

BLUGLASS LIMITED

ABN 20 116 825 793

NOTICE OF ANNUAL GENERAL MEETING
including
EXPLANATORY STATEMENT
and
PROXY FORM

DATE, TIME AND VENUE OF ANNUAL GENERAL MEETING

Monday 13th November 2017 at 11.00am EST

Grant Thornton, Level 17, 383 Kent Street
SYDNEY NSW 2000

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

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 2) 9334 2300.

BLUGLASS LIMITED

A.B.N. 20 116 825 793

Notice of Annual General Meeting and Explanatory Statement

Notice is hereby given that the Annual General Meeting of BluGlass Limited ("the Company") will be held on Monday 13th November 2017 commencing at 11.00am (EST) at Grant Thornton, Level 17, 383 Kent Street, Sydney, NSW 2000.

The Explanatory Statement which accompanies and forms part of this Notice of Meeting describes the matters to be considered at the Annual General Meeting.

VOTING IN PERSON

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

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by:

- post, to Security Transfer Registrars:

PO BOX 52
Collins Street West VIC 8007
Exchange Tower, Level 9, Suite 913
530 Little Collins Street
MELBOURNE VIC 3000 AUSTRALIA; or
- facsimile to Security Transfer Registrars on facsimile number (+61 8) 9315 2233; or
- email to Security Transfer Registrars at registrar@securitytransfer.com.au.

so that it is received not later than 11.00am (EST) on Saturday 11th November 2017.

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

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

The Proxy Form forms part of this Notice of Meeting.

Proxy Forms received later than this time will be invalid.

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

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

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting; or
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

VOTING ENTITLEMENT AND SNAPSHOT DATE

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered shareholders of the Company at 11:00am (EST) on Saturday 11th November 2017.

AGENDA

Ordinary Business

Accounts and Reports

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2017 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

1. Resolution 1 – Adoption of Remuneration Report

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

“That, for the purposes of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2017.”

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

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

2. Resolution 2 – Re-Election of Director – Mr Greg Cornelsen

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

“That, for the purpose of clause 13.2 of the Company's Constitution, ASX Listing Rule 14.4, and for all other purposes, Mr Greg Cornelsen, a Director, retires by rotation, and being eligible, is re-elected as a Director.”

3. Resolution 3 – Re-Election of Director – Dr William Johnson

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

“That, for the purpose of clause 13.2 of the Company’s Constitution, ASX Listing Rule 14.4, and for all other purposes, Dr William Johnson, a Director, retires by rotation, and being eligible, is re-elected as a Director.”

4. Resolution 4 – Election of Director – Mr James Walker

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

“That for the purpose of 13.4 of the Company’s Constitution, Mr James Walker, a director who was appointed on 25 July 2017 to fill a casual vacancy retires and, being eligible, is re-elected as a director of the Company.”

5. Resolution 5 – Approval of 10% Placement Facility

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

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

Voting Exclusion Statement:

The Company will disregard any votes cast on Resolution 5 by a person who may participate in the issue of Equity Securities under this Resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of such a person. However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
 - (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.
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6. Resolution 6 – Issue of Incentive Options to Giles Bourne

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

“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue and allot 1,000,000 Incentive Options to Director Mr Giles Bourne or his nominee under the Incentive Option Scheme on the terms and conditions set out in the Explanatory Statement”.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any of the Directors who are eligible to participate in the Incentive Option Scheme and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

The Company will disregard any votes cast on Resolution 5 by a person who may participate in the issue of Equity Securities under this Resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of such a person. However, the Company will not disregard a vote if:

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- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
 - (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.
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DATED: 1 OCTOBER 2017
BY ORDER OF THE BOARD

EMMANUEL CORREIA
COMPANY SECRETARY

EXPLANATORY MEMORANDUM

This Explanatory Statement forms part of a Notice of Meeting convening the Annual General Meeting (“the Meeting”) of Shareholders of BluGlass Limited (BluGlass or the Company) to be held on Monday 13th November 2017 at 11.00am (EST).

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

Accounts and Report

In accordance with the Constitution, the business of the Annual General Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2017 together with the declaration of the directors, the Directors’ Report, the Remuneration Report and the Auditor’s report.

Whilst the Company will not provide a hard copy of the Company’s Annual Financial Report to Shareholders unless specifically requested to do so, Shareholders may view the Company’s Annual Financial Report on its website at www.bluglass.com.au.

