



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'
Supplementary Report

17 February 2025

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Please complete and return the forms at Annexure G by close of business, Monday, 24 February 2025 to our office via:

Email: nuheara@kpmg.com.au

Post: Attention: Bohan Teakle,
C/- 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
Administrators Report	The Voluntary Administrators Report dated 10 December 2024
ARITA	Australian Restructuring, Insolvency & Turnaround Association
ASA	Asset Sale Agreement
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. 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
DOCA Proponent	Orecchio Pty Ltd
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

Term	Description
Creditors' Trust	Nuheara Group Creditors' Trust as contemplated under the DOCA
PMSI	Purchase Money Security Interest
PPSR	Personal Property Securities Register
ROCAP	Report on Company Activities and Property
Reconvened Second Meeting	Reconvened Second Meeting held pursuant to Section 439A of the Act where creditors determine the future of the Company held on 25 February 2025
Realtek / Secured Creditor	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 adjourned the meeting of up to 45 business days held on 18 December 2024
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
Subsidiaries	Nuheara IP Pty Ltd Terrace Gold Pty Ltd
Terrace Gold	Terrace Gold Pty Ltd
The Group	Nuheara Limited Nuheara IP Pty Ltd Terrace Gold Pty Ltd
This Report or Voluntary Administrators Supplementary Report	The Voluntary Administrators Supplementary Report to Creditors dated 17 February 2025
VA Loan Funding	Working capital advanced by the Major Shareholders under the first funding agreement dated 18 November 2024

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> <p>The Group was based in Northbridge, Western Australia. Nuheara is ASX-listed and sells its products primarily in Australia, the United States and Canada.</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 Reconvened 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>The Group continues to trade, however, it has vacated NUH's head office premises in order to reduce overheads.</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>
Why do the Directors believe the Group became insolvent?	<p>The Directors of the Group have provided us with the following reasons for its failure:</p> <ul style="list-style-type: none">– <i>“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.”</i>

Question

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.

The result of the sale process is that one non-binding offer was received for the assets of the Group, however, the consideration offered was a nominal amount and would not have provided a return to any class of creditor or adequate to satisfy the Company's post appointment trading liabilities, which are repayable by way of the VA Loan Funding. Accordingly, the offer was not capable of consideration by creditors.

Notwithstanding the above, Under the terms of the proposed DOCA, the DOCA Proponents will acquire all the business assets of the Group, including assets which are subject to Realtek's security. In exchange for the discharge of Realtek's registered security over the assets, it will purchase the encumbered assets for \$500k which is to be paid directly to Realtek.

At the time of writing, the terms of the proposed ASA is still being negotiated but is expected to be entered into prior to the reconvened meeting on 25 February 2025.

Please refer to **Section 6** of this Report for further details on the sale process and the ASA.

Have the Administrators explored the possibility of a DOCA?

As outlined in our Administrators' Report, the Shareholder Committee advised the Administrators that they had instructed their legal representation to prepare a DOCA proposal.

Since the Second Meeting, the Administrators have worked with the Shareholders Committee and their legal representation, to develop their DOCA proposal to a form capable of consideration by creditors.

By way of brief summary, the DOCA proposal:

- provides that the SPV will purchase the Property for the amount of \$500,000 which is to be paid to Realtek;
- is conditional on the security held by Realtek being discharged in order to facilitate that transaction; and
- offers continuation of employment to all of NUH's current employees in the SPV, or otherwise payment of all termination and accrued employee entitlements in full;
- provides funding for payment of the Administrators' fees and costs and the repayment of the post-appointment Administrators' VA Loan Funding (described as the 'First Funding Agreement' in the DOCA Proposal); and
- provides funding for the purpose of a dividend to unsecured creditors of the Company of up to 10c/dollar.

The Shareholders Committees' DOCA which was received on 7 February 2025, is discussed further at **Section 7** of this Report.

Question

What is the purpose of the Reconvened Second Meeting of Creditors?

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

- the Group execute a DOCA; or
- the Administration should end; or
- the Group be wound up.

For further details on how to attend and vote at the Reconvened Second Meeting of Creditors please refer to **Section 2.8** of this Report.

DOCA

Under the proposed DOCA, creditors of NUH are expected to receive the following dividends:

Creditor class	DOCA Estimated dividend rate c/ \$
Secured	\$500k
Priority	100c/\$
Unsecured	A cash contribution to enable a dividend of up to 10c/\$

NUH IP and Terrace Gold does not have a secured creditor or priority employee creditors. Based on investigations to date, only intercompany loans existing in respect of these entities. In the case of the Subsidiaries the return to related creditors under the DOCA is nil.

What is the estimated return to creditors?

Liquidation

In a Liquidation, any funds received from the sale of NUH's assets will firstly be applied to the Administrators priority costs which currently total \$2.3m (including the VA Funding Loan). Given the Administration priority costs incurred to date, we estimate that there will be insufficient proceeds from any sale to provide a return to the Secured Creditor, and therefore also unsecured creditors. In a Liquidation, eligible employee creditors may make a claim with the FEG who may make payment of certain entitlements up to certain caps.

In the case of NUH IP in a Liquidation, NUH IP may realise its intellectual property and after payment of priority external administrators' fees and disbursements, would then distribute a dividend to NUH through its inter-company loan account, however, it is noted that any dividend paid to NUH would be used up to satisfy Administration priority costs. There is also no return to unsecured creditors in the case of Terrace Gold.

We also do not expect that there will be any recoveries from voidable transactions referred to in **Section 9** of this Report.

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

Question

What and when is the Meeting of Eligible Employee Creditors?

The terms of the Shareholder Committees' DOCA gives priority to eligible employee creditors by providing that the DOCA will contain a provision as contemplated in Section 444DA of the Act. However, we note that the DOCA allows the DOCA Proponent to specify certain eligible employee creditors to be continuing/transferring employees (being those employees who accept an offer of employment with the DOCA Proponent), in which case their claims will be excluded from the DOCA and are to be paid from the ordinary course of their employment with the DOCA Proponent.

Pursuant to Section 444DA(3) of the Act, a meeting of eligible employee creditors of company has been called for 25 February 2025 at 10:00am (AWST) to consider a resolution agreeing to the non-inclusion of the claims of continuing/transferring employees from being paid as a priority distribution under the proposed DOCA of the Company.

For further details on the requirements and Administrators' Statement, please refer to the Administrators' Circular to Employees dated 17 February 2025, which has been sent to all known eligible employee creditor and also available on the KPMG website (<https://kpmg.com/au/en/home/creditors/nuheara.html>).

This meeting is to be held prior to the Reconvened Meeting of Creditors on 25 February 2025. The resolution pertaining to the exclusion of continuing/transferring employees from the DOCA must be approved by eligible employee creditors (i.e. employees who had a claim against NUH prior to 7 August 2024), to enable the DOCA to be considered (and voted upon) at the Reconvened Meeting (which is scheduled 90 minutes later at 11:30am (AWST) on 25 February 2025).

What do the Administrators recommend creditors should do?

The Administrators recommend that creditors of the Group accept the DOCA proposal as proposed by the Shareholders' Committee as:

- the proposed DOCA meets the objectives of the voluntary administration regime as set out in section 435A of the Act by maximising the chances of the Group, or as much of its business, continuing in existence; and
- there are good prospects of the terms of the DOCA being achieved and it also provides more fully for a going concern sale and return to creditors which is higher and more certain in quantum than a liquidation scenario.

The proposed DOCA is likely to provide a more certain, better and timelier return to creditors than an immediate winding up of the Group because:

- the DOCA makes available funds to all classes of creditors, which would otherwise not be available in a liquidation.
- Under the DOCA, the related parties, i.e. intercompany loans between the Group, will not claim for dividend purposes, and as a result removes approximately 76% of the creditors' claims (on a dollar value basis and) that would otherwise be entitled to claim in a liquidation.
- the lower costs associated with the DOCA over liquidation.
- in a liquidation, recoveries from the voidable and other transactions referred to in our previous reports are uncertain or unlikely. Liquidation will require the support from a potential litigation funder to fund the litigation for any potential recovery action. For those reasons, they are also no better off in a liquidation scenario.

Accordingly, 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 accept the DOCA proposal as proposed by the Shareholder Committee.**

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

This recommendation is subject to any material changes to the terms of the DOCA proposal between the date of this report and the Reconvened Second Meeting on 25 February 2025.

Question

What claims will a liquidator investigate?

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 9** of this report.

What do creditors need to do next?

Creditors will vote on the future of the Group at the Reconvened Second Meeting to be held at 11:30am WST on 25 February 2025 at the offices of KPMG, L8, 235 St Georges Terrace PERTH WA 6000.

All creditors are entitled to attend the Reconvened Second Meeting. Creditors should review the contents of this report and complete the following forms by **4:00pm** on 24 February 2025:

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 2.8** of this report.

If you require any further information, please see the KPMG website (<https://kpmg.com/au/en/home/creditors/nuheara.html>) 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 Reconvened Second Meeting for the all the entities of Group is convened for 25 February 2025 at KPMG Level 8, 235 St Georges Terrace Perth WA 6000 at 11:30am AWST. The Administrators intend to hold concurrent second meetings of creditors of the Group.	2.7
3	At the Reconvened 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.	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 Reconvened Second Meeting (please see Section 2.8 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 Supplementary Report** or this **Report**) to all creditors ahead of the Reconvened 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 Reconvened 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.

Please note that a copy of all correspondence to creditors, including our Administrators' Report may be found at our KPMG website: [Nuheara Ltd | Administrators Appointed - KPMG Australia](#)

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 Reconvened 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 Reconvened 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 Reconvened 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. Accordingly, 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 of Creditors of the Group was held on Wednesday, 18 December 2024.

At that meeting held on 18 December 2024, the Chairman determined pursuant to Rule 75-140(1)(b) of the Insolvency Practice Rules (Corporations 2016), that the second meeting be adjourned for a period not exceeding forty-five (45) business days, to enable, amongst other things:

- Allow further time for interested parties to formulate and put forward a DOCA proposal to creditors and 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.

2.8 Reconvened Second Meetings of Creditors

Pursuant to Section 439A of the Act, the Reconvened Second Meetings has now been reconvened for **25 February 2025 at the offices of KPMG, Level 8, 235 St Georges Terrace PERTH WA 6000 at 11:30am AWST**. At the Reconvened Second Meetings, creditors will decide the individual companies' future by voting on one of the following options:

- that the administrations should end (in this case control of the Company will revert to its directors); or
- that the companies should be wound up; or
- that the companies execute a DOCA; or

The Notice of Concurrent 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**).

The Administrators intend to hold concurrent reconvened second meetings of creditors of the Group. All creditors are entitled to attend the Reconvened Second Meeting. Creditors who wish to participate in the Reconvened Second Meeting must complete and submit the following forms to this office by 4:00pm on Monday, 24 February 2025.

We are using the Creditors' Portal to manage creditor claims and allow creditors to vote online at the Reconvened 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 Reconvened Second Meeting. Creditors should review the contents of this report and complete the following forms by **4:00pm** on 24 February 2025:

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.

2.9 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 Reconvened Second Meeting is as follows:

	Nuheara Limited	Nuheara IP Pty Ltd	Terrace Gold Pty Ltd	Total \$ (excl GST)
Remuneration to be approved at Reconvened Second Meeting of Creditors				
Voluntary Administration – 7 August 2024 to 31 January 2025	879,734	5,224	6,166	891,124
Voluntary Administration - 1 February to the Reconvened Meeting of Creditors	75,000	25,000	25,000	125,000
Voluntary Administration - Reconvened Meeting of Creditors to the Execution of DOCA	25,000	25,000	25,000	75,000
Estimated total remuneration – Voluntary Administration	979,734	55,224	56,166	1,091,124
DOCA - Commencement to completion	75,000	20,000	20,000	115,000
Estimated total remuneration - DOCA	75,000	20,000	20,000	115,000
Creditors' Trust (if applicable) – Commencement to completion	50,000	10,000	10,000	70,000
Estimated total remuneration – Creditors' Trust	50,000	10,000	10,000	70,000
Liquidation (if applicable) – Reconvened Meeting of Creditors until completion	200,000	30,000	30,000	260,000
Estimated total remuneration - Liquidation	200,000	30,000	30,000	260,000

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.

2.10 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 may include:

- 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

Please refer to the Administrator's Report dated 10 December 2024 for details regarding the Group's history, statutory information and the Directors' decision to appoint the Administrators.

