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10 December 2024

To Creditors

Dear Sir/Madam

Nuheara Limited ACN 125 167 133 (Administrators Appointed)
Nuheara IP Pty Ltd ACN 605 704 096 (Administrators Appointed)
Terrace Gold Pty Ltd ACN 072 608 952 (Administrators Appointed)

(Collectively referred to as “the Group”)

I refer to the appointment of Matthew Woods, Clint Joseph, and I, Martin Jones, as Joint and Several Voluntary Administrators of the Group on Thursday, 7 August 2024 pursuant to Section 436A of the Corporations Act 2001 (**the Act**).

We have convened a concurrent second meeting of creditors of the Group in order to determine the Group's future. Please find **enclosed** the Voluntary Administrator's Report pursuant to Insolvency Practice Rules (Corporations) 2016 75-225 and Section 438A of the Act. The Voluntary Administrator's Report includes our opinion, with supporting reasons, on each of the following matters:

- Whether it would be in the creditors' interest for the second meeting of creditors to be adjourned for a period no exceeding forty-five (45) business days; or
- Whether it would be in the creditors' interests for each company to execute a Deed of Company Arrangement (**DOCA**); or
- Whether it would be in the creditors' interests for each company to be wound up; or
- Whether it would be in the creditors' interests for the administration to end (in which case control of the company will revert to its directors).

You will note that the Administrators' recommendation is it is in the creditors' best interest to consider an adjournment of the Second Meeting for a period not exceeding forty-five (45) business days to allow time for the Shareholder Committee (or an alternative party) to submit and develop a fulsome DOCA proposal capable of acceptance by creditors.

The following documents in respect of the concurrent second meeting of creditors for the Group are **attached** to the report:

Report annexure	Document	Description
B	Notice of Concurrent Meeting of Creditors (Form 529)	<ul style="list-style-type: none">– Please note that the meeting will be on 18 December 2024, commencing at 10:00am AWST– You should arrive for registration at least 20 minutes prior to the meeting.– For creditors who are unable to attend the meeting, a conference call facility will be available.– Please contact KPMG by email at nuheara@kpmg.com.au or via telephone on (08) 9263 7287 at least one (1) business day prior to the meeting to advise that you will be using the conference facilities and you will be provided with the conference ID.

Report annexure	Document	Description
G	Appointment of proxy (Form 532)	<ul style="list-style-type: none"> – This form enables you to appoint a person to act on your behalf at the meeting. – Proxy forms submitted at the first meeting of creditors are not valid for this meeting.
E	Short Guide to the Creditors' Portal	<ul style="list-style-type: none"> – We are using the Creditors' Portal to manage creditor claims. – This document provides guidance on how to register and submit a claim. – A person is not entitled to vote at the meeting unless they provide particulars of their debt or claim electronically via the Creditors' Portal before the meeting. – All creditors must furnish full details of their claims, indicating whether they rank as secured, preferential or unsecured, and whether they claim title to any goods supplied to the Group or any lien over goods in their possession which are the property of the Group via the Creditors' Portal. – If you have previously lodged your claim on the Creditors' Portal for the purposes of the first meeting of creditors, you <u>do not</u> need to re-submit your claim for the second meeting of creditors unless you wish to amend your claim.
D	Australian Restructuring, Insolvency and Turnaround Association (ARITA) Creditor Information Sheet	<ul style="list-style-type: none"> – Contains information regarding offences, recoverable transactions and insolvent trading, which may be pursued if the Group are placed into liquidation. – Creditors should review the ARITA information sheet in conjunction with section 9 of the Administrators' report.

Proofs of debt and proxy forms are to be lodged before the meeting and, in any event no later than 4.00pm on 17 December 2024.

For further information concerning the Voluntary Administration process and KPMG, you may wish to visit our website at <https://kpmg.com/au/en/home/creditors/nuheara.html>. In addition, you can access general information about external administrations and insolvency from ARITA's website at www.arita.com.au.

Should you have any questions regarding the administration or this report, please contact us on (08) 9263 7287 or email at nuheara@kpmg.com.au.

Yours faithfully


Martin Jones
 Joint and Several Administrator

Encl.



Nuheara Limited
ACN 125 167 133

Nuheara IP Pty Ltd
ACN 605 704 096

Terrace Gold Pty Ltd
ACN 072 608 952

(All Administrators Appointed)

Voluntary Administrators' Report

10 December 2024

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Please complete and return the forms at Annexure G by close of business, 17 December 2024 to our office via:

Email: nuheara@kpmg.com.au

Post: ATT: Bohan Teakle, KPMG, GPO Box A29, Perth WA 6837

Glossary of terms

Term	Description
ACN	Australian Company Number
Act	Corporations Act 2001
Administrators	Martin Jones, Matthew Woods and Clint Joseph of KPMG
ARITA	Australian Restructuring, Insolvency & Turnaround Association
ASIC	Australian Securities & Investments Commission
ATO	Australian Taxation Office
Azure	Azure Capital Pty Ltd
Code	ARITA Code of Professional Practice
COI	Committee of Inspection
Company	Nuheara Limited
Creditors' Portal	The online platform used by the Administrators to communicate with creditors, manage creditor claims and allow creditors to vote on resolutions put forward by the Administrators. Please refer to Annexure E for further information
Directors	Justin Paul Miller David Buckingham Kathryn Sue Giudes Cheryl Lynn Edwardes Yean-Shao Liu
DIRRI	Declaration of Independence, Relevant Relationships and Indemnities, pursuant to s436DA of the Act and Code
DOCA	Deed of Company Arrangement
ERV	Estimated Realisable Value
FEG	Fair Entitlements Guarantee
First Meeting	First meeting of creditors held on 19 August 2024
FY	Financial year
IPR	Insolvency Practice Rules (Corporations) 2016
Major Shareholders	Farjoy Pty Ltd Fiago Construction Pty Ltd Mr Xuan Khoa Pham
NUH/Nuheara	Nuheara Limited
NUH IP	Nuheara IP Pty Ltd
PMSI	Purchase Money Security Interest

Term	Description
PPSR	Personal Property Securities Register
ROCAP	Report on Company Activities and Property
Realtek	Realtek Semiconductor Corporation
Report	This report, prepared pursuant to IPR 75-225 and Section 438A of the Act
R&D	Research and development
Salutica	Salutica Allied Solutions Sdn Bhd
Second Meeting	Second meeting held pursuant to IPR 75-225 and Section 439A of the Act, where creditors determine the future of the Company
Shareholders Committee	Certain of the Group's shareholders who have expressed an interest in acquiring or recapitalising the Group's affairs by way of a submitted draft DOCA proposal
Terrace Gold	Terrace Gold Pty Ltd
The Group	Nuheara Limited Nuheara IP Pty Ltd Terrace Gold Pty Ltd

1 Executive summary

This Section addresses frequently asked questions relating to the Administration of the Group including a summary of the estimated outcome for creditors. Full details are available throughout this Report.

Question	
What is the Group?	<p>The Group specialises in the production of innovative over the counter earbuds that provide enhanced hearing and noise reduction capabilities.</p>
What is the purpose of this Report?	<p>The purpose of this Report is to table the findings of our investigations of the Group's business, property, affairs and financial circumstances, as well as our opinion on the three options available to creditors in deciding the future of the Group at the Second Meeting.</p>
What is the current status of the Group?	<p>On 7 August 2024, Martin Jones, Matthew Woods and Clint Joseph, were appointed as joint and several Administrators of the Group by the Directors under Section 436A of the Act.</p> <p>On appointment, the Administrators assumed control of the Group's operations and notified employees, creditors and other stakeholders of their appointment.</p> <p>The Administrators then conducted an urgent financial and commercial review of the Group with the assistance of key personnel and communications with key stakeholders including customers and suppliers.</p>
Who is in control of the Group?	<p>On appointment, the Administrators assumed control of the Group operations and notified employees, creditors and other stakeholders of their appointment. The Administrators then conducted an urgent financial and commercial review of the Group with the assistance of key personnel and communications with key stakeholders including customers and suppliers.</p> <p>The Administrators have also undertaken preliminary investigations into the affairs of the Group and the reasons for its failure.</p>
What is the ownership structure of the Group?	<p>Nuheara is an ASX-listed entity and has controlling interests in six (6) subsidiaries. Only two (2) of those subsidiaries, NUH IP and Terrace Gold, are subject to external administration.</p> <p>The Group's corporate structure is set out in Section 3.</p>
How did the Group's business trade?	<p>Nuheara is the parent entity for the Group. It dealt with the corporate and administrative tasks, including maintaining its listing on the ASX, as well as being the employing entity which facilitated trading of its business.</p> <p>Nuheara IP own the intellectual property, whilst Terrace Gold was primarily dormant.</p>

Question

Why do the Directors believe the Group became insolvent?

The Directors of the Group have provided us with the following reasons for its failure:

- “Nuheara had determined it would be unable to repay a Convertible Note which was maturing on 9th September 2024. The Convertible Note is with Nuheara’s largest shareholder Realtek Semiconductor of Taiwan. Nuheara and Realtek were unable to reach an agreement on reorganising the Convertible Note. Separately the Company had not received an executed Commercial and Royalty Agreement from Realtek. This agreement was critical for generation product manufacturing and its strategic capability to raise further capital.”

What do the Administrators consider were the underlying causes of the Group failure?

In addition to the reasons identified by the Directors, the Administrators consider the reasons the Group failed include:

- Ongoing losses requiring funding (revenue levels inadequate for the cost structure)
- Inability to raise sufficient capital and refinance existing convertible note debt

When do the Administrators consider the Group became insolvent?

Based upon our preliminary investigation into the affairs of the Group, we consider that the Group became insolvent on or around the date of our appointment on 7 August 2024. The precise date will be subject to further investigations should a liquidator be appointed.

What was the outcome of the sale of business process?

The Administrators engaged Azure to conduct a sale process for the Group. Azure also conducted a similar exercise for the Group prior to our appointment and accordingly had a listing of potential interested parties who were familiar with the Group and its business.

As at the date of this report, the sale process is ongoing. There are currently a total of 3 interested parties, and the Shareholders Committee have today advised the Administrators that they have instructed their legal representation to prepare a DOCA proposal which may be received shortly.

Following receipt of any DOCA proposal from the Shareholder Committees, the Administrators will work with the Shareholders Committee to develop the proposal to a form capable of acceptance by creditors. At this stage, it is unclear whether their proposal will be fully developed by the date of the Second Meeting.

Should the Second Meeting be adjourned this will provide sufficient time for the Shareholders Committees’ DOCA proposal (once received) to be fully developed, and also provides an opportunity for the other 3 interested parties to submit a proposal.

Should the Second Meeting be adjourned and a fulsome DOCA proposal received, we will outline the relevant terms for creditors prior to reconvening the adjourned Second Meeting.

Have the Administrators explored the possibility of a DOCA?

As outlined above as at the date of this Report, we are yet to receive a DOCA proposal, however, a potential DOCA proposal from the Shareholder Committee may be received shortly.

In order to provide additional time for the Shareholders Committee (or an alternative party) to fully develop a DOCA proposal, which could provide creditors with a greater return than an immediate winding up of the Group, the Administrators recommend adjourning the Second Meeting.

Question

What is the purpose of the Second Meeting of Creditors?

To resolve the future of the Group. The options available include whether:

- Second Concurrent Meeting of creditors to be adjourned for a period not exceeding forty-five (45) business days; or
- the Group execute a DOCA; or
- the Administration should end; or
- the Group be wound up.

In the event that creditors resolve that the Administration should end, control of the Group will revert to the Directors.

For further details on how to attend and vote at the Second Meeting of Creditors please refer to **Section 2.7** of this Report.

At this stage, we are unable to confirm any potential dividend to the creditors of the Group under a DOCA scenario.

In a Liquidation, any funds received from the sale of the Companies' assets will firstly be applied to secured creditors debt (Realtek's \$2.5M convertible note debt). Given the extent of the secured creditor's debt and the cost incurred to date, we estimate that there will be insufficient proceeds from a sale to discharge the secured creditors debt in full, there will be no funds available to unsecured creditors.

What is the estimated return to creditors?

To the extent there are no (or insufficient) realisations available for priority employee creditors, in a liquidation, employees may be eligible for **payment of their outstanding employee entitlements (excluding unpaid superannuation) under FEG**, a scheme operated by the Department of Jobs and Small Business.

The return to unsecured creditors under a liquidation scenario is likely to be nil from the assets of the Group, but any return is contingent upon possible litigation or the recovery of antecedent transactions in a liquidation, of which are uncertain, and it may not be commercial to pursue.

Ultimately, the final quantum of return will be dependent on a number of factors. Please refer to **Section 10** for further information.

What do the Administrators recommend creditors should do?

During the course of the Administration, we have been approached by interested parties (including the Shareholders Committee) who expressed an interest in proposing a DOCA. The Shareholders' Committee have today advised the Administrators that they have instructed their legal representation to prepare a DOCA proposal which may be received shortly.

As at the date of this Report, in the absence of a DOCA capable of acceptance by creditors, and on the basis that ending the Administration is not a viable option due to the insolvency of the Group, the only alternative is for the Group to be put into liquidation.

As a DOCA may provide creditors with a better return than an immediate winding up of the Group, **it is our view that it is in the creditors' best interest to consider an adjournment of the Second Meeting for a period not exceeding forty-five (45) business days to allow time for the Shareholders' Committee (or an alternative party) to submit and develop a fulsome DOCA proposal capable of acceptance by creditors.**

Further commentary on the reasons for our recommendation are detailed at **Section 11** of this report.

Question

Whilst the Administrators have considered the underlying causes of the Group's failure, our investigations into claims arising from those matters are at an early stage.

The preliminary investigations have identified that:

- The Group became insolvent on or around the date of our appointment on 7 August 2024.
- There are potentially \$125K of unfair preferences available to a liquidator if appointed and should an earlier date of insolvency be established.

These, and other potential claims will require further investigation by a liquidator (if one is appointed).

The preliminary investigations undertaken to date in the Administration are detailed at **Section 8** of this report.

Creditors will vote on the future of the Group at the Second Meeting to be held at 10:00am WST on 18 December 2024 at the offices of KPMG, L8, 235 St Georges Terrace PERTH WA 6000.

All creditors are entitled to attend the Second Meeting. Creditors should review the contents of this report and complete the following forms by **4:00pm** on 17 December 2024:

Form/ voting	Where to submit
Appointment of proxy - form 532 (Annexure G1)	Email: nuheara@kpmg.com.au
COI nomination form (Annexure G3)	Post: GPO Box A29, PERTH WA 6837
Proof of debt - form 535	Via Creditors' Portal https://creditors.accountants/

Further guidance on how to register, submit a proof of debt form and vote at the meeting of creditors can be found at **Section 2.7** of this report.

If you require any further information, please see the KPMG website and/or contact the following:

Where can I get more information?

Creditor queries

Phone: 08 9263 7287

Email: nuheara@kpmg.com.au

Employee queries

Phone: 08 9263 7287

Email: nuheara@kpmg.com.au

2 Introduction

This Section provides information on the entities subject to the Administration process, the objectives of the Administration, the purpose of this Report, details of meetings of creditors and a summary of the Administrators' remuneration.

Key takeaways		Ref.
1	On 7 August 2024, Martin Jones, Matthew Woods and Clint Joseph, were appointed as joint and several Administrators of the Group by the Directors under Section 436A of the Act.	2.1
2	The Second Meeting for the all the entities of Group is convened for 18 December 2024 at KPMG Level 8, 235 St Georges Terrace Perth WA 6000 at 10:00am AWST. The Administrators intend to hold concurrent second meetings of creditors of the Group.	2.7
3	At the Second Meeting, creditors will decide the future of each entity by voting on one of the following options: <ul style="list-style-type: none">– that the administration should end (in this case control of the Group will revert to its directors); or– that the Group should be wound up; or– that the Group execute a DOCA. The Second Concurrent Meeting of Creditors may also be adjourned for a period not exceeding forty-five (45) business days.	2.7

2.1 Appointment of Voluntary Administrators

On 7 August 2024, Martin Jones, Matthew Woods and Clint Joseph, were appointed as joint and several Administrators of the Group by the Directors under Section 436A of the Act.

2.2 Objective of voluntary administration

In a voluntary administration, Administrators are empowered by the Act to assume control of an insolvent company, superseding the powers of the Directors and Officers, to manage the company's affairs and deal with its assets in the interests of its creditors.

The intention of a voluntary administration is to maximise the prospects of a company continuing in existence or, if that is not possible, to achieve better returns to creditors than would be achieved by its immediate liquidation. During a voluntary administration there is a moratorium over most pre-administration creditor claims.

Administrators are also required to investigate the Group's affairs and report to creditors on the Administrators' opinion as to which outcome of the voluntary administration process is in the creditors' best interest, informing the creditors prior to their voting at the Second Meeting (please see Section 2.7 for further details).

2.3 Purpose and basis of this report

IPR 75-225 requires a voluntary administrator to provide a report (the **Voluntary Administrator's Report** or this **Report**) to all creditors ahead of the Second Meeting, outlining:

- Details regarding the business, property, affairs and financial circumstances of the entity under administration;
- The Administrator's opinion and recommendation on each of the options available to creditors; and
- If a DOCA is proposed, the details of the DOCA.

This Report also informs creditors about the preliminary investigations undertaken by the Administrators to date. Accordingly, the views formed in this Report are not final and may be subject to change. Any additional material

issues that are identified after this Report may be subject to a further written report and/or tabled at the forthcoming Second Meeting.

This Report has been prepared primarily from information obtained from the Group's books and records and discussions with the Directors. Although the Administrators have conducted certain investigations of the affairs of the Group, there may be matters which we are unaware of as an audit of the Group has not been undertaken.

In order to complete our Report, we have utilised information from:

- ASIC;
- the PPSR;
- the Group's books and records;
- discussions with the Directors of the Group;
- discussions with key employees of the Group;
- discussions with creditors of the Group; and
- other public databases.

2.4 Context of this Report

This Report is based on our preliminary investigations to date. Any additional material issues that are identified subsequent to the issue of this Report may be the subject of a further written report and/or tabled at the Second Meeting.

The statements and opinions given in this Report are given in good faith and in the belief that such statements and opinions are not false or misleading. We reserve the right to alter any conclusions reached based on any changed or additional information which may be provided to us between the date of this Report and the date of the Second Meeting (except where otherwise stated).

In considering the options available to creditors and formulating our opinion and recommendation, we have necessarily made forecasts of asset realisations and total creditors' claims based on our best assessment in the circumstances. These forecasts and estimates may change as asset realisations progress and we receive creditor claims and consequently the outcome for creditors might differ from the information provided in this Report.

Creditors should consider seeking their own independent legal advice as to their rights and the options available to them at the Second Meeting.

2.5 Declaration of independence, relevant relationships and indemnities

In accordance with Section 436DA of the Act and the Code, a DIRRI was enclosed with the Administrators' first communication to creditors (and tabled at the First Meetings of Creditors).

The DIRRI disclosed information regarding the Administrators' independence, prior personal or professional relationships with the Group or related parties and any indemnities received in relation to the appointment. This assessment identified no real or potential risks to the Administrators' independence.

There has been no change in the declaration since that time.

2.6 First Meeting of Creditors and Committee of Inspection

Section 436E of the Act requires the Administrators to convene the first meeting of creditors within eight business days of being appointed.

The First Meeting of Creditors of the Group was held on 19 August 2024, at which the Administrators appointment was confirmed.

Creditors resolved at the First Meeting of Creditors not to appoint a COI.

2.7 Second Meeting of Creditors

Based on the statutory timetable of a voluntary administration, the Second Meeting was required to be held on or before 11 September 2024.

Given the large number of expressions of interest received and the indicative timetable we proposed for the sale process, we made an application to the Federal Court of Australia for an extension of the convening period pursuant to Section 439A(6) and Section 447A(1) of the Act.

The Court made orders on 30 August 2024 including that the date by which the Administrators were required under Section 439A of the Act to convene the meeting of creditors of the Group be extended to 11 December 2024.

Pursuant to Section 439A of the Act, the Second Meeting is convened for 18 December 2024 at the offices of KPMG, Level 8, 235 St Georges Terrace PERTH WA 6000 at 10am WST. At the Second Meeting, creditors will decide the Company's future by voting on one of the following options:

- that the administration should end (in this case control of the Company will revert to its directors); or
- that the Group should be wound up; or
- that the Group execute a DOCA; or
- that the Second Meeting be adjourned for a period not exceeding forty-five (45) business days.

The Notice of Meeting of Creditors is attached (**Annexure B**) along with an appointment of proxy form (**Annexure G1**) and a proof of debt or claim form (**Annexure G3**).

Creditors have the opportunity to adjourn the Second Meeting for up to a period of 45 business days to enable further investigations to be undertaken.

The Administrators intend to hold concurrent second meetings of creditors of the Group. All creditors are entitled to attend the Second Meeting. Creditors who wish to participate in the Second Meeting must complete and submit the following forms to this office by 4:00pm on 17 December 2024.

We are using the Creditors' Portal to manage creditor claims and allow creditors to vote online at the Second Meeting. Creditors are required to register and submit a formal proof of debt form electronically via the Creditors' Portal at the following link <https://creditors.accountants/>. Creditors can find further guidance on how to register, submit and manage a claim at **Annexure E**.

A person is not entitled to vote at the meeting unless they provide particulars of the debt or claim to the Administrators before the meeting. All creditors must furnish full details of their claims, indicating whether they rank as secured, preferential or unsecured, and whether they claim title to any goods supplied to the Group or any lien over goods in their possession which are the property of the Group.

All creditors are entitled to attend the Second Meeting. Creditors should review the contents of this report and complete the following forms by **4:00pm** on 17 December 2024:

Form/ voting	Where to submit
Appointment of proxy - form 532 (Annexure G1)	Email: nuheara@kpmg.com.au
COI nomination form (Annexure G2)	Post: GPO Box A29, PERTH WA 6837
Proof of debt - form 535 (Annexure G3)	Via Creditors' Portal https://creditors.accountants/

For creditors who are unable to attend the meeting, a conference call facility will be available.

Should you wish to attend the meeting, please contact KPMG by email at nuheara@kpmg.com.au or by telephone to 08 9263 7287 at least one business day prior to the meeting to advise that you will be using the conference facilities and to be provided with the conference call code.

2.8 Remuneration

An Administrator's remuneration can only be fixed by resolution of the Group's creditors, or by application to the Court. In accordance with IPR 70-35 and the Code, an Initial Remuneration Notice was provided to creditors with our initial communication and tabled at the First Meeting of Creditors.

ARITA has issued an "Approving remuneration in external administrations" information sheet providing general information for creditors on the approval of an administrator's fees in a liquidation, a voluntary administration or a DOCA. This information sheet is available from the ARITA website (www.arita.com.au).

A summary of previously approved remuneration together with remuneration we will be seeking approval for at the Second Meeting of Creditors is as follows:

	Nuheara Limited	Nuheara IP Pty Ltd	Terrace Gold Pty Ltd	Total \$ (excl GST)
Remuneration to be approved at Second Meeting of Creditors				
Voluntary Administration – 7 August 2024 to 30 November 2024	632,520	5,788	5,026	643,333
Voluntary Administration - 1 December 2024 to 18 December 2024	50,000	15,000	10,000	75,000
Estimated total remuneration – Voluntary Administration	682,520	20,788	15,026	718,333
Liquidation (if applicable) – 18 December until completion	200,000	30,000	20,000	250,000
Estimated total remuneration - Liquidation	200,000	30,000	20,000	250,000

Please refer to our Remuneration Approval Request at **Annexure C** for details of the key tasks undertaken throughout the course of the administration to date.

