of all Shareholders. In addition, searches undertaken by the Company with the registers maintained by ASIC on the name Warwick Sauer do not indicate that Mr Sauer has any previous experience as a Director of an Australian publicly listed company.

The Board has a well-defined nomination process to identify and nominate Directors in a professional and structured manner. The Board, at least annually, updates its Board Skills Matrix which assesses its collective skills and experience and identifies skills and characteristics that would be desirable for any new Board candidates. The nomination process is managed by the Remuneration and Nomination Committee with assistance from external advisors, where appropriate. Prospective Director candidates with requisite skills, experience and independence are reviewed and references sought. The process the Board undertakes balances the introduction of new skills to the Board while maintaining sufficient continuity and aims to ensure that Shareholders are given the opportunity to elect the most appropriately qualified and experienced

candidates to the Board. By way of example, the appointment of Hon. Cheryl Edwardes AM in January 2020 ensures the Board has strong legal and governance expertise and can draw on Mrs Edwardes' extensive experience across government and business.

4.2 Board recommendation

The Board does NOT support the election of Mr Warwick Sauer and recommends that Shareholders vote AGAINST Resolution 4.

5. RESOLUTION 5 – APPROVAL OF 10% PLACEMENT CAPACITY

5.1 General

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

However, under Listing Rule 7.1A, an eligible entity may seek shareholder approval by way of a special resolution passed at its annual general meeting to increase this 15% limit by an extra 10% to 25% (**7.1A Mandate**).

An 'eligible entity' means an entity which is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300,000,000 or less.

As at the date of this Notice, the Company is an eligible entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of approximately \$70 million (based on the number of Shares on issue and the closing price of Shares on the ASX on 19 October 2020).

Resolution 5 seeks Shareholder approval by way of special resolution for the Company to have the additional 10% placement capacity provided for in Listing Rule 7.1A to issue Equity Securities without Shareholder approval.

If Resolution 5 is passed, the Company will be able to issue Equity Securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval.

If Resolution 5 is not passed, the Company will not be able to access the additional 10% capacity to issue Equity Securities without Shareholder approval under Listing Rule 7.1A, and will remain subject to the 15% limit on issuing Equity Securities without Shareholder approval set out in Listing Rule 7.1.

5.2 Technical information required by Listing Rule 7.1A

Pursuant to and in accordance with Listing Rule 7.3A, the information below is provided in relation to Resolution 5:

(a) **Period for which the 7.1A Mandate is valid**

The 7.1A Mandate will commence on the date of the Meeting and expire on the first to occur of the following:

- (i) the date that is 12 months after the date of this Meeting;
- (ii) the time and date of the Company's next annual general meeting; and

- (iii) the time and date of approval by Shareholders of any transaction under Listing Rule 11.1.2 (a significant change in the nature or scale of activities) or Listing Rule 11.2 (disposal of the main undertaking).

(b) **Minimum Price**

Any Equity Securities issued under the 7.1A Mandate must be in an existing quoted class of Equity Securities and be issued at a minimum price of 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed by the entity and the recipient of the Equity Securities; or
- (ii) if the Equity Securities are not issued within 10 trading days of the date in Section 5.2(b)(i), the date on which the Equity Securities are issued.

(c) **Use of funds raised under the 7.1A Mandate**

The Company intends to use any funds raised for working capital, growth of inventories and increased marketing and promotional costs associated with the Company's products.

(d) **Risk of Economic and Voting Dilution**

Any issue of Equity Securities under the 7.1A Mandate will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 5 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 7.1A Mandate, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in Listing Rule 7.1A.2, on the basis of the closing market price of Shares and the number of Equity Securities on issue as at 19 October 2020.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 7.1A Mandate.