4 Historical financial position

Please refer to the Administrator's Report dated 10 December 2024 for details regarding the Group's historical financial information which incorporates historical profit and loss result and balance sheets.

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

Please refer to the Administrators' Report dated 10 December 2024 for our detailed summary of the Company's business property, affairs and financial circumstances as well as the Administrators' estimated realisable values of the Companies' assets and liabilities.

Details as to the ROCAP and Administrators estimated realisable values of assets and liabilities of the Company was presented in **Section 5** of the aforementioned report.

Since our Administrators' Report, we provide the following update:

- As outlined at Section 5.1.1 of the Administrators' Report, NUH held a term deposit (lease guarantee) totalling \$133.6k for the head office lease. On 13 December 2024, the former landlord drew down on the bank guarantee in full. The Administrators have requested an accounting as to the use of the funds and the return of any net surplus. To date we are yet to receive a response.
- As outlined at Section 5.1.2 of the Administrators' Report, the Company held \$271k of recoverable pre-appointment debtors. Of this amount, the Administrators have recovered c.\$71k, with the balance of \$200k outstanding. A significant portion of the remaining debtors was previously provisioned for as bad debts by the Company. Therefore, it is uncertain whether any further debtor recoveries will be available.
- As outlined at Section 5.1.8 of the Administrators' Report, the Administrators had received 24 proofs of debt totalling (\$3.3M). As at the date of this report, the Administrators have now received 27 proofs of debt from unsecured creditors totalling (\$3.9M). A summary of the estimated unsecured creditor position is tabled below:

\$'000	Directors' ERV	Administrators' ERV
Trade creditors	(1,366)	(4,548.7)
Statutory creditors	(497)	(66.4)
Related party creditors	(21)	(21)
Excluded creditors	-	(179.7)
Total	(1,884)	(4,815.8)

6 The Administration to date and sale of business process

6.1 Update from the Administrators

Since the Second Meeting of Creditors held on 18 December 2024, the Administrators' have attended to the following key tasks:

- Communications with Jones Lang LaSalle in respect of the bank guarantee for the former head office
- Continued all trading activities
- Attended to tasks related to vacating premises and storage solutions
- Preparing and lodging minutes of meeting
- Writing to creditors advising of the outcome of the Second Meeting
- Preparing this Report
- Attending to creditor queries
- Updating cashflow forecasts and estimated statements of position
- Maintaining and updating the Administrators' accounting system and receipts and payments
- Liaising with the Administrators' legal advisers and the Shareholders Committee for the potential restructure and/or rearrangement of the Group's business, property and affairs
- Communications with the Secured Creditor, Realtek
- Attended to all statutory obligations consistent with our appointment

6.2 The sale of business process and funding of business

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 Capital, an Australian corporate adviser, 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 potential buyers who had previously expressed an interest to acquire the business.

In particular, we have asked Azure to speak with parties that are likely to be able to recognise the embedded value in Nuheara, and test their level of interest in reviewing an opportunity to acquire Nuheara, or its assets, or consider alternative transactions, having regard to the administration. The proposed transaction conducted by the Administrators 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.

On 16 September 2024, we received a non-binding indicative proposal for the acquisition of the patent rights and patent applications, paid as a lump sum without and encumbrances attached to the patents.

We understand from our conversations with Azure Capital that no party, other than the non-binding indicative offer received, was prepared to submit an offer without the agreement with Realtek on the supply agreement, which would have ensured that Nuheara would be able to manufacture their next generation product.

Whilst parties have expressed an interest in the acquisition of the business, there have been no formal offers submitted, and the expectation is that it is unlikely that that an offer will materialise in the short term (i.e. 3- 6 months) or until such time that the manufacture and supply of the next generation product can be confirmed.

Having regard to the above and given the Companies' lack of working capital position, we engaged with the Shareholders Committee and entered into the VA Loan Funding arrangement with members of the Shareholders Committee in mid-November 2024 to which they have provided funding to date of approximately circa \$250k a month, for the period 1 November 2024 to date.

In addition to providing funding to the business, the Shareholders Committee also expressed an interest in submitting a proposal for the Group in the form of a DOCA. This was communicated to creditors in our Administrators' Report.

The Shareholders DOCA initially anticipated Realtek being a party to the DOCA which would culminate in NUH entering into a supply agreement with Realtek. It is noted that NUH and Realtek had been in formal discussions regarding a potential supply agreement since early 2024, having been working together under a Memorandum of Understanding executed in May 2022. By December 2024, the Shareholders Committee concluded that a supply

agreement would not be forthcoming and accordingly, developed a DOCA letter which was received on 7 February 2025.

6.3 Asset Sale Agreement (ASA)

Under the terms of the proposed DOCA, the DOCA Proponents will acquire all the business assets of the Group, including assets which are subject to Realtek's security. In exchange for the discharge of Realtek's registered security over the assets, it will purchase the encumbered assets for \$500k which is to be paid directly to Realtek.

At the time of writing, the terms of the proposed ASA is still being negotiated but is expected to be entered into prior to the reconvened meeting on 25 February 2025.

7 Proposal for DOCA

On 7 February 2025, a DOCA proposal was received from certain shareholders of the Company, which form the Shareholders Committee. The terms of the DOCA proposal are summarised herein.

Key takeaways		Ref.								
1	<p>We have received a DOCA proposal from a group of shareholders of Nuheara which entails the following:</p> <ul style="list-style-type: none"> provides that the SPV will purchase the business assets of NUH for the amount of \$500,000 which is to be paid to Realtek; is conditional on the security held by Realtek being discharged in order to facilitate that transaction; and offers continuation of employment to all of NUH's current employees in the SPV, or otherwise payment of all termination and accrued employee entitlements in full; provides funding for payment of the Administrators' fees and costs and the repayment of the post-appointment Administrators' VA Loan Funding; and provides funding for the purpose of a dividend to unsecured creditors of the Group of up to 10c/dollar. 	7.1								
2	<p>The purpose of the DOCA is to provide a fund which will enable a distribution to the creditors of the Group, facilitating a cleansing of their respective balance sheets, and allowing the Group to realise its business as a going concern, free of encumbrances to the DOCA Proponent who will continue to trade the business of Nuheara moving forward.</p> <p>Following payment of the Deed Contribution to the Company, a Creditors' Trust will be established. The creditors of the Company will be transferred to the Creditors' Trust, along with the Trust Fund. Creditors will then receive a distribution in accordance with the terms of the Creditors' Trust Deed and DOCA, which is tabled below.</p>	7.2								
3	<p>The DOCA Proponent will continue to fund the Group's business through to the completion of the proposed business sale and purchase agreement.</p>	7.2								
4	<p>The anticipated return to creditors/beneficiaries will be:</p> <table border="1"> <thead> <tr> <th>Creditor class</th> <th>Estimated dividend rate (c/\$)</th> </tr> </thead> <tbody> <tr> <td>Secured creditor</td> <td>\$500k</td> </tr> <tr> <td>Priority creditors</td> <td>100c/\$</td> </tr> <tr> <td>Unsecured creditors</td> <td>Up to a maximum of 10c/\$</td> </tr> </tbody> </table>	Creditor class	Estimated dividend rate (c/\$)	Secured creditor	\$500k	Priority creditors	100c/\$	Unsecured creditors	Up to a maximum of 10c/\$	7.3
Creditor class	Estimated dividend rate (c/\$)									
Secured creditor	\$500k									
Priority creditors	100c/\$									
Unsecured creditors	Up to a maximum of 10c/\$									

7.1 Proposal received

We have received a DOCA proposal from a group of shareholders of NUH (via their solicitors) on 7 February 2025 and was subsequently varied on 17 February 2025. We attach at **Annexure F** of this Report, a copy of the varied proposal received on 17 February 2025.

We consider that the proposed DOCA complies with section 25.6.6 of the Code.

7.2 Key features of the proposal

The proposed DOCA includes the following key features:

Key element	DOCA proposal
DOCA Proponent	Orecchio Pty Ltd; being a Special Purpose Vehicle nominated by the Shareholder Committee. The members of the Shareholder Committee are not a party to the DOCA.
Deed Administrators	The Deed Administrators are to be Martin Jones, Matthew Woods and Clint Joseph of KPMG, who will have extensive powers to administer the DOCA and the Creditors' Trust.

Key element	DOCA proposal
Purpose of the DOCA proposal	The purpose of the DOCA is to provide a potentially better return to creditors of the Group under the DOCA, than an insolvent winding up of the Group.
Parties bound by the DOCA	<p>All secured, unsecured and employee creditors of the Group, the DOCA Proponent and the Deed Administrators. The Group consisting of:</p> <ul style="list-style-type: none"> • Nuheara Limited • Nuheara IP Pty Ltd • Terrace Gold Pty Ltd
Commencement date / Conditions Precedent to the DOCA	<p>The DOCA commencement date occurs following:</p> <ul style="list-style-type: none"> • Approval by creditors of the DOCA proposal and subsidiary DOCA at a meeting of creditors. • Obtaining consent or an Order pursuant to section 442C of the Act, releasing Realtek’s security, and allowing for a sale of the Company’s assets. • Execution of the DOCA and subsidiary DOCA. <p>Our interpretation of the above, is that commencement of the DOCA will occur following:</p> <ul style="list-style-type: none"> • Approval by creditors of the DOCA proposal and subsidiary DOCA at a meeting of creditors. • Execution of the DOCA and subsidiary DOCA. <p>Whereas any subsequent conditions precedent to the DOCA proposal will occur following:</p> <ul style="list-style-type: none"> • Obtaining consent or an Order pursuant to section 442C of the Act, releasing Realtek’s security, and allowing for a sale of the Company’s assets. <p>It is also noted that the DOCA Proponent will fund any application to the Court seeking leave pursuant to section 442C of the Act.</p>
Conditions Precedent to completion / effectuation	<p>The DOCA contemplates the following conditions precedent to completion and effectuation of the DOCA:</p> <ul style="list-style-type: none"> • Execution and completion of any relevant conditions’ precedent of the ASA as proposed by the DOCA Proponent. • Receipt of the Deed Contribution from the DOCA Proponent. • The Establishment of a Creditors’ Trust • Payment of the Deed Contribution and dividend as contemplated under the DOCA, this includes payment to the Secured Creditor. <p>Upon effectuation of the DOCA, the corporate shells of each remaining Group entity will be wound up by 30 June 2025 and subsequently deregistered by the ASIC. The Deed Administrators will become the Liquidators of each Group entity.</p>
Creditors' Trust and constitution of Trust Fund	<p>Upon receipt of the Deed Contribution, a creditors' trust will be established known as the “Nuheara Group Creditors’ Trust”, and the Deed Administrators will become the trustees of the Creditors' Trust and the Deed Fund will constitute the Trust Fund. The Trust Fund will comprise amounts payable to employees (to the extent applicable) and unsecured creditors of the Group, other than Excluded Creditors. Claims in the DOCA will be extinguished as against the Group and converted into an entitlement to claim against the Trust Fund. The Deed Fund will constitute the Trust Fund which the Trustees will distribute to pay the admitted claims.</p> <p>Further detail with respect to the Creditors' Trust is outlined below.</p>

Key element**DOCA proposal**

Under the terms of the proposed DOCA, the Proponent will make the following contributions,

Deed Contribution	Amount \$
Priority Administration Costs (net of Administrators' Balance)	912,115
Repayment of VA Loan Funding	1,392,754
Payment pursuant to ASA (for the Secured Creditor)	500,000
Unsecured Creditor Contribution (capped @10c/\$)	432,832
Employee Entitlements	147,681
Deed Contribution (including payment to Realtek)	3,385,382

Deed Contributions

The Deed Contribution will be payable the later of:

- The Commencement Date; or
- 14 days from the Deed Administrators informing the Proponent of their reasonable estimate of the net amount required to satisfy the obligations under the DOCA.

The Administrators note that:

- \$500k consideration payable from the ASA will be paid to NUH and remitted to the Secured Creditor, to facilitate the release of their security interest from the PPSR over NUH and in full and final satisfaction for any amounts outstanding to Realtek.
- The dividend to arms-length participating unsecured creditors of the Group, will be paid to the Trust capped at a maximum dividend of 10c/\$. Any surplus funds will be remitted to the DOCA Proponent.
- Any employee creditors who do not take up an offer of employment, will be terminated by NUH, and accordingly, may claim in the Deed Administration/ Trust for outstanding entitlements. Therefore, the final Employee Entitlements payable under the Deed Contribution is yet to be confirmed.