2.9 Non-disclosure of certain information

There are Sections of this Report where we have considered it inappropriate to disclose certain information to creditors. Such information includes:

- valuations of specific assets
- valuation of the business
- details of offers received during the sale process
- commercially sensitive prospective financial information (for example, projections / forecasts)

We recognise the need, so far as is possible, to provide creditors with complete disclosure of all necessary information relating to the Group. However, we believe this information is commercially sensitive and it is not in creditors' interests for us to disclose the information publicly at this stage.

Where necessary in this Report, we provide a combined figure for potential realisations of assets when comparing estimated dividends under the relevant options.

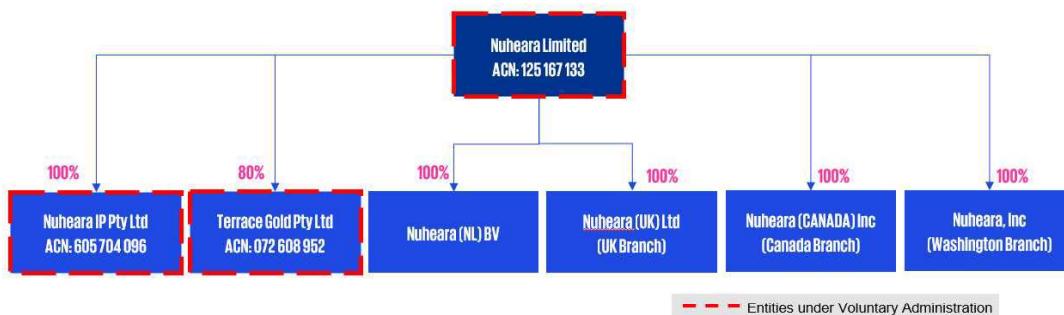
3 Company information

This Section provides creditors with information on the history of the Group and the circumstances leading up to the appointment of Administrators together with details of related entities including statutory information, and an overview of the operating businesses.

Key takeaways	Ref.
1 Nuheara Limited is an ASX-listed medical device company with smart hearing technology.	3.1
2 Nuheara Limited operates as the parent entity for its 6 subsidiaries, 2 of which are also the subject of Voluntary Administration.	3.1

3.1 Group structure

A summary of the corporate structure of the Group is below:



Key points to note in relation to the corporate structure are:

- 3 of 7 entities are the subject of Voluntary Administration.
- Nuheara is Australian incorporated and owns 100% of all the subsidiaries, besides Terrace Gold, in which it holds an 80% interest.
- Nuheara has subsidiary entities in the UK, Canada, the European Union and the United States, where it has an office in Washington.

3.2 Company history and events leading up to the administration

A summary of events leading up to the Administrators' appointment is as follows:

Date	Event
7 August 2024	Appointment of Martin Jones, Matthew Woods and Clint Joseph of KPMG as Joint and Several Voluntary Administrators.
31 July 2024	Fourteenth (and final) meeting of the safe harbour committee. Directors considered the option to either continue the Strategic Review Process or alternatively appoint Voluntary Administrators in the coming days.
25 July 2024	Email sent to Realtek seeking response for the below by 31 July 2024: <ul style="list-style-type: none">• Confirmation that Realtek would extend the \$2.5M convertible notes due to be repaid (or converted) from 7 September 2024 to January 2025; and

Date	Event
	<ul style="list-style-type: none"> Finalise the strategic commercial agreement – Which may allow for a capital raising to be completed of between \$1M to \$1.5M, allowing the Group sufficient working capital to conclude its Strategic Review.
10 July 2024	The securities of Nuheara have been suspended for more than 3 months.
24 June 2024	Results released from resolutions presented at the General Meeting of Shareholders.
19 June 2024	The sale process ran by Azure has yielded the interest from a specific party, however, they cannot proceed with making an offer until completion of capital raise, which could take until December 2024.
22 May 2024	Letter to Shareholders - Notice of General Meeting to be held on 24 June 2024.
22 May 2024	Notice of General Meeting to be held on 24 June 2024.
22 May 2024	NUH provides an updated on the Strategic Review process, including that the CEO had agreed to a 60% pay cut during the review period.
	Quarterly Activities Report for Q3 FY24 published on ASX:
30 April 2024	<p>The board is undertaking a “Strategic Review” with the process including early-stage discussions with potential M&A partners.</p> <p>Post quarter-end the Company raised \$1.85M in additional equity capital via a placement of shares to shareholders.</p>
30 April 2024	Quarterly cash flow report for period ended 31 March 2024 published on ASX.
24 April 2024	Change in substantial holding.
18 April 2024	Change in substantial holding.
15 April 2024	Azure engagement letter is varied from potential a M&A mandate to running the sale / recapitalisation on behalf of the Group.
12 April 2024	Release of an Options Offer, Advisor Offer and a Cleansing Offer.
	Nuheara initiates a “Strategic Review”, supported by \$1.85M capital raise:
9 April 2024	<p>M&A considered the most appropriate strategy for the next phase of its evolution.</p> <p>The Company has secured commitments for \$1.85M in additional equity capital via a placement of shares to shareholders.</p> <p>It is the Company’s intention to seek to secure a return of its equity to trading on ASX.</p>
8 March 2024	The Group engages Cor Cordis and Thomson Geer to act as safe harbour adviser. First meeting of safe harbour committee.
1 March 2024	Securities are suspended from ASX quotation due to the half yearly Appendix 4D not being filed by 29 February 2024.
31 January 2024	Quarterly Activities Report for Q2 FY24 published on ASX: <p>US retail expansion completed with product display deployment to close to 5,000 retail stores.</p> <p>Sales activities commenced in the latter part of the quarter.</p> <p>Post quarter-end, Nuheara showcased its next generation product at the Consumer Electronics Show in Las Vegas.</p>
31 January 2024	Quarterly cash flow report for quarter ended 31 December 2024 published on ASX.
5 December 2023	Announcement of the receipt of a Research and Development Tax Incentive cash rebate from the ATO of c.\$1.4M.

Date	Event
22 November 2023	Results of Annual General Meeting.
22 November 2023	Managing Director's Presentation – Annual General Meeting.
22 November 2023	Non-executive Director and co-founder Mr David Cannington has announced his decision to retire from the Nuheara Board of Directors.
22 November 2023	Change in substantial holding.
8 November 2023	Announcement of the successful completion of the retail component of its 1 for 2.64 pro-rata accelerated non-renounceable entitlement offer.
31 October 2023	Quarterly Activities Report for Q1 FY24 published on ASX: HP Hearing PRO by Nuheara becomes US retailers' product of choice. Initial prototypes of the next generation single chip hearing aid developed in conjunction with Realtek. Post quarter-end, successfully launched a capital raising to support expansion with US retailers via a pro rata accelerated non-renounceable entitlement offer to raise approximately \$10M.
31 October 2023	Quarterly cash flow report for period ended 30 September 2023 published on ASX
26 October 2023	Change in substantial holding.
20 October 2023	Notice of General Meeting to be held on 22 November 2023.
12 October 2023	Nuheara has successfully completed the institutional component of its approximately \$10M capital raising at \$0.13 per New Share.
10 October 2023	Prospectus released for Entitlement Offer.
10 October 2023	Entitlement Offer Presentation published.
10 October 2023	Nuheara announces that it is undertaking a capital raising to support expansion with US retailers.
10 October 2023	The securities of Nuheara Limited will be placed in trading halt at the request of Nuheara.
29 September 2023	Annual Report for the year ended 30 June 2023 released.
29 August 2023	Nuheara announces an accelerated US expansion with over 4,000 retailers, including Walmart.
31 July 2023	Quarterly Activities Report for Q4 FY23 published on ASX: Over \$1M in invoiced OTC Hearing Aid sales to date and cash receipts of \$850K in the quarter. Successful \$4.4M capital raising, at a premium, corner stoned by Nuheara's largest shareholders in Farjoy, Salter Brothers and Realtek.
18 July 2023	Nuheara completes restructured Global Executive Team with the key Executive appointment of Catherine Morgan as the Head of Compliance, Regulatory and Legal.
14 July 2023	Nuheara advises that RSM Australia Partners has been appointed as its new auditor, replacing the outgoing SW Audit.
16 June 2023	Letter to Shareholders - Notice of General Meeting to be held on 20 July 2023.
16 June 2023	Notice of General Meeting to be held on 20 July 2023.

Date	Event
6 June 2023	Nuheara secures \$4.4m placement at a premium to the last closing price, to progress US market growth. The placement was largely supported by Nuheara's three largest shareholders.
5 June 2023	The securities of Nuheara will be placed in trading halt at the request of Nuheara, pending its releasing an announcement. The securities will remain in trading halt until the earlier of the commencement of normal trading on 7 June 2023 or when the announcement is released to the market.
28 April 2023	<p>Quarterly Activities Report for Q3 FY23 published on ASX:</p> <p>Achieved first \$1M in invoiced OTC Hearing Aid sales within two months of product availability.</p> <p>Successful launch of HP Hearing Pro at CES 2023 in Las Vegas, January 2023.</p> <p>Recent senior executive appointments and enhanced organisational structure better supports current US footprint and future OEM/ODM growth opportunities.</p>
28 April 2023	Nuheara announces key executive appointments and associated restructure of its senior executive team.

3.3 Business operations

A summary of the business operations of each entity within the Group is set out below:

Company name	Description of main business activities
Entities subject to Voluntary Administration	
Nuheara Limited (ASX:NUH) ACN 125 167 133	<p>Nuheara is a public entity, listed on the ASX (ASX:NUH) and is the parent entity for the Group, with control over 6 subsidiaries.</p> <p>Nuheara deals with the corporate, employment, trading and administrative tasks of the Group.</p> <p>Products sold included:</p> <ul style="list-style-type: none"> • HP Hearing PRO (FDA-cleared OTC Hearing Aid) • IQbuds2 MAX • IQbuds BOOST • IQstream TV • Bluetooth Transmitter <p>At the time of our appointment, Nuheara had twenty-two (22) employees.</p>
Nuheara IP Pty Ltd ACN 605 704 096	<p>Wholly-owned subsidiary of Nuheara.</p> <p>Nuheara IP owns the patents and intellectual property developed by Nuheara, including its advanced hearing technology.</p>

Company name	Description of main business activities
	80% owned subsidiary of Nuheara.
Terrace Gold Pty Ltd ACN 072 608 952	May potentially be entitled to a deferred payment being consideration payable for a non-core mining royalty held in Peru which was sold in May 2022. We understand that a further payment of USD\$450K is payable, in cash or shares of Vox Royalty Corp. However, the recovery is uncertain given the difficulty in registering the royalty rights on the applicable mining title in Peru and the satisfaction of other customer completion conditions.
Other entities within the Group, Administrators not appointed	
Nuheara (NL) BV	Wholly-owned subsidiary of Nuheara.
Nuheara (UK) Ltd (UK Branch)	Wholly-owned subsidiary of Nuheara.
Nuheara (CANADA) Inc (Canada Branch)	Wholly-owned subsidiary of Nuheara.
Nuheara, Inc (Washington Branch)	Wholly-owned subsidiary of Nuheara.

3.4 Statutory information

Statutory information in respect of each of the Group entities as extracted from ASIC's national database at the time of our appointment are contained below and include:

- incorporation date
- registered office address
- principal place of business address
- company officers
- shareholders

The statutory information of the Group is also set out below:

	Nuheara Limited	Nuheara IP Pty Ltd	Terrace Gold Pty Ltd
ACN	125 167 133	605 704 096	072 608 952
Incorporation date	01/05/2007	07/05/2015	12/03/1996
Registered address / principal place of business*	190 Aberdeen Street, Northbridge WA 6003		

* from 1 October 2024 onwards, the Group moved out from its principal place of business and its registered address is now c/- KPMG, Level 8, 235 St Georges Terrace, Perth WA.

The Group's officers over the past 3 years were:

Name	Role	Company	Appointment date	Resignation date
Justin Paul Miller	Director	Nuheara Limited	25/02/2016	Current
		Terrace Gold Pty Ltd	01/12/2016	Current
	Director	Nuheara IP Pty Ltd	07/05/2015	Current

Name	Role	Company	Appointment date	Resignation date
Secretary				
David Buckingham	Director	Nuheara Limited	01/11/2019	Current
Kathryn Sue Giudes	Director	Nuheara Limited	12/02/2018	Current
Cheryl Lynn Edwardes	Director	Nuheara Limited	02/01/2020	Current
Yean-Shao Liu	Director	Nuheara Limited	15/03/2023	Current
David Cannington	Director	Nuheara Limited	25/02/2016	21/11/2023
		Nuheara IP Pty Ltd	07/05/2015	21/11/2023
Susan Patricia Park	Secretary	Nuheara Limited	06/06/2016	07/11/2024
		Terrace Gold Pty Ltd	01/12/2016	07/11/2024

Source: ASIC and Annual Report

A search of the National Personal Insolvency Index maintained by the Australian Financial Security Authority shows that the Group's current directors are not bankrupt or subject to a Personal Insolvency Agreement under Part X of the Bankruptcy Act 1966.

Provided below is a list of the top 20 shareholders of Nuheara as at the date of our appointment:

Shareholder name	Shares held	Description	Fully paid
HSBC Custody Nominees	45,546,302	Ordinary Shares	Yes
Farjoy Pty Ltd	37,566,084	Ordinary Shares	Yes
Fiago Pty Ltd	20,024,985	Ordinary Shares	Yes
Bond Street Custodians Limited	20,000,000	Ordinary Shares	Yes
Adman Lanes Pty Ltd	7,500,000	Ordinary Shares	Yes
J P Morgan Nominees Australia	6,964,623	Ordinary Shares	Yes
Wasagi Corporation Pty Ltd	3,918,261	Ordinary Shares	Yes
Mr Xuan Khoa Pham	3,350,000	Ordinary Shares	Yes
Mr David Robert Cannington	3,276,005	Ordinary Shares	Yes
Ketom Pty Ltd	3,083,371	Ordinary Shares	Yes
Smarim Pty Ltd	2,633,333	Ordinary Shares	Yes
Nutsville Pty Ltd	2,500,000	Ordinary Shares	Yes

Shareholder name	Shares held	Description	Fully paid
Dr Stephen Dennis Gipps	2,299,998	Ordinary Shares	Yes
Jamore Pty Ltd	2,139,036	Ordinary Shares	Yes
Valence Holdings Pty Ltd	1,743,545	Ordinary Shares	Yes
Mr Stephen Charles Stuart	1,600,500	Ordinary Shares	Yes
Dropmill Pty Ltd	1,500,000	Ordinary Shares	Yes
Mr Paul John Anstee	1,480,000	Ordinary Shares	Yes
Mr Declan McEvoy	1,300,000	Ordinary Shares	Yes
Dr Stephen Dennis Gipps	1,250,000	Ordinary Shares	Yes
Total	169,676,043		

Source: ASIC

3.5 Registered security interests

The PPSR discloses that there are two (2) parties that hold registered security interests on the PPSR, where NUH is the grantor. There were no registrations made on the PPSR in respect of NUH IP and Terrace Gold's assets.

The first registration relates to Realtek who hold a charge over the whole or substantially the whole of the property of NUH.

Realtek is a supplier of electronic microchips which are to be used in NUH's next generation of earbuds. In addition, Realtek and NUH are parties to a Convertible Note Subscription Agreement dated 7 September 2022. Under this Convertible Note, Realtek lent NUH the sum of \$2.5M and the obligation to repay that loan or could be converted, at Realtek's option, to equity in NUH. If not converted to equity, the loan became repayable two years after the date the Convertible Notes were issued pursuant to the Agreement (which was 7 September 2024).

Based on our investigations, the Realtek did not register their security on the PPSR until 15 March 2024, which was less than six (6) months before our appointment as Administrators. Pursuant to Section 588FL of the Act, any security which was registered less than six (6) months before the appointment of Administrators, vest in Administrators, unless an application to the Court is made to extend time for the registration of any interest by Realtek pursuant to Section 588FM of the Act.

On 20 August 2024, our solicitors wrote to Realtek's Australian solicitors regarding their security and they indicated that they intended to make an application to Court pursuant to Section 588FM. On 12 September 2024, Realtek made an application to the Federal Court of Australia (WAD 254 of 2024) for orders that pursuant to Section 588FM of the Act that 15 March 2024 be fixed as the time for Realtek to register their security interest and any further and other orders as the Court thinks fit.

On 22 October 2024, the Federal Court of Australia made Orders in favour of Realtek pursuant to Section 588FM of the Act, confirming that 15 March 2024 be fixed as the time for Realtek to register their security interest.

Other than Realtek, the PPSR search identifies one (further) secured creditor of NUH being Iraklion Group Pty Ltd but only in respect of particular goods. According to NUH's books and records Iraklion Group Pty Ltd is owed \$52.8K (including GST) by NUH being for outstanding rental at its premises. We note that the creditor also holds a rental bond, which it may offset against its outstanding pre-appointment debt.

Further details of the registered security interests are available to creditors on request.

3.6 Winding up applications

At the date of our appointment, there was no outstanding winding up application against any of the entities of the Group.

4 Historical financial position

This Section provides a summary of the financial performance of the Group during the period of FY22, FY23, FY24 and YTD25.

Key takeaways		Ref.
1	The Group prepared their accounts on a consolidated basis and appear to be in compliance with Section 286 of the Act.	4.1
2	The Group reported a loss for all periods under review from FY22 to FF24, being (\$14.8M) to a (\$11.2M) loss respectively and (\$501K) for YTD25.	4.2
3	The Group net asset position remained positive for all periods under review from FY22 to YTD25, being \$2.1M to \$704K respectively.	4.3

4.1 Preparation of financial statements

The Group's financial statements were prepared and audited up to 30 June 2023. RSM Australia Partners audited the financial statements for the period 1 July 2022 to 30 June 2023, and SW Audit were responsible for auditing the period 1 July 2021 to 30 June 2022.

The Group also prepared management accounts which have been prepared for FY24 and YTD25, being up to 6 August 2024. Please note that the management accounts are in a draft stage and have not been audited.

The Administrators do not make any representations regarding the accuracy of the financial information provided.

4.2 Summary profit and loss

A summary of the Group's profit and loss statements is presented below:

\$'000	FY22 30-Jun-22	FY23 30-Jun-23	FY24 30-Jun-24	YTD FY25 6-Aug-24
Type	Audited	Audited	Management Accounts	Management Accounts
Revenue	3,866	1,931	772	38
Cost of sales	(3,153)	(2,883)	(2,994)	(61)
Gross profit	712	(951)	(2,222)	(23)
Other income	1,911	1,846	1,741	122
Marketing and promotional	(5,399)	(2,078)	(2,036)	(44)
Product development and technology related expenses	(6,122)	(4,282)	(4,256)	(253)
General and administrative	(5,137)	(4,896)	(3,987)	(283)
Net finance costs	(334)	(517)	(157)	(20)
(Loss)/gain on embedded derivative associated with convertible notes	54	(2,152)	101	-
Total expenses (less other income)	(15,028)	(12,079)	(8,593)	(478)
Loss before income tax	(14,315)	(13,030)	(10,814)	(501)
Income tax (expense) / benefit	(478)	411	(380)	-
Net loss after tax	(14,794)	(12,620)	(11,194)	(501)

Source: Company Annual Reports

Key observations:

- The Group reports its revenue in the books and records of NUH, given it is the trading entity. NUH derives its revenue primarily through the sales of its hearing aid products.
- Revenue has declined year-on-year, despite cost of sales remaining consistent. This included a decrease between FY22 and FY24 from \$3.87M to \$772K. The Group's management consider that the decline in revenue is attributed to the pivot to "medical device" from "consumer products" which occurred in around February 2023.
- Other income primarily relates to R&D Tax Incentive which NUH is eligible to receive. At the time of this Report, Nuheara Limited has received all R&D Tax Incentives, excluding YTD25. The quantum of the current grants is yet to be determined. There is also \$140K owing to Nuheara for FY24 R&D as part of an overseas claim which is yet to be received.
- Total operational expenses declined year-on-year. In particular, NUH restructured investment levels from second half of FY24 as part of the Directors' strategic review and seeking an M&A. Operating expenses have been considered below:
 - a) Marketing and promotional: declined between FY22 to FY24 from (\$5.4M) to (\$2M) respectively. Nominal marketing expenditure was reported for YTD25.
 - b) Product development and technology related expenses: decreased between FY22 to FY24 from (\$6.1M) to (\$4.2M) respectively.
 - c) General and administrative: decreased between FY22 to FY24 from (\$5.1M) to (\$3.9M) respectively. It is noted that from FY24 the Group began implementing cost cutting initiatives. This included but was not limited to minor redundancies, limited re-hires and decreasing work days to 4 days per week.
- The Group reported a net loss for all periods under review.

4.3 Summary balance sheet

A summary of the Group's balance sheet is presented below:

\$'000	FY22 30-Jun-22	FY23 30-Jun-23	FY24 30-Jun-24	YTD FY25 6-Aug-24
Type	Audited	Audited	Management Accounts	Management Accounts
Current assets				
Cash and cash equivalents	442	2,320	621	215
Trade and other receivables	3,007	3,258	2,381	1,786
Inventories	3,355	2,130	384	363
Financial assets held at fair value	70	-	-	-
Other current assets	-	322	-	-
Total current assets	6,873	8,029	3,386	2,364
Non-current assets				
Plant and equipment	176	103	649	665
Right of use asset	395	213	30	-
Other assets	-	-	-	-
Intangible assets	5,849	4,673	4,067	4,031
Total non-current assets	6,419	4,988	4,747	4,696
Total assets	13,293	13,018	8,132	7,060
Current liabilities				
Trade and other payables	3,632	2,151	1,742	1,272
Financial liabilities	3,339	303	2,428	2,406
Income tax payable	12	-	-	-
Provisions	683	648	556	382
Total current liabilities	7,666	3,102	4,727	4,060
Non-current liabilities				
Financial liabilities	215	2,443	-	-
Deferred income	2,175	1,766	1,501	1,379
Provisions	133	55	50	-
Deferred tax	959	540	917	917
Total non-current liabilities	3,481	4,804	2,468	2,296
Total liabilities	11,147	7,907	7,195	6,356
Net assets	2,146	5,111	937	704
Equity				
Issued capital	64,294	79,295	85,910	86,077
Share option reserve	4,470	4,847	5,254	5,356
Option premium on convertible note	-	205	205	205
Foreign currency translation reserve	(7)	(7)	(7)	(7)
Accumulated losses	(66,618)	(79,235)	(90,430)	(90,932)
Non-controlling interests	7	5	5	5
Total equity	2,146	5,111	937	704

Source: Company Annual Reports

Key observations:

- Cash and cash equivalents decreased between FY23 and FY24 from \$2.3M to \$621K. As at the date of our appointment cash totalled \$215K (both restricted and unrestricted).
- YTD25 other current assets totalled \$884K, and consists of \$565K related to supplier payments made in advance. These amounts relate to pre-payments made to Salutica for the production and delivery of finished product which as at the date of this Report, remain undelivered. As outlined at Section 8 of this Report, Salutica have a potential claim against NUH and therefore are unlikely to repay the amounts until a resolution is reached.
- Trade and other payables decreased between FY22 to YTD25 from (\$3.6M) to (\$1.2M) respectively. This is in part due to the Group controlling trade payables, raising capital in part to satisfy trade creditor debts, and is consistent with lower trading and overheads being incurred year on year. It is noted that certain liability categories such as LSL accruals have not been reported as at YTD25.
- The Group recorded negative working capital balances for each period except for FY23 whereby the NUH raised c.\$10m in equity which provided a sufficient working capital buffer. Ultimately, as at the date of our appointment as Administrators the Group reported a working capital deficit of (\$1.7M). The deterioration in working capital was driven from the Group's ongoing losses.
- Financial liabilities consisted largely of the Realtek (\$2.5M) convertible note which was announced on 8 September 2022. Interest was attributed to this convertible note at 8% per annum, payable quarterly to Realtek either in the form of cash or converted into such number of shares. Unless fully converted, NUH must redeem all convertible notes by repaying the (\$2.5M) and any accrued but unpaid interest on the maturity date on 7 September 2024.
- The Group's net asset position between FY22 and YTD25 was \$2.1M and \$704K respectively. It is noted that the Group's balance sheet retained a net asset surplus over the period of review.

