

**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 19th November 2018 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.**

## 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 19th November 2018 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 Automic:  
  
PO Box 2226 Strawberry Hills, NSW 2012  
  
or
- facsimile to Automic on facsimile number 02 8583 3040; or
- email to Automic at [hello@automic.com.au](mailto:hello@automic.com.au); or
- vote online at <https://investor.automic.com.au/#/loginsah>.

so that it is received not later than 11.00am (EST) on Saturday 17th November 2018.

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 2018.

## AGENDA

### Ordinary Business

### Accounts and Reports

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2018 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 2018.”*

**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 Parties 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 Vivek Rao

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 Vivek Rao, a Director, retires by rotation, and being eligible, is re-elected as a Director.”*

---

#### 3. Resolution 3 – Re-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 clause 13.2 of the Company’s Constitution, ASX Listing Rule 14.4, and for all other purposes, Mr James Walker, a Director, retires by rotation, and being eligible, is re-elected as a Director.”*

---

## 4. Resolution 4 – Election of Director – Mr Stephe Wilks

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 Stephe Wilks, a director who was appointed on 24 May 2018 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 in favour of Resolution 5 by a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit by reason of being a holder of ordinary securities of the Company), or any associates of those persons. However, the Company will not disregard a vote if 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 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.

---

## 6. Resolution 6 – Ratification of Placement

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 7.4 and for all other purposes, Shareholders ratify the issue of 24,859,453 Shares on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by a person who participated in the issue and any associates of those persons. 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.

---

## 7. Resolution 7 – Increase in Aggregate Non-Executive Director Remuneration

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

*“That, for the purposes of clause 13.7 of the Constitution, ASX Listing Rule 10.17 and for all other purposes, Shareholders approve an increase of the maximum total aggregate amount of fees payable to non-executive Directors from \$300,000 per annum to \$600,000 per annum in accordance with the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by a person who participated in the issue and any associates of those persons. 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:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

---

## 8. Resolution 8 – Issue of Performance Rights to Giles Bourne

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

*“That, for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue and allot 8,874,500 Performance Rights to Director Mr Giles Bourne or his nominee under the Incentive Option and Performance Rights Plan on the terms and conditions set out in the Explanatory Statement”.*

**Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by any of the Directors who are eligible to participate in the Incentive Option and Performance Rights Plan and any of their associates (**Resolution 8 Excluded Party**). 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, provided the Chair is not a Resolution 8 Excluded Party, 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:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 8 Excluded Party, the above prohibition does not apply if:

- (c) the proxy is the Chair; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

---

## 9. Resolution 9 – Issue of Performance Rights to William Johnson

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

*“That, for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue and allot 300,000 Performance Rights to Director Mr William Johnson or his nominee under the Incentive Option and Performance Rights Plan on the terms and conditions set out in the Explanatory Statement”.*

**Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by any of the Directors who are eligible to participate in the Incentive Option and Performance Rights Plan and any of their associates (**Resolution 9 Excluded Party**). 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, provided the Chair is not a Resolution 9 Excluded Party, 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:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 9 Excluded Party, the above prohibition does not apply if:

- (c) the proxy is the Chair; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

---

## 10. Resolution 10 – Issue of Performance Rights to James Walker

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

*“That, for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue and allot 300,000 Performance Rights to Director Mr James Walker or his nominee under the Incentive Option and Performance Rights Plan on the terms and conditions set out in the Explanatory Statement”.*

**Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by any of the Directors who are eligible to participate in the Incentive Option and Performance Rights Plan and any of their associates (**Resolution 10 Excluded Party**). 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, provided the Chair is not a Resolution 10 Excluded Party, 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:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 10 Excluded Party, the above prohibition does not apply if:

- (c) the proxy is the Chair; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

---

## 11. Resolution 11 – Issue of Performance Rights to Vivek Rao

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

*“That, for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue and allot 300,000*

*Performance Rights to Director Mr Vivek Rao or his nominee under the Incentive Option and Performance Rights Plan on the terms and conditions set out in the Explanatory Statement”.*

**Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by any of the Directors who are eligible to participate in the Incentive Option and Performance Rights Plan and any of their associates (**Resolution 11 Excluded Party**). 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, provided the Chair is not a Resolution 11 Excluded Party, 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:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 11 Excluded Party, the above prohibition does not apply if:

- (c) the proxy is the Chair; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

---

## **12. Resolution 12 – Issue of Performance Rights to Stephe Wilks**

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

*“That, for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue and allot 300,000 Performance Rights to Director Mr Stephe Wilks or his nominee under the Incentive Option and Performance Rights Plan on the terms and conditions set out in the Explanatory Statement”.*

**Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by any of the Directors who are eligible to participate in the Incentive Option and Performance Rights Plan and any of their associates (**Resolution 12 Excluded Party**). 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, provided the Chair is not a Resolution 12 Excluded Party, 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:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 12 Excluded Party, the above prohibition does not apply if:

- (c) the proxy is the Chair; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.