VA Loan Funding

The DOCA proposal provides for a payment of a further \$570k to facilitate continuation of trading activities up to 28 February 2025 and for legal fees to facilitate the preparation of legal documents related to the proposed transaction.

Should operations continue past 28 February 2025, which would likely be the case if creditors resolve to accept the DOCA at the Reconvened Meeting, then further funding will be required. Such funding will also include, but is not limited to any final employee payments, such as wages, salary, superannuation etc. which may have accrued since the date of our appointment to the date of Completion, and which remain unpaid.

The effect of NUH obtaining further funding post 28 February 2025, will be that the Deed Contribution required under the DOCA will increase, however, this will not impact the returns to creditors of the Group.

We also do not consider that by obtaining further funding, that this would impact the likelihood of the DOCA completing given the financial commitment from the Shareholder Committee to date.

Dividends and order of distribution

The Deed Fund will be distributed as follows:

- Firstly, in payment of the administrators' liabilities, administrators' disbursements and administrators' remuneration;
- Secondly, in payment of the deed administrators' liabilities, deed administrators' disbursements and deed administrators' remuneration;
- Thirdly, in the case of employees who are not employed by the DOCA Proponent, payment of entitlements that would, in a liquidation, be accorded a priority under section 556(1), 560 and 561 of the Corporations Act, including in respect of employees plus unpaid superannuation contributions and annual leave entitlements; and
- Fourthly, in payment of a dividend to arm's length non-priority unsecured creditors up to a maximum of 10c/\$.

Key element	DOCA proposal
Excluded Creditors	<p>Excluded Creditors mean:</p> <ul style="list-style-type: none"> • Inter-Company Creditors who will not be participating in the DOCA and Creditors' Trust. • The Secured Creditor, Realtek, who will be paid \$500k from the proceeds of the ASA, and who will not be entitled to claim for the balance of their claim for any unsecured amounts. • Employees who transfer to the DOCA Proponent, to the extent that their employee entitlements are not due and payable as at the date of our appointment as Administrators.
Committee of Inspection	The DOCA does not contemplate the establishment of a COI.
Administrators' indemnity	The Administrators are entitled to be indemnified out of, and have a lien over, the Deed Fund for their remuneration, costs and expenses for work done in the performance of their duties in relation to the Group.
Release	All employee and unsecured claims against the Group will be automatically released following effectuation of the DOCA and converted into an entitlement to claim against the Trust Fund.
Termination	The DOCA will include standard terms providing for termination of the DOCA as determined to be appropriate by the administrators. The DOCA may also be terminated on grounds as provided for in the Corporations Act.
Management of the Company	The Group's existing management will be offered employment with the DOCA Proponent under a separate entity. The Administrators/Deed Administrators will continue to be in control the Group during the period of transition.
Monitoring / reporting requirements	<p>Monitoring / reporting requirements is a commitment of the Deed Administrators.</p> <p>The Deed Administrators' will communicate to creditors in accordance with the terms of the DOCA and as required under statute.</p>
Moratorium period	Subject to any leave granted under section 444E of the Act, unsecured creditors of the Group and the Secured Creditor of NUH voting in favour of the DOCA will remain subject to a moratorium whilst the Group remains subject to any DOCA and will not be able to enforce or otherwise take any action against the Group other than as authorised under the DOCA.
General	<p>The DOCA will incorporate the necessary content and mechanics to give effect to the DOCA proposal, including standard boilerplate clauses found in a DOCA of this type.</p> <p>Section 440D will apply while the DOCA is on foot.</p> <p>Nothing in the DOCA shall limit the operation of section 445D and section 445E of the Act.</p>
Prescribed Provisions	Except for regulation 11, the terms and conditions contained in Schedule 8A to the Regulations will otherwise be incorporated into the DOCA.
Priority to eligible employee creditors	The DOCA will contain a provision as contemplated by s444DA of the Act.
Governing law	Western Australia

7.5 Related parties – intercompany loans

Under the DOCA, intercompany loans between the Group will not be allowed to claim for dividend purposes and would be extinguished.

7.6 Further information for creditors

Creditors should seek their own legal advice as to their rights and the effects of their position in entering into the DOCA.

Creditors can obtain further information from the ASIC website at www.asic.gov.au under Regulatory Resources – Insolvency – Insolvency for Creditors.

7.7 Position of excluded employee claims

The terms of the Nuheara DOCA give priority to eligible employee creditors by providing that the DOCA will contain a provision as contemplated Section 444DA of the Act. However, we note that the DOCA allows the Proponent to specify certain eligible employee creditors to be continuing/transferring employees, in which case their claims will be excluded from the DOCA and is to be paid from the ordinary course of their continuing employment.

In deciding whether to approve the non-inclusion of the Priority Provision in a DOCA, the Court in *Re TLC Marketing Worldwide Pty Ltd (Subject to a Deed of Company Arrangement) [2018] NSWSC 454 at [17]* found that the issue of excluding continuing employees from the deed fund and instead paying their entitlements through the ordinary course by the company, is a matter that 'could readily have been addressed, by a meeting of eligible employees conducted under s 444DA(2) of the Act'.

Pursuant to Section 444DA(3) of the Act, a meeting of eligible employee creditors of company has been called for **25 February 2025, at 10:00am (AWST)** to consider a resolution agreeing to the non-inclusion of the claims of continuing /transferring employees from being paid as a priority distribution under the proposed DOCA of the Company.

8 Creditors' Trust

The DOCA proposal provides for the creation of the Nuheara Group Creditors' Trust which will receive the Trust Fund, following creation of the Creditors' Trust. The key features of the proposed Creditors' Trust are tabled below.

For the sake of clarity tabled below are the implications of the Creditors' Trust on the Group's former creditors under ASIC's Regulatory Guide 82:

Item	Information for creditors								
Reason	<p>The purpose of the Creditors' Trust will be to engage certain tasks ordinarily undertaken by a deed administrator (including but not limited to, the call for and adjudication upon the claims of unsecured creditors and employee claims) to be performed by the Trustees of the Creditors' Trust.</p> <p>In order to facilitate the early termination of the DOCA, so that they may be wound up.</p>								
Key events	<p>Upon creation of the Creditors' Trust, the following amounts which form part of the Deed Contribution will be paid to the Creditors' Trust:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #0056b3; color: white;">Deed Fund</th> <th style="background-color: #0056b3; color: white;">Amount \$</th> </tr> </thead> <tbody> <tr> <td>Unsecured Creditor Contribution (capped @10c/\$)</td> <td style="text-align: right;">432,832</td> </tr> <tr> <td>Employee Entitlements (Subject to final claims)</td> <td style="text-align: right;">147,681</td> </tr> <tr> <td>Deed Contribution (including payment to Realtek)</td> <td style="text-align: right;">3,385,382</td> </tr> </tbody> </table>	Deed Fund	Amount \$	Unsecured Creditor Contribution (capped @10c/\$)	432,832	Employee Entitlements (Subject to final claims)	147,681	Deed Contribution (including payment to Realtek)	3,385,382
	Deed Fund	Amount \$							
	Unsecured Creditor Contribution (capped @10c/\$)	432,832							
	Employee Entitlements (Subject to final claims)	147,681							
Deed Contribution (including payment to Realtek)	3,385,382								
At this time, the participating creditors of the Group will convert from being creditors of the Group to become beneficiaries of the Creditors' Trust.									
Return	<p>The anticipated return to beneficiaries will be:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #0056b3; color: white;">Creditor class</th> <th style="background-color: #0056b3; color: white;">Estimated dividend rate (c/\$)</th> </tr> </thead> <tbody> <tr> <td>*Priority creditors (former employees and entitlements of continuing employees as at the date of appointment of the Administrators)</td> <td style="text-align: center;">100c/\$</td> </tr> <tr> <td>Unsecured creditors</td> <td style="text-align: center;">Up to a maximum of 10c/\$</td> </tr> </tbody> </table>	Creditor class	Estimated dividend rate (c/\$)	*Priority creditors (former employees and entitlements of continuing employees as at the date of appointment of the Administrators)	100c/\$	Unsecured creditors	Up to a maximum of 10c/\$		
Creditor class	Estimated dividend rate (c/\$)								
*Priority creditors (former employees and entitlements of continuing employees as at the date of appointment of the Administrators)	100c/\$								
Unsecured creditors	Up to a maximum of 10c/\$								
Trustee particulars	<p>The Trustees of the Creditors' Trust are proposed to be Martin Jones, Clint Joseph and Matthew Woods of KPMG. Details of their skills and experience are available on the KPMG website. KPMG has in place appropriate insurance coverage for the work proposed to be performed.</p>								
Indemnities	<p>The Administrators, Deed Administrators of the Group and Trustees of the Creditors' Trust will be entitled to be indemnified out of, and will have lien over, the funds in the Creditors' Trust for their remuneration, costs and expenses for the work due in those respective capacities.</p>								
Powers	<p>The Creditors' Trust Deed provides the Trustees with extensive powers, similar to those held by a Deed Administrator. Additional powers may be available under general law and the <i>Trustees Act 1962 (WA)</i>.</p>								
Claims	<p>Creditors will be defined by the following categories:</p> <p>Admitted priority claims</p> <p>Being any employee claims pursuant to sections 556(1)(e), (f), (g) and (h), section 560 or section 561 of the Act. With the date of Voluntary Administrators being appointed to the Companies to be the Relevant Date.</p> <p>Admitted claims</p> <p>Any unsecured creditors of the Group, excluding Excluded Creditors (being intercompany loans between the entities within the Group).</p>								

Item	Information for creditors
Other creditor/ beneficiary differences	<p>Creditor rights in an external administration are provided under the Act.</p> <p>Should creditors vote in favour of the DOCA proposals, and the Creditors' Trust is formed, creditors will transition to be become beneficiaries of the Creditors' Trust. As such their rights will not be specified under the Act, but rather their rights as beneficiaries will arise under the terms of the Creditors' Trust Deed and the <i>Trustees Act 1962 (WA)</i>.</p>
FEG / Employees	<p>The anticipated return to admitted priority claims is 100c/\$. It is not intended that NUH will enter liquidation until after the effectuation of the DOCA, at which point NUH will no longer be employing.</p> <p>Therefore, the FEG scheme is not to be activated as a part of the proposed DOCA or the Creditors' Trust as it is only available in a Liquidation.</p>
Compliance opinion	<p>We are of the opinion that the Proponent is capable of complying with the terms of the DOCA, if the DOCA proposal is accepted by creditors.</p>
Solvency statement	<p>At the time the DOCAs will be wholly effectuated, the Group will be solvent.</p> <p>This will occur as a result of the effect of the DOCA on claims against the Group, i.e. pre-administration claims being transferred to the Creditors' Trust and as such the Group will have no liabilities moving forward.</p> <p>The DOCA Proponents will ensure that the business under their control has sufficient working capital moving forward.</p>
Tax implications	<p>Creditors who are proposed to become beneficiaries of the Creditors' Trust should seek their own independent legal and taxation advice.</p>
Other	<p>The Administrators are not aware of any other material aspects or implications of the DOCA proposal which require consideration by creditors.</p> <p>It is intended that the corporate shells of each remaining entity being NUH and Terrace Gold, are to be liquidated by 30 June 2025. The Deed Administrators may market for sale the NUH corporate shell to ascertain whether there remains any value in the entity.</p>

9 Statutory investigations

Please refer to the Administrators' Report dated 10 December 2024 for details regarding the statutory investigations into the Companies affairs.

9.1 Preliminary investigations

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

The preliminary investigations have not identified any potential claims or antecedent recoveries available in the Liquidation which would result in a return to creditors.

That said, a liquidator (if one is appointed) will conduct further investigations in addition to the preliminary investigations undertaken during the Administration.

9.2 Preliminary conclusion as to solvency

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 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, we note that the above analysis is based upon our preliminary view only, any future appointed Liquidator would need to conduct further investigations (which may include conducting a public examination of the Company's directors and officers) to determine the actual date of insolvency.

10 Voidable transactions

Please refer to the Administrators' Report dated 10 December 2024 for details regarding voidable transactions.

