

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

Tuesday 4 October 2022 at 11.00am (Sydney Time) at Level 17, 383 Kent Street
Sydney NSW 2000

The Company has been closely monitoring the impact of the COVID-19 pandemic. The Board has decided that our 2022 AGM will be held as a hybrid meeting. Shareholders will be able to attend the 2022 hybrid AGM physically or online as per the instructions below. If participating online, you will be able to watch and participate in the meeting in real-time on your computer or mobile device through an online platform that allows you to submit questions and vote. Further information on how you can participate in the AGM online (including how to register, vote and ask questions) is set out on the following pages.

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

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

BLUGLASS LIMITED

ABN 20 116 825 793

Notice of Annual General Meeting and Explanatory Statement

The Annual General Meeting of BluGlass Limited will be held on Tuesday, 4 October 2022 commencing at 11.00am (Sydney Time) at 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.

HOW TO ATTEND THE AGM

When: 4 October, 2022 11:00 AM (Sydney Time)

Topic: Bluglass Limited - Annual General Meeting

Register in advance for this meeting:

https://us02web.zoom.us/webinar/register/WN_QrHM0X4JTUSCGE_hhXvjVw

After registering, you will receive a confirmation containing information on how to attend the virtual meeting on the day of the AGM.

The company is pleased to provide shareholders with the opportunity to attend and participate in a hybrid Meeting either in person or electronically through an online meeting platform, where shareholders will be able to watch, listen, and vote online.

To access the meeting online:

1. Open your internet browser and go to investor.automic.com.au
2. Login with your username and password or click "register" if you haven't already created an account. Shareholders are encouraged to create an account prior to the start of the meeting to ensure there is no delay in attending the hybrid meeting
3. After logging in, a banner will display at the bottom of your screen to indicate that the meeting is open for registration, click on "Register" when this appears. Alternatively, click on "Meetings" on the left hand menu bar to access registration.
4. Click on "Register" and follow the steps
5. Click on the URL to join the webcast where you can view and listen to the hybrid meeting
6. Once the Chair of the Meeting has declared the poll open for voting click on "Refresh" in the Automic portal to be taken to the voting screen
7. Select your voting direction and click "confirm" to submit your vote. You cannot amend your vote after it has been submitted

Shareholders who are unable to join us at the AGM are encouraged to cast a direct vote prior to the meeting or, alternatively, to appoint a proxy to attend and vote on your behalf.

Even if you plan to attend the meeting, you are still encouraged to cast a direct vote or submit a directed proxy in advance of the meeting so that your votes can still be counted if for any reason you cannot attend (for example, if there is an issue with your internet connection on the day of the meeting).

VOTING IN PERSON

Shareholders may attend the Annual General Meeting in person subject to any social distancing or other restrictions in place at the time of the meeting. Accordingly, Shareholders are invited to participate in the Meeting via the Automic online platform or attend in person.

VOTING BY PROXY

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

- post, to Automic:

Automic
GPO Box 5193
Sydney NSW 2001

In person:

Automic
Level 5, 126 Phillip Street
Sydney NSW 2000

or

- email to Automic at meetings@automicgroup.com.au or
- vote online at <https://investor.automic.com.au/#/loginsah>.

so that it is received not later than 11.00am (Sydney Time) on Sunday 2 October 2022.

Proxy Forms received later than this time will be invalid.

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.

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 (Sydney Time) on Sunday 2 October 2022.

HOW TO ASK QUESTIONS

Shareholders can submit written questions to the Company or auditor in advance of the Meeting. Questions may be submitted online at meetings@automicgroup.com.au. Questions should be submitted no later than 9am (Sydney time) on 27 September 2022. We will endeavour to address as many of the more frequently raised relevant questions as possible during the Meeting. However, there may not be sufficient time available at the Meeting to address all questions raised. Please note that individual responses will not be sent to Shareholders. Shareholders and proxyholders will be given an opportunity to ask questions through the online platform once you have registered or are provided on your personalised voting form (for Shareholders who receive communications by post).

AGENDA

Ordinary Business

Accounts and Reports

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2022 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 2022.”

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

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

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

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

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

2. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR 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.”