## 13. Resolution 13 – Adoption of Incentive Option and Performance Rights Plan

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 7.2 (Exception 9(b)) and for all other purposes, approval is given for the Company to adopt the Company's Incentive Option and Performance Rights Plan and for the issue of securities under that Incentive Option and Performance Rights Plan, on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by any Director, other than any Directors who are ineligible to participate in any employee incentive scheme in relation to the Company, and any associates of those Directors. 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:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair; and
  - (d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.
- 

**DATED: 1 OCTOBER 2018  
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 19th November 2018 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 2018 together with the declaration of the directors, the Directors’ Report, the Remuneration Report and the Auditor’s report.

Shareholders may view the Company’s Annual Financial Report on its website at [www.bluglass.com.au](http://www.bluglass.com.au). The Company will provide a hard copy of the Company’s Annual Financial Report to Shareholders on request.

---

## 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 2018.

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.

At the annual general meeting for the year ended 30 June 2017, 917,892 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 Parties 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 Parties 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 Parties 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 Parties of such a member as your proxy, you do not need to direct your proxy how to vote on this Resolution.

---

**2. Resolutions 2 and 3 - Re-Election of Mr Vivek Rao and Mr James Walker**

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 5 Directors, four of which are taken into account in determining the number of Directors to retire, so at least two Directors must retire by rotation.

Mr Vivek Rao, who was last re-elected at the 2016 AGM, and Mr James Walker, who was last re-elected at the 2017 AGM, retire by rotation and seek re-election.

Mr Vivek Rao and Mr James Walker have served as directors of the Company for approximately 2.5 years and 15 months respectively. The Board considers Mr Rao and Mr Walker to be Independent Directors of the Company.

The Directors (other than Mr Vivek Rao and Mr James Walker) recommend that Shareholders vote in favour of the re-election of Mr Vivek Rao and Mr James Walker as Directors.

---

**3. Resolution 4 – Election of Director Mr Stephe Wilks**

As announced to ASX on 24 May 2018, the Company accepted the nomination of Mr Stephe Wilks as a director and Stephe Wilks was appointed as a director of the Company on 24 May 2018.

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.

Mr Wilks is a professional company Director, with a long record leading successful global technology companies in high growth and disruptive industries. He has headed several Australian and international technology companies, including as Regional Director (Asia & Japan) – Regulatory Affairs for BT Asia Pacific, Managing Director of XYZed Pty Ltd (an Optus company), Chief Operating Officer of both Nextgen Networks and Personal Broadband Australia, and as Consulting Director of NM Rothschild & Sons.

Mr Wilks is the Chair of Australia's largest private IT services company, Interactive. He also serves as non-executive director of Sirion Global (part of the HeliosWire IoT satellite group) and of DataDot Technology (ASX:DDT).

Stephe has Science and Law degrees from Macquarie University and a Master of Laws from the University of Sydney.

The Directors consider Mr Stephe Wilks to be an independent director.

The Directors (other than Mr Stephe Wilks) recommend that Shareholders vote in favour of the election of Mr Stephe Wilks 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 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 x 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:

# BLUGLASS LIMITED

A.B.N. 20 116 825 793

- (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.

Variable 'A' in Listing Rule 7.1A.2	Dilution	50% decrease in Issue Price (\$0.145)	Issue Price (\$0.29)	100% increase in Issue Price (\$0.58)
<b>Current Variable A 418,307,072 Shares</b>	10% Voting Dilution	41,830,707 Shares	41,830,707 Shares	41,830,707 Shares
	Funds raised	\$6,065,453	\$12,130,905	24,261,810
<b>50% increase in current Variable A 627,460,608 Shares</b>	10% Voting Dilution	62,746,061 Shares	62,746,061 Shares	62,746,061 Shares
	Funds raised	\$9,098,179	\$18,196,358	36,392,715
<b>100% increase in current Variable A 836,614,144 Shares</b>	10% Voting Dilution	83,661,414 Shares	83,661,414 Shares	83,661,414 Shares
	Funds raised	\$12,130,905	\$24,261,810	\$48,523,620

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 418,307,072 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 \$0.29, being the closing price of the Shares on ASX on 12 September 2018.