10.1 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
Total	\$125K	None identified	None identified

11 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 The proposed DOCA provides a greater return to all classes of creditors, than under a liquidation scenario.	10.1
2 The assets of NUH, if realised in an orderly winding-up scenario are unlikely to provide a return to the Secured Creditor and therefore the return to unsecured creditors is also nil. 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.	10.1

11.1 Comparison of returns

The potential returns to each entity and class of creditor under a DOCA scenario and a liquidation is tabled below:

Class of creditor	DOCA			Liquidation		
	NUH	NUH IP	Terrace Gold	NUH	NUH IP	Terrace Gold
Secured Creditor (Realtek)	\$500k	n/a	n/a	Unlikely returns	n/a	n/a
Employees	100	n/a	n/a	FEG	n/a	n/a
Unsecured Creditors	Up to a maximum of 10c in the \$			Nil	Nil	Nil

11.2 Return to creditors under Liquidation

11.2.1 NUH Statement of position

Tabled below is the estimated statement of position for NUH in a Liquidation scenario:

Nuheara Limited (NUH)	Notes	Amount \$'000
Estimated Statement of Position - Liquidation	Notes	Liquidation
Assets subject to Non-circulating Security Interests		
Plant and equipment (manufacturing equipment and fixed assets)	1	No commercial value
Other assets & intellectual property	1	No commercial value
Less: Amount owed to Secured Creditor (Realtek)		(2,568)
Amount available to unsecured creditors		Nil
Assets subject to Circulating Security Interests		
Cash and cash equivalents	2	-
Debtors	3	140
R&D Rebate	4	-
Inter-company debtor receivable (sale of NUH IP's IP)	5	215
Inventory		No commercial value
Total Circulating assets		355
Less: Priority Costs		
Administrators' net cash balance		181
VA Funding incurred (incl. Establishment fee and Interest)		(1,079)

Nuheara Limited (NUH)		Amount \$'000
Estimated Statement of Position - Liquidation	Notes	Liquidation
Forecasted further VA Loan Funding		(305)
Administrators' fees incurred from date of appointment to 31 January 2025		(858)
Estimated Future Fees:		
Estimated Administrators fees from 1 February 2025 to the Reconvened Meeting of Creditors		(125)
Estimated Administrators fees from the Reconvened Meeting of Creditors to the execution of the DOCA		(75)
Estimated Administrators' disbursements and legal fees		(75)
Estimated Liquidators' fees and costs		(200)
Total Priority Payments		(2,536)
Deficit Required to be funded by Purchaser (excl. Employees)		(2,181)
Balance Available for Priority Creditors		-
Estimated employee entitlements		(894)
Total owed to employees		(894)
Deficit Required to be funded by Purchaser (incl. Employees)		(3,074)
Balance Available for Unsecured Creditors		Nil
Liquidation Returns		
Unsecured Creditors		(4,349)
Residual of Secured Creditor Claim		Unknown
Total Unsecured Claims		TBD
Dividend c/\$		Nil
Estimated surplus / deficiency		TBD

Notes:

- 1 PPE includes both certain manufacturing equipment and office equipment, such as laptops, desks etc.
- 2 Pre-appointment cash included a bank guarantee for the head office. The pre-appointment landlord has drawn down on the guarantee, and at this stage it is unclear whether there will be a net surplus available.
- 3 Debtors included amounts owed by Salutica. Salutica has a counter claim against certain pre-payment and accordingly, the amounts are unlikely to be recovered. Notably, there is a \$140k overseas tax return which may be recoverable.
- 4 The R&D rebate relates to FY24. A total of \$840k was received by the Administrators with the balance offset against the ATO's pre-appointment claim. This amount is reports as a net figure within the "Administrators' net cash balance".
- 5 Should NUH enter liquidation and the Liquidators' sell the intellectual property of NUH IP, then NUH may receive a dividend as sole creditors of NUH IP in the amount of \$215k.

In a liquidation, 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)	<p>Realtek hold a valid and enforceable AIPAAP security interest over NUH. 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).</p> <p>In the case of NUH, there is unlikely to be a return to Realtek, as there will be limited to, no realisable value from a fire sale of its assets after realisation and priority costs.</p>
Employees - Superannuation entitlement	It is estimated that there will be insufficient funds realised from circulating assets to enable any outstanding superannuation to be paid for NUH employees.
Employees - Outstanding Priority Employee Entitlements	<p>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.</p> <p>Employees can obtain further information on the eligibility requirements of FEG at https://docs.jobs.gov.au/documents/eligibility-feg-assistance-fact-sheet.</p>
Unsecured creditors	<p>In the absence of a DOCA, the net funds (if any) received from the sale of the Group's assets would first be applied towards the cost of administration (including cost incurred by Administrators in trading the business, and Administrator's remuneration and expenses.)</p> <p>We anticipate that the proceeds from any such sale will be insufficient to discharge those priority administration costs, fees and expenses or to pay a dividend to Realtek, so there will be no funds available to unsecured creditors for any of the entities from the sale of the Groups' assets.</p> <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:

- 1 the final amount realised from the realisation of the assets of the company;
- 2 final proving of creditor claims; and
- 3 the costs of litigation to recover any potential voidable transactions.

11.2.2 NUH IP Estimated statement of position

Tabled below is the estimated statement of position for NUH IP:

Nuheara IP Pty Ltd (NUH IP)	Amount \$
Estimated Statement of Position - Liquidation	Liquidation
Assets subject to Non-circulating Security Interests	
Other assets (IP)	300
Amount available to unsecured creditors	300
Less Priority Costs	
Cost of realisation – Azure Capital	TBC

Nuheara IP Pty Ltd (NUH IP)	Amount \$
Estimated Statement of Position - Liquidation	Liquidation
IP preservation costs	TBC
Administrators' Fees to 31 January 2025	(5)
Estimated Administrators fees to Reconvened Second Meeting	(25)
Estimated Administrators' disbursements and legal fees	(25)
Estimated Liquidators' fees and costs	(30)
Total Priority Payments	(85)
Balance Available for Unsecured Creditors	215
Unsecured creditors	
NUH - intercompany loan	(14,658)
Other	-
Total Unsecured Creditors	(14,658)
Dividend to NUH	215

11.2.3 Terrace Gold Estimated statement of position

Tabled below is the estimated statement of position for Terrace Gold:

Terrace Gold Pty Ltd (Terrace Gold)	\$ Amount
\$'000	Liquidation
Assets subject to Circulating Security Interests	
Cash at bank	5
Debtors	-
Assets subject to Non-circulating Security Interests	
Other assets	Unknown / TBC
Amount available to unsecured creditors	Unknown / TBC
Less Priority Costs	
Administrators' Fees to 31 January 2025	(5)
Estimated Administrators fees to Second Meeting	(15)
Estimated Administrators' disbursements and legal fees (Court Order)	(20)
Estimated Liquidators' fees and costs	(30)
Total Priority Payments	(70)
Unsecured creditors	
NUH	(1)
Other	-
Total Unsecured Creditors	(1)
Dividend to NUH	Unknown

11.3 Return to creditors under DOCA

Under the terms of the DOCA being proposed the estimated returns are as follows:

Creditor class	Estimated dividend rate (c/\$)
Secured creditor	\$500k
Priority creditors (employees)	100c/\$
Unsecured creditors	Up to 10c/\$

11.4 Timing of dividend

Under a DOCA scenario, the timing of a dividend to the unsecured creditors is subject to the successful completion of the conditions precedent to the DOCA proposal and the establishment of the Creditors' Trust. It is estimated that a dividend will be paid within 3 to 4 months from the effectuation of the DOCA (i.e. by July/ August 2025).

A dividend to unsecured creditors 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.

12 Statement by Administrators

We are the opinion that the DOCA proposal as proposed by the Shareholders' Committee should be accepted by creditors, as it provides a more certain and higher return to employees and unsecured creditors than an orderly liquidation of the Groups assets.

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.

In forming our opinion, it is necessary to consider an estimate of the dividend creditors might expect and the likely costs under each option, The effect on stakeholders under a restructure of the Group under a DOCA as compared to a liquidation scenario based on our current assessment is tabled below:

Creditor class	DOCA	Liquidation
Secured Creditor (Realtek)	AUD \$500,000	No return expected.
Terminated Employees	100c/\$ Offered continuity of employment with the SPV where the entitlement accrued will be preserved and continued as is.	To the extent there are no realisations available for priority employee creditors, in a liquidation, employees may be eligible for payment of their outstanding employee entitlements (excluding unpaid superannuation) under the Fair Entitlements Guarantee (FEG) scheme.
Continuing Employees	Will not be entitled to claim in the proposed DOCA.	
Unsecured Creditors	A cash contribution of \$432,832 which is estimated to result in a dividend payment of up to 10c/\$ to satisfy claims of ordinary unsecured creditors	No likely return to creditors of the Company as we do not expect that there will be any recoveries from the voidable and other transaction referred to in Section 8 and 9.

Each of the three (3) options available to creditors are considered below.

12.1 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.

12.2 DOCA

We are of the opinion that the DOCA proposal put forward by the NUH's Shareholder Committee should be accepted by creditors as it provides a more certain and potentially higher return to unsecured creditors than an orderly liquidation of the Group's assets.

We do note however that for the DOCA proposal to be capable of implementation, we will require that the Secured Creditor providing consent to release their security interest, or alternatively the Court granting leave pursuant to section 442C of the Act releasing Realtek's security interest and allowing for a sale of the Group's assets to occur.

The terms of the DOCA Proposal (and the terms of the proposed ASA which are currently under negotiation) provide that the \$500k (being the proceeds of the sale of the Property) be paid to Realtek and will not be available to any other creditor of NUH. On 10 February 2025, we have written to Realtek (via its solicitors) for their consent to the sale. On 12 February 2025, Realtek responded to our letter of 10 February 2025 and refused to provide the requested consent for the sale of NUH's asset and had rejected the offer of \$500k and had proposed a counter-offer. On 13 February 2025, the DOCA proponent's solicitors wrote to us and confirmed that they have received Realtek's response to their offer and confirmed that they were not willing to amend their offer.

As required under the terms of the DOCA, we filled our application under section 442C in the Federal Court of Australia for leave to dispose of the assets subject to Realtek's security in exchange for the amount proposed under the DOCA on 17 February 2025. Copies of the originating process and supporting affidavit lodged with the Federal Court of Australia is available for download at the following link <https://kpmg.com/au/en/home/creditors/nuheara.html>.

1.1. As stated in **Section 12.1** above, the option of the administration ending is clearly not viable. The only remaining option available to creditors are to wind up of the Group or accept the proposed DOCA. Further to our comments set out in **Section 12.3** below, we believe the return to creditors under the proposed DOCA will exceed the estimated return under a winding up of the Group. For completeness, we note that any antecedent recoveries that may potentially be recovered in a liquidation scenario will not be able to be recovered under DOCA.

1.2. The proposed DOCA, if implemented is likely to provide a better return to creditors than an immediate winding up because:

- The DOCA makes available funds from third-parties, which would otherwise not be available in a liquidation;
- The potentially lower costs associated with the DOCA over liquidation;
- Any realisation of the assets held by the Group in a liquidation scenario will likely be insufficient to discharge the priority costs of the Administration process and therefore there is no prospect of a return to the secured and ordinary unsecured creditors from the realisation of the Group's assets; and
- In a liquidation, recoveries from the voidable and other transactions referred to in **Section 8 & 9** of this report are uncertain or unlikely.

1.3. Furthermore, we consider the proposed DOCA meets the objectives of the voluntary administration regime as set out in section 435A of the Corporations Act by maximising the chances of the Group, or as much of its business, continuing in existence.

1.4. In particular we note that the DOCA proposal provides the best return to the Secured Creditor and all other creditor classes as if the DOCA is not accepted and the business sold to the DOCA Proponent, then it is unlikely that the business will be able to be sold at all, because the Administrators have not identified any other potential purchasers for the business. Accordingly, the consequence of the DOCA Proposal not being approved by creditors, is that the Companies will be placed into liquidation.

1.5. Based on the above, it is our opinion that the creditors should resolve that the Group should enter into the proposed DOCA.

12.3 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 \$260,000 plus GST and may potentially be higher.

Any remaining assets would firstly be applied to the priority costs of the Administration. Therefore, after costs the return to the secured creditor and 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:

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

13 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 17th day of February 2025.


Martin Jones
Joint and Several Administrator

Encl.