3. RESOLUTION 3 – 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.”

4. RESOLUTION 4 – 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 114,216,600 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 or on behalf of any person who participated in the issue, or any of their Associates. However, the Company need not disregard a vote if it is cast in favour of the resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the resolution in accordance with directions given to the proxy or attorney on the resolution in that way;
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

5. RESOLUTION 5 – 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 20,664,159 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 or on behalf of any person who participated in the issue, or any of their Associates. However, the Company need not disregard a vote if it is cast in favour of the resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the resolution in accordance with directions given to the proxy or attorney on the resolution in that way;
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - i. the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - ii. the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

RESOLUTION 6 – APPROVAL OF 10% PLACEMENT FACILITY – LISTING RULE 7.1A

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

“That, for the purposes of 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 set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of any person who is expected to participate in, or who will obtain a material benefit as a result

of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity) any associate of that person or those persons. However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the resolution in accordance with directions given to the proxy or attorney on the resolution in that way;
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - i. the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - ii. the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

RESOLUTION 7 – REPLACEMENT OF CONSTITUTION

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

“That, for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to repeal its existing Constitution and adopt a new constitution in its place in the form as signed by the Chair of the Meeting for identification purposes.”

DATED: 23 AUGUST 2022
BY ORDER OF THE BOARD

EMMANUEL CORREIA
COMPANY SECRETARY

EXPLANATORY MEMORANDUM

This Explanatory Statement forms part of the Notice of Meeting convening the Annual General Meeting of Shareholders of BluGlass Limited to be held on Tuesday 4 October 2022 at 11.00am (Sydney Time) at Level 17, 383 Kent Street Sydney NSW 2000.

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 2022 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. 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 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 2022.

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 2021, 2,514,606 votes were cast (approximately 2.81%) 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 (other than the Chair) whose remuneration details are included in the Remuneration Report or any Closely Related Party of that member (other than the Chair) as your proxy to vote on this Resolution, *you must direct the proxy how they are to vote on this Resolution*. Where you do not direct the member of Key Management Personnel whose remuneration details are included in the Remuneration Report or Closely Related Party of that member on how to vote on this Resolution, the proxy (unless they are the Chair) is prevented by the Corporations Act from exercising your vote and your vote will not be counted in relation to this Resolution.

If you appoint the Chair as your proxy, you do not need to direct your proxy how to vote on this Resolution as the Chair is, unless a Voting Exclusion provides otherwise, able to vote at discretion of the Chair provided the proxy form expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. It is the Chair's intention to vote all undirected proxies in favour of all Resolutions.

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

2. RESOLUTIONS 2 AND 3 - RE-ELECTION OF MR JAMES WALKER AND MR VIVEK RAO

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

Mr James Walker, who was last re-elected at the 2020 AGM, retires by rotation and seeks re-election.

Mr Vivek Rao, who was last re-elected at the 2020 AGM, retires by rotation and seeks re-election.

Mr Walker is an experienced leader in commercialising technology in new markets, with roles as a Non-Executive Chair, Director and Chief Executive of ASX-listed companies. He also has deep experience as a Chief Financial Officer for a UK, AIM-listed technology company as well as executive roles in other growth companies.

Mr Walker has over 25 years' experience as a Chartered Accountant, company secretary and senior executive of various high growth private companies. Mr Walker has successfully completed multiple ASX IPOs, corporate acquisition transactions, secondary round raises on both the ASX and UK AIM markets and private capital raises.

Mr Walker has been a director of the Company for five years.

Mr Walker is currently a director of the following ASX listed companies: Native Mineral resource Holdings Ltd and DW8 Limited.

The Board considers Mr Walker to be an independent Director of the Company.

Mr Rao is the President & Chief Operations Officer of SPT Microtechnologies (a Division of SPP Technologies). Mr Rao is a seasoned semiconductor professional with more than 25 years in the semiconductor capital equipment industry in various managerial and technical leadership roles and brings to the BluGlass board a strong understanding of BluGlass' target markets and customers.

Mr Rao has been a director of BluGlass for six years.

Mr Rao currently has no other directorships with ASX listed companies.

The Board considers Mr Rao to be an independent Director of the Company.

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

3. RESOLUTION 4 – RATIFICATION OF PLACEMENT

3.1 General

On 31 March 2022, the Company issued 114,216,600 Shares at an issue price of \$0.03 per Share to raise approximately \$3,400,000.

Resolution 4 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.

The issue of the 114,216,600 Shares does not fit within any of the exceptions to ASX Listing Rule 7.1 and, as it has not yet been approved by Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the issue date of those Shares (being 16 July 2022).

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 and cease to reduce the Company's 15% placement capacity under that rule.

To this end, Resolution 4 seeks Shareholder approval under ASX Listing Rule 7.4 for the 114,216,600 Shares issued.

If Resolution 4 is passed, the 114,216,600 Shares will no longer reduce the Company's 15% placement capacity under ASX Listing Rule 7.1. In addition, the 114,216,600 Shares will be counted in Variable A under ASX Listing Rule 7.1, which is the base number of Shares on which the 15% and 10% placement capacities under ASX Listing Rules 7.1 and 7.1A, are based. This will effectively increase the number of Equity Securities that can be issued without Shareholder approval under the 15% and 10% placement capacities under those rules.

