The Manager

ASX Announcements Platform

13 November 2017

2017 ANNUAL GENERAL MEETING

MANAGING DIRECTOR ADDRESS

Thank-you Bill, good morning, my name is Giles Bourne and I am the Managing Director and Chief Executive Officer of BluGlass and I'd like to add my thanks to those of you who have joined us here today and also to those of you who are joining us online.

My presentation today will focus on the following areas:

- The highlights of the business over the last year
- BluGlass' current commercial activities and collaborations with industry partners and lastly,
- Our commercialisation strategy as we head into the new year

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2017 HIGHLIGHTS

To recap, there were several key achievements during the year;

- In September 2016 the redesigned BLG-180, the smaller of our two RPCVD platforms was successfully commissioned. This advanced design was a successful test of the new modular RPCVD chamber design to help address the uniformity and scalability demonstrations for the technology.

- In October 2016 - BluGlass & Lumileds commenced Phase II of the Lumileds Exclusive Evaluation of RPCVD following the delivery of the technical milestones of Phase I. This phase involves integrating BluGlass' RPCVD technology into certain Lumileds LED products.

- In November, William Johnson was appointed to the Chairmanship of BluGlass, as George Venardos retired. This is an important change in our leadership at a board level as we transition to a commercialisation phase with our technology.

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- In November last year, BluGlass received a significant order commitment from a new custom epitaxy customer, Seren Photonics for approximately $600,000. This work led to the successful transfer of Seren's semi-polar GaN template process to the BluGlass MOCVD platform in June this year. Work for this customer is ongoing.

- Also in November, BluGlass and IQE entered into an Exclusive Collaboration Agreement to co-develop nitride films for a range of electronic devices on both silicon and IQE's cREO™ technology using BluGlass' unique low temperature RPCVD technology. IQE is the leading foundry manufacturer of advanced semiconductor wafer products to the global semiconductor industry making them a key partner in the commercialisation of our technology.

- In July this year, James Walker joined the BluGlass Board as a Non-Executive Director. James has extensive technology commercialisation experience, with a track record in successfully delivering cutting-edge technology into emerging markets. His skills will be valuable additions to the Board.

- In August 2017, the installation and commissioning of the upgraded BLG-300, the larger of the two RPCVD platforms was successfully completed. This design is based on the successful modular design implemented on the BLG-180 at the beginning of the financial year.

- In September 2017, BluGlass announced that it had entered into a unique partnership with Griffith University and the Innovative Manufacturing Cooperative Research Centre (IMCRC).This two-year, $600,000 co-funded research project combines two Australian enabling technologies - BluGlass' RPCVD technology and Griffith University's *Atomically Smooth SiC on large Si (SiC on Si*) wafers to develop the next-generation GaN transistors, called High Performance Normally OFF GaN High Electron Mobility Transistors (HEMT).

- In September 2017, the upgraded BLG-300 met uniformity and performance benchmarks, demonstrating good thickness uniformity over 2, 4 and 6-inch wafers suitable for its commercial demonstrations. This development represents substantial progress for our RPCVD technology and commercialisation efforts. Pleasingly at the time of this announcement, the improved chamber was already producing LED efficiency on par with previous best RPCVD results and with significantly improved performance uniformity. All of this is significant progress for the company towards demonstrating that the scaling design from BLG-180 to the BLG-300 has worked successfully and this is anticipated to be applicable to larger RPCVD platforms.

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INTELLECTUAL PROPERTY DEVELOPMENT CONTINUES

Our intellectual property portfolio has grown steadily during the year and now includes 47 internationally granted patents, 18 patent applications and a new provisional patent application. We continue to file in key semiconductor markets including the US, China, Europe and Japan amongst others. This is up from 42 granted patents in 2016.

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2017 FINANCIAL RESULTS

- Our cash position at the end of September was $9.09M

- During the year, BluGlass raised $8.1m to deliver on the Company's commercialisation goals, via both a $5M Placement, which saw new institutional funds join our register and a well-supported $3.1m Share Purchase Plan. These funds are already expediting the progress towards our goals.

- Our monthly burn rate has increased slightly from $435K / month to $480K / month mainly due to salaries and wages increasing by 5.2% due to an increase in staff numbers during the financial year and patents and trademark costs increased by $82,542 up 66% during the year due to the renewal of patents that were required during the financial year.

- We continue to be eligible for an R&D tax rebate. This is anticipated to provide a cash injection of ~$2.0M for eligible expenditure incurred during the 2018 financial year.

- Revenue for the provision of custom epitaxy services to third parties of was $550,087 (up 72%) for the year compared to $318,577 in the 2016 financial year.

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INDUSTY PARTNER UPDATE – LUMILEDS

BluGlass is working with leading LED company Lumileds on a novel application of LEDs that capitalises on the unique low temperature advantages of RPCVD.

Much of the efforts by the technology team during the year were focused on working on the second phase of the project following the successful completion of the Phase I milestones in October 2016.

Phase II involves integrating RPCVD in certain Lumileds LED applications, and involves significant effort from both parties. The second phase has made significant progress and both Lumileds and BluGlass are pleased with the development.

Lumileds stated: “The project is making good progress. We remain fully committed to this key project.’’