1. Resolution 1 – Adoption of Remuneration Report

1.1 General

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

The Remuneration Report sets out the Company’s remuneration arrangements for the Directors and senior management of the Company. The Remuneration Report is part of the Directors’ report contained in the annual financial report of the Company for the financial year ending 30 June 2017.

A reasonable opportunity will be provided for discussion of and questions regarding the Remuneration Report at the Annual General Meeting.

1.2 Voting Consequences

If at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report in two consecutive annual general meetings, the Company will be required to put to Shareholders a resolution proposing the calling of an extraordinary general meeting to consider the appointment of Directors of the Company (**Spill Resolution**) at the second annual general meeting. The additional general meeting of Shareholders will not be required if at the first of those annual general meetings a Spill Resolution was put to vote.

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

All of the Directors of the Company who were in office when the Directors’ report (as included in the Company’s annual financial report for the most recent financial year) was approved, other than the Managing Director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

At the annual general meeting for the year ended 30 June 2016, 347,350 votes were cast against adoption of the remuneration report, which was less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

1.3 Proxy Restrictions

Pursuant to the Corporations Act, if you elect a member of Key Management Personnel whose remuneration details are included in the Remuneration Report or any Closely Related Party of that member (other than the Chair) as your proxy to vote on this Resolution 1, *you must direct the proxy how they are to vote on this Resolution*. Where you do not direct the member of Key Management Personnel whose remuneration details are included in the Remuneration Report or Closely Related Party of that member on how to vote on this Resolution 1, the proxy is prevented by the Corporations Act from exercising your vote and your vote will not be counted in relation to this Resolution 1 and will not be counted in calculating the required majority if a poll is called on this Resolution.

If you appoint the Chair as your proxy (where he/she is a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member), you do not need to direct your proxy how to vote on this Resolution as the Chair is able to vote at discretion of the Chair provided the proxy form expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. It is the Chair's intention to vote all undirected proxies in favour of all Resolutions.

If you appoint any person not a member of the Key Management Personnel or a Closely Related Party of such a member as your proxy, you do not need to direct your proxy how to vote on this Resolution.

2. Resolutions 2 & 3 - Re-Election of Mr Greg Cornelsen and Dr William Johnson

ASX Listing Rule 14.4 provides that a director of an entity must not hold office (without re-election) past the third AGM following the director's appointment or 3 years, whichever is the longer.

Clause 13.2 of the Constitution requires that if the Company has three or more Directors, one third (or the number nearest one-third, rounding up if in doubt) of those Directors must retire at each annual general meeting, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

The Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots.

A Director who retires by rotation under clause 13.2 of the Constitution is eligible for re-election.

The Company currently has 6 Directors, five of which are taken into account in determining the number of Directors to retire, so at least two Directors must retire by rotation.

Mr Greg Cornelsen and Dr William Johnson, who were last re-elected at the 2015 AGM, are the Directors that have been longest in office since their last election, retire by rotation and seek re-election.

Messrs Cornelsen and Johnson have served as directors of the Company for approximately 11.5 years and 7 years respectively. The Board considers each of Messrs Cornelsen and Johnson to be Independent Directors of the Company.

The Directors (other than Mr Greg Cornelsen and Dr William Johnson) recommend that Shareholders vote in favour of the re-election of Mr Greg Cornelsen and Dr William Johnson as Directors.

3. Resolution 4 – Election of Director Mr James Walker

As announced to ASX on 25 July 2017, the Company accepted the nomination of James Walker as a director and James Walker was appointed as a director of the Company on 25 July 2017.

Clause 13.4 of the Constitution allows the Directors to appoint at any time a person to be a Director as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Any Director so appointed holds office only until the next following general meeting and is then eligible for re-election.

James Walker has a track record in successfully commercialising cutting-edge technology in emerging markets. He has headed a number of Australian and international technology companies, including as Chief Executive Officer of *DroneShield* (ASX:DRO), Chief Financial Officer of *Seeing Machines* (AIM: SEE) and held leadership positions in a number of growth companies including *Hotel Dynamics*, *Fluorotechnics*, *Optalert* and *Fulcrum*.

The Directors consider Mr James Walker to be an independent director.

The Directors (other than Mr James Walker) recommend that Shareholders vote in favour of the election of Mr James Walker as a Director.