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 new investors who are not related parties or associates of a Related Parties of the Company.

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 13 November 2017 (**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 2017, the Company issued a total of 30,345,806 Shares and 2,000,000 Options which represents approximately 8.27% of the total diluted number of Equity Securities on issue in the Company on 19 November 2017, which was 382,461,266.

The table below sets out the information relating to issues of Equity Securities issued by Bluglass Limited in the 12 months prior to 19 November 2018.

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 <sup>1</sup> 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: 19 December 2017 Appendix 3B: 19 December 2017	2,000,000	Incentive Options <sup>2</sup>	Issue of unlisted Incentive Options on behalf of executives and employees, to the BluGlass Employee Incentive Plan Pty Limited aff BluGlass Incentive Option Scheme Trust	No issue price (non-cash consideration) Market price <sup>1</sup> on 19.12.17 of \$0.38	Nil cash consideration.  Consideration: Performance based remuneration – options issued under the BluGlass Incentive Plan.  Value <sup>4</sup> = \$200,000
Issue: 25 May 2018 Appendix 3B: 25 May 2018	24,859,453	Ordinary Shares <sup>2</sup>	Shares issued to sophisticated investors and clients of Wilsons stockbrokers	\$0.37  Market price <sup>1</sup> on 25.5.18 of \$0.38	Cash Consideration: \$9,197,998 will be applied towards capital expenditure for new equipment, a major facilities upgrade at the Company's Silverwater facility which is currently underway and working capital to accelerate work with the current industry partners and for general working capital. As at the date of this Notice of



# BLUGLASS LIMITED

A.B.N. 20 116 825 793

					Meeting the majority of these funds remains unspent.
Issue: 20 June 2018 Appendix 3B: 20 June 2018	5,486,353	Ordinary Shares <sup>2</sup>	Issue of Shares pursuant to SPP.	\$0.37 per Share  Market price <sup>1</sup> on 20.6.18 of \$0.35	Cash consideration of \$2,029,950 has been applied towards capital expenditure for new equipment, a major facilities upgrade at the Company's Silverwater facility and working capital to accelerate work with the current industry partners and for general working capital.
<b>Total</b>	<b>32,345,806</b> <b>Equity</b> <b>Securities<sup>3</sup></b>				

## 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 \$0.28 each on or before 1 December 2020. The full terms and conditions were disclosed in the notice of meeting for the shareholder meeting held on 13 November 2017.
  3. Being 8.27% of the total number of Equity Securities on issue as at 13 November 2017.
  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. Resolution 6 – Ratification of Prior Placement

### 5.1 General

On 25 May 2018, the Company issued 24,859,453 Shares at an issue price of \$0.37 per Share to raise \$9,197,998.

Resolution 6 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

## **5.2 Technical information required by ASX Listing Rule 7.4**

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the proposed ratification of Shares:

- (a) 24,859,453 Shares were issued;
- (b) the issue price was \$0.37 per Share;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued to sophisticated investors who are clients of Wilsons Stockbroking and Advisory. None of these subscribers are related parties of the Company; and
- (e) the funds raised from this issue were used to fund the purchase of new equipment, a major facilities upgrade at the Company's Silverwater facility and working capital to accelerate work with the current industry partners and for general working capital.

---

## **6. Resolution 7 – Increase in Aggregate Non-Executive Director Remuneration Pool**

ASX Listing Rule 10.17 provides that an entity must not increase the total aggregate amount of directors' fees payable to all of its non-executive directors without the approval of holders of its ordinary securities.

Clause 13.7 of the Constitution also requires that remuneration payable to the non-executive Directors will not exceed the sum initially set by the Constitution and subsequently increase by ordinary resolution of Shareholders in general meeting.

The maximum aggregate amount of fees payable to all of the non-executive Directors is currently set at \$300,000. Resolution 7 seeks Shareholder approval to increase this figure by \$300,000 to \$600,000.

This amount includes superannuation contributions made by the Company for the benefit of non-executive Directors and any fees which a non-executive Director agrees to sacrifice for other benefits. It does not include reimbursement of genuine out of pocket expenses, genuine "special exertion" fees paid in accordance with the Constitution, or securities issued to a non-executive Director under ASX Listing Rule 10.11 or 10.14 with approval of Shareholders.