5 Report on company activities and property and Director's reasons for failure

5.1 Nuheara Limited

This Section provides a summary of the report on company activities and property submitted by the Directors, together with the Director's explanation for failure of NUH.

Key takeaways		Ref.
1	We received the Directors' ROCAP's for the Group on 28 August 2024. Copies of Part A of the same have been lodged with the ASIC.	5.2
2	The Administrators' have considered the ROCAPs for NUH IP and Terrace Gold as set out in Annexure F.	Annexure F

5.2 Report on company activities and property

Section 438B of the Act requires the Directors to give an administrator a ROCAP about the Company's business, property, affairs and financial circumstances.

We received the Directors' ROCAP on 28 August 2024.

In the ROCAP, the Directors detailed the Company's assets and liabilities at book value and ERV.

The Administrators have not audited the Company's records or the book values. The below schedule should not be used to determine the likely return to creditors as a number of realisable values are based on the Company's records and remain subject to the review of the Administrators and, in particular:

- the Administrators are not in a position to confirm (or otherwise) certain asset values as they are commercially sensitive and are not disclosed in this report.
- the value of creditor claims remains subject to change as further claims may be received and require adjudication.
- the table below does not provide for possible trading losses or professional costs associated with the administration process.

Further detail on the estimated return to creditors from the administration is contained in **Section 10**.

The following table summarises the assets and liabilities disclosed in the Directors' ROCAP:

\$'000	Ref	Book Value	Directors' ERV	Administrators' ERV Low	Administrators' ERV High
Assets					
Cash	5.1.1	177	177	177	177
Debtors (incl. related)	5.1.2	17,009	17,009	Unascertained	2,127
Inventory	5.1.3	251	251	Unascertained	
Plant and equipment	5.1.4	632	630	Unascertained	
Other assets	5.1.5	1,432	113	Unascertained	
Total assets		19,501	3,185	Unascertained	

\$'000	Ref	Book Value	Directors' ERV	Administrators' ERV Low	Administrators' ERV High
Liabilities					
Secured claims	5.1.6	(2,568)	(2,568)	(2,568)	(2,500)
Employees claims	5.1.7	(504)	(504)	Unascertained	(326)
Unsecured creditors	5.1.8	(484)	(1,884)	Unascertained	(3,916)
Total liabilities*		(3,556)	(4,956)	(2,568)	(6,742)
Estimated surplus / deficiency		15,945	(1,771)	Unascertained	Unascertained

*Subject to Administrators adjudication

Notes

5.1.1 Cash and cash equivalents

Cash and cash equivalents (\$'000)	Cash Type	Currency	Amount in Currency	Amount in AUD*
CBA – Business Transaction Account	Unrestricted	AUD	18.4	18.4
CBA – Term Deposit (Lease guarantee)	Restricted	AUD	133.6	133.6
CBA – Term Deposit (Credit card guarantee)	Restricted	AUD	20	20
Citibank	Unrestricted	USD	3	4.9
World First UK Ltd	Unrestricted	GBP	Nominal	Nominal
PayPal	Unrestricted	AUD	Nominal	Nominal
Total				176.9

*As at date of appointment

Nuheara held three bank accounts, namely a Business Transaction Account with CBA, a United States account with Citibank, and a United Kingdom account with World First UK Ltd. NUH also held two CBA Term Deposits, in relation to bank guarantees for the head office lease, and in respect of a pre-appointment credit card.

The PayPal account was utilised to facilitate sales for the business.

Please note that the Citibank and World First bank accounts were stated in their respective foreign currency and have been converted into AUD as of the date of appointment pursuant to Section 554C of the Act.

5.1.2 Debtors

The ROCAP states that the book value of debtors' total \$17M, of which \$14.6M is an intercompany amount owed by its subsidiary interests and \$2.1m owed externally. \$14.6M is owed by NUH IP, which owns the intellectual property developed by Nuheara Limited. Due to the external administration, amounts owed by NUH IP and Terrace Gold are unlikely to be recoverable. NUH Inc. which is not subject to external administration owes Nuheara \$189K. The Administrators have made enquiries regarding the recoverability of this loan, however, it is understood that NUH Inc., a US based entity which operates the Group's sales and marketing, is without funds to repay the same.

The remaining \$2.1M in debtors which are considered recoverable by the Directors consists of \$271K in customers, a \$1.28M FY24 R&D tax refund (\$840K received post appointment with the balance offset against the ATO's pre-appointment debt less a \$140K overseas refund which remains outstanding but we consider is recoverable), and \$569K payable by NUH's contract manufacturer, Salutica. The Administrators agree with the Directors' estimate, albeit for the \$569K owed by Salutica given that following our appointment USD\$1.7m in damages were claimed in favour of Salutica, which they are likely to offset the same against their claimed amount. Further information in respect of the same are available at Section 8 of this Report. It is noted that the Administrators have not adjudicated upon Salutica's damages claim nor Nuheara counter-claim.

5.1.3 Inventory

The Directors disclosed that inventory has a net book value of \$251K and consists of 12,416 individual products. The inventory is located in the United States and Australia.

The inventory primarily consists of:

- IQbuds2 MAX
- HP Hearing Pro
- IQstream TV
- BT Transmitter
- IQbuds2 Pro
- IQBuds Max

The inventory is subject to a sale of business process and therefore the Administrators are unable to disclose and estimated value. All assets included within inventory are subject to security held by Realtek (after employee claims are paid out). As such, there is unlikely that any proceeds from the realisation from this asset class would be available to ordinary unsecured creditors.

5.1.4 Plant & equipment

In the ROCAP, the Directors disclosed that the Plant & Equipment held a net book value of \$630K. This asset is made up of PPE located in Perth, China, and Malaysia.

The PPE consisted of the following assets:

- Toolings and Jigs relating to the Company's next generation product
- Computer equipment and accessories
- R&D tools and equipment
- Office furniture and workstations
- Mobile devices
- Kitchen appliances
- Phone testing gadgets

The PPE is subject to a sale of business process and therefore the Administrators are unable to disclose and estimated value. All assets included within inventory are subject to security held by Realtek. As such, there is unlikely that any proceeds from the realisation from this asset class would be available to ordinary unsecured creditors.

5.1.5 Other assets

In the ROCAP, the Directors disclosed that the raw materials held a net book value of \$113K. Raw materials are held with Salutica. Given the assets are located in Malaysia and Salutica has made a claim in the administration of NUH, the Administrators consider that it is unlikely that the raw materials will be recoverable.

5.1.6 Secured creditor

As outlined at Section 3 of this Report, Realtek and NUH are parties to a Convertible Note Subscription Agreement dated 7 September 2022 for a total secured debt of (\$2.5M). Realtek have not yet lodged a POD in the Administration.

5.1.7 Employee claims

A breakdown of outstanding employee entitlements as at 6 August 2024 is detailed below:

\$'000	Directors' ERV		Administrators' ERV	
	Excluded	Employees	Excluded	Employees
Unpaid wages	(18.3)	-	(6.0)	(10.1)
Unpaid superannuation	(13.2)	(46.0)	(2.0)	(43.9)
Annual leave	(93.9)	(203.2)	(1.5)	(204.7)
Long service leave	(64.6)	(64.7)	-	(58.1)
Redundancy / PILN	-	Unknown	-	Unknown
Total	(190.0)	(314.0)	(9.5)	(316.8)

At the time of our appointment, NUH had 20 employees primarily consisting of the technical staff and a finance team. At the time of writing, only 15 employees remain employed, given that 5 employees have resigned.

Employee claims are afforded priority of repayment pursuant to Section 556 of the Act, ahead of any return to unsecured creditors. The Act provides that excluded employees (including company directors and their spouses) are each restricted to a total maximum priority claim of \$2K for unpaid wages and superannuation entitlements and \$1.5K for leave entitlements. Amounts owed to excluded employees that exceed the statutory limit, and all payments owing in respect of redundancy and payment in lieu of notice will rank as an ordinary unsecured claim.

The notice (payment in lieu) and redundancy entitlements crystallise upon the termination of the employment of the employees, and, in the case of the notice entitlement, the amount of the obligation depends to what extent that notice period is worked out by the relevant employee prior to their cessation.

Should NUH be placed into liquidation, employees may be eligible for financial assistance under the Fair Entitlements Guarantee Act 2012. Further information on FEG including eligibility for assistance can be found at www.employment.gov.au/feg.

5.1.8 Unsecured creditors

In their ROCAP, the Directors have recorded unsecured creditor claims totalling (\$1.8M). A summary of the unsecured creditors is below:

\$'000	Directors' ERV	Administrators' ERV
Trade creditors	(1,366)	(3,648.6)
Statutory creditors	(497)	(66.4)
Related party creditors	(21)	(21)
Excluded creditors	-	(179.7)
Total	(1,884)	(3,916)

To date, the Administrators have received 24 proofs of debt totalling (\$3.3M).

The Director's ROCAP reported trade creditor debts totalling (\$1.36M), since our appointment and as outlined at Section 8 of this Report, NUH's manufacturer Salutica has been awarded a damage claim in the Malaysian courts for the total of USD(\$1.7M). Accordingly, Salutica has lodged a proof of debt in the Administration totalling (\$2.55M).

The Administrators have not adjudicated upon the Salutica proof of debt, however, based upon our investigations to date and discussions with NUH management, we understand that NUH has a counter claim in excess of the (\$2.55M) claimed by Salutica (including the amounts noted above within Debtors).

The related party debt is in respect of a loan owed by NUH to Terrace Gold. As at the date of this Report, we have not adjudicated upon this inter-company loan and this amount would otherwise be offset by debts that Terrace Gold owes to NUH.

5.3 Omissions from ROCAP

We have not identified any material omissions from the Directors' ROCAP.

5.4 Directors' opinions as to the reasons for failure

The Directors have provided their views on the affairs of the Group and attribute the following reasons to its failure:

- *"Nuheara had determined it would be unable to repay a Convertible Note which was maturing on 9th September 2024. The Convertible Note is with Nuheara's largest shareholder Realtek Semiconductor of Taiwan. Nuheara and Realtek were unable to reach an agreement on reorganising the Convertible Note. Separately the Company had not received an executed Commercial and Royalty Agreement from Realtek. This agreement was critical for generation product manufacturing and its strategic capability to raise further capital."*

The Group's management have also provided the following additional context:

- *"It is important to recognise that Nuheara has always been in investment mode and has never had positive cash flows or profits and therefore has relied on external funding to support the operations.*
- *It has a long successful track history of investor support since listing on the ASX to fund its operations.*
- *This investor support has remained, including potential additional funding, however in August with the sale of the company not being completed, the Directors took the view that given Realtek's unwillingness to extend the maturity of the convertible loan note and with the absence of a signed supply agreement with Realtek that it would be inappropriate to seek additional funding from investors, resulting in the appointment of the VA."*

5.5 Administrator's opinions as to the reasons for failure

Our preliminary view is that, in addition to the reasons identified by the Directors, the Group failed as a result of:

- Ongoing losses requiring funding with revenue inadequate for the cost structure.
- Inability to raise sufficient capital and refinance existing convertible note debt.

6 The Administration to date and sale of business process

This Section provides an overview of the conduct of the Administration, including the trading of the business and the going concern sale process.

Key takeaways	Ref.
1 On appointment, the Administrators assumed control of the Group's business. While conducting an urgent assessment of the business operations, we continued to trade in the ordinary course.	6.1
2 The Administrators engaged Azure as corporate adviser to assist with the sale process for the Group. At the time of writing, the sale process is still ongoing.	6.3

6.1 The business at commencement of the Administration

On appointment, the Administrators assumed control of the Group's business. Appropriate controls and systems were put in place with respect to cash / banking, purchase orders, stock control and reporting.

Whilst conducting an urgent assessment of the business operations, we continued to trade in the ordinary course. In particular, we:

- opened new accounts with service providers, utilities and other non-stock suppliers;
- reviewed major contracts and negotiated terms of trade with various suppliers;
- continued employment of staff;
- negotiated certain payments of necessity to ensure continued supply of business-critical services;
- conducted meetings with Directors, senior management and staff;
- preparation of an 'Administration' trading forecast;
- reviewed the procedures for IT services and back up processes for information on site; and
- reviewed the adequacy of the insurances policies held by the Group.

6.2 Administration Funding

Following our urgent assessment of the Group's operations, it was apparent that the Group was operating at a loss and had limited remaining funds available in order to preserve the Group's business as a going concern.

Please note that whilst the Administrators subsequently received \$840K related to the FY24 R&D Tax Incentive, this funding was insufficient to satisfy the Group's funding obligations past 1 November 2024.

Accordingly, the Administrators reached out to several potential funders, including the Group's Major Shareholders in order to ascertain their interest in providing funding. By obtaining funding for the Group, the Administrators could preserve the business as a going concern, which may provide creditors with a greater return than an immediate winding up of the Group's operations.

Given that the Major Shareholders had funded the Group prior to our appointment, on 18 November 2024, the Administrators executed a Funding Agreement on behalf of the Group with the Major Shareholders for a loan of up to \$600K, of which \$100K is a contingency amount. The funding provided is for the period from 1 November 2024 and will likely be extinguished by 31 December 2024. The Major Shareholders are yet to confirm whether they will fund the business past this date. In the absence of an extension to this facility, or without alternative funding, then the Administrators will be required to cease operations.

The Group has to date drawn down \$250K. The key terms of the Funding Agreement are confidential between the relevant parties and therefore we are unable to disclose the same.

6.3 The sale of business process

On 9 April 2024, Nuheara announced to the ASX that it had initiated a strategic review of its business. This included the appointment of Azure to assist with the same including in discussions relating to potential M&A activity.

Following our appointment on 7 August 2024, we engaged with Azure and it was agreed given their previous involvement with the Group, that Azure would reach out to several potential buyers who had previously expressed an interest to acquire the business.

The proposed transaction to the potential interested parties had a timeline which anticipated a completion date of late September / early October 2024.

In total 15 expressions of interest were received for the Group by those parties identified at the outset of the appointment along with additional parties who had contacted the Administrators since our appointment.

As at the date of this report, the sale process is ongoing. There are currently a total of 3 interested parties, and the Shareholders Committee have today advised the Administrators that they have instructed their legal representation to prepare a DOCA proposal which may be received shortly.

The current status regarding the 3 interested parties is as follows:

Party	Status
Party #1	Working toward a position to consider an acquisition.
Party #2	US based group who have executed and non-disclosure agreement. Currently undertaking due diligence.
Party #3	China based group with plans to meet to progress interest.

Should the Second Meeting be adjourned this will provide sufficient time for the Shareholders Committees' DOCA proposal (once received) to be fully developed, and also provides an opportunity for the other 3 interested parties to submit a proposal.

Should the Second Meeting be adjourned and a fulsome DOCA proposal received, we will outline the relevant terms for creditors prior to reconvening the adjourned Second Meeting.

6.3 Key trading issues and trading results

The Administrators' trading receipts and payments for the period 7 August 2024 to 30 November 2024 is summarised below:

Nuheara Limited	Total (Excl GST)
Receipts and Payments	\$
Receipts	
Debtors	69,711
Sale of Plant & Equipment	4,164
Sales	55,053
Total Receipts	128,928
Payments	
Annual Fees	(160)
Bank Charges	(81)
Cleaning - ED Recycling	(879)
Cleaning Containers	(830)
Cleaning Services	(1,595)
Customer Refunds	(745)
Employee Reimbursements	(401)
Freight	(2,282)
Fuel & Oil	(23)
Glass Panel Refitting	(750)
Insurance	(23,646)
Internet	(1,106)
Legal Disbursements	(5,598)
Legal Fees	(46,606)
Mover/Removal	(1,474)
PAYG Paid	(42,927)
Payment of Credit Cards	(3,941)
Payroll Tax	(7,691)
Postage	(3,292)
Printing & Stationery	(647)
Professional Fees	(803)
Registrations	(17,361)
Sales	(15,240)
Software Subscriptions	(59,330)
Super Paid	(22,240)
Telephone & Fax	(213)
Utilities	(1,111)
Wages & Salaries	(370,362)
Total Payments	(631,333)
Closing Balance	(502,405)

Note: the above excludes any receivables from the ATO R&D Incentives or funding received from the Major Shareholders.

Full particulars of the Administrators' receipts and payments are attached as **Annexure A**.

7 Proposal for DOCA

During the course of the Administration, we have been approached by interested parties (including the Shareholders Committee) who expressed an interest in proposing a DOCA for the Group.

The Shareholders Committee have today advised the Administrators that they have instructed their legal representation to prepare a DOCA proposal which may be received shortly.

In order to provide additional time for the Shareholders Committee (or an alternative party) to submit and fully develop a DOCA proposal, which could provide creditors with a greater return than an immediate winding up of the Group, the Administrators recommend adjourning the Second Meeting.

Should the Second Meeting be adjourned and a fulsome DOCA proposal received, we will outline the relevant terms for creditors prior to reconvening the adjourned Second Meeting.

8 Statutory investigations

This Section provides creditors with information on the preliminary investigations undertaken by the Administrators to date, and whether there have been any potential actions identified that may be pursued by a liquidator, if appointed.

Key takeaways	Ref.
1 Based on our preliminary investigations we are of the opinion that NUH became insolvent on or around 7 August 2024, based on available cash to pay its debts at the time and given that all other means to obtain alternative funding whether debt or equity had been extinguished.	8.3
2 The remaining subsidiaries of NUH likely became insolvent at the same time given that they were reliant upon NUH for their funding requirements.	

8.1 Nature and scope of review

The Act requires an administrator to carry out preliminary investigations into a company's business, property, affairs and financial circumstances.

Investigations centre on transactions entered into by the Group that a liquidator might seek to have declared void (together with orders for repayment or compensation) if the Group is wound up. Investigations allow an administrator to advise creditors what funds might become available to a liquidator such that creditors can properly assess whether to accept a DOCA proposal or resolve to wind up the Group. We investigated matters to the extent possible in the time available.

A liquidator may recover funds from certain voidable transactions or through other avenues; for example, through action seeking compensation for insolvent trading or breach of director duties. Funds recovered would be available to the general body of unsecured creditors including secured creditors but only to the extent of any shortfall incurred after realising their security.

A deed administrator does not have recourse in relation to voidable transactions.

The Administrators' knowledge of the Group's affairs comes principally from the following sources:

- discussions with the Directors, their advisors and key staff members
- the Directors' ROCAP
- management accounts, books and records, board reports and financial statements
- the Group's internal accounting system
- correspondence and discussions with the Group's creditors
- an independent valuation of the Group's assets
- searches obtained from relevant statutory authorities
- records maintained by the ATO
- publicly available information

8.2 Directors' and officers' responsibilities

Sections 180 to 184 of the Act set out the duties, obligations and responsibilities imposed on Directors which are designed to promote good governance and ensure that Directors act in the interests of the Company/Group. These duties include:

- duty of care and diligence;
- duty of good faith;
- duty not to make improper use of position; and
- duty not to make improper use of information.

Based on our investigations to date, we have not identified any offences the directors may have committed under the provisions of the Act, however, our investigations with respect of any breaches committed by the directors are continuing.

8.3 Preliminary conclusion as to solvency

Having regard to the above analysis, it is our preliminary view that:

- The Group required significant capital to fund operations and was not profitable in its current form;
- NUH attempted to raise \$10M equity on the ASX commencing in October 2023. NUH raised \$4.4M from October to December 2023, leaving a (\$6.6M) shortfall;
- The ATO running balance account became negative from February 2024 and NUH ceased making payments on its account from that same date to the date of our appointment (noting that NUH was anticipating a \$1.4M R&D Tax Incentive rebate which would offset the accruing debts and in the interim, NUH had requested a payment plan from the ATO via their tax agents, which was still being processed at the date of our appointment);
- NUH then began to experience financial stress in early-mid 2024 having regard to its deteriorating end of month cash balances and aged payables;
- On 8 March 2024, the Directors considered it appropriate to appoint CorCordis as safe harbour adviser, whilst it worked through its options/plans which would provide a better outcome for the Group as opposed to an immediate winding-up;
- NUH raised \$1.85M in equity in April 2024. This funding provided a short-term liquidity runway whilst the Group conducted its strategic review, which included the appointment of Azure to conduct a sale/ recapitalisation process;
- By at least 30 June 2024, the Group failed its working capital ratios (being a current ratio less than 1), albeit passed the balance sheet test of insolvency; however,
- NUH was working with Realtek, to secure a refinance on the \$2.5M convertible note debt which fell due on 7 September 2024 and was ultimately unsuccessful in doing so by on or around 31 July 2024;
- In addition, NUH was required to execute a commercialisation agreement with Realtek in order that its existing Major Shareholder would be willing to contribute further capital. Ultimately, NUH was also unsuccessful in executing such an agreement;
- NUH was also subject to legal proceedings which were brought in July 2024, and whereby following our appointment USD\$1.7M compensation was awarded against NUH. It is noted that NUH management dispute the Orders made and consider that there is a counter-claim in excess of the debt;
- From our preliminary review it appears that substantial compliance with the safe harbour criteria was met from 8 March 2024 to 7 August 2024.

In light of the insolvency indicators and matters discussed above, we are of the opinion that NUH became insolvent on or around 7 August 2024, based on available cash to pay its debts at the time and given that all other means to refinance the Realtek debt, or obtain alternative funding whether debt or equity had been extinguished. The precise date will be subject to further investigations should a liquidator be appointed.

The remaining subsidiaries of the Group likely became insolvent at the same time given that they were reliant upon NUH for their funding requirements.

For completeness, our view regarding the individual entities date of insolvency is outlined below:

Entity	Notes	Date of Insolvency
NUH	i.	
NUH IP	ii.	7 August 2024
Terrace Gold	ii.	

i. In the case of NUH, on 7 August 2024, it was clear that NUH would not be able to refinance its secured debts with Realtek from 7 September 2024 or to receive additional funding to payout the same and to satisfy its near-term working capital requirements and accordingly, NUH was or was likely to become insolvent in the near term.

ii. In the absence of NUH, NUH IP and Terrace Gold were also unable to sustain themselves in their own right as they were largely dormant, excluding NUP IP, the intellectual property holder.