4. Resolution 5 - Approval of 10% Placement Facility

4.1 General Comments

ASX Listing Rule 7.1A enables an Eligible Entity to seek shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital through placements over a 12 month period after the annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An Eligible Entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300 million or less. The Company is an Eligible Entity as it is not included in the S&P/ASX 300 and has a market capitalisation of approximately \$100 million at the date of this Notice.

The Company is now seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility.

The exact number of Equity Securities the Company may issue under the 10% Placement Facility will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (refer to Section 4.2(c) below).

The effect of Resolution 5 will be to allow the Company to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under Listing Rule 7.1.

4.2 Explanation of Listing Rule 7.1A and information required by Listing Rule 7.3A

(a) Shareholder approval

A company's ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an annual general meeting. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 5 for it to be passed.

(b) **Equity Securities**

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company. The Company currently has 1 class of quoted Equity Securities on issue, being the Shares (ASX Code:BLG).

(c) **Formula for calculating 10% Placement Facility**

ASX Listing Rule 7.1A.2 provides that an Eligible Entity which has obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

Where:

A is the number of Shares on issue 12 months before the date of issue or agreement:

- (A) plus the number of Shares issued in the previous 12 months under an exception in Listing Rule 7.2;
- (B) plus the number of partly paid shares that became fully paid in the previous 12 months;
- (C) plus the number of Shares issued in the previous 12 months with approval of holders of Shares under Listing Rules 7.1 and 7.4. This does not include an issue of Shares under the entity's 15% placement capacity without shareholder approval; and
- (D) less the number of Shares cancelled in the previous 12 months.

D is 10%.

E is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are *not* issued with the approval of holders of Ordinary Securities under ASX Listing Rule 7.1 or ASX Listing Rule 7.4.

(d) **Minimum Issue Price**

The issue price of Equity Securities issued under Listing Rule 7.1A must be no less than 75% of the volume weighted average market price for Equity Securities in the same class calculated over the 15 Trading Days on which trades in the class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(e) **10% Placement Period**

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; and
- (ii) the date of the approval by Shareholders of a transaction under ASX Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or ASX Listing Rule 11.2 (disposal of main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid),

or such longer period if allowed by ASX (**10% Placement Period**).

4.3 Other specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- (a) Any issue of Equity Securities under the 10% Placement Facility will dilute the interests of Shareholders who do not receive any Shares under the issue. If Resolution 5 is approved by Shareholders and the Company issues the maximum number of Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table. There is a risk that:
 - (i) the market price for the Company's Equity Securities in that class may be significantly lower on the date of the issue of the Equity Securities than on the date of the Annual General Meeting at which the approval under ASX Listing Rule 7.1A is obtained; and
 - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for those Equity Securities on the issue date,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The below table shows the potential dilution of existing holders of Shares on the basis of the current market price of Shares and the current number of Shares for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice of Meeting.

The table also shows:

- (i) two examples where variable "A" has increased, by 50% and 100% and the voting dilution impact of such an increase. The number of Shares, calculated in accordance with the formula set out in ASX Listing Rule 7.1A(2), to be included in variable "A", may increase as a result of issues of Shares that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under ASX Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (ii) two examples of where the issue price of Shares has decreased by 50% and increased by 100% as against the Share price on the date of the Notice of Meeting, and the economic dilution of such a change.

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Variable 'A' in Listing Rule 7.1A.2	Dilution	50% decrease in Issue Price (\$0.12)	Issue Price (\$0.24)	100% increase in Issue Price (\$0.48)
Current Variable A 382,461,266 Shares	10% Voting Dilution	38,246,127 Shares	38,246,127 Shares	38,246,127 Shares
	Funds raised	\$4,589,535	\$9,179,070	\$18,358,141
50% increase in current Variable A 573,691,899 Shares	10% Voting Dilution	57,369,190 Shares	57,369,190 Shares	57,369,190 Shares
	Funds raise	\$6,884,303	\$13,768,606	\$27,537,211
100% increase in current Variable A 764,922,532 Shares	10% Voting Dilution	76,492,253 Shares	76,492,253 Shares	76,492,253 Shares
	Funds raised	\$9,179,070	\$18,466,141	\$36,932,281

The table has been prepared on the following assumptions.