The maximum aggregate amount of fees proposed to be paid to the non-executive Directors per annum has been determined after reviewing similar companies listed on ASX and the Directors believe that this level of remuneration is in line with corporate remuneration of similar companies.

Whilst it is not envisaged that the maximum amount sought will be utilised immediately, the proposed limit is requested to ensure that the Company:

- (a) maintains its capacity to remunerate both existing and any new non-executive directors joining the Board;
- (b) remunerates its non-executive Directors appropriately for the expectations placed upon them both by the Company and the regulatory environment in which it operates; and
- (c) has the ability to attract and retain non-executive directors whose skills and qualifications are appropriate for a company of the size and nature of the Company.

In the past 3 years, the Company has issued non-executive Directors an aggregate of 600,000 Options with prior Shareholder approval under ASX Listing Rules 10.11 and 10.14.

Given the interest of the non-executive Directors in this Resolution, the Board makes no recommendation to Shareholders regarding this Resolution.

---

## 7. Resolutions 8 - 12 - Issue of Director Performance Rights

### 7.1 General Comments

Under the Company's Incentive Option and Performance Rights Plan (as described in Resolution 13), the Company may issue Incentive Options or Performance Rights.

The key terms of the Incentive Option and Performance Rights Plan are summarised in **Schedule A**.

It is proposed that, subject to Shareholder approval, a total of 10,074,500 Performance Rights (**Performance Rights**) will be issued to the Directors of the Company, being Messrs Giles Bourne, Dr William Johnson, James Walker, Stephe Wilks and Vivek Rao (or their respective nominees) (each a "**Related Party**" and together the "**Related Parties**"). These Performance Rights, and any Shares issued as a result of the conversion of the Performance Rights, will only vest to the specified Director on the attainment of predefined performance criteria.

Note that under Resolution 13 the Company is seeking shareholder approval for the adoption of the Incentive Option and Performance Rights Plan for the purposes of ASX Listing Rule 7.2 (Exception 9).

### 7.2 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 Performance Rights to the Related Parties, under the Plan, requires the Company to obtain Shareholder approval because this constitutes giving a financial benefit and, as the Related Parties are Directors, they are each a related party of the Company.

It is the view of Directors that the exceptions set out in sections 210 to 216 of the Corporations Act do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the issue the Performance Rights to the Related Parties in accordance with section 208 of the Corporations Act.

### **7.3 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 Resolutions 8 – 12 are passed, Performance Rights will be issued to Related Parties (or their respective nominees). Therefore, the Company requires Shareholder approval in accordance with ASX Listing Rule 10.14 to issue the Performance Rights to the Related Parties (or their respective nominees).

### **7.4 Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.14)**

Pursuant to and in accordance with the requirements of Section 219 of the Corporations Act and ASX Listing Rule 10.15, the following information is provided in relation to the proposed grant of Performance Rights:

- (a) the related parties are Messrs Giles Bourne, Dr William Johnson, James Walker, Stephe Wilks and Vivek Rao and they are related parties by virtue of being Directors of the Company;
- (b) the maximum number of Performance Rights (being the nature of the financial benefit being provided) to be granted to the Related Parties (or their nominees) is:

<b>Related Party</b>	<b>Number of Series A Performance Rights</b>	<b>Number of Series B Performance Rights</b>
Giles Bourne	8,000,000	874,500
William Johnson	0	300,000
James Walker	0	300,000
Stephe Wilks	0	300,000
Vivek Rao	0	300,000
<b>Total</b>	<b>8,000,000</b>	<b>2,074,500</b>

- (c) Performance Rights to be issued will convert to Shares in the capital of the Company, which will be issued on the same terms and conditions as the Company's existing Shares;
- (d) the Performance Rights will be granted to the Related Parties (or their 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 Performance Rights will be issued on one date;
- (e) the Performance Rights will be granted for nil cash consideration, accordingly no funds will be raised;