A liquidator, if appointed, would need to conduct further investigations, and possibly conduct a public examination of relevant parties, to ultimately determine whether or not the NUH became insolvent at that time or earlier.

8.4 The Company's solvency

Some actions available to a liquidator to recover funds through the voiding of certain transactions or through other legal action, such as seeking compensation from directors for insolvent trading, require the Company's insolvency to be established at the relevant time.

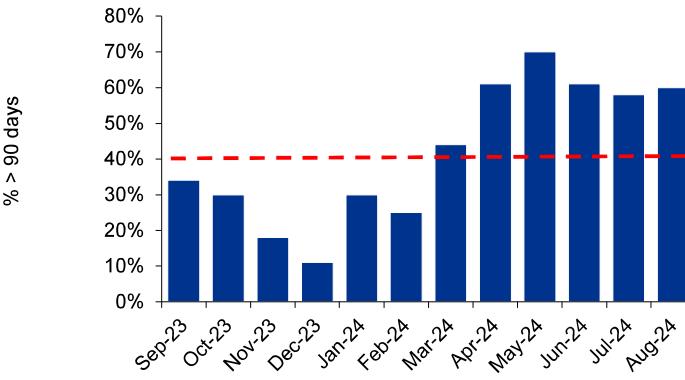
There are two primary tests used in determining a company's solvency, at a particular date, namely:

- balance sheet test; and
- cash flow or commercial test.

The Courts have widely used the cash flow or commercial test in determining a company's solvency at a particular date along with several other indicators.

The following table summarising the key insolvency indicators and our comments on those indicators where relevant to NUH:

Insolvency indicator	Present	Date relevant to insolvency	Administrators' comments
Endemic shortage of working capital - balance sheet test			
Working capital deficiency	Yes	FY24	<p>Based on the Audited Financial Accounts for FY22 & FY23 and management accounts thereafter, the Group recorded the following working capital ratios:</p> <ul style="list-style-type: none"> – FY22 – 0.9 – FY23 – 2.6 – FY24 – 0.7 – FY25 YTD – 0.6 <p>The Group held a positive working capital in FY23 which was due to NUH raising c.\$10M equity during that same period, however, by FY24 the Group's working capital became negative through to the date of our appointment. Therefore, this indicator is present from FY24.</p>
Net asset deficiency	n/a	n/a	<p>Based on the Audited Financial Accounts for FY22 & FY23 and management accounts thereafter, the Group recorded the following net asset position:</p> <ul style="list-style-type: none"> – FY22 – \$2.1M – FY23 – \$5.1 M – FY24 – \$937K – FY25 YTD – \$739K <p>The Group held a positive net asset during the period through to the date of our appointment. Therefore, this indicator is not present, and the Group passed the "balance sheet" test.</p>

Insolvency indicator	Present	Date relevant to insolvency	Administrators' comments																										
Ageing of creditors	Yes	April 2024	<p>We have analysed the ageing of creditors for the Group for the 12 months prior to the date of the administration (7 August 2024). Our preliminary analysis of aged payables over this period is shown below:</p>  <table border="1"> <caption>Data for Bar Chart: % > 90 days</caption> <thead> <tr> <th>Month</th> <th>% > 90 days</th> </tr> </thead> <tbody> <tr><td>Sep-23</td><td>32</td></tr> <tr><td>Oct-23</td><td>28</td></tr> <tr><td>Nov-23</td><td>18</td></tr> <tr><td>Dec-23</td><td>10</td></tr> <tr><td>Jan-24</td><td>28</td></tr> <tr><td>Feb-24</td><td>25</td></tr> <tr><td>Mar-24</td><td>43</td></tr> <tr><td>Apr-24</td><td>58</td></tr> <tr><td>May-24</td><td>70</td></tr> <tr><td>Jun-24</td><td>59</td></tr> <tr><td>Jul-24</td><td>56</td></tr> <tr><td>Aug-24</td><td>58</td></tr> </tbody> </table> <p>From at least April 2024 onwards, there is a trend of accumulation of aged payables outstanding over 90 days. The increase in ageing is observed for amounts outstanding over 90 days level at a rate of greater than 50% of the total aged payable is also from April 2024.</p> <p>In terms of dollar value of creditors over this period this remained relatively consistent at an average of c.\$560K.</p>	Month	% > 90 days	Sep-23	32	Oct-23	28	Nov-23	18	Dec-23	10	Jan-24	28	Feb-24	25	Mar-24	43	Apr-24	58	May-24	70	Jun-24	59	Jul-24	56	Aug-24	58
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May-24	70																												
Jun-24	59																												
Jul-24	56																												
Aug-24	58																												
Inability to extend finance facilities and breaches of covenants	Yes	6 August 2024	<p>As outlined previously, the Group's key debt facility consisted of the Convertible Note Subscription Agreement dated 7 September 2022. Under this Convertible Note, Realtek lent NUH the sum of \$2.5M and the obligation to repay that loan or could be converted, at Realtek's option, to equity in NUH. If not converted to equity, the loan became repayable two years after the date the Convertible Notes were issued pursuant to the Agreement (which was 7 September 2024).</p> <p>On 25 July 2024, NUH wrote to Realtek requesting a refinance of the due date for repayment of the \$2.5M from 7 September 2024 to 1 January 2025. Despite attempts by NUH to reach an agreement with Realtek, by 6 August 2024, it was clear that no outcome was likely to be forthcoming, and accordingly, the Board resolved to appoint an Administrator as NUH would be unable to repay the \$2.5M convertible note by the due date.</p>																										
Inability to meet other financial commitments / default on finance agreements	n/a	n/a	We are not aware of any defaults on financing agreements or ability to meet financing agreements.																										

Insolvency indicator	Present	Date relevant to insolvency	Administrators' comments																														
Availability of other cash resources – cash flow test																																	
Profitability / trading losses	Yes	FY22	<p>The Group recorded the below revenue and net losses before income tax:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th><th>FY22</th><th>FY23</th><th>FY24</th><th>YTD25</th></tr> </thead> <tbody> <tr> <td>Revenue</td><td>3,866</td><td>1,931</td><td>772</td><td>38</td></tr> <tr> <td>Net Profit</td><td>(14,794)</td><td>(12,620)</td><td>(11,194)</td><td>(521)</td></tr> <tr> <td>Indicator</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td></tr> </tbody> </table> <p>The Group incurred trading losses from FY22 to YTD25, with NUH IP and Terrace Gold not recording revenue between FY22 to YTD25. NUH having the lowest revenue recorded in FY24. With consolidated expenses were greatly higher than revenue.</p> <p>Trading losses represents an indicator of insolvency from FY22 to YTD25.</p>		FY22	FY23	FY24	YTD25	Revenue	3,866	1,931	772	38	Net Profit	(14,794)	(12,620)	(11,194)	(521)	Indicator	✓	✓	✓	✓										
	FY22	FY23	FY24	YTD25																													
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Net Profit	(14,794)	(12,620)	(11,194)	(521)																													
Indicator	✓	✓	✓	✓																													
Cash flow difficulties	n/a	n/a	<p>From our review of the Group's records, Management appeared to be regularly reporting on the Group's cash position, funding initiatives, and creditor management.</p> <p>The Group's unrestricted month-end cash balances are tabled below:</p> <p>Closing month-end cash (Unrestricted Only)</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Date</th><th>Cash Balance (\$m)</th></tr> </thead> <tbody> <tr><td>Dec-23</td><td>1.8</td></tr> <tr><td>Jan-24</td><td>1.07</td></tr> <tr><td>Feb-24</td><td>0.63</td></tr> <tr><td>Mar-24</td><td>0.3</td></tr> <tr><td>Apr-24</td><td>1.49</td></tr> <tr><td>May-24</td><td>0.993</td></tr> <tr><td>Jun-24</td><td>0.62</td></tr> <tr><td>Jul-24</td><td>0.46</td></tr> <tr><td>at Appointment</td><td>0.02</td></tr> </tbody> </table> <p>In addition to the \$2.5M convertible note funding, the Group was reliant upon capital raisings from NUH, and R&D rebates from the ATO in order to maintain its cash balances given that the Group was operating at a loss. We note that the Group received \$1.4M from the ATO in December 2023, and NUH raised \$1.8M from shareholders in April 2024.</p> <p>As a result of this funding, the Group was able to maintain a positive cash position (albeit at times low) up to the date of our appointment as Administrators.</p>	Date	Cash Balance (\$m)	Dec-23	1.8	Jan-24	1.07	Feb-24	0.63	Mar-24	0.3	Apr-24	1.49	May-24	0.993	Jun-24	0.62	Jul-24	0.46	at Appointment	0.02										
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at Appointment	0.02																																
Access to alternative sources of finance (including equity capital)	n/a	n/a	<p>The Group, through its ASX listed parent company, NUH, raised the following equity:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="5">NUH - ASX Raised Capital</th></tr> <tr> <th>Date</th><th>Mar-23</th><th>Jun-23</th><th>Oct-23</th><th>Apr-24</th></tr> </thead> <tbody> <tr> <td>Raising Type</td><td>Placement</td><td>Placement</td><td>Entitlement Offer</td><td>Placement</td></tr> <tr> <td>Amount</td><td>\$3m</td><td>\$4.4m</td><td>\$10m</td><td>\$1.85m</td></tr> <tr> <td>Amount raised</td><td>\$3m</td><td>\$4.4m</td><td>\$4.1m</td><td>\$1.85m</td></tr> <tr> <td>Completed</td><td>100%</td><td>100%</td><td>41%</td><td>100%</td></tr> </tbody> </table>	NUH - ASX Raised Capital					Date	Mar-23	Jun-23	Oct-23	Apr-24	Raising Type	Placement	Placement	Entitlement Offer	Placement	Amount	\$3m	\$4.4m	\$10m	\$1.85m	Amount raised	\$3m	\$4.4m	\$4.1m	\$1.85m	Completed	100%	100%	41%	100%
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Completed	100%	100%	41%	100%																													

Insolvency indicator	Present	Date relevant to insolvency	Administrators' comments
			<p>On 1 March 2024, the ASX advised NUH that it would not consider reinstatement of NUH's shares to trading until certain conditions had been satisfied. These conditions related to compliance with lodging the Dec 23 half year report.</p> <p>The Group also had access to R&D rebates from the ATO, and short-term alternative financing arrangements which provided working capital. Management have noted that in September 2023, NUH explored sourcing short-term R&D tax rebate financing for the FY23 R&D rebate, however, Realtek were unwilling to allow an alternative party to claim security over the potential claimed amount.</p> <p>As outlined earlier in our report, the Group had been in discussions with key shareholders, including Realtek regarding providing additional funding, however, this would require as a condition precedent Realtek refinancing its existing convertible note which did not eventuate.</p>
Inability to dispose non-core assets	n/a	n/a	We have not identified any disposals of non-core assets prior to our appointment. In addition, there are no non-core assets identified from the Group's balance sheet available to procure additional funding.
Dishonoured payments	n/a	n/a	A review of the Group's banking records do not reflect dishonoured payments.
Overdue Commonwealth and State taxes	n/a		<p>Superannuation</p> <p>The Group's Directors' entered safe harbour from 8 March 2024 to 7 August 2024. In order to access safe harbour a company must have paid any superannuation liabilities. From our review, it appears that NUH was in compliance with its superannuation obligations.</p>
	n/a		<p>GST & PAYG</p> <p>NUH's ATO running balance account became negative from February 2024 and NUH ceased making payments on its account from that same date to the date of our appointment. The ATO debt which related to PAYG as at the date of our appointment totalled (\$384K). Management have advised that they had requested a payment plan from the ATO in conjunction with their tax accountants BDO. The ATO had acknowledged the payment plan request, however, the matter was still being processed by the ATO as at the date of our appointment. Management also note that they had anticipated offsetting the future FY24 R&D rebate against the PAYG amount owing (which was done post our Appointment on receipt of the R&D tax rebate).</p> <p>NUH IP and Terrace Gold were not registered for PAYG and GST.</p>
			<p>Payroll Tax</p> <p>NUH also owed nominal amounts of payroll tax to the Department of Finance WA, and to the Revenue NSW. It is noted that the NSW amount outstanding which totalled (\$20K) was the subject of a payment plan with the first payment being due following our appointment.</p>

Insolvency indicator	Present	Date relevant to insolvency	Administrators' comments
No forbearance from creditors / legal action threatened or commenced by creditors	n/a	n/a	<p>The Group was subject to a number of creditor payment plans. From our review of the creditor payment plans the Group was in compliance with the same.</p> <p>It is noted that the \$1.8M capital raising in March 2024, was utilised in part to pay down creditor debts.</p> <p>NUH was also the subject of legal proceedings brought against it by Salutica in the High Court of Malaya At Kuala Lumpur in the Federal Territories. Salutica is a Malaysian based entity, who had been engaged by NUH to manufacture its products under a Master Design, and Development and Manufacturing Agreement, dated 12 June 2018 .</p> <p>Salutica's claim related to contractual breaches by NUH, which resulted in losses incurred by Salutica in the amount of USD\$1.7M.</p> <p>Following our appointment, the High Court of Malaya At Kuala Lumpur made Orders in favour of Salutica in the amount of USD\$1.7M plus applicable interest. The Group's management dispute the Orders made and believe that the Company has a similar counter claim. The Administrators have not adjudicated upon the Salutica's proof of debt.</p> <p>We are not aware of any legal proceedings in NUH Inc. or Terrace Gold.</p>

8.6 Potential liquidator recoveries – insolvent trading

8.1.1 Directors' liability

Section 588G of the Act imposes a positive duty upon company directors to prevent insolvent trading. If a director is found to have committed an offence under Section 588G, the Court may order him or her to pay compensation to the company equal to the amount of loss or damage suffered by its creditors.

The Court may also impose upon the directors one of two types of civil penalty orders, the first can include a fine or an order prohibiting the directors from participating in the management of a company. The second, where there is criminal intent and conviction, exposes a director to imprisonment for up to five years and/or a fine.

This action is not a right that is available to an administrator or a deed administrator. Applications for compensation payable to the company are usually made by a liquidator, or in specified circumstances, a creditor.

The substantive elements of Section 588G are:

- a person is a director of a company at the time when the company incurs a debt;
- the company is insolvent at that time, or becomes insolvent by incurring that debt (or by incurring, at that time, debts including that debt); and
- at that time, there are reasonable grounds for suspecting that the company is insolvent or would so become insolvent (as the case may be).

8.1.2 Directors' defences

8.1.2.1 Section 588H defences

The defences available to directors contained in Section 588H are:

- at the time when the debt was incurred, the person had reasonable grounds to expect, and did expect, that the company was solvent and would remain solvent even if it incurred that debt or any other debts that it incurred at that time;
- at the time that the debt was incurred, the person had reasonable grounds to believe, and did believe, that a competent and reliable person (the **other person**) was responsible for providing to the first-mentioned person adequate information about whether the company was solvent, and that the other person was fulfilling that responsibility, and expected, on the basis of information provided to the first-mentioned person by the other person, that the company was solvent at that time and would remain solvent even if it incurred that debt and any other debts that it incurred at that time;
- because of illness or for some other good reason, the person did not take part in the management of the company;
- the person took all reasonable steps to prevent the company from incurring the debt.

8.1.2.2 Safe harbour defences

Section 588GA of the Act gives directors a safe harbour from the insolvent trading provisions contained in Section 588G whilst attempting to restructure or turnaround the business.

Safe harbour provisions apply if (and subject to certain conditions being met) after the person starts to suspect the company may become or is insolvent, the person starts developing one or more courses of action that are reasonably likely to lead to a better outcome for the company.

The period of safe harbour continues from the time at which the person starts developing the course of action and ends at the earliest of any of the following times:

- if the person fails to take any such course of action within a reasonable period after that time – the end of that reasonable period;
- when the person ceases to take any such course of action;
- when any such course of action ceases to be reasonably likely to lead to a better outcome for the company; or
- the appointment of an administrator or liquidator to the company.

During the period of safe harbour, the following conditions must be met:

- the debt must be incurred directly or indirectly in connection with the course of action reasonably likely to lead to a better outcome for the company;
- the company must continue to pay all employee entitlements (including superannuation) by the time they fall due; and
- the company must continue to comply with all tax reporting obligations.

The Directors have advised us that they intend to rely on the safe harbour defence up to the date of administration in the event of an insolvent trading claim.

Based on our preliminary investigations, we are of the view that the Directors may be able to rely on the safe harbour defence.

The Board of Directors engaged Cor Cordis and Thomson Geer (as legal adviser) on 8 March 2024 to establish the Safe Harbour Committee (SHC) and the Directors formed the view that substantial compliance with the eligibility criteria was met from 8 March 2024 to 7 August 2024, being the date that it was clear that the Group would be unable to obtain near term funding to satisfy its existing working capital requirements.

During this period, a total of 14 meetings of the SHC were convened which covered the initiatives undertaken by the Group during that period and also assessed whether the conditions of safe harbour were met. The dates of when the meetings were held are shown below:

Meeting	Date
First meeting of the SHC ("SHC1")	8 March 2024
Second meeting of the SHC ("SHC2")	15 March 2024
Third meeting of the SHC ("SHC3")	15 April 2024
Fourth meeting of the SHC ("SHC4")	22 April 2024
Fifth meeting of the SHC ("SHC5")	29 April 2024
Sixth meeting of the SHC ("SHC6")	6 May 2024
Seventh meeting of the SHC ("SHC7")	13 May 2024
Eighth meeting of the SHC ("SHC8")	20 May 2024
Ninth meeting of the SHC ("SHC9")	6 June 2024
Tenth meeting of the SHC ("SHC10")	19 June 2024
Eleventh meeting of the SHC ("SHC11")	28 June 2024
Twelfth meeting of the SHC ("SHC12")	5 July 2024
Thirteenth meeting of the SHC ("SHC13")	26 July 2024
Fourteenth meeting of the SHC ("SHC14")	31 July 2024

Based on our preliminary investigations, we are of the view that the Directors will likely opt to rely on the safe harbour defence up to the date of our appointment, should an insolvent trading claim be considered.

8.1.3 Pursuing an insolvent trading claim

A liquidator must form an opinion as to the date of insolvency and determine the debts incurred from that date; thereby quantifying the loss to the company.

The costs of proceeding with an insolvent trading action, which are usually considerable, particularly given the need for expert evidence as to insolvency, must be considered.

Any decision to commence an action against the Directors for insolvent trading must have regard to the following:

- the costs of litigation and the uncertainty of success inherent in any complex litigation; and
- the Director's capacity to meet a claim for compensation.

Our preliminary view is that the Group was insolvent from 7 August 2024.

In determining a course of action, a liquidator would consider the costs and risks of any proceedings and the ability to fund any proceedings, including whether creditors are prepared to forgo any scheduled dividends and/or the cost of litigation funding as an alternative.

A liquidator may write to the Directors, setting out the results of the investigations and the conclusions in relation to insolvent trading and requesting payment of compensation for debts incurred by the company at a time when it was insolvent.

Subject to a response, if any, being received from the Directors, to progress the insolvent trading claims, it would probably be necessary, in the first instance, to conduct public examinations of the Directors and if applicable former directors. The purpose of these examinations would be to further investigate the examinable affairs of the entity and obtain further information and documentation in relation to the matters raised at Sections 8 of this report.

If a settlement is not forthcoming in answer to any letter of demand, a liquidator may commence recovery proceedings against the Directors (and entities associated with them, if applicable) for amounts relating to insolvent trading, unfair preference payments, uncommercial transactions and/or director-related transactions.

The analysis of an insolvent trading claim is complex and would require a detailed calculation by a liquidator and legal advice and may include a public examination of the Directors. It follows that the costs of proceeding with an insolvent trading action must be considered as does the personal financial capacity of the Directors to pay a judgement obtained against them.

Presently based upon the estimates of the available assets/funds in the Companies (particularly after partly satisfying the secured creditor debt) there will be insufficient funds available to meet the costs (both legal and professional) to pursue these claims.

Creditors should be aware that there are various third parties who provide litigation funding to pursue these types of claims, with the trade-off on risk and return. Such groups typically require a success-based fee of 30% to 40% together with recovery of their legal and other costs which relate to the claim. Alternatively, creditors may fund the Liquidators' pursuit of a claim or obtain approval to pursue an insolvent trading claim in respect to their particular debt alone.

We note that under Section 564 of the Act, if a creditor (or third-party litigation funder) provides an indemnity of the Liquidators costs to instigate proceedings and property is recovered as a result of those proceedings, the Court may make an order as to the distribution of that property and the amount of those expenses so recovered with a view to giving an advantage to the indemnifying creditor, consideration of the risk assumed by them. Any creditor who wishes to discuss this in detail, please contact us.

We note the risk that an insolvent trading action may not be commercially viable having regard to the legal and liquidator costs associated with such litigation and the success fee typically charged by professional litigation firms.

Further we note that based upon the current investigations we have not identified a claim against the Directors for insolvent trading. Any potential claims will be subject to a thorough forensic analysis by a liquidator.

8.1.4 Holding company liability

Section 588V of the Act provides that a holding company may be held liable for the debts of a subsidiary in certain circumstances.

The substantive elements of Section 588V are:

- the corporation is the holding company of the subsidiary at the time when the company incurs a debt;
- the subsidiary is insolvent at that time, or becomes insolvent by incurring that debt;
- at the time, there are reasonable grounds for suspecting that that the subsidiary is insolvent, or would so become insolvent (as the case may be);
- one or both of the following subparagraphs applies:
 - the holding company, or one or more of its directors, is or are aware at that time that there are grounds for suspecting the subsidiary is insolvent; or
 - having regard to the nature and extent of the holding company's control over the subsidiary's affairs, and to any other relevant circumstances, it is reasonable to expect that:
 - a holding company in the corporation's position would be so aware; or
 - one or more of such a holding company's directors would be so aware.

The defences the holding company may rely upon are set out in Section 588X and are essentially the same as those a director may rely upon under Section 588H.

Furthermore, the Courts have held that, as a defence to such proceedings, a holding company can off-set any claim by a liquidator under Section 588W against monies owing under an intercompany loan account.

In this regard, we note from the records of the Group as at the date of our appointment that NUH is owed \$14.6M from NUH IP and there is likely a loan owed by Terrace Gold, so any potential claims against NUH by NUH IP or Terrace Gold will need to take this into consideration.

Any future appointed liquidator would need to complete their further investigations to quantify any potential claim.

8.6 Adequacy of books and records

Section 286 of the Act requires a company to keep written financial records that correctly record and explain the company's transactions, financial position and performance and would enable true and fair financial statements to be prepared. The financial records must be retained for a period of seven years after the transactions covered by the records are completed.

The failure to maintain books and records in accordance with Section 286 provides a rebuttable presumption of insolvency which might be relied upon by a liquidator in an application for compensation for insolvent trading.

Based on our review of the books and records received, we are of the opinion that the Company's books and records were maintained in accordance with Section 286 of the Act.

8.7 Other matters arising from investigations

8.1.5 Falsification of books

Pursuant to Section 1307(1) of the Act, it is an offence for a person to engage in conduct that results in the concealment, destruction, mutilation or falsification of any securities of or belonging to the company or any books affecting or relating to affairs of the company.