Annexures

A – Receipts & Payments

Nuheara Limited (Administrators Appointed)	
Receipts and Payments for the period 7 August 2024 to 14 February 2025	Amount (\$)
Receipts	
Cash at Bank - Pre-Appointment	18,412
Sale of Plant & Equipment (Office Equipment)	5,820
Sales	45,894
Refunds Received	1,275
ATO Refunds Received (incl. R&D Refunds)	847,951
Interest Income	6,056
Third Party Funds - Cost Recovery from Court Action	4,000
Third Party Funds - Funding Agreement	975,183
Total Receipts	1,904,590
Payments	
Annual Fees	(2,430)
Bank Charges	(140)
Cleaning Expenses	(3,304)
Customer Refunds	(745)
Employee Reimbursements	(902)
Foreign Sales Tax	(1,309)
Fuel & Oil	(23)
Glass Panel Refitting	(750)
Insurance	(47,680)
Internet	(2,211)
Legal Disbursements	(7,506)
Legal Fees	(73,455)
PAYG Paid	(206,025)
Payment of Credit Cards	(3,941)
Payroll Tax Paid	(35,666)
Postage	(4,527)
Printing & Stationery	(709)
Professional Fees	(50,812)
Registrations	(17,361)
Removalist Fees	(1,474)
Repairs & Maintenance	(3,920)
Shipping Costs	(59,228)
Shipping Duties & Taxes	(3,005)
Software Subscriptions	(58,344)
Storage Fees	(1,726)
Superannuation Paid	(102,985)
Telephone & Fax	(456)
US Wages & Salaries Paid	(31,915)
Utilities	(1,111)
Wages & Salaries Paid	(723,579)
Total Payments	(1,447,239)
Cash at Bank as at 14 February 2025	457,352

B – Notice of concurrent reconvened meeting of creditors

Notice of concurrent reconvened 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 reconvened meeting of creditors of the Group will be held on 25 February 2025 at 11:30am AWST at the offices of KPMG, Level 8, 235 St Georges Terrace, Perth WA 6000.

Although, the meetings will be treated as separate, we will conduct each of the meetings of the Group at the same time and location in order to minimise costs and allow for an efficient administration process for all stakeholders, without prejudicing their respective interests.

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 and the various options available to creditors.
3. To consider the Report of the Administrators.
4. To resolve that for each of the individual companies:
 - The company execute a Deed of Company Arrangement; or
 - The Administration should end; or
 - The company be wound up.
5. To fix the remuneration of the Administrators.
6. If it is resolved that the Deed of Company Arrangement is entered into, to fix the remuneration of the Deed Administrators.
7. If it is resolved that a Creditors' Trust be formed, to fix the remuneration of the Trustees of the Creditors' Trust from commencement to completion.
8. If it is resolved that a company is to be wound up, and an alternate Liquidator is proposed, consider whether creditors wish to appoint the alternate Liquidator.
9. If it is resolved that a company is to be wound up, to fix the remuneration of the Liquidators.
10. If it is resolved that a company is to be wound up, consider whether a Committee of Inspection is to be appointed, and if so, the members of that Committee.
11. 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 4:00pm 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 17th day of February 2025



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 Reconvened Second Meeting of Creditors				
Voluntary Administration – 7 August 2024 to 31 January 2025	879,734	5,224	6,166	891,124
Voluntary Administration - 1 February to the Reconvened Meeting of Creditors	75,000	25,000	25,000	125,000
Voluntary Administration - Reconvened Meeting of Creditors to the Execution of DOCA	25,000	25,000	25,000	75,000
Estimated total remuneration – Voluntary Administration	979,734	55,224	56,166	1,091,124
DOCA - Commencement to completion	75,000	20,000	20,000	115,000
Estimated total remuneration - DOCA	75,000	25,000	25,000	125,000
Creditors' Trust (if applicable) – Commencement to completion	50,000	10,000	10,000	70,000
Estimated total remuneration – Creditors' Trust	50,000	10,000	10,000	70,000
Liquidation (if applicable) – Reconvened Meeting of Creditors until completion	200,000	30,000	30,000	260,000
Estimated total remuneration - Liquidation	200,000	30,000	30,000	260,000

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

- Please review the contents of this report, which sets out the resolutions to be approved by creditors at the Reconvened Second Meeting on 25 February 2025.
- Refer to Section 2 of the report to creditors dated 17 February 2025 for details as to how you can attend the Reconvened Second Meeting 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.
- Our estimate provided under the IRN anticipated a 4-6 week trade on period, in line with the convening period of the statutory Administration process. However, the business has continued to trade for approximately 6 months, whilst a sale process was completed and the Shareholders' Committees DOCA proposal could be developed.
- Greater level of work than anticipated in securing funding for working capital to preserve the business and communications with the shareholder committee and other stakeholders in relation to the restructure of the affairs of the Group.
- Work associated with vacating the head office premises.

- Greater communication and level of work than anticipated in obtaining funding and working with shareholders to formulate their DOCA proposal.
- 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 31 January 2025	891,124		
Work to be completed to meeting date	1 February to the Reconvened Second Meeting of Creditors	125,000	Please refer to IRN sent to creditors on 8 August 2024	Immediately, when funds are available; At the end of the administration.
Work to be completed to execution of DOCA	Reconvened Second Meeting of Creditors to the Execution of DOCA	75,000		
Consolidated Voluntary Administration total		\$1,091,124		
Future work - DOCA	Commencement to completion	115,000	Please refer to IRN sent to creditors on 8 August 2024	Immediately, when funds are available; At the end of the administration.
Consolidated DOCA total		\$115,000		
Future work – Creditors' Trust	Commencement to completion of Creditors' Trust	70,000	Please refer to IRN sent to creditors on 8 August 2024	Immediately, when funds are available; At the end of the administration.
Consolidated Creditors' Trust total		\$70,000		
Future work – liquidation	Reconvened Second Meeting of Creditors to finalisation of liquidation	260,000	Please refer to IRN sent to creditors on 8 August 2024	Immediately, when funds are available; At the end of the liquidation.
Consolidated Liquidation total		\$260,000		

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 2024 to 31 January 2025	1,627
Total disbursements to be approved (Consolidated)		1,627

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 Voluntary Administrators Supplementary Report to creditors dated 17 February 2025 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 17 February 2025 is set out in **Annexure A** to the Voluntary Administrators Supplementary Report to creditors dated 17 February 2025.

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 Voluntary Administrators Supplementary Report to creditors dated 17 February 2025.

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 17th day of February 2025



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 6 to 11 set out in **Schedule D**.

		Tasks					
		Work already done	Future work to meeting date	Future work to the end of VA	DOCA	Creditors' Trust	If coy wound up Liquidation work
Period		7 August 2024 to 31 January 2025	1 February to the Reconvened Meeting of Creditors	Reconvened Meeting of Creditors to the Commencement of DOCA	Commencement to completion	Commencement to completion	Reconvened Meeting of Creditors to finalisation of liquidation
Amount (ex GST)	Nuheara Limited	\$879,734	\$75,000	\$25,000	\$75,000	\$50,000	\$200,000
	Nuheara IP Pty Ltd	\$5,224	\$25,000	\$25,000	\$20,000	\$10,000	\$30,000
	Terrace Gold Pty Ltd	\$6,166	\$25,000	\$25,000	\$20,000	\$10,000	\$30,000
	Total	\$891,124	\$125,000	\$75,000	\$115,000	\$70,000	\$260,000
Task Area	General Description						
Assets		92.6 hours \$67,661	13.5 hours \$7,959	8.1 hours \$4,775	12.4 hours \$7,322	0 hours \$0	28.1 hours \$16,555
	Sale of business as a going concern	<ul style="list-style-type: none"> – Collating / reviewing information for information memorandum n – Liaising with corporate advisor interested parties 	<ul style="list-style-type: none"> – Updating estimated statement of position – Continue to liaise with potential interested parties 	<ul style="list-style-type: none"> – Updating estimated statement of position 	<ul style="list-style-type: none"> - Communications with the Directors and potential DOCA proponents. - Reviewing DOCA proposals if received. 		<ul style="list-style-type: none"> – Finalising sale of business – Correspondence with lawyers

		Work already done	Tasks					If coy wound up Liquidation work
			Future work to meeting date	Future work to the end of VA	DOCA	Creditors' Trust		
		<ul style="list-style-type: none"> – Liaising with potential purchasers – 			<ul style="list-style-type: none"> - Communications with legal advisers. – Updating estimated statement of position. 			
	Plant and equipment	<ul style="list-style-type: none"> – Reviewing asset listings 					<ul style="list-style-type: none"> – Liaising with valuers, auctioneers and interested parties 	
	Assets subject to specific charges	<ul style="list-style-type: none"> – All tasks associated with realising a charged asset 						
	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		462.6 hours \$280,569	67.4 hours \$39,761	40.5 hours \$23,857	62.0 hours \$36,580	47.5 hours \$28,000	140.2 hours \$82,704	
	Creditor enquiries, requests and directions	<ul style="list-style-type: none"> – Receive and respond to creditor enquiries – Prepare initial correspondence to 	<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 	<ul style="list-style-type: none"> – Receive and respond to creditor enquiries 	<ul style="list-style-type: none"> – General updates and responses to 	<ul style="list-style-type: none"> – General updates and responses to creditor enquiries 	

		Tasks					
		Work already done	Future work to meeting date	Future work to the end of VA	DOCA	Creditors' Trust	If coy wound up
							Liquidation work
		creditors and their representatives – Documenting – Considering reasonableness of creditor requests – Obtaining legal advice on requests – Compiling information requested by creditors			– Considering reasonableness of creditor requests. – Compiling information requested by creditors – General updates and responses to creditor enquiries.	creditor enquiries	
	Security interest claims	– 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					– Preparation of payment vouchers to satisfy valid claim – Correspondence with claimants – Maintaining records of inventory subject to retention of title
	Secured creditor	– Notifying PPSR registered creditors of appointment – Preparing reports to secured creditor – Responding to secured creditor's queries	– Communications with the secured creditor regarding the proposed adjournment of the Second Meeting				– Reporting to secured creditors on asset realisations – General correspondence

		Work already done	Tasks				
			Future work to meeting date	Future work to the end of VA	DOCA	Creditors' Trust	If coy wound up Liquidation work
	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 circular to creditors – Prepare Voluntary Administrators' report 	<ul style="list-style-type: none"> – Prepare correspondence to creditors 	<ul style="list-style-type: none"> – Prepare correspondence to creditors 	<ul style="list-style-type: none"> – Prepare correspondence to creditors – Prepare statutory report to creditors
	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 		<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 	<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 	<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 (if required) 		<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

		Tasks					
		Work already done	Future work to meeting date	Future work to the end of VA	DOCA	Creditors' Trust	If coy wound up
							Liquidation work
		of meetings with ASIC – Respond to stakeholder queries and questions immediately following meeting					
	Proposals to creditors						<ul style="list-style-type: none"> – Preparing 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
	Shareholder enquiries	– General updates and responses to shareholder enquiries	– General updates and responses to shareholder enquiries	– General updates and responses to shareholders enquiries	– General updates and responses to shareholders enquiries		– General updates and responses to shareholder enquiries
Employees		40.2 hours \$23,623	5.9 hours \$3,455	3.5 hours \$2,073	5.4 hours \$3,179	0 hours \$0	12.2 hours \$7,187
	Employee enquiries	<ul style="list-style-type: none"> – Receive and follow up employee enquiries – Prepare responses to employee enquiries 	– Attend to employee enquiries	– Attend to employee enquiries	– Attend to employee enquiries		– Attend to employee enquiries
	Fair Entitlements Guarantee (FEG)						– Correspondence with FEG

		Work already done	Tasks					If coy wound up Liquidation work
			Future work to meeting date	Future work to the end of VA	DOCA	Creditors' Trust		
								<ul style="list-style-type: none"> – 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"> – Review employee entitlements – Preparation of letters to 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 – Receipting POD – Adjudicating POD – Ensuring PAYG is remitted to ATO
	Workers compensation	<ul style="list-style-type: none"> – Review insurance policies – Identification of potential issues 						

		Work already done	Tasks					If coy wound up Liquidation work
			Future work to meeting date	Future work to the end of VA	DOCA	Creditors' Trust		
		<ul style="list-style-type: none"> 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		400.1 hours \$223,848	58.3 hours \$34,389	35.0 hours \$20,634	53.6 hours \$31,638	0 hours \$0	121.3 hours \$71,530	
	Trade on management	<ul style="list-style-type: none"> – Liaising with suppliers – Liaising with management and staff – Attendance on site – Authorising purchase orders – Maintaining purchase order register – Preparing and authorising receipt vouchers – Preparing and authorising payment vouchers 					<ul style="list-style-type: none"> – Liaising with suppliers – Liaising with management and staff – Attendance on site – Authorising purchase orders – Maintaining purchase order register – Preparing and authorising receipt vouchers – Preparing and authorising payment vouchers – Liaising with superannuation funds 	