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- (ii) That a total of 382,461,266 Shares are on issue as at the date of this Notice of Meeting, which is assumed to be the current Variable A for the purposes of ASX Listing Rule 7.1A.2.
- (iii) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting. All Shareholders should consider the dilution caused by their own shareholding depending on the specific circumstances.
- (iv) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- (v) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes Options, it is assumed that those Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.
- (vi) The Company has not issued any Equity Securities in the 12 months prior to the Annual General Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
- (vii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- (viii) The issue price is \$0.24, being the closing price of the Shares on ASX on 3 September 2017.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and

- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.
- (b) The Company may seek to issue the Equity Securities for the following purposes:
 - (i) non-cash consideration for the acquisition of new assets and investments (including expenses associated with such an acquisition) which will complement the Company's existing projects and add value to the Company's Shareholders where the Directors consider it appropriate to do so. In such circumstances, the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
 - (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards the development and commercialisation of its RPCVD technology and/or for acquisition of new assets or investments (including expenses associated with such acquisition) and general working capital.
- (c) The Company's allocation policy for the issue of Equity Securities under the 10% Placement Facility will be dependent on the prevailing market conditions at the time of any proposed placement(s). The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:
 - (i) the purpose of the issue;
 - (ii) alternative methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
 - (iii) the effect of the issue of the Equity Securities on the control of the Company;
 - (iv) the circumstances of the Company, including but not limited to, the financial situation and solvency of the Company;
 - (v) prevailing market conditions at the time of issue; and
 - (vi) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice of Meeting but may include existing Shareholders and/or new investors who are not related parties or associates of a related party of the Company.

Further, if the Company is successful in acquiring new assets or investments, it is likely that the allottees under the 10% Placement Facility will be the vendors of the new assets or investments.

- (d) Information required by ASX Listing Rule 7.3A.6.

The Company previously obtained approval from its Shareholders pursuant to ASX Listing Rule 7.1A at its annual general meeting held on 21 November 2016 (**Previous Approval**).

The Company has not issued any Equity Securities pursuant to the Previous Approval.

During the 12 month period preceding the date of the Meeting, being on and from 13 November 2016, the Company otherwise issued a total of 10,618,758 Shares and 2,100,000 Options which represents approximately 3.35% of the total diluted number of Equity Securities on issue in the Company on 13 November 2016, which was 379,362,508.

The table below sets out the information relating to issues of Equity Securities issued by Bluglass Limited in the 12 months prior to 13 November 2017.

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Date of Appendix 3B	Number of Equity Securities	Class of Equity Securities and summary of terms	Names of recipients or basis on which recipients determined	Issue price of Equity Securities and discount to market price ¹ on the trading day of the issue	If issued for cash – the total cash consideration, what it was spent on and the intended use of any remaining funds If issued for non-cash consideration – a description of the consideration and the current value of the consideration
Issue: 23 November 2016 Appendix 3B: 23 November 2016	600,000	Incentive Options ²	Issue of unlisted incentive options on behalf of executives and employees, to the BluGlass Employee Incentive Plan Pty Limited atf BluGlass Incentive Option Scheme Trust	No issue price (non-cash consideration) Market price ¹ on 23.11.16 of \$0.32	Nil cash consideration. Consideration: Performance based remuneration – options issued under the BluGlass Incentive Plan. Value ⁴ = \$186,400
Issue: 23 November 2016 Appendix 3B: 23 November 2016	1,500,000	Options ²	Issue of unlisted options to Shaw and Partners in accordance with capital raising engagement letter. \$0.50 exercise price per option on or before 1 December 2018.	No issue price (non-cash consideration) Market price ¹ on 23.11.16 of \$0.32	Nil cash consideration Consideration: Issue of options to Shaw and Partners in accordance with capital raising engagement letter Value ⁴ = \$Nil
Issue: 2 December 2016 Appendix 3B: 2 December 2016	9,768,758	Ordinary Shares ²	Issue of Shares pursuant to SPP.	\$0.32 per Share Market price ¹ on 2.12.16 of \$0.35	Cash consideration of \$3,126,000 applied towards capital expenditure for new equipment and resources to accelerate work with the current industry partners and for general working capital.
Issue: 7 December 2016 Appendix 3B 7 December 2016	850,000	Ordinary Shares ²	Exercise of unlisted incentive options by the BluGlass Employee Incentive Plan Pty Limited atf BluGlass Incentive Option Scheme Trust.	\$0.01 issue price Market price ¹ on 7.12.16 of \$0.36	Cash consideration of \$8,500 used for general working capital. Consideration: Issue as a result of the exercise of unlisted incentive options due to milestone attainment.
Total	12,718,758 Equity Securities ³				

Notes:

1. Market price means the closing price on ASX on the day of issue of the Equity Securities (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the discount is calculated on the closing market price on the Trading Day on which the relevant Equity Securities were issued.