BluGlass’ efforts are focused on achieving the Phase II milestones as the core short term company goal, and their delivery would lead to commercial discussions with Lumileds. BluGlass’ remains confident in the project especially after the successful BLG-300 upgrade.

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INDUSTY PARTNER UPDATE - IQE

During the year BluGlass has been collaborating with IQE to develop a specific enabling technology for high quality nitride films deposited by Remote Plasma Chemical Vapour Deposition (RPCVD) on both silicon wafers and on specially engineered substrates; cREO™ on silicon wafers.

IQE is one of the world’s leading semiconductor foundries and a global leader in the design and manufacture of advanced semiconductor wafer products. IQE products are deployed in high performance components by major global chip companies to produce a wide range of high-tech applications for the wireless industry, such as in smartphone and wireless infrastructure, Wi-Fi, base stations, GPS, and satellite communications; optical communications and optical storage.

IQE stated that the positive collaboration is ongoing and both companies remain committed to achieving the technology goals. BluGlass expects to release further details on the application to the market on the achievement of the next technology milestones.

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INDUSTY PARTNER UPDATE – VEECO

Following the recent announcement that the upgraded BLG-300 has met our uniformity targets over 2, 4 and 6-inch wafers, BluGlass has recently recommenced our evaluation with one of the world’s leading semiconductor capital equipment manufacturers, Veeco Instruments.

Veeco is evaluating RPCVD p-GaN for use in both GaN on silicon HEMTs (high electron mobility transistors) for power electronic applications and green LEDs.

INDUSTY PARTNER UPDATE – HC SEMITEK

Also following the commissioning of the upgraded BLG-300, HC SemiTek will continue to work with BluGlass on the AlN buffer layer and green LEDs.

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SERVICE BUSINESS – EPIBLU STRATEGY

The custom epitaxy business has enabled BluGlass to connect with new collaborators for new applications. Initially this service was provided on the MOCVD equipment, but increasingly more and more customers are wanting to try out the RPCVD process. It is proving to be not only a growing source of revenue for BluGlass, but is also providing a pipeline of future collaborators and is ultimately a valuable part of the commercialisation strategy of the RPCVD technology into a broad range of applications.

We will continue to establish the EpiBlu brand and expand the business based on our growing reputation and positive results from existing customers. BluGlass and EpiBlu will be featured at a number of key industry events as speakers, exhibitors and sponsors over the coming year.

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LED MARKET OPPORTUNITIES

The LED market continues to grow which continues to represent a major opportunity for the RPCVD technology. Market research firm, Research and Markets recently reported in their, "*Global Light-Emitting Diodes (LED) Market Analysis & Trends - Industry Forecast to 2025"* published last month, the Global LED market is poised to grow at a CAGR of ~10.4% over the next decade to reach approximately $63.2 billion by 2025.

This is driven by a number of sectors including LED lighting, display lighting and automotive lighting. It is also supported by a growing desire for more energy efficient lighting and the positive impact that LEDs can have in developing regions.

Another emerging opportunity for the RPCVD technology is a new market called micro-LEDs. Micro-LEDs are a new class of display technology that has unrivalled image quality and requires only a fraction (10-20%) of the power consumption of OLED and LCD. Micro-LEDs are being developed for wearables, virtual reality and augmented reality applications and transparent displays. BluGlass is receiving strong interest in the competitive advantages of RPVD for the development of Micro-LEDs, and we believe that this could be an emerging market opportunity for our technology.

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GaN POWER ELECTRONICS MARKET OPPORTUNITIES

Wide-bandgap semiconductors (GaN and silicon carbide) promise improvements in nearly all performance criteria over traditional silicon devices. They are smaller, lighter, more power efficient, faster switching, can withstand higher operating temperatures, higher breakdown voltages, and are tolerant to higher currents. This technology has gained more attention in recent years as silicon devices approach physical limits in terms of power density,

breakdown voltage, and operating frequency.

While silicon carbide is a suitable alternative to silicon power electronics and will play a role in developing the market, the industry believes GaN has the potential to be a more disruptive although longer term solution.

Research and Markets predict that the emerging global GaN power devices market will grow from its small base to reach USD 2.60 Billion by 2022, with a rapid CAGR of 24.5% from 2016 through to 2022.

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PATH TOWARDS COMMERCIALISATION

BluGlass' commercialisation goals remain unchanged. We are focused on the successful demonstration of the competitive advantages of our technology with our industry partners to ultimately enter commercial negotiations with one or more of our partners via (any combination of) the following paths:

- RPCVD foundry applications
- Licensing our extensive IP portfolio
- Partnerships (JV/JDA) with one or more strategic partners, device or equipment manufacturer
- Retrofitting existing MOCVD systems (as you are aware BluGlass has already successfully retrofitted both Veeco and Aixtron (Thomas Swan) MOCVD systems at our Silverwater facility.

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INVESTMENT HIGHLIGHTS

As always, before I hand you over to our Chief Operations and Technology Officer, Dr. Ian Mann, I would like to thank-you, our shareholders and stake-holders for your continued support and belief in the RPCVD technology and its future market impact.

2017 has been a very successful year for the company laying the foundations for our industry acceptance milestones and preparing the company for commercialisation. While this has taken some time, the BluGlass Board and Management look forward to delivering commercial outcomes for our shareholders and our breakthrough technology in the year ahead.