If Resolution 4 is not passed, the 114,216,600 Shares will continue to reduce the Company's 15% limit in ASX Listing Rule 7.1 until 12 months after the issue date of those Shares (being 31 March 2023) unless subsequently approved by Shareholders before that date. In addition, the 114,216,600 Shares will not be counted in Variable A until 12 months after their issue date unless subsequently approved by Shareholders before that date.

3.2 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) the Shares were issued to sophisticated investors who are clients of Viriathus Capital Pty Ltd . None of these subscribers were:

- (i) related parties of the Company, members of the Company's Key Management Personnel, substantial holders of the Company, advisors of the Company or any associate of any of these parties; and
- (ii) issued more than 1% of the issued capital of the Company;
- (b) 114,216,600 Shares were issued on 31 March 2022 under the Company's 15% placement capacity afforded under ASX Listing Rule 7.1;
- (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 issue price was \$0.03 per Share;
- (e) the purpose of the issue was to raise additional funds for the Company, with the funds raised used to acquire a USA based laser diode fabrication facility and for working capital; and
- (f) the Shares were not issued under an agreement.

3.3 Additional Information

The Board recommends that Shareholders vote in favour of Resolution 4.

4. RESOLUTION 5 – RATIFICATION OF PLACEMENT

4.1 General

On 24 March 2022, the Company announced the acquisition of commercial Silicon Valley laser diode production facility lease and manufacturing equipment for USD\$2.5 million. The consideration was paid by way of cash USD\$2m and 20,664,159 Shares at a deemed issue price of \$0.03 per Share. On 4 April 2022, the Company announced that completion of this acquisition had occurred.

On 31 March 2022, the Company issued 20,664,159 Shares at a deemed issue price of \$0.03 per Share as part consideration for the acquisition of a USA based laser diode fabrication facility lease and manufacturing equipment.

Resolution 5 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.

The issue of the 20,664,159 Shares does not fit within any of the exceptions to ASX Listing Rule 7.1 and, as it has not yet been approved by Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the issue date of those Shares (being 15 June 2022).

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 and cease to reduce the Company's 15% placement capacity under that rule.

To this end, Resolution 5 seeks Shareholder approval under ASX Listing Rule 7.4 for the 20,664,159 Shares issued.

If Resolution 5 is passed, the 20,664,159 Shares will no longer reduce the Company's 15% placement capacity under ASX Listing Rule 7.1. In addition, the 20,664,159 Shares will be counted in Variable A under ASX Listing Rule 7.1, which is the base number of Shares on which the 15% and 10% placement capacities under ASX Listing Rules 7.1 and 7.1A, are based. This will effectively increase the number of Equity Securities that can be issued without Shareholder approval under the 15% and 10% placement capacities under those rules.

If Resolution 5 is not passed, the 20,664,159 Shares will continue to reduce the Company's 15% limit in ASX Listing Rule 7.1 until 12 months after the issue date of those Shares (being 31 March 2023) unless subsequently approved by Shareholders before that date. In addition, the 20,664,159 Shares will not be counted in Variable A until 12 months after their issue date unless subsequently approved by Shareholders before that date.

4.2 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) the Shares were issued to Neophotonics Corporation. The subscriber was not:
 - (i) a related party of the Company, a member of the Company's Key Management Personnel, a substantial holder of the Company, an advisor of the Company or any associate of any of these parties; and
 - (ii) issued more than 1% of the issued capital of the Company;
- (b) 20,664,159 Shares were issued on 31 March 2022 under the Company's 15% placement capacity afforded under ASX Listing Rule 7.1;
- (g) the Shares issued were all ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (c) the deemed issue price was \$0.03 per Share;
- (d) the purpose of the issue was for the equity portion of the consideration payable in relation to the acquisition of the USA based laser diode fabrication facility; and
- (e) the Shares were issued under an Asset Acquisition and Subscription Agreement dated on or around 23 March 2022, the material terms of which include:
 - (i) the Company acquired a commercial Silicon Valley laser diode production facility lease and manufacturing equipment for USD\$2.5 million;
 - (ii) the consideration was paid by way of cash USD\$2m and 20,664,159 Shares at a deemed issue price of \$0.03 per Share; and
 - (iii) the Company's US subsidiary will retain key staff working in the facility.

4.3 Additional Information

The Board recommends that Shareholders vote in favour of Resolution 5.

5. RESOLUTION 6 – ADDITIONAL 10% PLACEMENT FACILITY – LISTING RULE 7.1A

5.1 General

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

ASX Listing Rule 7.1A provides that an Eligible Entity may seek Shareholder approval at its annual general meeting by way of special resolution to allow it to issue Equity Securities up to 10% of its issued capital (**10% Placement Capacity**) to increase this 15% limit by an extra 10% to 25%.