2. Ordinary Shares are fully paid ordinary shares in the capital of the Company, ASX Code: BLG (terms are set out in the Constitution). Incentive Options are exercisable at \$0.01 each on or before 1 December 2019. The full terms and conditions were disclosed in the notice of meeting for the shareholder meeting held on 21 November 2016
 3. Being 3.35% of the total number of Equity Securities on issue as at 13 November 2016.
 4. In respect of quoted Equity Securities the value is based on the closing price of the Equity Securities on the ASX on the trading day the Equity Securities were issued. In respect of unquoted Equity Securities, the value of Options is measured using the closing price of the underlying Shares on the date of the Option issue less any applicable exercise price attached to the Option. If the exercise price of the Option is greater than the price of the underlying Share, \$Nil value is prescribed to the Option. No account is taken of any performance conditions included in the terms of the Option other than market based performance conditions (i.e. conditions linked to the price of Shares).
- (e) When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it will give to ASX:
- (i) a list of the recipients of the Equity Securities and the number of Equity Securities issued to each (not for release to the market), in accordance with ASX Listing Rule 7.1A.4; and
 - (ii) the information required by Listing Rule 3.10.5A for release to the market.
- (f) A voting exclusion statement is included in the Notice of Meeting. At the date of this Notice of Meeting, the Company has not approached any existing Shareholder or security holder or an identifiable class of existing security holder to participate in an issue of the Equity Securities under ASX Listing Rule 7.1A. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice of Meeting for Resolution 5.

5. Resolutions 6 - Issue of Director Incentive Options

5.1 General Comments

Under the Company's Incentive Option Scheme, the Company may issue Incentive Options to BluGlass Employee Incentive Plan Pty Limited ("**Trustee**") as trustee for the BluGlass Incentive Option Scheme Trust ("**the Trust**") to hold on behalf of Company executives, staff, directors and officers of the Company.

These Incentive Options, and any Shares issued as a result of the exercise of the Incentive Options, will only vest on the attainment of predefined performance criteria as summarised further below. The terms of the Incentive Option Scheme are summarised in **Schedule B**.

It is proposed that, subject to Shareholder approval, a total of 1,000,000 Options (**Incentive Options**) will be issued to the Trustee, to be held in trust on behalf of Mr Giles Bourne (or his respective nominees) ("**Related Party**"). These Incentive Options, and any Shares issued as a result of the exercise of the Incentive Options, will only vest to the specified Director on the attainment of predefined performance criteria.

5.2 Related Party Transaction

Under the Corporations Act, for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

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

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

The grant of the Incentive Options to the Trust to hold on trust for the Related Party, under the Scheme, constitutes giving a financial benefit and, as the Related Party is a Director, he is a related party of the Company.

The Directors (other than the Related Party, who has a material personal interest in Resolution 6) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of the Incentive Options because they are considered to comprise reasonable remuneration in the circumstances.

5.3 ASX Listing Rule 10.14

ASX Listing Rule 10.14 provides that a company must not permit any of the following persons to acquire securities under an employee incentive scheme without the approval of holders of ordinary securities of the acquisition:

- (a) a director of the company;
- (b) an associate of a director; or
- (c) a person whose relationship with the company or a person referred to in (a) or (b) above is, in ASX's opinion, such that approval should be obtained.

If Resolution 6 is passed, Incentive Options will be issued to the Trust to hold on trust for the Related Party (or his respective nominees). Therefore, the Company requires Shareholder approval in accordance with ASX Listing Rule 10.14 to issue the Incentive Options to the Trust to be held on trust for the Related Party (or his respective nominees).