- (f) no loan has or will be provided to the Related Parties in relation to the issue or subsequent exercise of the Performance Rights;
- (g) no Incentive Options or Performance Rights have been granted pursuant to the Incentive Plan to directors or their associates nor has the Plan previously been approved by Shareholders;
- (h) the following are the key terms of the Performance Rights to be granted to the Related Parties:
  - (i) subject to any adjustment permitted under the Plan, one Performance Right will convert into one Share of the Company upon the vesting conditions being achieved;
  - (ii) the time frame to achieve the vesting conditions is three years from the date of issue;
  - (iii) if the vesting conditions are not achieved within the three period, the Performance Rights will lapse for \$nil consideration, unless the Board resolves otherwise;
  - (iv) 8 million of the Performance Rights to be issued to Giles Bourne, as noted below) will expire three years after their date of issue. The other Performance Rights to be issued will expire five years after their date of issue (unless already lapsed due to the vesting conditions not being achieved);
  - (v) For Giles Bourne, the Managing Director:
    - (A) 8,000,000 Performance Rights to be issued will vest based on the Company's 30 day VWAP share price (**Share Price**) at any time after the date that is two years after the issue date of the Options as follows (**Series A Performance Rights**):
      - Share Price of at least \$0.60 - 2,500,000 Performance Rights vest;
      - Share Price of at least \$0.70 - a further 2,500,000 Performance Rights vest;
      - Share Price of at least \$0.80 - a further 2,000,000 Performance Rights vest; and
      - Share Price of at least \$0.90 - a further 1,000,000 Performance Rights vest,

provided that, where, within two years of the issue date of the Performance Rights, there is a Change of Control of the Company (as defined in the Incentive Option and Performance Rights Plan) resulting from a takeover bid, and the takeover bid price is at least equal to:

- \$0.60 - 2,500,000 Performance Rights will vest;
  - \$0.70 - 5,000,000 Performance Rights will vest;
  - \$0.80 - 7,000,000 Performance Rights will vest; and
  - \$0.90 - 8,000,000 Performance Rights will vest.
- (B) 874,500 Performance Rights (**Series B Performance Rights**) to be issued will vest on the following basis:
    - 50% upon the Company entering into a meaningful commercial agreement utilizing the technology and intellectual property developed in the Lumileds collaboration; and
    - 50% upon the Company demonstrating that the RPCVD hardware technology process is licensed to two or more commercial partners with recurring royalty or revenue.
    - The board will retain discretion as to the satisfaction of the vesting conditions based on the materiality and importance to the Company of achieving the predefined performance criteria.

- (vi) For Messrs Johnson, Walker, Wilks and Rao, the 300,000 Series B Performance Rights to be issued to each of these Related Parties will vest on the following basis:
- (A) 35% upon the Company entering into a meaningful commercial agreement utilizing the technology and intellectual property developed in the Lumileds collaboration;
  - (B) 35% upon the Company demonstrating that the RPCVD hardware technology process is licensed to two or more commercial partners with recurring royalty or revenue; and
  - (C) 30% allocated as 10% per year for each year of service for a period of three years from the issue date of the Performance Rights.
  - (D) The board will retain discretion as to the satisfaction of the vesting conditions based on the materiality and importance to the Company of achieving the pre-defined performance criteria.
- (i) a summary of the Incentive Option and Performance Rights Plan is set out in **Schedule A**;
- (j) the value of the Performance Rights proposed to be issued to the Related Parties and the pricing methodology is set out in **Schedule B**;
- (k) 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 and Performance Rights Plan. As at the date of this Notice of Annual General Meeting, each Related Party is eligible to participate in the Incentive Option Plan;
- (l) as at the date of this Notice of Meeting, the Related Parties have the following relevant interest in the following Company securities:

Related Party	Shares	Options
Giles Bourne	3,332,956	1,000,000
William Johnson	717,415	240,000
James Walker	53,540	-
Stephe Wilks	-	-
Vivek Rao	-	120,000

- (m) the remuneration and emoluments paid (or to be paid) by the Company to the Related Parties for the previous two financial years and current financial year to date (inclusive of superannuation and equity based remuneration) is as follows;

Related Party	Current financial year to 30 June 2019 (estimate)	Financial year Ended 30 June 2018	Financial year Ended 30 June 2017
Giles Bourne	\$400,000	\$519,711	\$404,658
William Johnson	\$90,000	\$75,000	\$141,779
James Walker	\$65,000	\$47,222	\$0
Stephe Wilks	\$62,500	\$5,475	\$0
Vivek Rao	\$60,000	\$5,892	\$40,800