Number of Shares on Issue (Variable A in Listing Rule 7.1A.2)		Shares issued – 10% voting dilution	Dilution		
			Issue Price		
			\$0.0255	\$0.051	\$0.0765
			50% decrease	Issue Price	50% increase
		Funds Raised			
Current	1,400,204,652 Shares	140,020,465 Shares	\$3,570,522	\$7,141,044	\$10,711,566
50% increase	2,100,306,978 Shares	210,030,698 Shares	\$5,355,783	\$10,711,566	\$16,067,348
100% increase	2,800,409,304 Shares	280,040,930 Shares	\$7,141,044	\$14,282,087	\$21,423,131

*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

1. There are currently 1,400,204,652 Shares on issue.
2. The issue price set out above is the closing market price of the Shares on the ASX on 19 October 2020.
3. The Company issues the maximum possible number of Equity Securities under the 7.1A Mandate.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in Listing Rule 7.2 or with approval under Listing Rule 7.1.
5. The issue of Equity Securities under the 7.1A Mandate consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under Listing Rule 7.1 unless otherwise disclosed.
8. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
9. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 7.1A mandate, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(e) **Allocation policy under the 7.1A Mandate**

The recipients of the Equity Securities to be issued under the 7.1A Mandate have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 7.1A Mandate, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue, share purchase plan, placement or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

(f) **Previous approval under Listing Rule 7.1A**

The Company previously obtained approval from its Shareholders pursuant to Listing Rule 7.1A at its annual general meeting held on 28 November 2019 (**Previous Approval**).

During the 12 month period preceding the date of the Meeting, the Company has issued 88,235,293 Shares under the Previous Approval on 4 June 2020 to professional and sophisticated investors who were clients of Canaccord Genuity (Australia) Limited. The issue price of the Shares was \$0.017 per Share and the closing Share price on ASX on the date of issue was also \$0.017. The funds raised from this issue (\$1.5 million before costs) was used to fund the marketing of IQBuds²MAX and to increase inventory levels. This issue of 88,235,293 Shares on 4 June 2020 represents approximately 7.9% of the total number of Equity Securities on issue at the commencement of that 12-month period.

As at the date of this Notice, the Company is not proposing to make an issue of Equity Securities under Listing Rule 7.1A. Accordingly, a voting exclusion statement is not included in this Notice.

6. RESOLUTIONS 6 TO 9 – ISSUE OF SALARY SACRIFICE SHARES

6.1 General

At the Company's General Meeting held in August 2020, the Company adopted a new Employee Share and Salary Sacrifice Plan (**Plan**).

In accordance with that Plan, commencing from 1 January 2021, certain Directors are proposing to salary sacrifice a portion of their yearly Directors' fees or Total Fixed Remuneration over each of the next three years for Shares in the Company as follows:

Director	Directors' fees/Total Fixed Remuneration*	% sacrifice	Total of Shares issued (\$)
Hon. Cheryl Edwardes AM (Resolution 6)	\$75,000	20%	\$15,000
Justin Miller (Resolution 7)	\$407,200	10%	\$40,720
Kathryn Foster (Resolution 8)	\$65,000	20%	\$13,000
David Cannington (Resolution 9)	\$313,662	10%	\$31,366

*Excludes statutory superannuation.

The Shares are expected to be issued once per year on the basis of a quarterly volume weighted average price of the Company's Shares trading on ASX over each calendar quarter ending March, June, September and December.

It is proposed that the Director Shares be issued under the Plan.

6.2 Chapter 2E of the Corporations Act

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

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

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

The issue of these Shares to the Directors (or their nominees) constitutes giving a financial benefit and the Directors are a related party of the Company by virtue of being Directors. However, the Directors note that the Shares for which approval is being sought is in lieu of cash remuneration that would otherwise be payable to them and is not in addition to their cash salaries.

6.3 Listing Rule 10.14

Listing Rule 10.14 provides that an entity must not permit a director of the entity or an associated of a director of the entity to acquire equity securities under an employee incentive scheme without the approval of the holders of its ordinary securities.

Resolutions 6 to 9 therefore seek the required Shareholder approval for the issue of the Shares to the Directors under the Plan for the purposes of Listing Rule 10.14.

If Resolutions 6 to 9 are passed, the Company will be able to proceed with the issue of Shares to the Directors under the Plan to the Directors within three years

after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Director fee Shares (because approval is being obtained under Listing Rule 10.11), the issue of the Director fee Shares will not use up any of the Company's 15% annual placement capacity.

If Resolution 6 to 9 are not passed, the Company will not be able to proceed with the issue of the Shares and the Directors will continue to be paid cash for their services.