If an offence is proven, there are criminal penalties only. However, similar or related conduct also could give rise to a contravention of Section 1307(2) of the Act and that contravention could give rise to a claim for damages. Further, conduct falling within either Section 1307(1) or Section 1307(2) may amount to breaches of directors' statutory and/or general law duties and/or provisions proscribing misleading conduct which could give rise to a recovery of funds.

The Administrators' preliminary investigations do not reveal any evidence of falsification of books.

8.1.6 False or misleading statements

Pursuant to Section 1308 of the Act, a company must not advertise or publish a misleading statement regarding the amount of its capital. It is an offence for a person to make or authorise a statement that, to the person's knowledge is false or misleading in a material particular.

The Administrators' preliminary investigations do not reveal any evidence of any false or misleading statements.

8.1.7 False information

Pursuant to Section 1309 of the Act, it is an offence for an officer or employee to make available or give information to a director, auditor, member, debenture holder, or trustee for debenture holders of the company that to the knowledge of the officer or employee:

- is false or misleading in a material particular; or
- has omitted from it a matter or thing the omission of which renders the information misleading in a material respect.

The Administrators' preliminary investigations do not reveal any evidence of any false information.

9 Voidable transactions

This Section informs creditors about potential voidable transactions that occurred prior to the appointment of the Administrators, and where the property of the Group was disposed of or dealt with, may be recovered by a liquidator.

Key takeaways		Ref.
1	We have identified potential voidable transactions of up to \$125K.	9.1
2	The majority of these transactions had the effect of conferring a benefit on certain unsecured creditors of the Group.	9.2

A liquidator has the power to take steps to have declared void certain transactions which are either not beneficial, or are detrimental, to a company. An administrator must identify any transactions that appear to be voidable by a liquidator. Apart from seeking to have a voidable transaction declared void, a liquidator may seek related orders, including the payment of compensation.

Enclosed at **Annexure D** is a creditor information sheet published by ARITA. This information sheet details the types of transactions which a liquidator can seek to have declared void, which include:

- unfair preference payments;
- uncommercial transactions;
- unfair loans;
- unreasonable director-related transactions;
- inappropriate related party transactions;
- creation of circulating security interests within 6 months of commencement of liquidation; and
- transactions for the purpose of defeating creditors

For the purposes of examining voidable transactions, the Liquidator would review transactions that occurred during the relevant time period (as prescribed under the Act), taking into consideration the “relation back day”. The relation back day for the Group is 7 August 2024 being the date of our appointment as Administrators as determined by Section 91 of the Act.

9.1 Summary of potential antecedent transactions

Set out below is a summary of transactions that a liquidator would be very likely to investigate further if the Group is placed into liquidation.

Potential recovery item	NUH	NUH IP	Terrace Gold
Unfair preferences	\$125K	None identified	None identified
Uncommercial transactions	None identified	None identified	None identified
Unfair loans	None identified	None identified	None identified
Unreasonable director-related transactions	None identified	None identified	None identified

9.2 Unfair preferences – Section 588FA

An unfair preference payment is a transaction, generally occurring in the six months prior to the relation back day, between the company and a creditor, resulting in the creditor receiving from the company, in respect of an unsecured debt that the company owes to the creditor, more than the creditor would receive from the company in respect of the debt if the transaction were set aside and the creditor were to prove for the debt in a winding up of the company. This period is extended up to four years for transactions entered into with a related entity.

A transaction can only be considered an unfair preference if the company was insolvent at the time the transaction took place, or the company became insolvent as a result of the transaction.

Should a Liquidator establish any such unfair preference payments, these amounts may be recouped thereby increasing the funds available to ordinary unsecured creditors. If a creditor discharges an unfair preference payment to a Liquidator, the creditor is entitled to prove for dividend. Therefore, whilst recovering an unfair preference increases the pool of funds available to creditors, it also increases total creditor claims.

Factors which indicate these payments might be unfair preferences are:

- Payments in response to winding up applications, statutory demands and other pressure from the creditor;
- Repayment plans with the creditor;
- Significant 'round' figure payments were made to the creditor.

Payments totalling \$125K were made to creditors from NUH during the 6-month relation back period (i.e. 8 February 2024 to 7 August 2024), which appear to potentially represent unfair preferences. The breakdown of these claims are as follows:

Subject to Payment Plans	Amount (\$'000)
Creditor 1	(17)
Creditor 2	(63)
Creditor 3	(46)
Total	(125)

Unfair preference payments are voidable against a liquidator, and further investigations will be undertaken in the liquidation to determine the likelihood of action for the recovery of unfair preference payments being successful. We note that successful action for unfair preference payments includes establishing the date of insolvency, and the costs of pursuing an unfair preference payment can sometimes outweigh the potential returns.

9.1.1 Unfair preferences – defences

The creditor may defend an unfair preference claim brought by a liquidator if it proves that it became a party to the transaction in good faith and, at the time when the person became a party to the transaction:

- the creditor had no reasonable grounds for suspecting that the company was insolvent at that time or would become insolvent because of entering into the transaction or a person doing an, or making an omission, for the purpose of giving effect to the transaction; and
- a reasonable person in the creditor's circumstances would have had no such grounds for so suspecting,

and the creditor provided valuable consideration under the transaction or has changed his, her or its position in reliance on the transaction.

9.3 Uncommercial transactions – Section 588FB

An uncommercial transaction is a transaction which a reasonable person in the company's circumstances would not have entered into, having regard to:

- the benefits (if any) to the company entering into the transaction
- the detriment to the company of entering into the transaction
- the respective benefits to other parties to the transaction of entering into it
- any other relevant matters

A liquidator will investigate transactions to determine if they are uncommercial, where those transactions have occurred in the period two years prior to the date of liquidation.

Based on the books and records in our possession we have not identified any transactions which would constitute uncommercial transactions.

9.4 Unfair loans – Section 588FD

A liquidator will investigate any loans to the company which may be considered unfair due to extortionate interest rates or charges.

Based on the books and records in our possession we have not identified any transactions which would constitute unfair loans to the Group.

9.5 Unreasonable director-related transactions – Section 588FDA

Section 588FDA of the Act refers to "unreasonable director-related transactions" and requires the liquidator to investigate such transactions, having regard to the detriment to the Company (if any) suffered as a consequence of the transaction.

The transaction must satisfy the criteria set out in Section 588FDA, and have been entered into, or an act was done for the purpose of giving effect to it, during the four years prior to the relation back day, regardless of the solvency at the time the transaction occurred. Unreasonable director-related transactions can potentially include payments by the company to, dispositions of property by the company to, issuances of securities by the company to and incurrence of obligations by the company in favour of:

- a director of the company;
- a close associate of a director of the company; or
- a person on behalf of, or for the benefit of, a director of the company or a close associate of a director of the company.

An unreasonable director related transaction must be a transaction which a reasonable person in the company's circumstances would not have entered into, having regard to:

- the benefits (if any) to the company of entering into the transaction;
- the detriment to the company of entering into the transaction;
- the respective benefits to other parties to the transaction of entering into it; and
- any other relevant matter.

Based on the books and records in our possession, we have not identified any transactions which would constitute unreasonable director-related transactions.

9.6 Voidable charges

A circulating security interest is void, as against the company's liquidator, if the security interest was created during the six months ending on the relation back day except so far as it secures:

- an advance paid to the company, or at its direction, at or after the it was created and as consideration for the creation of the circulating security interest;
- interest on such an advance;

- the amount of a liability under a guarantee or other obligation undertaken at or after that time on behalf of, or for the benefit of, the company;
- an amount payable for property or services supplied to the company undertaken at or after that time on behalf of, or for the benefit of, the company; or
- interest on an amount so payable.

We have not identified any voidable charges in the case of the Group.

9.7 Arrangements to avoid employee entitlements

Part 5.8A of the Act aims to protect the entitlements of a company's employees from agreements that deliberately defeat the recovery of those entitlements upon insolvency. Under Section 596AB(1) of the Act, it is an offence for a person to enter into a transaction or relevant agreement with the intention of, or with intentions that include the intention of:

- avoiding or preventing the recovery the entitlements of employees of a company; or
- significantly reducing the entitlements of employees of a company that can be recovered.

9.8 Directors' ability to pay a liquidator's claims

Given the Administrators do not consider there will be any potential recoveries from the Directors by a liquidator, they have not made any assessment as to the financial capacity of the Directors to meet any potential liquidator action.

9.9 Reports to the ASIC

Section 438D of the Act requires an administrator of a company to lodge a report with ASIC (and give ASIC such information, and access to and facilities for inspecting and taking copies of documents, as ASIC requires) should it appear to the administrator that:

- a past or present officer or employee, or a member, of the company may have been guilty of an offence in relation to the company; or
- a person who has taken part in the formation, promotion, administration, management or winding up of the company:
 - may have misapplied or retained, or may have become liable or accountable for, money or property (in Australia or elsewhere) of the company; or
 - may have been guilty of negligence, default, breach of duty or breach of trust in relation to the company.

We have not identified any offences that require reporting to the ASIC pursuant to Section 438D of the Act.

10 Return to creditors

This Section provides creditors with information on the estimated financial outcome to creditors together with the anticipated timing of any dividend.

Key takeaway		Ref.
1	As there is no DOCA proposed at this stage, we are only able to present a liquidation scenario for the Group.	10.1
2	<p>The assets of the Group, if realised in an orderly winding-up scenario may result in a return to Realtek.</p> <p>To the extent there are no (or insufficient) realisations available for priority employee creditors, in a liquidation, employees may be eligible for payment of their outstanding employee entitlements (excluding unpaid superannuation) under FEG, a scheme operated by the Department of Jobs and Small Business.</p> <p>The return to unsecured creditors under a liquidation scenario is likely to be nil, as it is contingent upon possible antecedent recoveries in a liquidation, of which are uncertain, and it may not be commercial to pursue.</p>	10.1

10.1 Return to creditors

Tabled below is the estimated statement of position for NUH:

Nuheara Limited (NUH)	\$'000	
Estimated Return	Low	High
Assets subject to Non-circulating Security Interests		
Plant and equipment	Commercially sensitive	
Other assets	Commercially sensitive	
Less: Amount owed to Secured Creditor (Realtek)	(2,568)	(2,500)
Amount available to unsecured creditors	Nil	Unknown
Assets subject to Circulating Security Interests		
Cash and cash equivalents	177	177
Debtors	Unknown	2,127
Inventory	Commercially sensitive	
Less: trading activities	TBD	TBD
Add: Potential returns from antecedent transactions		
Insolvent trading / holding company liability	Nil	Unknown
Unfair preference payments (if any)	Nil	Unknown
Less: Litigation funding (40% fee)	Nil	Unknown
Less: Legal fees related to recoveries	Nil	Unknown
Total Estimated Recoveries	Unknown	Unknown
Administrators' Fees to 30 November 2024	(632)	(632)
Estimated Administrators fees to Second Meeting	(50)	(50)
Estimated Administrators' disbursements and legal fees	(40)	(15)
Estimated Liquidators' fees and costs	(300)	(200)
Total Priority Payments	(1,022)	(897)
Balance Available for Priority Creditors	Nil	Unascertained

Nuheara Limited (NUH)	\$'000	
Estimated Return	Low	High
Estimated employee entitlements	Unascertained	(326)
Total owed to employees	TBC	TBC
Balance Available for Unsecured Creditors	Nil	Nil
Liquidation Returns		
Unsecured Creditors	Unascertained	(3,916)
Residual of Secured Creditor Claim	Unknown	Unknown
Total Unsecured Claims	TBD	TBD
Dividend c/\$	Nil	Nil
Estimated surplus / deficiency	TBD	TBD

Employees (other than excluded employees) may be eligible for payment of their outstanding employee entitlements (excluding unpaid superannuation) under FEG, a scheme operated by the Department of Employment. Employees can obtain further information on the eligibility requirements of FEG at <https://docs.jobs.gov.au/documents/eligibility-feg-assistance-fact-sheet>.

In the event that the Company is wound up, we are unable to determine with certainty whether a dividend will be payable to creditors.

The table below outlines the estimated return for each class of creditor in a Liquidation scenario:

Class of Creditors	Liquidation
Realtek (Secured Creditor)	Realtek hold a valid and enforceable AllPAP security interest in the Group. Accordingly, they will benefit from primary security from any non-circulating assets (after priority costs), and any residual surplus from circulating assets (after priority costs and employee entitlements).
Employees - Superannuation entitlement	In the case of the Group, if a successful sale of business is not achieved, there is unlikely to be a return to Realtek, as there will be limited to no realisable value from a fire sale of the Group's assets, which are owned by NUH, with the exception of the IP held by NUH IP.
Employees - Outstanding Priority Employee Entitlements	If the Company is placed into liquidation, employees may be eligible for payment of their outstanding employee entitlements (excluding unpaid superannuation) under FEG, a scheme operated by the Department of Employment. Employees can obtain further information on the eligibility requirements of FEG at https://docs.jobs.gov.au/documents/eligibility-feg-assistance-fact-sheet .

Class of Creditors	Liquidation
	<p>In the absence of a DOCA, the funds received from the sale of the Group's assets would first be applied to the secured creditors debt.</p> <p>The proceeds from any such sale will be insufficient to discharge the debt due to Realtek and there is likely to be no funds available to unsecured creditors for any of the entities from the sale of the Groups' assets.</p>
Unsecured creditors	<p>Furthermore, in the event that each of the companies were to be wound up, we also do not expect that there will be any recoveries from the voidable and other transaction referred to in Sections 8 and 9 of this Report.</p> <p>A future appointed liquidator will need to conduct further detailed investigations to ascertain if there are any potential recoveries to pursue and with any potential legal issues, these recoveries are uncertain, and it may not be commercial to pursue.</p>

The above calculations are an estimate only and may change due to:

- the final amount realised from the business;
- final proving of creditor claims; and
- the costs of litigation to recover any potential voidable transactions.

10.2 Timing of dividend

A dividend to unsecured creditors (and arguably to priority employee claims) under a liquidation scenario will be dependent upon the successful recoveries from any litigation of insolvent trading claims or antecedent transactions. As discussed previously in this Report, the likelihood of recoveries are nil or unknown, hence there may not be a return to unsecured creditors.

11 Statement by Administrators

The Administrators consider it would be in the creditors' best interest to resolve to adjourn the Second Meeting for a period not exceeding forty-five (45) days business days to allow further time for the Shareholders' Committee (or an alternative party) to submit and develop a fulsome DOCA proposal capable of acceptance by creditors.

Pursuant to IPR 75-225(3)(b), we are required to provide creditors with a statement setting out our opinion on whether it is in creditors' interests for the:

- administration to end;
- Group to be wound up; or
- Group to execute a DOCA; or
- Second Meeting of creditors to be adjourned for a period not exceeding forty-five (45) business days.

Each of these options is considered below. In forming our opinion, it is necessary to consider an estimate of the dividend creditors might expect and the likely costs under each option however in the current circumstances such estimates are not available or may be difficult to predict with accuracy.

11.1 Administration to end

Creditors may resolve that the administration should end if it appears a company is solvent, or for some other reason, control of a company should revert to its directors.

From our preliminary investigations and analysis of the individual companies' financial position, the individual companies are insolvent and unable to pay their debts as and when they fall due.

If the administration were to end, there is no mechanism controlling an orderly realisation of assets and distribution to creditors. In those circumstances, we are unable to say what either the individual companies may ultimately pay creditors or what costs it might incur.

Accordingly, returning control of the Group to its Directors would be inappropriate and is not recommended.

11.2 DOCA

During the course of the Administration, we have been approached by interested parties (including the Shareholders Committee) who expressed an interest in proposing a DOCA for the Group.

The Shareholders Committee have today advised the Administrators that they have instructed their legal representation to prepare a DOCA proposal which may be received shortly.

In order to provide additional time for the Shareholders Committee (or an alternative party) to submit and fully develop a DOCA proposal, which could provide creditors with a greater return than an immediate winding up of the Group, the Administrators recommend adjourning the Second Meeting.

Should the Second Meeting be adjourned and a fulsome DOCA proposal received, we will outline the relevant terms for creditors prior to reconvening the adjourned Second Meeting.

11.3 Winding up of the Group

In the event that creditors resolve that the individual entities of the Group to be wound up then our estimate of the costs of winding up of the Group affairs are estimated collectively cost in excess \$250,000 plus GST and may potentially be higher.

Any remaining assets available after costs would be unlikely to satisfy the secured creditors debt in full, accordingly the return to unsecured creditors would be nil.

We also do not expect that there will be any recoveries from the voidable and other transaction referred to in **Sections 8 and 9** of this Report. A future appointed liquidator will need to conduct further detailed investigations to ascertain if there are any potential recoveries to pursue and with any potential legal issues, these recoveries are uncertain, and it may not be commercial to pursue.

As such the Administrators do not recommend that the Group should be placed into liquidation. However, should creditors resolve that the individual group entities be placed into liquidation, a liquidator would be in a position to conduct detailed investigations into the conduct of directors and the financial affairs of the individual companies.

A liquidator will also be empowered to:

- complete the sale of assets in an orderly manner;
- assist employees in applying for FEG for the payment of certain employee entitlements that cannot otherwise be funded by the employing entities;
- pursue various potential recoveries under the Act;
- distribute recoveries made in accordance with the priority provisions of the Act; and
- report to the ASIC on the results of investigations into the individual companies' affairs.

11.4 Adjournment of the Concurrent Second Meeting of Creditors

As noted previously, the Shareholder Committee and 3 other interested parties remain interested in the Group and a DOCA proposal from the Shareholder Committee may be received shortly.

In accordance with the requirement IPR 75-225(3)(b) and in the absence of a current DOCA proposal, the Administrators do not recommend an immediate winding up of the Group or that the administration end and control of the Group be returned to the Directors.

At the date of this report and in view of our comments in Section 11.1, 11.2 and 11.3 above, we consider it would be in creditors' best interests for the Group, to **resolve to adjourn the Second Meeting for a period not exceeding forty-five (45) business days** as it can, amongst other things:

- Allow sufficient time for the Shareholder Committee to develop their DOCA proposal (once received) to a form capable of acceptance by creditors;
- Allow further time for interested parties to formulate and submit a DOCA proposal capable of acceptance consideration by creditors;
- To allow the Administrators further time to progress the potential restructure of the Group; and
- Report back to creditors with sufficient information to accurately determine whether entering into a DOCA (if one is proposed) provides a better return to creditors as compared to an immediate winding-up of each of the companies.

We note that there is no certainty that a DOCA proposal will be received from interested parties. That said, in our opinion, while there are costs associated with adjourning the Second Meeting and the risk that a proposal will not ultimately be received, there is potentially a substantial benefit to creditors from a DOCA proposal that will only be possible if the meeting is adjourned for a period not to exceed 45 business days.

An adjournment at this time would be consistent with the "spirit" and objectives the Voluntary Administration process, which provides that the Administration facilitates a process whereby a company's affairs be managed in a way that:

- Maximises the chances that a company, or as much as possible of its business continuing in existence; or
- If it is not possible for a company or its business to continue in existence – results in a better return for the company's creditors and members that would result from an immediate winding up of the company.

During the adjournment, the Administrators will continue their interrogation of the Group's records with a view to a restructure of the Group's balance sheet, work together with interested parties with a view to receiving a DOCA proposal and compile a supplementary report to creditors.

This would be done so that we may better inform creditors (and provide more certainty as to the assets values and potential recoveries which would lead to quantification as to the likely returns from the alternatives available). **The reconvened Second Meeting of creditors would then be held on or before 25 February 2025.**

It is difficult to estimate the cost of adjourning the meeting of creditors. During the period of the adjournment, some costs will be incurred in continuing investigations that would otherwise be undertaken in a liquidation, while other costs will relate more specifically reporting to creditors on the outcome of the investigation and to re-convening the Second Meeting of creditors. That said, our estimate of the marginal costs for the adjournment of the Second Meeting is approximately \$75,000 - \$100,000 (plus GST).

12 Further information and enquiries

ASIC has released several insolvency information sheets to assist creditors, employees and shareholders with their understanding of the insolvency process. You can access the relevant ASIC information sheets at www.asic.gov.au.

We will advise creditors in writing of any additional matter that comes to our attention after the release of this Report, which in our view is material to creditors' consideration.

Should you have any enquiries, please contact Bohan Teakle on 08 9263 7287 or by email at nuheara@kpmg.com.au.

Dated this 10th day of December 2024.



Martin Jones
Joint and Several Administrator

Encl.

Annexures

A – Receipts & Payments

Nuheara Limited	Total (Excl GST)
Receipts and Payments	\$
Receipts	
Cash at Bank - Pre-Appointment	18,412
Sale of Plant & Equipment	4,164
Sales	55,053
Debtors	69,711
GST & R&D Received	847,951
Interest Income	3,788
Receipt of Trust funds	4,000
VA Loan	300,000
Total Receipts	1,303,079
Payments	
Annual Fees	(160)
Bank Charges	(81)
Cleaning - ED Recycling	(879)
Cleaning Containers	(830)
Cleaning Services	(1,595)
Customer Refunds	(745)
Employee Reimbursements	(401)
Freight	(2,282)
Fuel & Oil	(23)
Glass Panel Refitting	(750)
Insurance	(23,646)
Internet	(1,106)
Legal Disbursements	(5,598)
Legal Fees	(46,606)
Mover/Removal	(1,474)
PAYG Paid	(42,927)
Payment of Credit Cards	(3,941)
Payroll Tax	(7,691)
Postage	(3,292)
Printing & Stationery	(647)
Professional Fees	(803)
Registrations	(17,361)
Sales	(15,240)
Software Subscriptions	(59,330)
Super Paid	(22,240)
Telephone & Fax	(213)
Utilities	(1,111)
Wages & Salaries	(370,362)
Total Payments	(631,333)
Closing Balance	671,745

B – Notice of concurrent meeting of creditors

Notice of concurrent meeting of creditors

Insolvency Practice Rules (Corporations) 2016 (IPR), Section 75-225

Nuheara Limited (ACN 125 167 133)

Nuheara IP Pty Ltd (ACN 605 704 096)

Terrace Gold Pty Ltd (ACN 072 608 952)

(All Administrators Appointed)

(Collectively referred to as “the Group”)

NOTICE is given that a concurrent meeting of creditors of the Group will be held on 18 December 2024 at 10am AWST at Level 8, 235 St Georges Terrace, Perth WA 6000.

Agenda

1. To consider a statement by the Directors about the Group's business, property, affairs and financial circumstances.
2. To consider the circumstances leading to the appointment of the Administrators to the Group, details of the proposed Deed of Company Arrangement (if any) and the various options available to creditors.
3. To consider the report of the Administrators.
4. To resolve that:
 - The Group execute a Deed of Company Arrangement; or
 - The Administration should end; or
 - The Group be wound up; or
 - To adjourn the Concurrent Second Meeting of Creditors for a period of up to forty-five(45) business days.
5. To fix the remuneration of the Administrators.
6. If it is resolved that the Group be wound up, and an alternate Liquidator is proposed, consider whether creditors wish to appoint the alternate Liquidator.
7. If it is resolved that the Group be wound up, consider whether a Committee of Inspection is to be appointed, and if so, the members of that Committee.
8. If it is resolved that the Group be wound up, to fix the remuneration of the Liquidators.
9. Any other business that may be lawfully brought forward.