- (n) if all of the Performance Rights are granted under Resolutions 8 - 12 to the Related Parties and are exercised, a total of 10,074,500 Shares would be allotted and issued. This will increase the number of Shares on issue from 418,307,072 to 428,381,571 (assuming that no other Options are exercised and no other Shares issued) with the effect that the shareholding of existing Shareholders would be diluted by 2.35%;
- (o) the trading history of the Shares on ASX in the 12 months before the date of this Notice of Annual General Meeting is set out below:

	Price	Date
Highest	\$0.53	9 April 2018
Lowest	\$0.28	20, 24 July 2018, 15, 24, 27 August 2018
Last	\$0.29	12 September 2018

- (p) the Board acknowledges the issue of Performance Rights to those Related Parties who are non-executive Directors is contrary to Recommendation 8.2 of The Corporate Governance Principles and Recommendations (3rd Edition) as published by The ASX Corporate Governance Council. However, the Board considers the issue of Performance Rights to non-executive Directors reasonable in the circumstances having regard to the size and level of operations of the Company, its cash reserves and importance to the Company of attracting and retaining non-executive Directors in a manner which does not unduly impact on the Company's cash resources;
- (q) the primary purpose of the grant of Performance Rights to the Related Parties is to provide cost effective consideration to each Related Party for their ongoing commitment and contribution to the Company as a Director of the Company; and
- (r) the Board does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Performance Rights upon the terms proposed. The vesting performance criteria attached to the Performance Rights aims to ensure that significant value is created prior to the Performance Rights vesting to the Related Parties.

## **7.5 Directors' recommendations**

Each of Messrs Giles Bourne, Dr William Johnson, James Walker, Stephe Wilks and Vivek Rao declines to make a recommendation to Shareholders in relation to the Resolution relating to the issue of Performance Rights to himself (or his nominee) due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Performance Rights in the Company should the Resolution be passed. However, in respect of the Resolutions dealing with the issue of the Performance Rights to each of the other Directors, each of Messrs Giles Bourne, Dr William Johnson, James Walker, Stephe Wilks and Vivek Rao recommends that Shareholders vote in favour of Resolutions 8 - 12 for the following reasons:

- (a) the issue of Performance Rights is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties; and
- (b) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Performance Rights upon the terms proposed.

In forming their various recommendations, each Director considered the qualifications and experience of each other Related Party, the current market price of Shares, the current market practices when determining the number of Performance Rights to be issued as well as the expiry date, vesting conditions and other material terms of those Performance Rights.

Except as specified above, no other Director has a personal interest or other interest in the outcome of Resolutions 8 to 12.

The Board is not aware of any information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 8 - 12.

Approval pursuant to ASX Listing Rule 7.1 is not required to issue the Performance Rights to the Related Parties or their nominees as approval is being obtained under ASX Listing Rule 10.14. Accordingly, the issue of Performance Rights to the Related Parties or their nominees will not be included in the 15% calculation of the Company's twelve month capacity to issue Shares or other securities without shareholder approval pursuant to ASX Listing Rule 7.1.

## **7.6 Voting Prohibition – Section 224 of the Corporations Act**

Sections 224(1) and (2) of the Corporations Act provide that a vote may not be cast (in any capacity) by or on behalf of the related party to whom the resolution would permit a financial benefit to be given (or an associate of that person) other than a vote cast a proxy by a person in writing that specifies how the proxy is to vote on the proposed resolution and which is not cast on behalf of the relevant related party (or an associate of that person).

---

## **8. Resolution 13 – Adoption of Incentive Option and Performance Rights Plan**

Resolution 13 seeks Shareholder approval for the adoption of an employee incentive scheme titled "Incentive Option & Performance Rights Plan" (**Plan**) in accordance with ASX Listing Rule 7.2 (Exception 9(b)).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.2 (Exception 9(b)) sets out an exception to ASX Listing Rule 7.1 which provides that issues under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

If Resolution 13 is passed, the Company will be able to issue Options and Performance Rights (together, Awards) under the Plan to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period.

No Options and Performance Rights have previously been issued under the Plan.

The objective of the Plan is to attract, motivate and retain key employees and it is considered by the Company that the adoption of the Plan and the future issue of Awards under the Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

Any future grant issue of Awards under the Plan to a related party or a person whose relation with the company or the related party is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time.

For this reason, the Company is also seeking approval under Resolutions 8 to 12 for the issue of Performance Rights to certain Directors pursuant to the Plan.

A summary of the key terms and conditions of the Plan is set out in Schedule A. In addition, a copy of the Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Plan can also be sent to Shareholders upon request to the Company Secretary. Shareholders are invited to contact the Company if they have any queries or concerns.