6.4 Technical Information required by Listing Rule 10.15

Pursuant to and in accordance with Listing Rule 10.15, the following information is provided in relation to Resolutions 6 to 9:

- (a) the Director fee Shares will be issued to the following persons:
- (i) Hon. Cheryl Edwardes AM (or their nominee) pursuant to Resolution 6;
 - (ii) Justin Miller (or their nominee) pursuant to Resolution 7;
 - (iii) Kathryn Foster (or their nominee) pursuant to Resolution 8; and
 - (iv) David Cannington (or their nominee) pursuant to Resolution 9,
- each of whom falls within the category set out in Listing Rule 10.11.1 and 10.14.1 by virtue of being a Director;
- (b) the maximum number of Shares to be issued to each Director annually over the next three years will be determined by the following formula:

Quarter Closing Date	Calculation of Entitlement Shares
31 March	Salary sacrifice contributions for quarter / quarterly VWAP share price for the quarter ended 31 March
30 June	Salary sacrifice contributions for quarter / quarterly VWAP share price for the quarter ended 30 June
30 September	Salary sacrifice contributions for quarter / quarterly VWAP share price for the quarter ended 30 September
31 December	Salary sacrifice contributions for quarter / quarterly VWAP share price for the quarter ended 31 December

Set out below is a worked example of the annual number of Shares that may be issued under Resolution 6 to 9 based on the volume weighted average price for Shares for the quarter ended 30 September 2020, and the volume weighted prices which are 50% higher and 50% lower than that price.

Directors	Issue Price		
	\$0.022 50% decrease	\$0.044 Issue Price	\$0.066 50% increase
	Maximum number of Shares issued		
Hon. Cheryl Edwardes AM (Resolution 6)	681,818	340,909	227,273
Justin Miller (Resolution 7)	1,850,909	925,454	616,970
Kathryn Foster (Resolution 8)	590,909	295,454	196,970
David Cannington (Resolution 9)	1,425,727	712,864	475,242

- (c) the Directors' fees and Total Fixed Remuneration of each of the Directors, and the amount that they have agreed to salary sacrifice is set out in the table in Section 6.1 above;
- (d) none of the Directors have previously received any Shares under the Plan;
- (e) the Shares are expected to be issued once per financial year as described above, but in any event will not be issued later than 3 years after the date of the Meeting in accordance with the Listing Rules;
- (f) the Shares will be issued at a deemed issue price equal to the quarterly VWAP at the end of each calendar quarter in the financial year the Shares are issued. The Company will not receive any other consideration in respect of the issue of the Director fee Shares and the Company will extinguish the outstanding liability to the Directors for fees accrued but not paid;
- (g) the purpose of the issue of the Shares is as a result of the Directors' willingness to salary sacrifice a portion of their cash remuneration for Shares in the Company;
- (h) the Shares are fully paid ordinary shares in the capital of the Company on the same terms as existing Shares on issue;
- (i) a summary of the terms of the Plan is set out in Schedule 1 to this Notice;
- (j) no loan is being made relating to the issue of the Shares; and
- (k) details of the Shares issued under Resolutions 6 to 9 will be published in the annual report of the Company relating to the period in which they are issued, along with a statement that they were issued under approval obtained under Listing Rule 10.14. Any additional persons covered by Listing Rule 10.14 who become entitled to participate in any issue of securities under the Plan after these Resolutions are passed and who was not named in this Notice will not participate in the Plan until approval is obtained.

7. RESOLUTIONS 10 AND 11 – ISSUE OF OPTIONS TO RELATED PARTIES

7.1 General

On 31 March 2020, the Company announced that in response to the Covid-19 pandemic it had implemented a number of temporary business stabilisation measures to ensure that it will be well positioned operationally and financially to manage the current economic uncertainty and business interruption. One of the temporary measures was a 50% reduction in salaries for all its senior executives, the Chief Executive Officer and members of the Board. The salaries remained at a 50% reduction for the period of 1 April 2020 to 30 June 2020.

In July 2020, as compensation for reductions in salaries caused by the uncertainties relating to the COVID-19 pandemic, the Company resolved to issue Options to a number of key employees and management within the Company. The Options were exercisable at \$0.025 with a three year term.

However, the Company was unable to issue Options to its two Executive Directors at that time due to restrictions under the ASX Listing Rules requiring Shareholder approval for the issue of Options. The Annual General Meeting is the first opportunity to seek the approval to issue the Options to Directors.