5.4 Shareholder Approval (Listing Rule 10.14)

Pursuant to and in accordance with the requirements of ASX Listing Rule 10.15, the following information is provided in relation to the proposed grant of Incentive Options:

- (a) the related party is Mr Giles Bourne and he is a related party by virtue of being a Director of the Company;
- (b) the maximum number of Incentive Options (being the nature of the financial benefit being provided) to be granted to the Related Party (or his nominees) is:

Giles Bourne	1,000,000
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- (c) the Incentive Options will be granted for nil cash consideration. On achievement of the applicable performance conditions in respect of the Incentive Options, the Incentive Options will vest and the holder will be entitled to exercise and be issued one Share for nil issue price. Accordingly no funds will be raised;
- (d) since the Scheme was last approved by Shareholders on 21 November 2016, a total of 600,000 Incentive Options have been issued, for nil cash consideration, to the Trustee to hold on trust for Directors or their associates (or their nominees), as follows:
 - (i) Director Mr Greg Cornlesen – 120,000 Incentive Options;
 - (ii) Director Mr Chandra Kantamneni – 120,000 Incentive Options;
 - (iii) Director Dr William Johnson – 240,000 Incentive Options; and
 - (iv) Director Mr Vivek Rao – 120,000 Incentive Options.

- (e) any person who is in the full-time or part-time employment of, or is a director of, or is a consultant to, the Company or any subsidiary (if any) is entitled to participate in the Incentive Option Scheme. As at the date of this Notice of Annual General Meeting, each of the Directors of the Company, being Dr William Johnson and Messrs Greg Cornelsen, Chandra Kantamneni, Vivek Rao, Giles Bourne and James Walker are eligible to participate in the Incentive Option Scheme;
- (f) no loan has or will be provided to the Related Party in relation to the issue or subsequent exercise of the Incentive Options;
- (g) the Incentive Options will be granted to the Related Party (or his nominees) no later than 12 months after the date of the Annual General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Incentive Options will be issued on one date;
- (h) Incentive Options to be issued will be options to acquire Shares in the capital of the Company, which if exercised, will be issued on the same terms and conditions as the Company's existing Shares;
- (i) the following are the key terms of the Incentive Options to be granted to the Related Party:
 - (i) the Incentive Options have an exercise price of \$0.28 per Incentive Option, being the 10 day VWAP (Volume Weighted Average Price) of the Company securities for the 10 trading days up to 28 August 2017.
 - (ii) the Incentive Options have an expiry date of 1 December 2020;
 - (iii) The Incentive Options to be issued will vest in three equal tranches as outlined below:
 - Tranche 1: Bluglass Ltd to sign at least one commercial IP licensing transaction with a Tier 1 industry participant, such agreement to have the potential to deliver Bluglass meaningful revenues. The nature and terms of the licensing agreement must be material to Bluglass as decided by the board of Bluglass in its absolute discretion.
 - Tranche 2: Bluglass Ltd earns a minimum of \$5,000,000 in revenue from one or more licensing transactions within a 12 month period.
 - Tranche 3: Bluglass Ltd earns at least \$15,000,000 in revenue from one or more licensing transactions over the three year period and signs a second material IP licensing transaction; and
- (j) the full terms and conditions of the Incentive Options, subject to the Incentive Option Plan, are set out in **Schedule A**.

6. Enquiries

Shareholders are invited to contact the Company Secretary on (+61 2) 9334 2300 if they have any queries in respect of the matters set out in these documents.

BLUGLASS LIMITED

A.B.N. 20 116 825 793

GLOSSARY

\$ means Australian Dollars

10% Placement Facility has the meaning given in Section 4.1 of the Explanatory Statement.

10% Placement Period has the meaning given in Section 4.2 of the Explanatory Statement.

Annual General Meeting means the meeting convened by the Notice of Meeting.

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

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

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

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

Company or **Bluglass** means BluGlass Limited ABN 20 116 825 793.

Constitution means the Company's constitution.

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

Director means a current director of the Company.

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

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

EST means Eastern Standard Time as observed in Sydney, New South Wales.

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

Explanatory Statement means the explanatory statement accompanying the Notice of Meeting.

Incentive Options has the meaning given in section 5.1 of the Explanatory Statement.

Incentive Option Scheme or **Scheme** has the meaning given in section 5.1 of the Explanatory Statement.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company or, if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any Director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

LED means light-emitting diode.

Meeting means the meeting convened by the Notice.

Notice of Meeting or **Notice of Annual General Meeting** means this notice of annual general meeting including the Explanatory Statement.

Option means an option to acquire a Share.

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

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2017.

Related Party has the meaning given in section 5.1 of the Explanatory Statement.

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

RPCVD means Remote Plasma Chemical Vapour Deposition.