		Work already done	Tasks					If coy wound up Liquidation work regarding contributions, termination of employees' employment
			Future work to meeting date	Future work to the end of VA	DOCA	Creditors' Trust		
		<ul style="list-style-type: none"> – Liaising with superannuation funds regarding contributions – Liaising with OSR regarding payroll tax issues 						
	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 	<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		96.3 hours \$76,611	17.0 hours \$10,048	10.2 hours \$6,029	15.7 hours \$9,244	0 hours \$0	35.4 hours \$20,899	
	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 	<ul style="list-style-type: none"> – Finalisation of Administrators investigations for the purpose of the Voluntary Administrators' report to creditors 	<ul style="list-style-type: none"> – Finalisation of Administrators investigations for the purpose of the Voluntary Administrators' report to creditors 	<ul style="list-style-type: none"> – Finalisation of Administrators investigations 		<ul style="list-style-type: none"> – 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 	

		Work already done	Tasks					If coy wound up Liquidation work
			Future work to meeting date	Future work to the end of VA	DOCA	Creditors' Trust		
		regarding certain transactions – Preparation of investigation file						– Preparation of investigation file
	Examinations							<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
	Litigation/Recoveries							<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"> – Preparing statutory investigation reports – Liaising with ASIC

		Tasks					
		Work already done	Future work to meeting date	Future work to the end of VA	DOCA	Creditors' Trust	If coy wound up Liquidation work
Dividend		0 hours \$0	0 hours \$0	0 hours \$0	0 hours \$0	35.6 hours \$21,000	0 hours \$0
	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 	<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
	Dividend procedures					<ul style="list-style-type: none"> – Preparation of correspondence to creditors advising of intention to declare dividend – Advertisement of intention to 	<ul style="list-style-type: none"> – Preparation of correspondence to creditors advising of intention to declare dividend – Advertisement of intention to declare dividend

		Work already done	Tasks				
			Future work to meeting date	Future work to the end of VA	DOCA	Creditors' Trust	If coy wound up
							Liquidation work
						<ul style="list-style-type: none"> 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 – Preparation of correspondence to creditors enclosing payment of dividend 	<ul style="list-style-type: none"> – 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 – Preparation of correspondence to creditors enclosing payment of dividend

		Tasks					
		Work already done	Future work to meeting date	Future work to the end of VA	DOCA	Creditors' Trust	If coy wound up
							Liquidation work
Administration		341.9 hours \$204,959	49.8 hours \$29,387	29.9 hours \$17,632	45.8 hours \$27,036	35.6 \$21,000	103.6 hours \$61,125
	Members meeting						– Correspondence and other actions incidental to the calling and holding of the members meeting
	Correspondence	– General correspondence	– General correspondence	– General correspondence	– General correspondence	– General correspondence	– 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	– Administration reviews – Filing of documents – File reviews – Updating checklists	– Administration reviews – Filing of documents – File reviews – Updating checklists	– Administration reviews – Filing of documents – File reviews – Updating checklists	– Administration reviews – Filing of documents – File reviews – Updating checklists
	Insurance	– Identification of potential issues requiring attention of insurance specialists – Correspondence with insurer regarding initial and ongoing insurance requirements – Reviewing insurance policies – Correspondence with previous brokers		–	– Correspondence with insurer regarding ongoing insurance requirements		– Correspondence with insurer regarding initial and ongoing insurance requirements
	Bank account administration	– Preparing correspondence	– Bank account reconciliations	– Bank account reconciliations	– Bank account reconciliations	– Preparing correspondence opening and	– Preparing correspondence

		Tasks					
		Work already done	Future work to meeting date	Future work to the end of VA	DOCA	Creditors' Trust	If coy wound up
							Liquidation work
		<ul style="list-style-type: none"> opening and closing accounts – Requesting bank statements – Bank account reconciliations – Correspondence with bank regarding specific transfers 				<ul style="list-style-type: none"> closing accounts – Bank account reconciliations 	<ul style="list-style-type: none"> opening and closing accounts – Bank account reconciliations
	ASIC forms and lodgements	<ul style="list-style-type: none"> – 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 	<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	<ul style="list-style-type: none"> – Notification of appointment – Preparing BASs – Completing STP reporting obligations 	<ul style="list-style-type: none"> – Preparing BASs 	<ul style="list-style-type: none"> – Preparing BASs 	<ul style="list-style-type: none"> – Preparing BASs 	<ul style="list-style-type: none"> – Notification of appointment – Preparing BASs 	<ul style="list-style-type: none"> – Notification of appointment – Preparing BASs
	Finalisation	<ul style="list-style-type: none"> – Notifying ATO – Completing checklists – Finalising WIP 		<ul style="list-style-type: none"> – Notifying ATO – Completing checklists 	<ul style="list-style-type: none"> – Notifying ATO – Completing checklists 	<ul style="list-style-type: none"> – Notifying ATO – Completing checklists 	<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 	<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
	Books and records / storage	<ul style="list-style-type: none"> – Dealing with company records 					<ul style="list-style-type: none"> – Dealing with records in storage – Sending job files to storage

		Work already done	Tasks					If coy wound up Liquidation work
			Future work to meeting date	Future work to the end of VA	DOCA	Creditors' Trust		
Other professional services provided by the firm		20.5 hours \$13,817.50	0 hours \$0	0 hours \$0	0 hours \$0	0 hours \$0	0 hours \$0	
	Forensics	- 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 31 January 2025 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		Employee		Trade		Investigation	
					Hours	Amount \$ (ex GST)	Hours	Amount \$ (ex GST)	Hours	Amount \$ (ex GST)	Hours	Amount \$ (ex GST)	Hours	Amount \$ (ex GST)	Hours	Amount \$ (ex GST)
Martin Jones	Appointee / Partner	960	102.7	98,592.00	57.7	55,392.00	-	-	17.7	16,992.00	-	-	-	-	27.3	26,208.00
Clint Joseph	Appointee / Director	895	6.5	5,817.50	0.4	358.00	1.0	895.00	3.5	3,132.50	0.1	89.50	1.3	1,163.50	0.2	179.00
Kieran Chu	Associate Director	730	252.6	184,398.00	29.5	21,535.00	43.6	31,828.00	81.4	59,422.00	5.8	4,234.00	92.3	67,379.00	-	-
Michael Flower	Associate Director	730	236.9	172,937.00	-	-	46.8	34,164.00	86.9	63,437.00	8.3	6,059.00	26.1	19,053.00	68.8	50,224.00
Yvonne Liew	Associate Director	730	3.1	2,263.00	2.4	1,752.00	-	-	0.7	511.00	-	-	-	-	-	-
Sean Powell	Associate Director	730	16.0	11,680.00	-	-	-	-	-	-	-	-	-	-	16.0	11,680.00
Jacob Carger	Executive	565	34.9	19,718.50	23.6	13,334.00	-	-	8.6	4,859.00	2.7	1,525.50	-	-	-	-
Hendrik De Wet	Executive	565	179.9	101,643.50	53.9	30,453.50	-	-	66.7	37,685.50	7.2	4,068.00	52.1	29,436.50	-	-
Toby Schultz	Analyst	475	268.7	127,632.50	39.9	18,952.50	-	-	35.1	16,672.50	3.6	1,710.00	190.1	90,297.50	-	-
Bohan Teakle	Analyst	475	259.3	123,167.50	102.7	48,782.50	0.4	190.00	143.5	68,162.50	12.5	5,937.50	0.2	95.00	-	-
Jerry Yeh	Analyst	475	4.5	2,137.50	-	-	-	-	-	-	-	-	-	-	4.5	2,137.50
Pierce Davis	Analyst	475	40.2	19,095.00	3.7	1,757.50	-	-	9.8	4,655.00	-	-	26.7	12,682.50	-	-
Sophie Kennedy	Analyst	475	6.8	3,230.00	4.0	1,900.00	-	-	2.8	1,330.00	-	-	-	-	-	-
Astra Delaguaiado	Senior Treasury	350	1.5	525.00	0.9	315.00	-	-	-	-	-	-	0.6	210.00	-	-
Lisa Brandt	Treasury	330	20.9	6,897.00	10.2	3,366.00	-	-	-	-	-	-	10.7	3,531.00	-	-
Total			1,434.5	879,734.00	328.9	197,898.00	91.8	67,077.00	456.7	276,859.00	40.2	23,623.50	400.1	223,848.00	116.8	90,428.50
Balance WIP				879,734.00												
GST				87,973.40		19,789.80		6,707.70		27,685.90		2,362.35		22,384.80		9,042.85
Total (incl GST)				967,707.40		217,687.80		73,784.70		304,544.90		25,985.85		246,232.80		99,471.35
<i>Average hourly rate</i>				613.27		601.70		730.69		606.22		587.65		559.48		774.22

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).

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 31 January 2025 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			
					Admin		Creditors	
Employee	Position	\$/hour (ex GST)	Total hours	Total \$ (ex GST)	Hours	Amount \$ (ex GST)	Hours	Amount \$ (ex GST)
Clint Joseph	Appointee / Director	895	0.2	179.00	-	-	0.2	179.00
Lauren McCann	Director	850	0.1	85.00	0.1	85.00	-	-
Kieran Chu	Associate Director	730	4.4	3,212.00	3.2	2,336.00	1.2	876.00
Yvonne Liew	Associate Director	730	0.2	146.00	0.2	146.00	-	-
Bohan Teakle	Analyst	475	2.4	1,140.00	1.1	522.50	1.3	617.50
Lisa Brandt	Treasury	330	1.4	462.00	1.4	462.00	-	-
Total			8.7	5,224.00	6.0	3,551.50	2.7	1,672.50
Balance WIP				5,224.00				
GST				522.40	355.15		167.25	
Total (incl GST)				5,746.40	3,906.65		1,839.75	
<i>Average hourly rate</i>				<i>600.46</i>	<i>591.92</i>		<i>619.44</i>	

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 31 January 2025 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							
					Admin		Assets		Creditors		Investigation	
Employee	Position	\$/hour (ex GST)	Total hours	Total \$ (ex GST)	Hours	Amount \$ (ex GST)	Hours	Amount \$ (ex GST)	Hours	Amount \$ (ex GST)	Hours	Amount \$ (ex GST)
Clint Joseph	Appointee / Director	895	0.2	179.00	-	-	-	-	0.2	179.00	-	-
Lauren McCann	Director	850	0.1	85.00	0.1	85.00	-	-	-	-	-	-
Kieran Chu	Associate Director	730	3.8	2,774.00	1.3	949.00	0.8	584.00	1.7	1,241.00	-	-
Yvonne Liew	Associate Director	730	0.3	219.00	0.3	219.00	-	-	-	-	-	-
Toby Schultz	Analyst	475	1.5	712.50	1.5	712.50	-	-	-	-	-	-
Bohan Teakle	Analyst	475	3.3	1,567.50	2.0	950.00	-	-	1.3	617.50	-	-
Astra Delaguiado	Senior Treasury	350	0.1	35.00	-	-	-	-	-	-	0.1	35.00
Lisa Brandt	Treasury	330	1.8	594.00	1.8	594.00	-	-	-	-	-	-
Total			11.1	6,166.00	7.0	3,509.50	0.8	584.00	3.2	2,037.50	0.1	35.00
Balance WIP				6,166.00								
GST				616.60		350.95		58.40		203.75		3.50
Total (incl GST)				6,782.60		3,860.45		642.40		2,241.25		38.50
<i>Average hourly rate</i>				<i>555.50</i>		<i>501.36</i>		<i>730.00</i>		<i>636.72</i>		<i>350.00</i>