---

## 9. 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.

---

## 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 Parties** 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 Parties' 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 Option and Performance Rights Plan** or **Plan** has the meaning given in section 7.1 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.

**Performance Rights** has the meaning given in section 7.1 of the Explanatory Statement.

**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 2018.

**Related Parties** has the meaning given in section 7.1 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.

**VWAP** means volume weighted average market price, as defined in the ASX Listing Rules.

## SCHEDULE A – SUMMARY OF INCENTIVE OPTION AND PERFORMANCE RIGHTS PLAN

(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 Plan (**Eligible Participant**).

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

(b) **Offer of Awards**

The Plan will be administered by the Board which may, in its absolute discretion, invite an Eligible Participant to apply for Incentive Options or Performance Rights (each an **Award**) 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 Awards**

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

(d) **Conversion**

Subject to any adjustment permitted under the Plan, each Award is exercisable into one Share in the Company ranking equally in all respect with the existing issued Shares in the Company.

(e) **Consideration**

Awards issued under the Plan will be issued for no consideration.

(f) **Exercise price**

The exercise price for Awards offered under the Plan (if any) will be determined by the Board.

(g) **Vesting conditions**

The Board may impose vesting conditions, including performance-related conditions, on the right of a participant to exercise Awards granted under the Plan.

The Board may in its absolute discretion, by written notice to a holder, resolve to waive any of the vesting conditions applying to an Award.

(h) **Dealings in Awards**

An Award is non-transferable other than in special circumstances with the consent of the Board (which may be withheld in its discretion).

(i) **Exercise of Awards**

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

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

(j) **Lapse of Awards**

Awards held by a participant in the Plan will lapse if:

- (i) the vesting conditions attaching to the Performance Rights are not satisfied or become incapable of satisfaction (and are not waived by the Board);
- (ii) in respect of an unvested Award, the holder ceases to be an Eligible Participant and the Board does not exercise its discretion to vest the Award or allow it to remain unvested;
- (iii) in respect of a vested Award, a holder ceases to be an Eligible Participant and the Board, in its discretion, resolves that the Award must be exercised within one (1) month (or such later date as the Board determines), and the Award is not exercised within that period and the Board resolves, at its discretion, that the Award lapses as a result;
- (iv) the Board deems that an Award lapses due to fraud, dishonesty or other improper behaviour of the holder/Eligible Participant under the rules of the Plan;
- (v) the Board, in its discretion, resolving an Award lapses as a result of an unauthorised disposal of, or hedging of, the Award;
- (vi) in respect of an unvested Award, a winding up resolution or order is made, and the Award does not vest in accordance with rules of the Plan; and
- (vii) the Expiry Date of the Award.

(k) **Restrictions on Shares**

The Board may, in its discretion, determine at any time up until exercise of an Award, that a restriction period will apply to some or all of the Shares issued or transferred to a Participant on exercise of the Award, up to a maximum of fifteen (15) years from the Acquisition Date of the Award.

Shares are deemed to be subject to a Restriction Period to the extent necessary to comply with any escrow restrictions imposed by the ASX Listing Rules.

(l) **Limitation on offers**

Where the Company needs to rely on ASIC Class Order 14/1000 (**Class Order**) in respect of an offer, the Company must have reasonable grounds to believe, when making an offer, that the number of Shares to be received on exercise of Awards offered under an offer, when aggregated with the number of Shares issued or that may be issued as a result of offers made in reliance on the Class Order at any time during the previous 3 year period under an employee incentive scheme covered by the Class Order or under an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the offer. If the Company makes an offer under the Plan where:

- (i) the total number of Shares to be received on exercise of Awards the subject of that offer exceeds the limit set out in the Class Order; or
- (ii) the Offer is required to, but does not, comply with the terms and conditions set out in the Class Order,