Creditors wishing to vote at the meeting, who will not be attending in person or are a company, must complete and return a Proxy Form (and lodge a Proof of Debt form electronically via the Creditors' Portal if one has not already been lodged) by no later than 4pm on the last business day prior to the meeting by email to, by post to GPO Box A29, PERTH WA 6837 or by facsimile to +61 8 9263 7129. A Proxy Form is enclosed.

For creditors who are unable to attend the meeting, a conference call facility will be available. If you wish to vote or participate, you must attend in person or by proxy. Creditors are not entitled to vote at the meeting unless they lodge particulars of the debt or claim via the Creditors' Portal before the meeting.

Should you wish to attend the meeting, please contact KPMG by email at nuheara@kpmg.com.au or by telephone to 08 9263 7287 at least one business day prior to the meeting to advise that you will be using the conference facilities and to be provided with the conference call code.

Dated this 10th day of December 2024


Martin Jones
Joint and Several Administrator

Note: In accordance with IPR Section 75-15(1)(c) please see effect of IPR Section 75-85 Entitlement to vote at meetings of creditors on the following page.

Effect of IPR Section 75-85 – Entitlement to vote at meetings of creditors

1. A person other than a creditor (or the creditor's proxy or attorney) is not entitled to vote at a meeting of creditors.
2. Subject to subsections (3), (4) and (5), each creditor is entitled to vote and has one vote.
3. A person is not entitled to vote as a creditor at a meeting of creditors unless:
 - (a) his or her debt or claim has been admitted wholly or in part by the external administrator; or
 - (b) he or she has lodged, with the person presiding at the meeting, or with the person named in the notice convening the meeting as the person who may receive particulars of the debt or claim:
 - (i) those particulars; or
 - (ii) if required—a formal proof of the debt or claim.
4. A creditor must not vote in respect of:
 - (a) an unliquidated debt; or
 - (b) a contingent debt; or
 - (c) an unliquidated or a contingent claim; or
 - (d) a debt the value of which is not established; unless a just estimate of its value has been made.
5. A creditor must not vote in respect of a debt or a claim on or secured by a bill of exchange, a promissory note or any other negotiable instrument or security held by the creditor unless he or she is willing to do the following:
 - (a) treat the liability to him or her on the instrument or security of a person covered by subsection (6) as a security in his or her hands;
 - (b) estimate its value;
 - (c) for the purposes of voting (but not for the purposes of dividend), to deduct it from his or her debt or claim.
6. A person is covered by this subsection if:
 - (a) the person's liability is a debt or a claim on, or secured by, a bill of exchange, a promissory note or any other negotiable instrument or security held by the creditor; and
 - (b) the person is either liable to the company directly, or may be liable to the company on the default of another person with respect to the liability; and
 - (c) the person is not an insolvent under administration or a person against whom a winding up order is in force.

C – Remuneration approval request

*Schedule 2 to the Corporations Act 2001, Section 70-50
Insolvency Practice Rules (Corporations) 2016, Section 70-45*

Nuheara Limited (ACN 125 167 133)
Nuheara IP Pty Ltd (ACN 605 704 096)
Terrace Gold Pty Ltd (ACN 072 608 952)

(All Administrators Appointed)

(Collectively referred to as “the Group”)

1 Summary

We are asking creditors to approve the following remuneration for the Group:

	Nuheara Limited	Nuheara IP Pty Ltd	Terrace Gold Pty Ltd	Total \$ (excl GST)
Remuneration to be approved at Second Meeting of Creditors				
Voluntary Administration – 7 August 2024 to 30 November 2024	632,520	5,788	5,026	643,333
Voluntary Administration - 1 December 2024 to 18 December 2024	50,000	15,000	10,000	75,000
Estimated total remuneration – Voluntary Administration	682,520	20,788	15,026	718,333
Liquidation (if applicable) – 18 December until completion	200,000	30,000	20,000	250,000
Estimated total remuneration - Liquidation	200,000	30,000	20,000	250,000

Details of remuneration and disbursements can be found in Sections 3 and 4 of this remuneration approval requests.

- Please review the contents of this report, which sets out the resolutions to be approved by creditors at the meeting of creditors on 18 December 2024.
- Refer to Section 2 of the report to creditors dated 10 December 2024 for details as to how you can attend the meeting of creditors in person or by proxy in order to vote on the resolutions contained in this report.

This estimate has increased from our previous estimate provided to creditors in the Initial Remuneration Notice (IRN) included in our report dated 8 August 2024, which estimated a cost to completion of the administration of \$250K-300K (excluding GST) for the following reasons:

- Continuing to trade the business as a going concern which resulted in greater than anticipated level of work, including communications with suppliers over that period.
- Work associated with vacating the head office premises.
- Greater communication than anticipated in obtaining funding and seeking DOCA proposals from interested parties.
- Work associated with the application to the Court to extend the convening period to allow the Administrators to progress the sale and marketing process for the Group’s businesses and assets.

We expect this to be our final remuneration approval request, subject to the successful completion of the anticipated DOCA proposal. If the Group is placed into liquidation, then a subsequent remuneration request may be required subject to any potential recoveries identified or pursued.

2 Declaration

We, Martin Jones, Matthew Woods and Clint Joseph of KPMG, have undertaken an assessment of this remuneration and disbursements claim for our appointment as Administrators of the Company in accordance with the law and applicable professional standards.

We are satisfied that the remuneration and disbursements claimed is necessary and proper.

We have reviewed the work in progress report for the administration to ensure that remuneration is only being claimed for necessary and proper work performed and adjustments were made to ensure that there were sufficient narrations for the work performed.

3 Remuneration sought

The remuneration we are asking creditors to approve is as follows. We will only seek approval of resolutions for the DOCA if creditors agree to the proposal offered. Similarly, we will only seek approval of the resolution for the liquidation if creditors vote to place the company into liquidation.

For	Period	Amount (ex GST)	Rates to apply	When it will be drawn
		\$		
Work already completed	7 August to 30 November 2024	643,333.00		Immediately, when funds are available; At the end of the administration.
			Please refer to IRN sent to creditors on 8 August 2024	
Work to be completed to meeting date	1 December to 18 December 2024	75,000.00		Immediately, when funds are available; At the end of the administration.
		\$682,521.00	\$718,333.00	
Future work – liquidation	18 December 2024 to finalisation of liquidation	250,000.00	Please refer to IRN sent to creditors on 8 August 2024	Immediately, when funds are available; At the end of the liquidation.
Liquidation total		\$250,000.00		

Details of the work already completed and work to be completed in the future are included at **Schedule A**.

Schedule B includes a breakdown of time spent by staff members on each major task for work we have already completed.

Actual resolutions to be put to the meeting are set out at **Schedule D** for your information. These resolutions also appear in the proxy form for the meeting that have been provided to you.

4 Disbursements sought

We are not required to seek creditor approval for costs paid to third parties or where we are recovering a cost incurred on behalf of the administration, but we must provide details to creditors. Details of these amounts are included in the summary of receipts and payments attached at **Annexure A** of the Report.

We are required to obtain creditor's consent for the payment of a disbursement where we, or a related entity, may directly or indirectly obtain a profit. For more information about disbursements, please refer to the IRN sent to you on 8 August 2024.

The disbursements we would like creditors to approve is as follows:

For	Period	Amount (ex GST) \$
Disbursements already incurred	7 August to 30 November 2024	1,626.99
Total disbursements to be approved		1,626.99

Details of the disbursements incurred and future disbursements are included at **Schedule C**. Actual resolutions to be put to the meeting are also included at **Schedule D**.

5 Likely impact on dividends

The Corporations Act sets the order for payment of claims against the Group and it provides for remuneration of the Administrators to be paid in priority to other claims. This ensures that when there are sufficient funds, the Administrators receives payment for the work done to recover assets, investigate the company's affairs, report to creditors and ASIC and distribute any available funds.

Even if creditors approve our remuneration, this does not guarantee that we will be paid, as we are only paid if sufficient assets are recovered. Based on:

- realisations to date
- estimated future realisations
- our estimated remuneration to complete the liquidation and
- the estimated total of creditor claims based on the company's records and claims lodged to date

6 Funding received for remuneration and disbursements

The Administrators have not received funding for their remuneration. The existing funding agreement in place with the Group is for purposes other than remuneration.

7 Report on progress of administration

This Remuneration Approval Request must be read in conjunction with the report to creditors dated 8 August 2024 which outlines the progress of the administration.

8 Summary of receipts and payments

A summary of receipts and payments for the period 7 August 2024 to 30 November 2024 is set out in **Annexure A** to the report to creditors dated 10 December 2024.

9 Approval of remuneration and internal disbursements

For information about how approval of the resolutions for remuneration and internal disbursements will be sought, refer to Section 2 of the report to creditors dated 10 December 2024.

10 Questions

If you require further information in relation to the information in this report, please contact Bohan Teakle of this office on 08 9263 7287.

You can also access information which may assist you on the following websites:

- ARITA at www.arita.com.au/creditors
- ASIC at www.asic.gov.au (search for INFO 85)

Dated this 10th day of December 2024



Martin Jones
Administrator

Attachments:

- Schedule A – Details of work
- Schedule B – Time spent by staff on each major task already completed
- Schedule C – Disbursements
- Schedule D – Resolutions
- Schedule E – Explanation where future remuneration previously approved

Schedule A – Details of work

The below table contains more detailed descriptions of the tasks performed within each task area by the Administrators and their staff, which is referred to in Part 3 and supports remuneration Resolutions 1 to 3 set out in **Schedule D**.

Period	Task Area	General Description	7 August 2024 to 30 November 2024	1 December 2024 to 18 December 2024	18 December 2024 to finalisation of liquidation
			Work already done	Future work to meeting date	Tasks
Amount (ex GST)	Nuheara Limited	\$632,520.00		\$50,000.00	\$200,000.00
	Nuheara IP Pty Ltd	\$5,787.50		\$15,000.00	\$30,000.00
	Terrace Gold Pty Ltd	\$5,025.50		\$10,000.00	\$20,000.00
	Total	\$643,333.00		\$75,000.00	\$250,000.00
Assets		27.9 hours \$19,961.00	28.8 hours \$18,750	96.2 hours \$62,500	
	Sale of business as a going concern	– Collating information for information memorandum preparation – Liaising with valuers, auctioneers and interested parties – Liaising with potential purchasers – Internal meetings to discuss / review offers received	– Updating estimated statement of position – Continue to liaise with potential interested parties	– Finalising sale of business – Correspondence with lawyers	
	Plant and equipment	– Reviewing asset listings		– Liaising with valuers, auctioneers and interested parties	
	Assets subject to specific charges	– All tasks associated with realising a charged asset			

		Work already done	Future work to meeting date	Tasks	If cov wound up	Liquidation work
	Debtors	<ul style="list-style-type: none"> – Correspondence with debtors – Reviewing and assessing debtors ledgers 			<ul style="list-style-type: none"> – Correspondence with debtors – Liaising with debt collectors and solicitors 	
	Stock	<ul style="list-style-type: none"> – Reviewing and assessing stock values 			<ul style="list-style-type: none"> – Recovery and realisation of stock 	
	Leased assets	<ul style="list-style-type: none"> – Reviewing leasing documents – Liaising with owners / lessors – Tasks associated with disclaiming leases 			<ul style="list-style-type: none"> – Disclaim leased assets – Communications with lessors 	
Creditors		<p>301.1 hours \$176,298.50</p>	<p>28.8 hours \$18,750</p>	<p>76.9 hours \$50,000</p>		
	Creditor enquiries, requests and directions	<ul style="list-style-type: none"> – Receive and respond to creditor enquiries – Prepare initial correspondence to creditors and their representatives – Documenting – Considering reasonableness of creditor requests – Obtaining legal advice on requests – Compiling information requested by creditors 	<ul style="list-style-type: none"> – General updates and responses to creditor enquiries 		<ul style="list-style-type: none"> – General updates and responses to creditor enquiries 	
	Security interest claims	<ul style="list-style-type: none"> – Search and review the PPSR register – Notify PMSI creditors identified from PPSR register – Receive initial notification of creditors' intention to claim – Maintain retention of title file – Meeting claimant on site to identify goods 		<ul style="list-style-type: none"> – Preparation of payment vouchers to satisfy valid claim – Correspondence with claimants – Maintaining records of inventory subject to retention of title 		
	Secured creditor	<ul style="list-style-type: none"> – Notifying PPSR registered creditors of appointment – Preparing reports to secured creditor – Responding to secured creditor's queries 	<ul style="list-style-type: none"> – Communications with the secured creditor regarding the proposed adjournment of the Second Meeting 		<ul style="list-style-type: none"> – Reporting to secured creditors on asset realisations – General correspondence 	
	Reports to creditors	<ul style="list-style-type: none"> – Prepare initial circulars to creditors – Prepare Voluntary Administrators report 	<ul style="list-style-type: none"> – Prepare circulars to creditors – Prepare Voluntary Administrator's Report 		<ul style="list-style-type: none"> – Prepare correspondence to creditors – Prepare statutory report to creditors 	

		Work already done	Future work to meeting date	Tasks	If cov wound up	Liquidation work
Dealing with proofs of debt (POD)		<ul style="list-style-type: none"> – Receipting and filing POD when not related to a dividend – Corresponding with OSR and ATO regarding POD when not related to a dividend 	<ul style="list-style-type: none"> – Receipting and filing POD when not related to a dividend 	<ul style="list-style-type: none"> – Receipting and filing POD when not related to a dividend 	<ul style="list-style-type: none"> – Receipting and filing POD when not related to a dividend 	
Meeting of creditors		<ul style="list-style-type: none"> – Preparation of meeting notices, proxies and advertisements – Forward notice of meeting to all known creditors – Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting. – Preparation and lodgement of minutes of meetings with ASIC – Respond to shareholder queries and questions immediately following meeting 	<ul style="list-style-type: none"> – Preparation of meeting notices, proxies and advertisements – Forward notice of meeting to all known creditors – Preparation of meeting file – Tasks associated with organising eligible employees meeting 	<ul style="list-style-type: none"> – Preparation of meeting notices, proxies and advertisements – Forward notice of meeting to all known creditors – Preparation of meeting file – Preparation and lodgement of minutes of meetings with ASIC 	<ul style="list-style-type: none"> – Preparation of proposal notices and voting forms – Forward notice of proposal to all known creditors – Reviewing votes and determining outcome of proposal – Preparation and lodgement of proposal outcome with ASIC 	
Proposals to creditors						
Shareholder enquiries	Employees	<ul style="list-style-type: none"> – General updates and responses to shareholder enquiries 	<ul style="list-style-type: none"> – General updates and responses to shareholder enquiries 	<ul style="list-style-type: none"> – General updates and responses to shareholder enquiries 	<ul style="list-style-type: none"> – General updates and responses to shareholder enquiries 	
Employee enquiries		<ul style="list-style-type: none"> – Receive and follow up employee enquiries – Prepare responses to employee enquiries 	<ul style="list-style-type: none"> – Attend to employee enquiries 	<ul style="list-style-type: none"> – Attend to employee enquiries 		

		Work already done	Future work to meeting date	Tasks	If coy wound up	Liquidation work
	Fair Entitlements Guaranteee (FEG)				<ul style="list-style-type: none"> – Correspondence with FEG – Preparing notification spreadsheet – Preparing FEG quotations – Preparing FEG verifications – Completing FEG questionnaires 	
	Calculation of entitlements	<ul style="list-style-type: none"> – Review employee entitlements – Reviewing employee files and Company's books and records 	<ul style="list-style-type: none"> – Correspondence regarding employee entitlements and status of employment 		<ul style="list-style-type: none"> – Correspondence with employees advising of their entitlements and options available 	
	Employee dividend distribution				<ul style="list-style-type: none"> – Correspondence with employees regarding dividend – Calculating dividend rate – Preparing dividend file – Advertising dividend notice – Preparing distribution – Receiving POD – Adjudicating POD – Ensuring PAYG is remitted to ATO 	
	Workers compensation		<ul style="list-style-type: none"> – Review insurance policies – Identification of potential issues requiring attention of insurance specialists – Correspondence with insurer regarding initial and ongoing workers' compensation insurance requirements – Correspondence with previous brokers 			
	Other employee issues		<ul style="list-style-type: none"> – Correspondence with Child Support – Correspondence with Centrelink 			
Trade on		275.2 hours	\$158,338.00	5.8 hours	\$3,750	\$19.2 hours
	Trade on management		<ul style="list-style-type: none"> – Liaising with suppliers – Liaising with management and staff – Attendance on site 		<ul style="list-style-type: none"> – Liaising with suppliers – Liaising with management and staff – Attendance on site 	

	Work already done	Future work to meeting date	Tasks	If coy wound up	Liquidation work
	<ul style="list-style-type: none"> – Authorising purchase orders – Maintaining purchase order register – Preparing and authorising receipt vouchers – Preparing and authorising payment vouchers – Liaising with superannuation funds regarding contributions – Liaising with OSFR regarding payroll tax issues 		<ul style="list-style-type: none"> – Authorising purchase orders – Maintaining purchase order register – Preparing and authorising receipt vouchers – Preparing and authorising payment vouchers – Liaising with superannuation funds regarding contributions, termination of employees' employment 		
	Processing receipts and payments	<ul style="list-style-type: none"> – Entering receipts and payments into accounting system 		<ul style="list-style-type: none"> – Entering receipts and payments into accounting system 	
Budgeting and financial reporting		<ul style="list-style-type: none"> – Finalising trading profit or loss – Meetings to discuss trading position 			
Investigation		84.3 hours \$65,042.50	17.3 hours \$11,250	57.7 hours \$37,500	<ul style="list-style-type: none"> – Finalisation of Administrators investigations for the purpose of the Voluntary Administrators' report to creditors – Lodgement of investigation report with ASIC – Reviewing Company's books and records – Preparation of comparative financial statements – Preparation of deficiency statement – Review of specific transactions and liaising with directors, regarding certain transactions – Preparation of investigation file
Conducting investigation		<ul style="list-style-type: none"> – Reviewing Company's books and records – Review and preparation of Company nature and history – Conducting and summarising statutory searches – Preparation of deficiency statement – Review of specific transactions and liaising with directors regarding certain transactions – Preparation of investigation file 			<ul style="list-style-type: none"> – Preparing brief to solicitor – Liaising with solicitor(s) regarding examinations – Attendance at examination – Reviewing examination transcripts – Liaising with solicitor(s) regarding outcome of examinations and further actions available
Examinations					

		Tasks	If company wound up	
			Work already done	Future work to meeting date
Litigation/Recoveries				<p>Liquidation work</p> <ul style="list-style-type: none"> – Internal meetings to discuss status of litigation – Preparing brief to solicitors – Liaising with solicitors regarding recovery actions – Attending to negotiations – Attending to settlement matters
ASIC reporting		<ul style="list-style-type: none"> – Liaising with ASIC 		<p>Liquidation work</p> <ul style="list-style-type: none"> – Preparing statutory investigation reports – Liaising with ASIC
Dividend		<p>0 hours \$0</p>	<p>0 hours \$0</p>	<p>19.2 hours \$12,500</p>
	Processing proofs of debt (POD)			<ul style="list-style-type: none"> – Preparation of correspondence to potential creditors inviting lodgement of POD – Receipt of POD – Maintain POD register – Adjudicating POD – Request further information from claimants regarding POD – Preparation of correspondence to claimant advising outcome of adjudication – Preparation of correspondence to creditors advising of intention to declare dividend – Advertisement of intention to declare dividend – Obtain clearance from ATO to allow distribution of Company's assets – Preparation of dividend calculations – Preparation of correspondence to creditors announcing declaration of dividend – Advertise announcement of dividend – Preparation of distribution – Preparation of dividend file – Preparation of payment vouchers to pay dividend
	Dividend procedures			

		Work already done	Future work to meeting date	Tasks	If coy wound up	Liquidation work
Administration	Members meeting	301.6 hours \$188,009.50	23.1 hours \$15,000	<ul style="list-style-type: none"> – Preparation of correspondence to creditors enclosing payment of dividend 	<ul style="list-style-type: none"> – Preparation of correspondence to creditors enclosing payment of dividend 	<ul style="list-style-type: none"> – Preparation of correspondence to creditors enclosing payment of dividend
	Correspondence	– General correspondence	– General correspondence	<ul style="list-style-type: none"> – General correspondence 	<ul style="list-style-type: none"> – General correspondence 	<ul style="list-style-type: none"> – General correspondence
	Document maintenance, file review, checklist	– Administration reviews – Filing of documents – File reviews – Updating checklists	– Administration reviews – Filing of documents – File reviews – Updating checklists	<ul style="list-style-type: none"> – Administration reviews – Filing of documents – File reviews – Updating checklists 	<ul style="list-style-type: none"> – Administration reviews – Filing of documents – File reviews – Updating checklists 	<ul style="list-style-type: none"> – Administration reviews – Filing of documents – File reviews – Updating checklists
	Insurance	– Identification of potential issues requiring attention of insurance specialist – Correspondence with insurer regarding initial and ongoing insurance requirements – Reviewing insurance policies – Correspondence with previous brokers	– Identification of potential issues requiring attention of insurance specialist – Correspondence with insurer regarding initial and ongoing insurance requirements – Reviewing insurance policies – Correspondence with previous brokers	<ul style="list-style-type: none"> – Correspondence with insurer regarding initial and ongoing insurance requirements 	<ul style="list-style-type: none"> – Correspondence with insurer regarding initial and ongoing insurance requirements 	<ul style="list-style-type: none"> – Correspondence with insurer regarding initial and ongoing insurance requirements
	Bank account administration	– Preparing correspondence opening and closing accounts – Requesting bank statements – Bank account reconciliations – Correspondence with bank regarding specific transfers	– Preparing correspondence opening and closing accounts – Requesting bank statements – Bank account reconciliations – Correspondence with bank regarding specific transfers	<ul style="list-style-type: none"> – Bank account reconciliations 	<ul style="list-style-type: none"> – Bank account reconciliations 	<ul style="list-style-type: none"> – Bank account reconciliations
	ASIC forms and lodgements	– Preparing and lodging ASIC forms – Correspondence with ASIC regarding statutory forms	– Preparing and lodging ASIC forms – Correspondence with ASIC regarding statutory forms	<ul style="list-style-type: none"> – Preparing and lodging ASIC forms 	<ul style="list-style-type: none"> – Preparing and lodging ASIC forms 	<ul style="list-style-type: none"> – Preparing and lodging ASIC forms
	ATO and other statutory reporting	– Notification of appointment – Preparing BASS – Completing STP reporting obligations	– Preparing BASS	<ul style="list-style-type: none"> – Preparing BASS 	<ul style="list-style-type: none"> – Notification of appointment 	<ul style="list-style-type: none"> – Preparing BASS

		Work already done	Future work to meeting date	Tasks	
				If coy wound up	Liquidation work
Finalisation		<ul style="list-style-type: none"> – Notifying ATO – Completing checklists – Finalising WIP 		<ul style="list-style-type: none"> – Notifying ATO – Completing checklists 	
Planning / Review		<ul style="list-style-type: none"> – Discussions regarding status / strategy of administration 	<ul style="list-style-type: none"> – Discussions regarding status / strategy of administration 	<ul style="list-style-type: none"> – Discussions regarding status / strategy of administration – Dealing with records in storage – Sending job files to storage 	
Books and records / storage		<ul style="list-style-type: none"> – Dealing with company records 			
Other professional services provided by the firm		20.5 hours \$13,817.50	0.0 hours \$0	0.0 hours \$0	
	Forensics	<ul style="list-style-type: none"> – Forensic imaging of Group records 			

Please note in respect of the above table that NUH IP and Terrace Gold are dormant, and therefore tasks associated with these entities are limited to the areas outlined in B 1.2 and B 1.3.