Schedule C – Disbursements

Period	Disbursements already incurred (approve actual amount)				Future disbursements (approve basis to a capped amount)		
					Future disbursements to meeting date	If coy wound up	
						Liquidation disbursements	
7 August 2024 to 31 January 2025					1 February 2025 to Reconvenc Meeting of Creditors	Reconvenc Meeting of Creditors to finalisation of liquidation	
Amount (ex GST)		\$1,211.45	\$207.77	\$207.77	\$0.00	\$0.00	
Disbursement type	Basis	Nuheara Limited	Nuheara IP Pty Ltd	Terrace Gold Pty Ltd			
Advertising	At cost	-	-	-		At cost	
ASIC Charges for appointments and notifiable events	Refer below	-	-	-		Refer below	
Couriers	At cost	295.82	-	-		At cost	
Data room hosting (incl 100GB of data + 40 users)	\$2,500 per month	-	-	-		\$2,500 per month	
Data room hosting (burst user fees above 40 users)	\$50 per user per month	-	-	-		\$50 per user per month	
Data room hosting (burst storage fees per GB above 100GB)	\$10 per GB per month	-	-	-		\$10 per GB per month	
eDiscovery services	Variable	-	-	-		Variable	
KPMG National Service Centre	Fixed	-	-	-		N/A	
Photocopying / printing (outsourced)	At cost	-	-	-		At cost	
Postage	At cost	208.00	-	-		At cost	
Searches	At cost	67.05	57.77	57.77		At cost	
Staff travel reimbursement	Up to \$100/day	59.67	-	-		Up to \$100/day	
Staff vehicle use	At prescribed ATO rates	-	-	-		At prescribed ATO rates	
Stationery and consumables	At cost	430.91	-	-		At cost	
Storage and storage transit	At cost	-	-	-		At cost	
Sundry	At cost	150.00	150.00	150.00		At cost	
Telephone calls	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 17 February 2025 for the period from 7 August 2024 to 31 January 2025 be fixed in the amount of \$879,734.00, 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 17 February 2025, for the period from 1 February 2025 to 25 February 2025 be fixed up to a maximum amount of \$75,000.00, 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 from the date of the meeting to the commencement of DOCA:

"That the future remuneration of the Administrators, as set out in the Remuneration Approval Request dated 17 February 2025, for the period from 25 February 2025 to the commencement of DOCA be fixed up to a maximum amount of \$25,000.00, 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 9 – for work to be from the commencement of DOCA to completion:

"That the future remuneration of the Deed Administrators, as set out in the Remuneration Approval Request dated 17 February 2025, for the period from the commencement of DOCA to completion be fixed up to a maximum amount of \$75,000.00, 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 10 – for work to be completed during the Nuheara Group Creditors' Trust (if applicable):

That the remuneration of the Trustees of the Nuheara Group Creditors' Trust, as set out in the Remuneration Approval Request dated 17 February 2025, for the period from the date of commencement of the Trust to completion be fixed up to a maximum amount of \$50,000, plus any applicable GST, but subject to upward revision by resolution of creditors, and that the Trustees be authorised to make periodic payments on account of such accruing remuneration as incurred."

Resolution 11 – 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 17 February 2025 for the period from 25 February 2025 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 12 – 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 31 January 2025 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 17 February 2025 for the period from 7 August 2024 to 31 January 2025 be fixed in the amount of \$5,224.00, 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 17 February 2025, for the period from 1 February 2025 to 25 February 2025 be fixed up to a maximum amount of \$25,000.00, 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 from the date of the meeting to the commencement of DOCA:

"That the future remuneration of the Administrators, as set out in the Remuneration Approval Request dated 17 February 2025, for the period from 25 February 2025 to the commencement of DOCA be fixed up to a maximum amount of \$25,000.00, 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 9 – for work to be from the commencement of DOCA to completion:

"That the future remuneration of the Deed Administrators, as set out in the Remuneration Approval Request dated 17 February 2025, for the period from the commencement of DOCA 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 Administrators be authorised to make periodic payments on account of such accruing remuneration as incurred."

Resolution 10 – for work to be completed during the Nuheara Group Creditors' Trust (if applicable):

That the remuneration of the Trustees of the Nuheara Group Creditors' Trust, as set out in the Remuneration Approval Request dated 17 February 2025, for the period from the date of commencement of the Trust to completion be fixed up to a maximum amount of \$10,000, plus any applicable GST, but subject to upward revision by resolution of creditors, and that the Trustees be authorised to make periodic payments on account of such accruing remuneration as incurred.

Resolution 11 – 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 17 February 2025 for the period from 25 February 2025 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 12 – 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 31 January 2025 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 17 February 2025 for the period from 7 August 2024 to 31 January 2025 be fixed in the amount of \$6,166.00, 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 17 February 2025, for the period from 1 February 2025 to 25 February 2025 be fixed up to a maximum amount of \$25,000.00, 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 from the date of the meeting to the commencement of DOCA:

"That the future remuneration of the Administrators, as set out in the Remuneration Approval Request dated 17 February 2025, for the period from 25 February 2025 to the commencement of DOCA be fixed up to a maximum amount of \$25,000.00, 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 9 – for work to be from the commencement of DOCA to completion:

"That the future remuneration of the Deed Administrators, as set out in the Remuneration Approval Request dated 17 February 2025, for the period from the commencement of DOCA 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 Administrators be authorised to make periodic payments on account of such accruing remuneration as incurred."

Resolution 10 – for work to be completed during the Nuheara Group Creditors' Trust (if applicable):

That the remuneration of the Trustees of the Nuheara Group Creditors' Trust, as set out in the Remuneration Approval Request dated 17 February 2025, for the period from the date of commencement of the Trust to completion be fixed up to a maximum amount of \$10,000, plus any applicable GST, but subject to upward revision by resolution of creditors, and that the Trustees be authorised to make periodic payments on account of such accruing remuneration as incurred.

Resolution 11 – 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 17 February 2025 for the period from 25 February 2025 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 12 – 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 31 January 2025 be fixed in the amount of \$207.77, plus any applicable GST, and may be paid."

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.

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AUSTRALIAN RESTRUCTURING INSOLVENCY & TURNAROUND ASSOCIATION

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.

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

E – Short Guide to the Creditors' Portal

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 meeting.
- If necessary, the Administrators will request further information with respect to your claim.

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.

F – DOCA proposal received

Our Ref: 243627_3463-0711-0709_2

17 February 2025

Mr Martin Jones, Joint and Several Administrator
NuHeara Limited (Administrators Appointed) KPMG
Level 8, 235 St Georges Terrace

PERTH WA 6000

By email: martinjones@kpmg.com.au

Dear Sir/Madam

NuHeara Limited (Administrators Appointed)

We are instructed on behalf of a syndicate to submitted a variation to the proposed Deed of Company Arrangement (“**DOCA**”) for NuHeara Limited (Administrators Appointed) (“**NUH**”), NuHeara IP Pty Ltd (Administrators Appointed) (“**Nuheara IP**”) and Terrace Gold Pty Ltd (Administrators Appointed) (“**Terrace**”) (taken together, the “**Group**”).

In that respect, we refer to our letter of 7 February 2025 in which our client submitted a DOCA proposal. Following further discussions with you and your lawyers we submit below a revised DOCA proposal which is in substitution for the proposal put in our letter of 7 February 2025.

DOCA in respect of NUH

The elements of the proposed DOCA for NUH are as follows:

1. The joint and several deed administrators would be Martin Jones, Matthew Woods and Clint Joseph.
2. The parties to the DOCA will be the Group, the deed administrators and a special purpose vehicle (“**Proponent**”) to be nominated by the syndicate which will provide the funding (“**Syndicate**”). The members of the Syndicate will not be party to the DOCA and will not have any obligations under the DOCA itself.
3. The deed administrators will have all of the powers set out in Schedule 8A of the Corporations Regulations.
4. Subject to fulfilment of each of the matters referred to in paragraphs 6.7, 11 and 13, the deed administrators will seek to procure the liquidation of NUH on or before 30 June 2025.
5. The establishment of a creditors' trust in accordance with the provisions of paragraph 36 below.

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6. The Proponent will as a condition of the Asset Sale Agreement referred to in paragraph 13 below, offer employment to all current employees of NUH, consistent with their present employment terms and conditions and will assume the liability of NUH for all unpaid or accrued employee entitlements. The deed administrators will terminate the employment of all employees who accept such offers of employment.
7. The deed fund will be distributed as follows:
 - 7.1 Firstly, in payment of the administrators' liabilities, administrators' disbursements and administrators' remuneration;
 - 7.2 Secondly, in payment of the deed administrators' liabilities, deed administrators' disbursements and deed administrators' remuneration;
 - 7.3 Thirdly, in the case of employees who are not employed by the Proponent in accordance with paragraph 6, payment of entitlements that would, in a liquidation, be accorded a priority under section 556(1), 560 and 561 of the Corporations Act, including in respect of employees plus unpaid superannuation contributions and annual leave entitlements; and
 - 7.4 Fourthly, in payment of a dividend to arm's length non-priority unsecured creditors.
8. The deed fund will be made up of:
 - 8.1 The net funds received and receivable by the administrators during the administration period ("**Administration Balance**"); and
 - 8.2 A payment made by the Proponent as payment for the assets and undertakings of NUH pursuant to the ASA as defined in paragraph 13 below ("**Deed Contribution**"). Therefore, the total deed fund comprising the Administration Balance (\$280,664) and Deed Contribution (Estimated \$3,064,718), including payment to Realtek, is estimated to be approximately \$3,345,382, which includes all moneys paid to date by or on behalf of the Syndicate to the Administrators for the purpose of the administration of NUH and Nuheara IP and Terrace (the latter two being "**the Subsidiaries**").
9. The Deed Contribution will be such amount as is required further and in addition to the Administration Balance so as to effect:
 - 9.1 Payment in full of the administrators' liabilities, administrators' disbursements and administrators' remuneration;
 - 9.2 Payment in full of the deed administrators' liabilities, deed administrators' disbursements and deed administrators' remuneration;
 - 9.3 To the extent there are such claims, payment in full of all entitlements that would, in a liquidation, be accorded a priority under sections 556(1), 560 and 561 of the Corporations Act including in respect of employees plus unpaid superannuation contributions and annual leave entitlements; and
 - 9.4 Payment of a dividend to arm's-length non-priority unsecured creditors in the amount of \$432,831.55 which will be paid from the Deed Contribution and which based upon existing claims in the Administration is presently estimated to result in a dividend of approximately 10c/\$ to such creditors on a *pari-passu* basis. The dividend to participating arms' length non-priority creditors is to be capped at a maximum of 10c/\$ with any surplus from the amount of \$432,831.55 after the payment of the capped dividend being repaid to the Syndicate upon the DOCA being effectuated. .

10. For the purpose of the DOCA the obligations of the Group and the administrators to make payment under the Funding Term Sheet dated 18 November 2024 will be administrators' liabilities for the purpose of clauses 7.1 and 9.1 herein ("**First Funding Agreement**").
11. The Proponent will advance (or will have advanced) a further amount of up to \$570,000 on the same terms as the First Funding Agreement which will also be administrators' liabilities under s443A of the Act, and for the purpose of clauses 7.1 and 9.1 herein, comprising the following amounts:
 - 11.1 On 31 January 2025, \$200,000;
 - 11.2 On 7 February 2025, \$56,617;
 - 11.3 the balance by way of the payment of \$313,131 on or before 5pm on Saturday 15 February 2025.
 - 11.4 The Proponent agrees to meet the costs and expenses reasonably incurred by the Administrators or Deed Administrators in the prosecution of the application referred to in paragraph 13.3 below ("**Application**"). The estimated costs of this application are \$65,000 plus GST which is included within the sum of \$570,000 referred to above. Until the payment referred to in clause 10.1 and 11.2 is made in accordance with that clause, the Proponent agrees that the Administrators are not obliged to make the Application.
 - 11.5 For the avoidance of doubt, if in light of developments relating to the prosecution of the Application, the costs and expenses incurred in the prosecution of the same exceed the estimate referred to in paragraph 11.4, the Proponent will provide further funding for the purpose of the prosecution of the Application and if they chose not to do so, then the Administrators are discharged from any obligation to prosecute the Application.
12. The deed administrators will not cause any of the Group to make claims or prove for or receive distributions based on an inter-group loan account balances.
13. The Proponent will enter into an asset sale agreement ("**ASA**") within the earlier of 7 days from the date of this letter, or 21 February 2025, pursuant to which NUH will sell to the Proponent the following assets and undertakings:
 - 13.1 The property of NUH which is the subject of a registered security agreement bearing no 202403150083941 in the Register established under the *Personal Property Securities Act 2009* (Cth) ("**Property**") in favour of Realtek Semiconductor Corporation ("**Realtek**"). The consideration for the purchase of the Property is \$500,000 which will be payable to Realtek on completion of the ASA and such consideration shall in no circumstances be available to the creditors of NUH other than Realtek or for the purpose of meeting any of the liabilities referred to in paragraph 9 of this letter. The order to be sought pursuant to s442C of the Act will also seek to discharge the security referred to in this paragraph 12 held by Realtek over the Property.
 - 13.2 All other property, assets and undertakings of NUH and the Subsidiaries required for the conduct of the Nuheara business (including, without limitation, all registered intellectual property and the "Nuheara" business name), which may include the shares in NuHeara IP (at the election of the Proponent) and the transfer of employees to the extent that the employees consent to the same.
 - 13.3 Completion of the ASA will be subject to either the Administrators or Deed Administrators as the case may be, obtaining the consent of Realtek to the same or them applying for and obtaining an order pursuant to s442C of the Act, permitting them to sell the Property ("**Application**"), amongst other conditions.