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

(m) **Additional Terms and Conditions**

- (i) Subdivision 83A-C of Chapter 2 of the *Income Tax Assessment Act 1997* (Cth) applies to the Awards except to the extent an Offer provides otherwise.
- (ii) A participant is not entitled to participate in or receive any dividend or other Shareholder benefits until its Awards have vested and been exercised and Shares have been allocated to the participant as a result of the exercise of those Awards.
- (iii) There are no participating rights or entitlements inherent in the Awards and participants will not be entitled to participate in new issues of securities offered to Shareholders of the Company during the currency of Awards without exercising the Options or Performance Rights, except to the extent an Offer otherwise provides where permitted by the ASX Listing Rules.
- (iv) There is no right to a change in the exercise price or in number of underlying Shares over which an Award can be exercised, except to the extent an Offer otherwise provides where permitted by the ASX Listing Rules.
- (v) In the event of a reorganisation of the capital of the Company, the Company may alter the rights of the holder of an Award to the extent necessary to comply with the ASX Listing Rules applying to reorganisations at the time of the reorganisation.
- (vi) No issue or allocation of Awards and/or Shares will be made to the extent that it would contravene the Constitution, Listing Rules, the Corporations Act or any other applicable law.

## SCHEDULE B – VALUATION OF PERFORMANCE RIGHTS

The Company obtained a valuation of the Performance Rights to be issued to the Directors of Bluglass by PKF, Chartered Accountants. A summary of the valuation and methodology is outlined below:

PKF's valuation is based on the rules set out in Division 83A of the *Income Tax Assessment Act of 1997* and the Australian Tax Office Guide to market valuation.

PKF determined that the value of the Performance Rights should be calculated as follows;

Series A Performance Rights - VWAP of BLG shares times 7.5%.

Series B Performance Rights - VWAP of BLG shares times 60%.

Where;

VWAP is the volume weighted average closing price of BluGlass Limited shares over the ten trading days immediately prior to the date of the valuation.

### Methodology

To determine the value of a right to acquire a share, PKF considered;

- the value of the underlying share,
- the cost (if any) to acquire the share on vesting of the right, and
- the terms and conditions specific to the right.

In valuing a listed share, PKF considered a "point-in-time" valuation, such as the closing price on a particular day, is sometimes appropriate but a number of factors need to be taken into account before employing this method. These include;

- Liquidity,
- Volatility,
- Valuation changes resulting from company capital structural events or changes in retained earnings, and
- The period to which the valuation is applied.

Having consideration for these factors in the case of BluGlass Limited, PKF preferred a volume weighted average closing price (VWAP) in setting a base line for the valuation of the rights granted. To achieve an appropriate VWAP, PKF used the closing price over the ten previous trading days prior to 12 September 2018.

The cost to acquire the share, upon the vesting of the right, is nil.

### Series A Performance Rights

The Series A Performance Rights proposed to be issued to the Managing Director will vest, and the Managing Director will be able to exercise the Performance Rights and receive shares, upon the achievement of certain milestones. These milestones vary in difficulty and therefore likelihood to be achieved. Having full consideration for the factors associated with the milestones, PKF believed a discount of 90% to 95% on the value of the shares is appropriate due to the possibility the rights will not vest. In this type of valuation, PKF considered a band is most appropriate, but to determine a specific number for an estimate PKF saw no reason the midpoint of the range, being a discount of 92.5%, could not be used.

Applying this approach, on 12 September 2018, using a 10 trading day VWAP share price of 30.55 cents, PKF valued the Series A Performance Rights at **2.29 cents** each.

### Series B Performance Rights

The Series B Performance Rights proposed to be issued to the Directors will vest, and the Directors will be able to exercise the Performance Rights and receive shares, upon the achievement of certain milestones. These milestones vary in difficulty and therefore likelihood to be achieved. Having full consideration for the factors associated with the milestones, PKF believed a discount of 30% to 50% on the value of the shares is appropriate due to the possibility the rights will not vest. In this type of valuation,

# BLUGLASS LIMITED

A.B.N. 20 116 825 793

---

PKF considered a band is most appropriate, but to determine a specific number for an estimate PKF saw no reason the midpoint of the range, being a discount of 40%, could not be used.

Applying this approach, on 12 September 2018, using a 10 trading day VWAP share price of 30.55 cents, PKF valued the Series B Performance Rights at **18.33 cents** each.

## Valuation of Performance Rights

Director	Number of Series A Performance Rights proposed to be Issued	Number of Series B Performance Rights proposed to be Issued	Valuation of Series A Performance Rights proposed to be Issued (2.29 cents each)	Valuation of Series B Performance Rights proposed to be Issued (18.33 cents each)
Giles Bourne	8,000,000	874,500	\$183,200	\$160,296
William Johnson	0	300,000	\$0	\$54,990
James Walker	0	300,000	0	\$54,990
Stephe Wilks	0	300,000	\$0	\$54,990
Vivek Rao	0	300,000	\$0	\$54,990