The Company has agreed to issue securities to certain directors of the Company as follows to recognise their reduction in salaries caused by the Company's response to the COVID-19 pandemic and to incentivise them to continue to remain with the Company and continue its growth path on the same terms as those Options that were issued to the key employees:

- (a) 3,000,000 Options to Mr Justin Miller (or his nominee) (Resolution 10); and
- (b) 3,000,000 Options to Mr David Cannington (or his nominee) (Resolution 11).

7.2 Chapter 2E of the Corporations Act

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

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

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

The issue of these securities to these Directors constitutes giving a financial benefit and both of Mr Miller and Mr Cannington are related parties of the Company.

The Directors (other than Mr Miller) who has a material personal interest in Resolution 10) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of Options because they are being issued as compensation for a reduction in salary that would otherwise have been payable to Mr Miller.

The Directors (other than Mr Cannington) who has a material personal interest in Resolution 11) consider that Shareholder approval pursuant to Chapter 2E of the

Corporations Act is not required in respect of the grant of his Options because they are being issued as compensation for a reduction in salary that would otherwise have been payable to Mr Cannington.

7.3 Listing Rule 10.11

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

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

unless it obtains the approval of its shareholders.

The issue of the securities falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of Shareholders under Listing Rule 10.11.

Resolutions 10 and 11 seeks the required Shareholder approval for the issue of the securities under and for the purposes of Listing Rule 10.11.

7.4 Technical information required by Listing Rule 14.1A

If Resolution 10 is passed, the Company will be able to proceed with the issue of the Options to Mr Miller within one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Options (because approval is being obtained under Listing Rule 10.11), the issue of the Options will not use up any of the Company's 15% annual placement capacity.

If Resolution 10 is not passed, the Company will not be able to proceed with the issue of the Options and may need to renegotiate with Mr Miller terms of his salary.

If Resolution 11 is passed, the Company will be able to proceed with the issue of the Options to Mr Cannington within one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Options (because approval is being obtained under Listing Rule 10.11), the issue of the Options will not use up any of the Company's 15% annual placement capacity.

If Resolution 11 is not passed, the Company will not be able to proceed with the issue of the Options and may need to renegotiate with Mr Cannington terms of his salary.

7.5 Technical Information required by Listing Rule 10.13 – Resolutions 10 and 11

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to Resolutions 10 and 11:

- (a) the Options will be issued to Mr Justin Miller and Mr David Cannington (or their respective nominees), who are both related parties of the Company by virtue of being Directors;
- (b) the maximum number of Options to be issued is 3,000,000 Options to each of Mr Miller and Mr Cannington;
- (c) the terms and conditions of the Options are set out in Schedule 2;
- (d) the Options will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Options will occur on the same date;
- (e) the issue price of the Options will be nil. The Company will not receive any other consideration in respect of the issue of the Options (other than in respect of funds received on exercise of the Options);
- (f) the purpose of the issue of the Options is as compensation for a reduction in salary that would otherwise have been payable. Further details can be found in Section 7.1;
- (g) the current total remuneration package for Mr Miller is \$455,884, comprising of salary of \$407,200, and a superannuation payment of \$36,684;
- (h) the Options proposed to be issued to Mr Miller pursuant to Resolution 10 have been valued at the grant date at \$25,200 based on the Black Scholes methodology;
- (i) the current total remuneration package for Mr Cannington is \$343,460, comprising of directors' fees of \$50,000, salary of \$263,662, and a superannuation payment of \$29,798;
- (j) the Options proposed to be issued to Mr Cannington pursuant to Resolution 11 have been valued at the grant date at \$25,200 based on the Black Scholes methodology; and
- (k) the Options are not being issued pursuant to any formal agreement.

GLOSSARY

\$ means Australian dollars.

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

ASIC means the Australian Securities & Investments Commission.

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

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Chair means the chair of the Meeting.

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

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

Company means Nuheara Limited (ACN 125 167 133).

Constitution means the Company's constitution.

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

Directors means the current directors of the Company.

Eligible Entity means an entity that, at the date of the relevant general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Statement means the explanatory statement accompanying the Notice.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or

indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

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

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Ordinary Securities has the meaning set out in the ASX Listing Rules.

Plan means the Employee Share and Salary Sacrifice Plan adopted by Shareholders at a general meeting of Shareholders held on 14 August 2020.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2020.

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

Section means a section of the Explanatory Statement.

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

Shareholder means a registered holder of a Share.


Variable A means "A" as set out in the formula in ASX Listing Rule 7.1A(2).