14. The DOCA will take effect (the "**commencement date**") upon each of the following being satisfied:
 - 14.1 The execution of the DOCA by the parties to it.
 - 14.2 The Administrators or Deed Administrators obtaining an order pursuant to s422C of the Act permitting them to sell the Property and discharging the Security.
 - 14.3 Execution of the subsidiary DOCAs referred to below.
15. The Deed Contribution will be payable upon the later of:
 - 15.1 The commencement date; and
 - 15.2 Fourteen days from the deed administrators informing the Proponent of their reasonable estimate of the net amount required to satisfy the obligations set out in paragraph 9 herein.
16. If there are any funds remaining after payment of the amounts provided for by clause 9, such funds will be returned to the Proponent.
17. From the commencement date there will be a moratorium in place against any enforcement of unsecured creditors' claims. Creditors entitled to prove must accept their entitlements under the DOCA in satisfaction of all claims they had when the administration began.
18. The property available for distribution to participating creditors will be limited to the amounts in the deed fund.
19. The DOCA will be fully effectuated upon payment of a dividend comprising the amounts referred to in paragraphs 9.3 and 9.4.
20. The DOCA will include standard terms providing for termination of the DOCA as determined to be appropriate by the administrators. The DOCA may also be terminated on grounds as provided for in the Corporations Act.

DOCAs for NuHeara IP Pty Ltd (Administrators Appointed) and Terrace Gold Pty Ltd (Administrators Appointed) (collectively "the Subsidiaries").

21. The Proponent also proposes a DOCA for the Subsidiaries which are also in administration. There could be one or two separate DOCAs.
22. The joint and several deed administrators would be Martin Jones, Matthew Woods and Clint Joseph.
23. The parties to the DOCA will be the relevant companies, the deed administrators and the Proponent .
24. The deed administrators will have all of the powers set out in Schedule 8A of the Corporations Regulations.
25. The deed fund in respect of the Subsidiaries (which for the avoidance of doubt is a separate fund to that referred to in paragraph 7 above) will be distributed as follows:
 - 25.1 Firstly, in payment of the administrators' liabilities, administrators' disbursements and administrators' remuneration;

- 25.2 Secondly, in payment of the deed administrators' liabilities, deed administrators' disbursements and deed administrators' remuneration;
 - 25.3 Thirdly, to the extent there are such claims, in payment of entitlements that would, in a liquidation, be accorded a priority under section 556(1), 560 and 561 of the Corporations Act, including in respect of employees plus unpaid superannuation contributions and annual leave entitlements; and
 - 25.4 Fourthly, in payment of a dividend to arm's length non-priority unsecured creditors.
26. The deed fund in respect of the subsidiaries will be made up of:
- 26.1 The relevant Administration Balances in respect of the Subsidiaries (if any); and
 - 26.2 A payment made by the Proponent ("**Subsidiary Deed Contribution**").
27. The Subsidiary Deed Contribution will be such amount as is required further and in addition to the Administration Balance so as to effect:
- 27.1 Payment in full of the administrators' liabilities, administrators' disbursements and administrators' remuneration;
 - 27.2 Payment in full of the deed administrators' liabilities, deed administrators' disbursements and deed administrators' remuneration;
 - 27.3 Payment in full of all entitlements that would, in a liquidation, be accorded a priority under sections 556(1), 560 and 561 of the Corporations Act including in respect of employees plus unpaid superannuation contributions and annual leave entitlements; and
 - 27.4 Payment of such dividend to arm's-length non-priority unsecured creditors (if any) on the same terms specified in paragraph 9.4 above.
28. The establishment of a creditors trust in accordance with paragraph 36 below.
29. The subsidiary DOCAs will take effect upon each of the following being satisfied:
- 29.1 Execution of the subsidiary DOCAs; and
 - 29.2 The commencement of the NUH DOCA.
30. The Deed Contribution will be payable upon the later of:
- 30.1 The commencement date; and
 - 30.2 Fourteen days from the deed administrators informing the Proponent of their reasonable estimate of the net amount required to satisfy the obligations set out in paragraph 26 above.
31. If there are any funds remaining after payment of the amounts provided for by paragraph 26, such funds will be returned to the Proponent.
32. From the commencement date there will be a moratorium in place against any enforcement of unsecured creditors' claims. Creditors entitled to prove must accept their entitlements under the DOCA in satisfaction of all claims they had when the administration began.
33. The property available for distribution to participating creditors will be limited to the amounts in the deed fund.

34. The DOCA will be fully effectuated upon payment of a dividend comprising the amounts referred to in paragraph 27.
35. The DOCA will include standard terms providing for termination of the DOCA as determined to be appropriate by the administrators. The DOCA may also be terminated on grounds as provided for in the Corporations Act.
36. Creditors' Trusts
37. Upon the payment of the Deed Contribution and Subsidiary Deed Contribution in respect of each of the DOCAs, the deed administrators will establish a creditors' trust to be known as the "Nuheara Group Creditors' Trust" ("**Trust**").
 - 37.1 The deed administrators will be the trustees of the Trust and will administer it;
 - 37.2 Upon execution of the trust deed for the Trust, all admissible creditor claims against NUH and the Subsidiaries being that of employees or participating unsecured creditors will be transferred to the Trust and become liabilities of the Trust with NUH and the Subsidiaries being released and discharged from the same;
 - 37.3 Upon the execution of the trust deed for the Trust, the amount held by the deed administrators by way of the Deed Fund will be paid to the trustees of the Trust to be administered and dealt with in accordance with the terms of the trust deed.

If you would like to discuss any aspect of the above proposal, please do not hesitate to get in touch.

Finally we confirm that you are authorised to disclose this letter to Realtek for the purpose of seeking their consent to the ASA and or for the purpose of the Application.

Yours faithfully

Cowell Clarke

Per:



Richard Beissel

Director

RBeissel@cowellclarke.com.au

Copy to: Kieran Chu, KPMG

By email: kchu2@kpmg.com.au

G – Forms to be Completed

Creditors should review the contents of this report and complete the following forms by **4:00pm** on 24 February 2025:

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 4:00pm AWST 24 February 2025 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 25 February 2025 at 11:30am AWST at the offices of KPMG, L8, 235 St Georges Terrace PERTH WA 6000.

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, pursuant to Section 439C of the Corporations Act 2001 (the Act), the Company execute a Deed of Company Arrangement, under Part 5.3A of the Act, in the same form as the proposal statement presented to the meeting (even if it differs from the proposed Deed (if any) details of which accompanied the notice of meeting).	<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

Resolution	For	Against	Abstain
6. That the remuneration of the Administrators, as set out in the Remuneration Approval Request dated 17 February 2025 for the period from 7 August 2024 to 31 January 2025 be fixed in the amount of \$879,734.00, plus any applicable GST, and may be paid.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. That the future remuneration of the Administrators, as set out in the Remuneration Approval Request dated 17 February 2025, for the period from 1 February 2025 to 25 February 2025 be fixed up to a maximum amount of \$75,000.00, 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 Administrators, as set out in the Remuneration Approval Request dated 17 February 2025, for the period from 25 February 2025 to the commencement of DOCA be fixed up to a maximum amount of \$25,000.00, 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"/>
9. That the future remuneration of the Deed Administrators, as set out in the Remuneration Approval Request dated 17 February 2025, for the period from the commencement of DOCA to completion be fixed up to a maximum amount of \$75,000.00, 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"/>
10. That the remuneration of the Trustees of the Nuheara Group Creditors' Trust, as set out in the Remuneration Approval Request dated 17 February 2025, for the period from the date of commencement of the Trust to completion be fixed up to a maximum amount of \$50,000, plus any applicable GST, but subject to upward revision by resolution of creditors, and that the Trustees be authorised to make periodic payments on account of such accruing remuneration as incurred.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. That the future remuneration of the Liquidators, as set out in the Remuneration Approval Request dated 17 February 2025 for the period from 25 February 2025 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"/>
12. 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 31 January 2025 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 4:00pm AWST 24 February 2025 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 25 February 2025 at 11:30am WST at the offices of KPMG, L8, 235 St Georges Terrace PERTH WA 6000.

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, pursuant to Section 439C of the Corporations Act 2001 (the Act), the Company execute a Deed of Company Arrangement, under Part 5.3A of the Act, in the same form as the proposal statement presented to the meeting (even if it differs from the proposed Deed (if any) details of which accompanied the notice of meeting).	<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

Resolution	For	Against	Abstain
6. That the remuneration of the Administrators, as set out in the Remuneration Approval Request dated 17 February 2025 for the period from 7 August 2024 to 31 January 2025 be fixed in the amount of \$5,224.00, plus any applicable GST, and may be paid.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. That the future remuneration of the Administrators, as set out in the Remuneration Approval Request dated 17 February 2025, for the period from 1 February 2025 to 25 February 2025 be fixed up to a maximum amount of \$25,000.00, 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 Administrators, as set out in the Remuneration Approval Request dated 17 February 2025, for the period from 25 February 2025 to the commencement of DOCA be fixed up to a maximum amount of \$25,000.00, 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"/>
9. That the future remuneration of the Deed Administrators, as set out in the Remuneration Approval Request dated 17 February 2025, for the period from the commencement of DOCA 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 Administrators be authorised to make periodic payments on account of such accruing remuneration as incurred.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. That the remuneration of the Trustees of the Nuheara Group Creditors' Trust, as set out in the Remuneration Approval Request dated 17 February 2025, for the period from the date of commencement of the Trust to completion be fixed up to a maximum amount of \$10,000, plus any applicable GST, but subject to upward revision by resolution of creditors, and that the Trustees be authorised to make periodic payments on account of such accruing remuneration as incurred.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. That the future remuneration of the Liquidators, as set out in the Remuneration Approval Request dated 17 February 2025 for the period from 25 February 2025 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"/>
12. 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 31 January 2025 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 4:00pm AWST 24 February 2025 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 25 February 2025 at 11:30am WST at the offices of KPMG, L8, 235 St Georges Terrace PERTH WA 6000.

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, pursuant to Section 439C of the Corporations Act 2001 (the Act), the Company execute a Deed of Company Arrangement, under Part 5.3A of the Act, in the same form as the proposal statement presented to the meeting (even if it differs from the proposed Deed (if any) details of which accompanied the notice of meeting).	<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

Resolution	For	Against	Abstain
6. That the remuneration of the Administrators, as set out in the Remuneration Approval Request dated 17 February 2025 for the period from 7 August 2024 to 31 January 2025 be fixed in the amount of \$6,166.00, plus any applicable GST, and may be paid.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. That the future remuneration of the Administrators, as set out in the Remuneration Approval Request dated 17 February 2025, for the period from 1 February 2025 to 25 February 2025 be fixed up to a maximum amount of \$25,000.00, 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 Administrators, as set out in the Remuneration Approval Request dated 17 February 2025, for the period from 25 February 2025 to the commencement of DOCA be fixed up to a maximum amount of \$25,000.00, 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"/>
9. That the future remuneration of the Deed Administrators, as set out in the Remuneration Approval Request dated 17 February 2025, for the period from the commencement of DOCA 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 Administrators be authorised to make periodic payments on account of such accruing remuneration as incurred.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. That the remuneration of the Trustees of the Nuheara Group Creditors' Trust, as set out in the Remuneration Approval Request dated 17 February 2025, for the period from the date of commencement of the Trust to completion be fixed up to a maximum amount of \$10,000, plus any applicable GST, but subject to upward revision by resolution of creditors, and that the Trustees be authorised to make periodic payments on account of such accruing remuneration as incurred.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. That the future remuneration of the Liquidators, as set out in the Remuneration Approval Request dated 17 February 2025 for the period from 25 February 2025 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"/>
12. 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 31 January 2025 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

Return no later than 4:00pm AWST 24 February 2025 to:
 KPMG GPO Box A29, PERTH WA 6837
 Tel: +61 8 9263 7171
 Fax: +61 8 9263 7129
 Email: nuheara@kpmg.com.au

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

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 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”]

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:

⁴ I have attached supporting documentation to substantiate the Creditor's claim *(secured creditors must attach evidence of security)*

⁵ To 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 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”]