Schedule B: Time spent by staff on each major task already completed

Schedule B 1.1: Nuheara Limited – Time spent by staff on each major task completed

The below table sets out time charged to each major task area performed by the Administrators and their staff for the period 7 August 2024 to 30 November 2024 which is the basis of the Resolution 6 claim referred to in **Schedule D**. Please refer to **Schedule A** for further details with respect to the tasks performed.

Note: Jerry Yeh and Sean Powell have provided other professional services being forensic accounting (other professional services), and have been charged at the appropriate rates as outlined in our Initial Remuneration Notice (IRN).

Resolution 6 - Summary by hours

Task Area									
		Admin			Assets			Creditors	
Employee	Position	\$/hour (ex GST)	Total hours	Amount \$ (ex GST)	Hours	Amount \$ (ex GST)	Hours	Amount \$ (ex GST)	Hours
Martin Jones	Appointee / Partner	860.0	80.5	77,280.0	57.7	55,352.00	-	7,296.00	7.6
Clint Joseph	Appointee / Director	895.0	5.0	4,475.0	0.2	179.00	-	3.2	2,864.00
Kieran Chu	Associate Director	730.0	212.6	155,198.0	29.5	21,535.00	26.7	19,491.00	99.5
Michael Flower	Associate Director	730.0	103.1	75,263.0	-	-	-	26.0	18,980.00
Yvonne Liew	Associate Director	730.0	2.3	1,679.0	2.3	1,679.00	-	-	-
Sean Powell	Associate Director	730.0	16.0	11,680.0	-	-	-	-	-
Jacob Carger	Executive	565.0	28.6	16,159.0	23.6	13,334.00	-	2.3	1,299.50
Hendrik De Wet	Executive	565.0	179.9	101,643.5	53.9	30,453.50	-	66.7	37,685.50
Toby Schultz	Analyst	475.0	188.4	89,490.0	31.8	15,105.00	-	30.3	14,392.50
Bohan Teakle	Analyst	475.0	195.8	93,005.0	84.1	39,947.50	0.4	190.00	47,690.00
Jerry Yeh	Analyst	475.0	4.5	2,137.5	-	-	-	-	5,177.50
Astra Delaguado	Senior Treasury	350.0	1.1	385.0	0.7	245.00	-	-	-
Lisa Brandt	Treasury	350.0	12.5	4,125.0	7.0	2,310.00	-	-	-
Total		1,030.3	632,520.00	290.8	180,180.00	27.1	19,581.00	236.0	173,642.50
Balance MP		632,520.00						36.5	21,866.00
GST		63,252.00		18,018.00	1,968.10		17,364.25		2,186.60
Total (Incl GST)		695,772.00		198,198.00	21,649.10		191,006.15		24,052.60
Average hourly rate		613.92		619.60	726.24		586.53		599.07
								575.36	752.75

Schedule B 1.2: Nuheara IP Pty Ltd – Time spent by staff on each major task completed

The below table sets out time charged to each major task area performed by the Administrators and their staff for the period 7 August 2024 to 30 November 2024 which is the basis of the Resolution 6 claim referred to in **Schedule D**. Please refer to **Schedule A** for further details with respect to the tasks performed.

Resolution 6 - Summary by hours					
Employee	Position	\$/hour (ex GST)	Total hours	Task Area	
				Admin	Creditors
Clint Joseph	Appointee / Director	895.0	4.4	3,938.0	2,864.0
Lauren McCann	Director	850.0	1.2	1,020.0	1,020.0
Kieran Chu	Associate Director	730.0	0.1	73.0	73.0
Yvonne Liew	Associate Director	730.0	0.1	73.0	73.0
Bohan Teakle	Analyst	475.0	1.3	617.5	0.4
Lisa Brandt	Treasury	330.0	0.2	66.0	-
Total			7.3	5,787.50	5.0
Balance WIP				5,787.50	
GST				578.75	422.00
Total (incl GST)				6,366.25	4,642.00
<i>Average hourly rate</i>				792.81	844.00
					681.52

Schedule B 1.3: Terrace Gold Pty Ltd – Time spent by staff on each major task completed

The below table sets out time charged to each major task area performed by the Administrators and their staff for the period 7 August 2024 to 30 November 2024 which is the basis of the Resolution 6 claim referred to in **Schedule D**. Please refer to **Schedule A** for further details with respect to the tasks performed.

Resolution 6 - Summary by hours							Task Area			
Employee	Position	\$/hour (ex GST)	Total hours	Total \$ (ex GST)	Admin		Assets	Creditors	Investigation	
					Hours	Amount \$ (ex GST)				
Clint Joseph	Appointee / Director	895.0	0.2	179.0	0.2	179.0				
Lauren McCann	Director	850.0	1.4	1,190.0	1.4	1,190.0				
Kieran Chu	Associate Director	730.0	0.1	73.0	0.1	73.0				
Yvonne Liew	Associate Director	730.0	1.5	1,095.0	1.5	1,095.0				
Toby Schultz	Analyst	475.0	2.2	1,045.0	1.3	617.5				
Boban Teakle	Analyst	475.0	0.1	47.5	-	-				
Astra Delaguardo	Senior Treasury	350.0	3.8	1,330.0	1.3	455.0	0.8	280.0	1.7	
Lisa Brandt	Treasury	330.0	0.2	66.0	-	-				
Total		9.5	5,025.50	5.8	3,609.50	0.8	280.00	2.8	1,088.50	0.1
Balance WIP		5,025.50								
GST			502.55	360.95			28.00		108.85	4.75
Total (incl GST)			5,528.05	3,970.45			308.00		1,197.35	52.25
<i>Average hourly rate</i>			529.00	622.33			350.00		388.75	475.00

Schedule C – Disbursements

Disbursement type	Amount (ex GST)	Disbursements already incurred (approve actual amount)		Future disbursements (approve basis to a capped amount)	
		Basis	7 August 2024 to 30 November 2024	Future disbursements to meeting date	If cov wound up
Advertising		Nuheara Limited	\$1,211.45	\$207.77	\$207.77
ASIC Charges for appointments and notifiable events		Nuheara IP Pty Ltd			
Couriers		At cost	-	-	At cost
Data room hosting (incl 100GB of data + 40 users)		Refer below	-	-	Refer below
Data room hosting (burst user fees above 40 users)		At cost	295.82	-	At cost
Data room hosting (burst user fees per GB above 100GB)					
eDiscovery services		\$2,500 per month	-	-	\$2,500 per month
KPMG National Service Centre		\$50 per user per month	-	-	\$50 per user per month
Photocopying / printing (outsourced)		\$10 per GB per month	-	-	\$10 per GB per month
Postage					Variable
Searches		Variable	-	-	N/A
Staff travel reimbursement		Fixed	-	-	
Staff vehicle use		At cost	-	-	At cost
Stationery and consumables		At cost	208.00	-	At cost
Storage and storage transit		Up to \$100/day	67.05	57.77	Up to \$100/day
Sundry		At prescribed ATO rates	59.67	-	At prescribed ATO rates
Telephone calls		At cost	430.91	-	At cost
		At cost	-	-	At cost
		At cost	150.00	150.00	At cost
		At cost	-	-	At cost

ASIC Industry Funding Levy

The ASIC Industry Funding Levy for appointments and notifiable events will generally only be charged at the prescribed rates advised by ASIC each year. However, because there is a delay in ASIC providing actual rates for each financial year, rates are charged at the most recently available ASIC estimated rate or, if an estimate for the current financial year has not yet been issued by ASIC, it will be charged at the actual rate for the previous financial year.

KPMG National Service Centre (NSC)

The NSC charges a fixed fee based on engagement size and complexity. The NSC provides low-cost administrative support for new engagement on-boarding and set up services, work in progress, billing and debtor management and engagement close-out services. These services would otherwise be provided by KPMG professional staff at a higher cost to our clients.

Schedule D – Resolutions

Schedule D1.1 – Nuheara Limited

Remuneration

Resolution 6 – for work already completed:

"That the remuneration of the Administrators, as set out in the Remuneration Approval Request dated 10 December 2024 for the period from 7 August 2024 to 30 November 2024 be fixed in the amount of \$632,520.00, plus any applicable GST, and may be paid."

Resolution 7 – for work to be completed up to the date of the meeting:

"That the future remuneration of the Administrators, as set out in the Remuneration Approval Request dated 10 December 2024, for the period from 1 December 2024 to 18 December 2024 be fixed up to a maximum amount of \$50,000.00, plus any applicable GST, but subject to upward revision by resolution of creditors, and that the Administrators be authorised to make periodic payments on account of such accruing remuneration as incurred."

Resolution 8 – for work to be completed during the liquidation (if applicable):

"That the future remuneration of the Liquidators, as set out in the Remuneration Approval Request dated 10 December 2024 for the period from 18 December 2024 to completion be fixed up to a maximum amount of \$200,000.00 plus any applicable GST, but subject to upward revision by resolution of creditors, and that the Liquidators be authorised to make periodic payments on account of such accruing remuneration as incurred."

Disbursements

Resolution 9 – for disbursements already incurred:

"That the internal disbursements of the Administrators, as set out in the Remuneration Approval Request dated 10 December 2024 for the period from 7 August 2024 to 30 November 2024 be fixed in the amount of \$1,211.45, plus any applicable GST, and may be paid."

Schedule D – Resolutions

Schedule D1.2 – Nuheara IP Pty Ltd

Remuneration

Resolution 6 – for work already completed:

"That the remuneration of the Administrators, as set out in the Remuneration Approval Request dated 10 December 2024 for the period from 7 August 2024 to 30 November 2024 be fixed in the amount of \$5,787.50, plus any applicable GST, and may be paid."

Resolution 7 – for work to be completed up to the date of the meeting:

"That the future remuneration of the Administrators, as set out in the Remuneration Approval Request dated 10 December 2024, for the period from 1 December 2024 to 18 December 2024 be fixed up to a maximum amount of \$15,000.00, plus any applicable GST, but subject to upward revision by resolution of creditors, and that the Administrators be authorised to make periodic payments on account of such accruing remuneration as incurred."

Resolution 8 – for work to be completed during the liquidation (if applicable):

"That the future remuneration of the Liquidators, as set out in the Remuneration Approval Request dated 10 December 2024 for the period from 18 December 2024 to completion be fixed up to a maximum amount of \$30,000.00 plus any applicable GST, but subject to upward revision by resolution of creditors, and that the Liquidators be authorised to make periodic payments on account of such accruing remuneration as incurred."

Disbursements

Resolution 9 – for disbursements already incurred:

"That the internal disbursements of the Administrators, as set out in the Remuneration Approval Request dated 10 December 2024 for the period from 7 August 2024 to 30 November 2024 be fixed in the amount of \$207.77, plus any applicable GST, and may be paid."

Schedule D – Resolutions

Schedule D1.3 – Terrace Gold Pty Ltd

Remuneration

Resolution 6 – for work already completed:

"That the remuneration of the Administrators, as set out in the Remuneration Approval Request dated 10 December 2024 for the period from 7 August 2024 to 30 November 2024 be fixed in the amount of \$5,025.50, plus any applicable GST, and may be paid."

Resolution 7 – for work to be completed up to the date of the meeting:

"That the future remuneration of the Administrators, as set out in the Remuneration Approval Request dated 10 December 2024, for the period from 1 December 2024 to 18 December 2024 be fixed up to a maximum amount of \$10,000.00, plus any applicable GST, but subject to upward revision by resolution of creditors, and that the Administrators be authorised to make periodic payments on account of such accruing remuneration as incurred."

Resolution 8 – for work to be completed during the liquidation (if applicable):

"That the future remuneration of the Liquidators, as set out in the Remuneration Approval Request dated 10 December 2024 for the period from 18 December 2024 to completion be fixed up to a maximum amount of \$20,000.00 plus any applicable GST, but subject to upward revision by resolution of creditors, and that the Liquidators be authorised to make periodic payments on account of such accruing remuneration as incurred."

Disbursements

Resolution 9 – for disbursements already incurred:

"That the internal disbursements of the Administrators, as set out in the Remuneration Approval Request dated 10 December 2024 for the period from 7 August 2024 to 30 November 2024 be fixed in the amount of \$207.77, plus any applicable GST, and may be paid."

D – ARITA creditor information sheet

Creditor Information Sheet

Offences, Recoverable transactions and Insolvent Trading



Offences

A summary of offences that may be identified by the administrator:

Section	Offence
180	Failure by officer to exercise a reasonable degree of care and diligence in the exercise of his powers and the discharge of his duties.
181	Failure to act in good faith.
182	Making improper use of position as an officer or employee, to gain, directly or indirectly, an advantage.
183	Making improper use of information acquired by virtue of his position.
184	Reckless or intentional dishonesty in failing to exercise duties in good faith for proper purpose. Use of position or information dishonestly to gain advantage or cause detriment.
206A	Contravening an order against taking part in management of a corporation.
206A, B	Taking part in management of corporation while being an insolvent under an administration.
206A, B	Acting as a director or promoter or taking part in the management of a company within five years after conviction or imprisonment for various offences.
209[3]	Dishonest failure to observe requirements on making loans to directors or related companies.
254T	Paying dividends except out of profits.
286	Failure to keep proper accounting records.
312	Obstruction of auditor.
314-7	Failure to comply with requirements for financial statement preparation.
437C	Performing or exercising a function or power as officer while a company is under administration.
437D[5]	Unauthorised dealing with company's property during administration.
438B[4]	Failure by directors to assist administrator, deliver records and provide information.
438C[5]	Failure to deliver up books and records to administrator.
590	Failure to disclose property, concealed or removed property, concealed a debt due to the company, altered books of the company, fraudulently obtained credit on behalf of the company, material omission from Report as to Affairs or false representation to creditors.

Voidable Transactions

Preferences

A preference is a transaction such as a payment between the company and one or more of its creditors, in which the creditor receiving the payment is preferred over the general body of creditors. The relevant time period is six months before the commencement of the liquidation. The company must have been insolvent at the time of the transaction, or become insolvent as a result of the transaction.

Where a creditor receives a preferred payment, the payment is voidable as against a liquidator and is liable to be paid back to the liquidator subject to the creditor being able to successfully maintain any of the defences available to the creditor under either the Corporations Act.

Uncommercial Transaction

An uncommercial transaction is one that it may be expected that a reasonable person in the company's circumstances would not have entered into having regard to:

- the benefit or detriment to the company;
- the respective benefits to other parties; and
- any other relevant matter.

To be voidable, an uncommercial transaction must have occurred during the two years before the liquidation.

However, if a related entity is a party to the transaction, the time period is four years and if the intention of the transaction is to defeat creditors, the time period is ten years.



The company must have been insolvent at the time of the transaction, or become insolvent as a result of the transaction.

Unfair Loan

A loan is unfair if and only if the interest was extortionate when the loan was made or has since become extortionate. There is no time limit on unfair loans – they only have to have been entered into any time on or before the day when the winding up began.

Arrangements to avoid employee entitlements

If an employee suffers loss because a person (including a director) enters into an arrangement or transaction to avoid the payment of employee entitlements, the liquidator or the employee may seek to recover compensation from that person. It will only be necessary to satisfy the court that there was a breach on the balance of probabilities. There is no time limit on when the transaction occurred.

Unreasonable payments to directors

Liquidators have the power to reclaim "unreasonable payments" made to directors by companies prior to liquidation. The provision relates to transactions made to, on behalf of, or for the benefit of, a director or close associate of a director. To fall within the scope of the section, the transaction must have been unreasonable, and have been entered into during the 4 years leading up to a company's liquidation, regardless of its solvency at the time the transaction occurred.

Voidable charges

Certain charges are voidable by a liquidator:

- Circulating security interest created with six months of the liquidation unless it secures a subsequent advance;
- Unregistered charges; and
- Charges in favour of related parties who attempt to enforce the charge within 6 months of its creation.

Insolvent Trading

In the following circumstances, directors may be personally liable for insolvent trading by the company:

- a person is a director at the time a company incurs a debt;
- the company is insolvent at the time of incurring the debt or becomes insolvent because of incurring the debt;
- at the time the debt was incurred, there were reasonable grounds to suspect that the company was insolvent;
- the director was aware such grounds for suspicion existed; and
- a reasonable person in a like position would have been so aware.

The law provides that the liquidator, and in certain circumstances the creditor who suffered the loss, may recover from the director, an amount equal to the loss or damage suffered. Similar provisions exist to pursue holding companies for debts incurred by their subsidiaries.

A defence is available under the law where the director can establish:

- there were reasonable grounds to expect that the company was solvent and they actually did so expect;
- they did not take part in management for illness or some other good reason; or,
- they took all reasonable steps to prevent the company incurring the debt.

The proceeds of any recovery for insolvent trading by a liquidator are available for distribution to the unsecured creditors before the secured creditors.

Important note: This information sheet contains a summary of basic information on the topic. It is not a substitute for legal advice. Some provisions of the law referred to may have important exceptions or qualifications. This document may not contain all of the information about the law or the exceptions and qualifications that are relevant to your circumstances.

E – Short guide to the Creditors’ Portal

We are using the Creditors’ Portal as the primary tool for communicating with creditors and managing claims.

We have prepared this short guide to assist you as a creditor to understand the process that you must undertake to ensure you are appropriately registered as a creditor of the Company.

Please note, the email registered on the Creditors’ Portal will receive all notifications including circulars and reports issued by the Administrators.

Please refer to the following link for further guidance on how to register, submit and manage a claim:
<https://creditors.accountants/Help>

Step 1: Register



- Register as a user at the following link: <https://creditors.accountants/> (use chrome, edge or firefox).
- You will receive a confirmation email to verify your account (verify your email address within 24 hours of registering as a user).
- Once verified, you will be redirected to the Portal.
- If you are already a registered user, please skip to “Login” below.

Step 2: Log in



- Log into the Portal using your username and password.
- You will be redirected to a screen where you need to input the following details:
 - Company creditor – an ABN; or
 - Individual creditor – first and last name.
- You will be prompted to make a declaration to confirm that you are authorised to act on behalf of the company or individual and agree on how you wish to receive future correspondence.

Step 3: Link creditor



- Once you have completed your declaration, you will be redirected to the Portal landing page where you can view the Company under “Recent Interactions”.
- If you cannot view the Company listed on the landing page you may need a creditor code to link your profile to the Company.
- Please contact Bohan Teakle at nuheara@kpmg.com.au for a unique code to register your claim.
- Once you receive your creditor code, log in and click on your user name in the top right hand side and click on “Creditor Admin” and input your code and click “Link”
- There will be an option to provide an ABN (if relevant) for company creditors, click “I do not have an ABN” (individuals) and then click “continue”

Step 4: View company and documents



- You will be able to view the Company on the landing page or under the “*Debtors*” tab and click “*My debtors*” or “*My claims*”. Click on “*Details*” to be directed to the Company.
- You will be able to view any documents uploaded under the “*Documents*” tab that relate to the Company.
- There are additional resources that you can also access under the “*Resources*” tab.

Step 5: Submit a Formal Proof of Debt Form (POD)



- You will be able to view the Company on the landing page or under the “*Debtors*” tab and click “*My debtors*” or “*My claims*”. Click on “*Details*” to be directed to the Company.
- Click on the “*Proof of Debt*” tab.
- Click on the “*Submit*” button and start completing the POD form.
- Tick “*No*” to the question “*Is your proof of debt informal*”. If you are an employee creditor, this will not be an option.
- Upload any supporting documentation for consideration.
- Press “*Next*” and “*Submit*”.

Step 6: Be admitted for voting (performed by the Administrators)



- Once you have submitted a POD with supporting documentation, we will evaluate your claim to admit for voting purposes at the online meeting .
- If necessary, the Administrators will request further information with respect to your claim.
- The Administrators will announce your admission status once the online meeting commences.

Step 7: Appoint a proxy (required for company creditors, optional for individuals)



- If you are a company creditor or individual that is appointing the Chairperson or an alternative person to vote (alternate email to the email registered initially) please complete a proxy form attached to the report to creditors and submit **via email** to Bohan Teakle at nuheara@kpmg.com.au.
- The Administrator will provide the nominated proxy holder with a unique creditor code prior to the meeting for voting purposes only.
- The nominated proxy holder will need to register on the Portal (**Step 1 to Step 3**) to be provided with access to vote at the online meeting on behalf of the creditor.

Step 8: Voting at the online meeting



- You will only be able to vote from the time the online meeting commences (one hour before).
- Log into the Portal and click on “*Open for voting*” on the landing page or the “*Debtors*” tab and “*My debtors*” and click on the relevant company.
- You will be able to view the online meeting under the “*Polls*” tab.
- You will be able to view the resolutions on the screen with the option to vote “*in favour, against or abstain*”.
- If you are a nominated proxy holder, you will be able to view the resolutions and the creditor that you are acting on behalf of.
- The chairperson will read the resolutions, allow you to vote prior to locking the resolutions.
- Please ensure you click “*Submit*” after placing your votes.

F – Subsidiary ROCAPs

F1 – Nuheara IP

The following table summarises the assets and liabilities disclosed in the Directors' ROCAP of Nuheara IP:

\$'000	Ref	Book Value	Directors' ERV	Administrators' ERV Low	Administrators' ERV High
Assets					
Other assets	F.1.1	3,481	3,481	3,481	3,481
Total assets		3,481	3,481	3,481	3,481
Liabilities					
Unsecured creditors	F.1.2	(14,658)	(14,658)	(14,658)	-
Total liabilities		(14,658)	(14,658)	(14,658)	-
Estimated surplus / deficiency		(11,177)	(11,177)	(11,177)	3,481

Notes

F.1.1 Other assets

The Directors stated that the NUH IP's assets were limited to intellectual property, including patents and trademarks. In the ROCAP, they estimated this asset class to be estimated at \$3.5M.

F.1.2 Unsecured creditors

In the ROCAP, the Directors disclosed unsecured creditor claims totalling (\$14.7M). These claims are entirely related to a related party loan with its head company, Nuheara. NUH IP holds the intellectual property, including patents, of the Group, with the costs incurred to develop incurred within Nuheara and recharged to NUH IP, resulting in the intercompany loan.

Omissions from ROCAP

We have not identified any material omissions from the Directors' ROCAP.

Directors' opinions as to the reasons for failure

The Directors have provided their views that NUH IP did not fail, rather it was solely reliant upon Nuheara for funding.

Administrator's opinions as to the reasons for failure

Our preliminary view is that, NUH IP failed as a result of:

- Its reliance on Nuheara to provide funding. Upon failure of NUH, accordingly, it resulted in the failure of NUH IP.