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

ANNEXURE A – CONSENT RECEIVED FROM MR WARWICK SAUER

**CONSENT TO ACT AS A DIRECTOR OF
NUHEARA LTD**

I, Warwick Sauer, consent to act as a director of Nuheara Ltd.



Warwick Sauer
Date: 8 October 2020

SCHEDULE 1 – SUMMARY OF EMPLOYEE SHARE AND SALARY SACRIFICE PLAN

(a) **Eligibility**

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

(b) **Power of the Board**

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

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

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

(c) **Offer**

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

The offer:

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

(d) **Issue price**

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

(e) **Restriction Conditions**

Shares may be subject to restriction conditions (such as satisfying or waiving vesting conditions) which must be satisfied before the Shares can be sold, transferred, or encumbered. Shares cannot be sold, transferred or encumbered until any loan in relation to the Shares has been repaid or otherwise discharged under the Plan.

(f) **Loan**

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

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

(g) **Forfeiture of Shares**

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

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

(h) **Power of Attorney**

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

(i) **Plan limit**

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

(j) **Quotation on ASX**

The Company will apply for each Plan to be admitted to trading on ASX within the later of 10

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

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

(k) **Rights attaching to Shares**

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

(l) **Trustee**

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

SCHEDULE 2 – TERMS AND CONDITIONS OF OPTIONS

1. Entitlement

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

2. Exercise Price

Subject to paragraph 9, the amount payable upon exercise of each Option will be \$0.025 (**Exercise Price**)

3. Expiry Date

Each Option will expire at 5:00 pm (WST) on 21 August 2023 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

4. Exercise Period

The Options shall vest and become capable of exercise at any time up to the Expiry Date as follows:

- (a) 1,000,000 Options shall vest immediately upon issue;
- (b) 1,000,000 Options shall vest on 21 August 2021 subject to continuous employment up to that date; and
- (c) 1,000,000 Options shall vest on 21 August 2022 subject to continuous employment up to that date.

5. Notice of Exercise

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

6. Exercise Date

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

7. Timing of issue of Shares on exercise

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

- (a) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (b) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the

Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

- (c) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under 7(b) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

8. Shares issued on exercise

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

9. Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

10. Participation in new issues

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

11. Change in exercise price


An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

12. Transferability

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

NUH
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Need assistance?

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

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



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **9:00 AM (AWST) on Wednesday, 25 November 2020.**

Proxy Form

How to Vote on Items of Business

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

APPOINTMENT OF PROXY

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

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

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

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

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

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

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

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

PARTICIPATING IN THE MEETING

Corporate Representative

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

Lodge your Proxy Form:

XX

Online:

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

Your secure access information is



Control Number: 999999
SRN/HIN: I9999999999
PIN: 99999

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

By Mail:

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

By Fax:

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



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

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

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



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I ND

Proxy Form

Please mark to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

XX

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

the Chairman of the Meeting **OR**

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Nuheara Limited to be held at Nuheara Limited, 190 Aberdeen Street, Northbridge, Western Australia on Friday, 27 November 2020 at 9:00 AM (AWST) and at any adjournment or postponement of that meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1, 6, 7, 8, 9, 10 and 11 (except where I/we have indicated a different voting intention in step 2) even though Resolutions 1, 6, 7, 8, 9, 10 and 11 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1, 6, 7, 8, 9, 10 and 11 by marking the appropriate box in step 2.

Step 2 Items of Business

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

	For	Against	Abstain		For	Against	Abstain
1				8			
Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Issue of Salary Sacrifice Shares to Kathryn Foster	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Board Endorsed Candidates				9			
2				Issue of Salary Sacrifice Shares to David Cannington	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Election of Director – Hon. Cheryl Edwardes AM	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10			
3				Issue of Options to Justin Miller	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Re-election of Director – Mr David Cannington	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11			
Issue of Options to David Cannington	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
Non-Board Endorsed Candidate							
4							
Election of Director – Mr Warwick Sauer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
5							
Approval of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
6							
Issue of Salary Sacrifice Shares to Hon. Cheryl Edwardes AM	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
7							
Issue of Salary Sacrifice Shares to Justin Miller	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business excluding Resolution 4, which the Chairman of the Meeting intends to vote undirected proxies against. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

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

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

Update your communication details (Optional)

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