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

Shareholder means a registered holder of a Share.

Spill Meeting has the meaning given to that term in section 1.2 of the Explanatory Statement.

Spill Resolution has the meaning given to that term in section 1.2 of the Explanatory Statement.

Trading Days has the same meaning as in the ASX Listing Rules.

Trust has the meaning given in section 5.1 of the Explanatory Statement.

Trustee has the meaning given in section 5.1 of the Explanatory Statement.

BLUGLASS LIMITED

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SCHEDULE A – TERMS OF INCENTIVE OPTIONS

The terms and conditions of the Incentive Options are as follows and as otherwise provided in the Incentive Option Scheme:

- (a) each Incentive Option entitles the holder, when exercised, to one (1) Share;
- (b) subject to paragraphs (d) and (e) below, the Incentive Options are exercisable at any time on or prior to 5.00pm (EST) on 1 December 2020 (**Expiry Date**) by completing an option exercise form and delivering it together with the payment for the number of Shares in respect of which the Incentive Options are exercised to the registered office of the Company;
- (c) the Incentive Options have an exercise price of \$0.28 per Incentive Option, being the 10 day VWAP (Volume Weighted Average Price) of the Company securities for the 10 trading days up to 28 August 2017.
- (d) the Incentive Options to be issued will vest in three equal tranches as outlined below:
- Tranche 1: Bluglass Ltd to sign at least one commercial IP licensing transaction with a Tier 1 industry participant, such agreement to have the potential to deliver Bluglass meaningful revenues. The nature and terms of the licensing agreement must be material to Bluglass as decided by the board of Bluglass in its absolute discretion.
 - Tranche 2: Bluglass Ltd earns a minimum of \$5,000,000 in revenue from one or more licensing transactions within a 12 month period.
 - Tranche 3: Bluglass Ltd earns at least \$15,000,000 in revenue from one or more licensing transactions over the three year period and signs a second material IP licensing transaction
- (e) in the event:
- (i) any third party acquires greater than a 50% interest in the Company's issued shares (by way of takeover, Incentive Option Scheme of arrangement or any other means); or
- (ii) the Company sells a majority of its assets to a third party,
- any unvested Incentive Options or Shares issued on the exercise of the Incentive Options will immediately vest and must be exercised within 90 days thereafter (otherwise they will immediately lapse);
- (f) an Incentive Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Incentive Option can be exercised;
- (g) all Shares allotted upon the exercise of Incentive Options will upon allotment rank pari passu in all respects with other Shares;
- (h) the Incentive Options are not transferable;
- (i) Incentive Options will not be quoted on the ASX. However an application will be made to ASX for official quotation of the Shares allotted pursuant to the exercise of the Incentive Options if the Company's Shares are listed on ASX at that time;
- (j) there are no participating rights or entitlements inherent in the Incentive Options and Incentive Option holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Incentive Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 Business Days after the issue is announced. This will give Incentive Option holders the

BLUGLASS LIMITED

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opportunity to exercise their Incentive Options prior to the date for determining entitlements to participate in any such issue; and

- (k) if at any time the issued capital of the Company is reconstructed, all rights of an Incentive Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

SCHEDULE B – SUMMARY OF INCENTIVE OPTION SCHEME

(a) **Eligibility**

The Board may invite full or part time employees and directors of, and consultants to, the Company or an Associated Body Corporate of the Company to participate in the Scheme (**Eligible Participant**).

Eligible Participants do not possess any right to participate in the Scheme, as participation is solely determined by the Board.

(b) **Offer of Incentive Options**

The Scheme will be administered by the Board which may, in its absolute discretion, offer Incentive Options to any Eligible Participant from time to time as determined by the Board and, in exercising that discretion, may have regard to some or all of the following considerations:

- (i) the Eligible Participant's length of service with the Group;
- (ii) the contribution made by the Eligible Participant to the Group;
- (iii) the potential contribution of the Eligible Participant to the Group; or
- (iv) any other matter the Board considers relevant.

(c) **Number of Incentive Options**

The number of Incentive Options to be offered to an Eligible Participant will be determined by the Board in its discretion and in accordance with the rules of the Scheme and applicable law.

(d) **Conversion**

Each Incentive Option is exercisable into one Share in the Company ranking equally in all respect with the existing issued Shares in the Company.

(e) **Consideration**

Incentive Options issued under the Scheme will be issued for no consideration.