F2 – Terrace Gold

The following table summarises the assets and liabilities disclosed in the Directors' ROCAP:

\$'000	Ref	Book Value	Directors' ERV	Administrators' ERV Low	Administrators' ERV High
Assets					
Cash at bank	F.2.1	5	5	5	5
Debtors	F.2.2	21	21	-	21
Other assets	F.2.3	450 (USD)	-	-	-
Total assets		26 /450 (USD)	26	5	26
Liabilities					
All claims and creditors	F.2.4	-	-	-	-
Total liabilities		-	-	-	-
Estimated surplus / deficiency		26 AUD / 450 USD	26	5	26

Notes

F.2.1 Cash at bank

As at the date of appointment, Terrace Gold maintained a Business Transaction bank account with CBA. According to the Directors' ROCAP, Terrace Gold held a cash balance of \$5K in its bank account. The Administrators have since recovered the funds from the CBA.

F.2.2 Debtors

The directors ROCAP states that Terrace Gold is owed \$21K by Nuheara Limited, this is listed as a related party company Loan. However, given that Nuheara Limited is also in external administration, it is unlikely that this Company Loan will be recoverable.

F.2.3 Other assets

The Director's ROCAP disclosed a 'Contingent additional consideration payment relating to a disposal of mining royalty' with an estimated asset value of \$450K USD.

The Administrators are also seeking expressions of interest in respect of Terrace Gold which may be sold independently to the Group.

F.2.4 All claims and creditors

The ROCAP does not list any liabilities in relation to Terrace Gold, however, Terrace Gold potentially has a liability owing to NUH in respect of holding costs, which may offset the existing \$21K receivable. The total intercompany position is yet to be fully quantified.

Omissions from ROCAP

We have not identified any material omissions from the Directors' ROCAP.

Directors' opinions as to the reasons for failure

The Directors have provided their views that Terrace Gold did not fail, rather it was reliant on Nuheara for funding.

Administrator's opinions as to the reasons for failure

Our preliminary view is that, the Company failed as a result of:

- Its reliance on Nuheara to provide funding. Upon failure of NUH, accordingly, it resulted in the failure of Terrace Gold.

G – Forms to be completed

Creditors should review the contents of this report and complete the following forms by **4:00pm** on 17 December 2024:

Form/ voting	Where to submit
Appointment of proxy -(form 532) (Annexure G1)	Email: nuheara@kpmg.com.au
COI nomination form (Annexure G2)	Post: GPO Box A29, PERTH WA 6837
Proof of debt - (form 535)	Via Creditors' Portal https://creditors.accountants/

G1.1 – Appointment of proxy: Nuheara Limited

Form 532 - Appointment of Proxy

Insolvency Practice Rules (Corporations) 2016, Section
75-25

Return to no later than 4pm AWST 17 December 2024 to:

KPMG GPO Box A29, PERTH WA 6837

Tel: +61 8 9263 7171

Fax: +61 8 9263 7129

Email: nuheara@kpmg.com.au

Indebted Company: Nuheara Limited (Administrators Appointed)

ACN 125 167 133

Date of Appointment: 7 August 2024

A. Name and Contact Details of Person or Entity Entitled to Attend Meeting

1

(if entitled in a personal capacity, given name and surname; if a corporate entity, full name of company, etc)

2 of

(address)

3 Tel:

4 Email:

B. Appointment of Person to Act as Proxy

Note: You may nominate 'the Chairperson of the meeting' as your proxy (or your alternate proxy in the event that the first-named proxy is not in attendance).

1 I/We, as named in Section A above, a creditor/employee/contributory/member of the Company, appoint

2

(name of person appointed as proxy)

3

4 or in his / her absence

(address of person appointed as proxy)

5

(name of person appointed as alternate proxy)

6

7 as *my / *our proxy

(address of person appointed as alternate proxy)

to vote at the meeting of creditors to be held on 18 December 2024 at 10am AWST at the offices of KPMG, L8, 235 St Georges Terrace PERTH WA 6000, or at any adjournment of that meeting in accordance with the instructions in Section C below.

C. Voting Instructions

1 *My / *Our proxy, as named in Section B above, is entitled to act as *my / *our:

2 **general proxy**, to vote on *my / *our behalf and / or

3 **special proxy**, to vote on *my / *our behalf specifically as follows:

Resolution	For	Against	Abstain
1. That the meeting be adjourned for up to forty-five (45) business days.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. That the Administration should end.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. That the Company be wound up.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. If the Company is wound up and an alternate Liquidator is proposed, a resolution will be put to the meeting to consider any alternative appointee (if applicable).	To be voted on at the meeting	To be voted on at the meeting	To be voted on at the meeting
5. That a Committee of Inspection be appointed, the members of which are to be determined by the meeting.	To be voted on at the meeting	To be voted on at the meeting	To be voted on at the meeting
6. That the remuneration of the Administrators, as set out in the Remuneration Approval Request dated 10 December 2024 for the period from 7 August 2024 to 30 November 2024 be fixed in the amount of \$632,520.00, plus any applicable GST, and may be paid.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolution	For	Against	Abstain
7. That the future remuneration of the Administrators, as set out in the Remuneration Approval Request dated 10 December 2024, for the period from 1 December 2024 to 18 December 2024 be fixed up to a maximum amount of \$50,000.00, plus any applicable GST, but subject to upward revision by resolution of creditors, and that the Administrators be authorised to make periodic payments on account of such accruing remuneration as incurred.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. That the future remuneration of the Liquidators, as set out in the Remuneration Approval Request dated 10 December 2024 for the period from 18 December 2024 to completion be fixed up to a maximum amount of \$200,000.00 plus any applicable GST, but subject to upward revision by resolution of creditors, and that the Liquidators be authorised to make periodic payments on account of such accruing remuneration as incurred.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. That the internal disbursements of the Administrators, as set out in the Remuneration Approval Request dated 10 December 2024 for the period from 7 August 2024 to 30 November 2024 be fixed in the amount of \$1,211.45, plus any applicable GST, and may be paid.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

D. Signature

¹ Dated: _____

² Signature: _____

³ Name / Capacity: _____

G1.2 – Appointment of proxy: Nuheara IP Pty Ltd

Form 532 - Appointment of Proxy

Insolvency Practice Rules (Corporations) 2016, Section
75-25

Return to no later than 4pm AWST 17 December 2024 to:

KPMG GPO Box A29, PERTH WA 6837

Tel: +61 8 9263 7171

Fax: +61 8 9263 7129

Email: nuheara@kpmg.com.au

Indebted Company: Nuheara IP Pty Ltd (Administrators Appointed)

ACN 605 704 096

Date of Appointment: 7 August 2024

A. Name and Contact Details of Person or Entity Entitled to Attend Meeting

1

(if entitled in a personal capacity, given name and surname; if a corporate entity, full name of company, etc)

2 of

(address)

3 Tel:

4 Email:

B. Appointment of Person to Act as Proxy

Note: You may nominate 'the Chairperson of the meeting' as your proxy (or your alternate proxy in the event that the first-named proxy is not in attendance).

1 I/We, as named in Section A above, a creditor/employee/contributory/member of the Company, appoint

2

(name of person appointed as proxy)

3

4 or in his / her absence

(address of person appointed as proxy)

5

(name of person appointed as alternate proxy)

6

7 as *my / *our proxy

(address of person appointed as alternate proxy)

to vote at the meeting of creditors to be held on 18 December 2024 at 10am WST at the offices of KPMG, L8, 235 St Georges Terrace PERTH WA 6000 , or at any adjournment of that meeting in accordance with the instructions in Section C below.

C. Voting Instructions

1 *My / *Our proxy, as named in Section B above, is entitled to act as *my / *our:

2 **general proxy**, to vote on *my / *our behalf and / or

3 **special proxy**, to vote on *my / *our behalf specifically as follows:

Resolution	For	Against	Abstain
1. That the meeting be adjourned for up to forty-five (45) business days.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. That the Administration should end.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. That the Company be wound up.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. If the Company is wound up and an alternate Liquidator is proposed, a resolution will be put to the meeting to consider any alternative appointee (if applicable).	To be voted on at the meeting	To be voted on at the meeting	To be voted on at the meeting
5. That a Committee of Inspection be appointed, the members of which are to be determined by the meeting.	To be voted on at the meeting	To be voted on at the meeting	To be voted on at the meeting
6. That the remuneration of the Administrators, as set out in the Remuneration Approval Request dated 10 December 2024 for the period from 7 August 2024 to 30 November 2024 be fixed in the amount of \$5,787.50, plus any applicable GST, and may be paid.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolution	For	Against	Abstain
7. That the future remuneration of the Administrators, as set out in the Remuneration Approval Request dated 10 December 2024, for the period from 1 December 2024 to 18 December 2024 be fixed up to a maximum amount of \$15,000.00, plus any applicable GST, but subject to upward revision by resolution of creditors, and that the Administrators be authorised to make periodic payments on account of such accruing remuneration as incurred.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. That the future remuneration of the Liquidators, as set out in the Remuneration Approval Request dated 10 December 2024 for the period from 18 December 2024 to completion be fixed up to a maximum amount of \$30,000.00 plus any applicable GST, but subject to upward revision by resolution of creditors, and that the Liquidators be authorised to make periodic payments on account of such accruing remuneration as incurred.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. That the internal disbursements of the Administrators, as set out in the Remuneration Approval Request dated 10 December 2024 for the period from 7 August 2024 to 30 November 2024 be fixed in the amount of \$207.77, plus any applicable GST, and may be paid.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

D. Signature

¹ Dated: _____

² Signature: _____

³ Name / Capacity: _____

G1.3 – Appointment of proxy: Terrace Gold Pty Ltd

Form 532 - Appointment of Proxy

Insolvency Practice Rules (Corporations) 2016, Section
75-25

Return to no later than 4pm AWST 17 December 2024 to:

KPMG GPO Box A29, PERTH WA 6837

Tel: +61 8 9263 7171

Fax: +61 8 9263 7129

Email: nuheara@kpmg.com.au

Indebted Company: Terrace Gold Pty Ltd (Administrators Appointed)

ACN 072 608 952

Date of Appointment: 7 August 2024

A. Name and Contact Details of Person or Entity Entitled to Attend Meeting

1

(if entitled in a personal capacity, given name and surname; if a corporate entity, full name of company, etc)

2 of

(address)

3 Tel:

4 Email:

B. Appointment of Person to Act as Proxy

Note: You may nominate 'the Chairperson of the meeting' as your proxy (or your alternate proxy in the event that the first-named proxy is not in attendance).

1 I/We, as named in Section A above, a creditor/employee/contributory/member of the Company, appoint

2

(name of person appointed as proxy)

3

4 or in his / her absence

(address of person appointed as proxy)

5

(name of person appointed as alternate proxy)

6

7 as *my / *our proxy

(address of person appointed as alternate proxy)

to vote at the meeting of creditors to be held on 18 December 2024 at 10am WST at the offices of KPMG, L8, 235 St Georges Terrace PERTH WA 6000 , or at any adjournment of that meeting in accordance with the instructions in Section C below.

C. Voting Instructions

1 *My / *Our proxy, as named in Section B above, is entitled to act as *my / *our:

2 **general proxy**, to vote on *my / *our behalf and / or

3 **special proxy**, to vote on *my / *our behalf specifically as follows:

Resolution	For	Against	Abstain
1. That the meeting be adjourned for up to forty-five (45) business days.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. That the Administration should end.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. That the Company be wound up.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. If the Company is wound up and an alternate Liquidator is proposed, a resolution will be put to the meeting to consider any alternative appointee (if applicable).	To be voted on at the meeting	To be voted on at the meeting	To be voted on at the meeting
5. That a Committee of Inspection be appointed, the members of which are to be determined by the meeting.	To be voted on at the meeting	To be voted on at the meeting	To be voted on at the meeting
6. That the remuneration of the Administrators, as set out in the Remuneration Approval Request dated 10 December 2024 for the period from 7 August 2024 to 30 November 2024 be fixed in the amount of \$5,025.50, plus any applicable GST, and may be paid.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolution	For	Against	Abstain
7. That the future remuneration of the Administrators, as set out in the Remuneration Approval Request dated 10 December 2024, for the period from 1 December 2024 to 18 December 2024 be fixed up to a maximum amount of \$10,000.00, plus any applicable GST, but subject to upward revision by resolution of creditors, and that the Administrators be authorised to make periodic payments on account of such accruing remuneration as incurred.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. That the future remuneration of the Liquidators, as set out in the Remuneration Approval Request dated 10 December 2024 for the period from 18 December 2024 to completion be fixed up to a maximum amount of \$20,000.00 plus any applicable GST, but subject to upward revision by resolution of creditors, and that the Liquidators be authorised to make periodic payments on account of such accruing remuneration as incurred.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. That the internal disbursements of the Administrators, as set out in the Remuneration Approval Request dated 10 December 2024 for the period from 7 August 2024 to 30 November 2024 be fixed in the amount of \$207.77, plus any applicable GST, and may be paid.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

D. Signature

¹ Dated: _____

² Signature: _____

³ Name / Capacity: _____

Creditor Assistance Sheet: Completing a Proxy Form

Section A – Name and Contact Details of Person or Entity Entitled to Attend Meeting

1. Insert the full name of the employee, individual, sole trader, partnership or company that the debt is owed to.
2. Insert the address of the employee, individual, sole trader, partnership or company that the debt is owed to.
3. Insert the telephone number of the employee, individual, sole trader, partnership or company that the debt is owed to.
4. Insert the email address of the employee, individual, sole trader, partnership or company that the debt is owed to.

Section B – Appointment of Person to Act as Proxy

1. Cross out any wording that is **not** applicable. For example, if the employee/individual/sole trader/partnership/company is a creditor, cross out “eligible employee creditor”, “contributory”, “debenture holder” and “member”.
2. Insert the name of the person who will be exercising the creditor’s vote at the meeting. If someone is attending the meeting in person, that person’s name should be inserted. Alternatively, if someone is unable to attend, but you still want to cast a vote at the meeting, then you can appoint the Chairperson of the meeting to vote on your behalf by inserting the words ‘the Chairperson’ here.
3. Insert the address of the person nominated at (2) that will be attending the meeting as proxy. If you have elected ‘the Chairperson’ because no one is attending in person, leave this row blank.
4. Cross out any wording that is **not** applicable.
5. If the person you have elected to attend is unavailable on the day, you may nominate a second person to attend in their absence. Alternatively, you can appoint the Chairperson of the meeting to vote on your behalf by inserting ‘the Chairperson’.
6. Insert the address of the second person here. If you have elected ‘the Chairperson’, leave this row blank.
7. Cross out any wording that is not applicable.

Section C – Voting Instructions

1. Cross out any wording that is not applicable.
2. Insert an ‘X’ in this box if you want the person who is attending the meeting to vote as they see fit on each of the resolutions in the ‘Resolution’ table. If you select this option, proceed to Section D, **unless** you wish to vote specifically on certain resolutions, in which case you also insert an ‘X’ in the special proxy box and select ‘For’, ‘Against’ or ‘Abstain’ on the resolutions. The person voting at the meeting will have discretion to vote as they see fit on any resolutions where you have **not** selected ‘For’, ‘Against’ or ‘Abstain’.
3. Insert an ‘X’ in this box if you want the person who is attending the meeting, to vote exactly in accordance with your instructions. If you select this option, you must select ‘For’, ‘Against’ or ‘Abstain’ for each of the resolutions in the ‘Resolution’ table. Do not tick more than one box for each resolution.

Section D – Signature Instructions

1. Insert the date that the proxy form is being signed.
2. The form should be signed by **one** of the following persons:
 - If the debt is owed to an employee/individual, then the individual that the debt is owed to; or
 - If the debt is owed to a sole trader, then the sole trader that the debt is owed to; or
 - If the debt is owed to a partnership, then one of the partners of the partnership; or
 - If the debt is owed to a company, then a duly authorised office of the company (normally a director or secretary of the company).
3. Insert the name of the person signing the form, and note their capacity (that is, their role):
 - If the debt is owed to a sole trader, note their capacity as proprietor, eg: “[Full name], proprietor”; or
 - If the debt is owed to a partnership, note their capacity as partner, eg: “[Full name], partner of the firm named in Section A above”; or
 - If the debt is owed to a company, note their capacity as director or secretary, eg: “[Full name], director/secretary of the company named in Section A above”]

G2 – Nomination Form – COI

Nomination Form – Committee of Inspection

Section 80-55 of Schedule to the Corporations Act 2001

**Creditors please note – only to be completed if you
wish to nominate a member to the COI**

Return no later than 4pm AWST 17 December 2024 to:

KPMG GPO Box A29, PERTH WA 6837

Tel: +61 8 9263 7171

Fax: +61 8 9263 7129

Email: nuheara@kpmg.com.au

Indebted Company: Please indicate the company for which your formal proof of debt is provided for by ticking a box below. If you are a creditor for more than one company, please provide a separate form for each company you wish to lodge a claim against.

Date of Appointment: 7/08/2024

Company Name	ACN	Tick
Nuheara Limited	125 167 133	<input type="checkbox"/>
Nuheara IP Pty Ltd	605 704 096	<input type="checkbox"/>
Terrace Gold Pty Ltd	072 608 952	<input type="checkbox"/>

A. Name and Contact Details of Person or Entity Entitled to Attend Meeting

1

(if entitled in a personal capacity, given name and surname; if a corporate entity, full name of company, etc)

2 of

(address)

3 Tel:

4 Email:

B. Nomination of Person as Member of Committee of Inspection, if one is appointed

I/We, as named in Section A above, nominate

1

(name of person nominated as member of Committee of Inspection, if one is appointed)

2

(address of person nominated as member of Committee of Inspection, if one is appointed)

3

(email address of person nominated as member of Committee of Inspection, if one is appointed)

C. Declaration in relation to Transactions with the Indebted Company

During the external administration, I/We, as named in Section A above, contemplate entering into the following transactions with the Indebted Company during the external administration¹:

continuance of service and/or supply agreements as detailed below:

.....
.....
.....
.....

potential acquisition of the business and/or assets of the Indebted Company

other – please provide details below:

.....
.....
.....

D. Signature

¹ Dated:

² Signature:

³ Name / Capacity:

Creditor Assistance Sheet: Completing a Committee of Inspection Nomination Form

Section A – Name and Contact Details of Person or Entity Entitled to Attend Meeting

1. Insert the full name of the employee, individual, sole trader, partnership or company that the debt is owed to.
2. Insert the address of the employee, individual, sole trader, partnership or company that the debt is owed to.
3. Insert the telephone number of the employee, individual, sole trader, partnership or company that the debt is owed to.
4. Insert the email address of the employee, individual, sole trader, partnership or company that the debt is owed to.

Section B – Nomination of Person as Member of Committee of Inspection, if one is appointed

1. Insert the name of the person who is being nominated by the creditor as the member of the Committee of Inspection.
2. Insert the address of the person nominated at (1).
3. Insert the email address of the person nominated at (1).

Section C – Declaration in relation to Transactions with the Indebted Company

1. Indicate the type of transactions contemplated between the person/entity named in Section A and the Indebted Company during the course of the external administration.

Section D – Signature Instructions

1. Insert the date that the nomination form is being signed.
2. The form should be signed by **one** of the following persons:
 - If the debt is owed to an employee/individual, then the individual that the debt is owed to; or
 - If the debt is owed to a sole trader, then the sole trader that the debt is owed to; or
 - If the debt is owed to a partnership, then one of the partners of the partnership; or
 - If the debt is owed to a company, then a duly authorised officer of the company (normally a director or secretary of the company).
3. Insert the name of the person signing the form, and note their capacity (that is, their role):
 - If the debt is owed to a sole trader, note their capacity as proprietor, eg: “[Full name], proprietor”; or
 - If the debt is owed to a partnership, note their capacity as partner, eg: “[Full name], partner of the firm named in Section A above”; or
 - If the debt is owed to a company, note their capacity as director or secretary, eg: “[Full name], director/secretary of the company named in Section A above”]

G3 – Proof of debt

Form 535 Formal Proof of Debt or Claim Form Corporations Act 2001, Regulation 5.6.49(2)

Return to: KPMG GPO Box A29, PERTH WA 6837
Tel: +61 8 9263 7171
Fax: +61 8 9263 7129
Email: nuheara@kpmg.com.au

Indebted Company: Please indicate the company for which your formal proof of debt is provided for by ticking a box below. If you are a creditor for more than one company, please provide a separate form for each company you wish to lodge a claim against.

Date of Appointment: 7/08/2024

Company Name	ACN	Tick
Nuheara Limited	125 167 133	<input type="checkbox"/>
Nuheara IP Pty Ltd	605 704 096	<input type="checkbox"/>
Terrace Gold Pty Ltd	072 608 952	<input type="checkbox"/>

A. Name and Contact Details of Creditor

1

(the Creditor)

(if in a personal capacity, given name and surname; if a corporate entity, full name of company, etc)

2 of

(insert address)

3 Tel:

4 Email:

Tick this box to elect to receive electronic notification of notices or documents, in accordance with Section 110E of the Corporations Act 2001, at the email address specified above.

B. Details of Debt or Claim

1 Amount owing:

(insert dollars and cents, inclusive of GST if applicable)

2 Nature of Debt or Claim:

(insert description of debt and/or reference any supporting documentation)

3 Select one of the following options:

- The Creditor is an unsecured creditor of the indebted Company
- The Creditor is a secured creditor of the indebted Company
- The Creditor is an employee / former employee of the indebted Company
- The Creditor is a related party (please indicate: secured / unsecured)

For all claims:

- ⁴I have attached supporting documentation to substantiate the Creditor's claim (secured creditors must attach evidence of security)
- ⁵To my knowledge or belief the creditor has not, nor has any person by the creditor's order had or received any satisfaction or security for the sum or any part of it except for the following:

(insert details and value of security where relevant)

C. Signature

1 Dated:

² Signature:

³ Name / Capacity:

Creditor Assistance Sheet: Completing a Proof of Debt Form

Section A – Name and Contact Details of Creditor

1. Insert the full name of the employee, individual, sole trader, partnership or company that the debt is owed to.
2. Insert the address of the employee, individual, sole trader, partnership or company that the debt is owed to.
3. Insert the telephone number of the employee, individual, sole trader, partnership or company that the debt is owed to.
4. Insert the email address of the employee, individual, sole trader, partnership or company that the debt is owed to.

Section B – Details of Debt or Claim

1. The amount owing should only include debts or claims which arose prior to the date of appointment.
2. Insert the currency if not Australian dollars.
3. Type of creditor: tick one of the options only.
4. For all claims, ensure supporting documentation is attached, such as invoices, statements, agreements.
5. For secured creditors, insert particulars of all securities held. If the securities are on the property of the company, assess the value of those securities. If any bills or other negotiable securities are held, indicate "refer attached" above and show them in a schedule in the following form:

Date	Drawer	Acceptor	Amount (\$)	Due Date

Section C – Signature Instructions

1. Insert the date that the proof of debt form is being signed.
2. The form should be signed by **one** of the following persons:
 - If the debt is owed to an employee/individual, then the individual that the debt is owed to; or
 - If the debt is owed to a sole trader, then the sole trader that the debt is owed to; or
 - If the debt is owed to a partnership, then one of the partners of the partnership; or
 - If the debt is owed to a company, then a duly authorised officer of the company (normally a director or secretary of the company).
3. Insert the name of the person signing the form, and note their capacity (that is, their role):
 - If the debt is owed to a sole trader, note their capacity as proprietor, eg: "[Full name], proprietor"; or
 - If the debt is owed to a partnership, note their capacity as partner, eg: "[Full name], partner of the firm named in Section A above"; or
 - If the debt is owed to a company, note their capacity as director or secretary, eg: "[Full name], director/secretary of the company named in Section A above"]