(f) **Exercise price**

The exercise price for Incentive Options offered under the Scheme will be determined by the Board.

(g) **Exercise conditions**

The Board may impose conditions, including performance-related conditions, on the right of a participant to exercise Incentive Option granted under the Scheme.

(h) **Exercise of Incentive Options**

A participant in the Scheme will be entitled to exercise their Incentive Options in respect of which the exercise conditions have been met provided the Incentive Options have not lapsed and the exercise of the Incentive Options will not result in the Company contravening ASIC Class Order 14/1000. A holder may exercise Incentive Options by delivering an exercise notice to the Company secretary along with the Incentive Options certificate, and paying the applicable exercise price of the Incentive Options multiplied by the number of Incentive Options proposed to be exercised.

Within ten Business Days of receipt of the required items, the Company will, subject to the ASX Listing Rules, issue to the participant the relevant number of Shares.

(i) **Cessation of employment**

If the participant in the Scheme ceases to be an employee or director of, or render services to, the Company or an Associated Body Corporate for any reason (other than by death, permanent disability, permanent retirement from the workforce or redundancy) prior to the lapse of the Incentive Options, and the exercise conditions attaching to the Incentive Options have been met, the participant's Incentive Options will lapse immediately and all rights in respect of those Incentive Options will thereupon be lost.

(j) **Death, permanent disability, retirement or redundancy**

If the participant in the Scheme dies, becomes permanently disabled, permanently retires from the workforce as an employee or director of, or consultant to, the Company or is made redundant by the relevant member of the Group prior to the lapse of the Incentive Options, the participant, or the participant's legal personal representative, will be entitled to exercise their Incentive Options in accordance with the Scheme rules for the period commencing on the date of the cessation event and ending on the first to occur of the date of lapsing of the Incentive Options and the date which is six months after the date of the cessation event.

(k) **Lapse of Incentive Options**

Incentive Options held by a participant in the Scheme will lapse immediately if:

- (i) the holder ceases to be an employee or director of, or consultant to, the Company or an Associated Body Corporate and the exercise conditions have not been met;
- (ii) the exercise conditions attaching to the Incentive Options are unable to be met;
- (iii) the Incentive Options have not been exercised by the date which is two years after the date of issue, or such other date as the Board determines in its discretion at the time of issue of the Incentive Options; or
- (iv) the holder ceases to be an employee or director of, or consultant to, the Company or an Associated Body Corporate and the exercise conditions have been met, after a period of 60 days after the ceasing date.

(l) **Participation in Rights Issues and Bonus Issues**

The Incentive Options granted under the Scheme do not give the holder any right to participate in rights issues or bonus issues unless Shares are allotted pursuant to the exercise of the relevant Incentive Options prior to the record date for determining entitlements to such issue. If the Company makes a pro rata issue of securities (except a bonus issue) to the holders of Shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the Option Exercise Price shall be reduced according to the formula specified in the Listing Rules. The number of Shares issued on the exercise of Incentive Options will be adjusted for bonus issues made prior to the exercise of the Incentive Options in accordance with the ASX Listing Rules.

(m) **Reorganisation**

The terms upon which the Incentive Options will be granted will not prevent the Incentive Options being reorganised as required by the ASX Listing Rules on the reorganisation of the capital of the Company.

(n) **Limitation on offers**

If the Company makes an offer under the Scheme where:

- (i) the total number of Shares to be received on exercise of Incentive Options the subject of that offer exceeds the limit set out in ASIC Class Order 14/1000; or
- (ii) the Offer does not otherwise comply with the terms and conditions set out in ASIC Class Order 14/1000,

the Company must comply with Chapter 6D of the Corporations Act at the time of that offer.

(o) **Trigger event**

If any of the following events occur:

- (i) the Company is subject to a takeover bid;
- (ii) the Company proposes a scheme of arrangement with its members pursuant to section 411 of the Corporations Act; or
- (iii) a person, or group of associated persons, becomes entitled to sufficient Shares to give him or them the ability, in general meeting, to replace all or a majority of the Board, where such ability was not already held by a person associated with such a person or group of persons,

then the Board may:

- (i) determine that Incentive Options may be exercised at any time from the date of such event so as to permit the holder to participate in the change of control arising from the event; or
- (ii) use its reasonable endeavours to procure that an offer is made to holder of Incentive Options on like terms to the terms proposed in such event.