The Company is an Eligible Entity, meaning it is an entity which is not included in the S&P/ASX 300 Index and which has a market capitalisation of \$300 million or less.

If Shareholders approve Resolution 6, the number of Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (as set out in section 5.2 below).

The effect of Resolution 6 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.

Resolution 6 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 6 for it to be passed.

If Resolution 6 is passed, the Company will be able to issue Equity Securities up to the combined 25% limit in Listing Rule 7.1 and 7.1A without any further Shareholder approval. There are no proposed issues by the Company under this proposed Resolution if the Resolution is passed.

If Resolution 6 is not passed then the Company will not have the availability of the additional 10% Placement Capacity to issue Equity Securities without Shareholder approval provided under ASX Listing Rule 7.1A and will remain subject to the 15% limit on issuing Equity Securities without shareholder approval set out in Listing Rule 7.1. Accordingly, if the Company intends to issue securities over and above its placement capacity under ASX Listing Rule 7.1 then Shareholder approval will be required to issue such securities.

5.2 Listing Rule 7.1A

Listing Rule 7.1A enables an Eligible Entity to seek shareholder approval at its annual general meeting to issue Equity Securities in addition to those under the Eligible Entity's 15% annual placement capacity under Listing Rule 7.1.

An Eligible Entity is one that, as at the date of the relevant annual 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 or less.

The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of less than \$300,000,000. If however on the date of the Meeting the Company's market capitalisation exceeds \$300,000,000, then Resolution 6 will no longer be effective and will be withdrawn.

Any Equity Securities issued must be in the same class as an existing class of quoted Equity Securities. The Company currently has 2 classes of quoted Equity Securities on issue, being the Shares (ASX Code: BLG) and 1 class of listed Options (ASX Code: BLGO).

The exact number of Equity Securities that the Company may issue under an approval under Listing Rule 7.1A will be calculated according to the following formula:

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

Where:

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

- (a) plus the number of Shares issued in the previous 12 months under an exception in Listing Rule 7.2 other than exception 9, 16 or 17;
- (b) plus the number of fully paid ordinary securities issued in the previous 12 months on the conversion of convertible securities within Listing Rule 7.2 exception 9 where:
 - (i) the convertible securities were issued or agreed to be issued more than 12 months before immediately preceding the date of issue or agreement to issue; or
 - (ii) the issue of, or agreement to issue, the convertible securities was approved, or taken under the Listing Rules to have been approved under Listing Rule 7.1 or 7.4;
- (c) plus the number of fully paid ordinary securities issued in the last 12 months under an agreement to issue securities within Listing Rule 7.2 exception 16 where:
 - i. the agreement was entered into more than 12 months before; or
 - ii. the agreement or issue was approved, or taken under the Listing Rules to have been approved under Listing Rule 7.1 or 7.4;
- (d) plus the number of any other fully paid ordinary securities issues in the previous 12 months with approval under Listing Rule 7.1 or 7.4;
- (e) plus the number of partly paid shares that became fully paid in the previous 12 months immediately preceding the date of issue or agreement to issue; and
- (f) less the number of Shares cancelled in the previous 12 months immediately preceding the date of issue or agreement to issue.

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 immediately preceding the date of issue or agreement to issue where the issue or agreement has not been subsequently approved by the holders of Ordinary Securities under ASX Listing Rule 7.4.

5.3 Technical information required by Listing Rule 7.1A

Pursuant to and in accordance with Listing Rule 7.3A, the information below is provided in relation to this Resolution 6:

Minimum Price

The minimum cash consideration per security at which existing quoted Equity Securities may be issued under the 10% Placement Capacity is 75% of the volume weighted average market price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (a) the date on which the price at which the Equity Securities are to be issued is agreed by the Company and the recipient of the Equity Securities; or
- (b) if the Equity Securities are not issued within 10 ASX trading days of the date in section (i) above, the date on which the Equity Securities are issued.

Date of Issue

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (a) the date that is 12 months after the date of this Meeting;

- (b) the time and date of the Company's next annual general meeting;
- (c) the time and date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid),

(10% Placement Capacity Period).

Purpose of Issue under 10% Placement Capacity

The Company must issue Equity Securities under the 10% Placement Capacity for cash consideration in which case the Company intends to use funds raised for the continued investment of the Company's laser diode business in Australia and the USA and for general working capital purposes.

The Company will comply with the disclosure obligations under Listing Rules 2.7, 3.10.3 and 7.1A(4) upon issue of any Equity Securities under the 10% Placement Capacity.

Risk of voting dilution

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 6 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in Listing Rule 7.1A.2, on the basis of the current market price of Shares and the current number of Equity Securities on issue as at the date of this Notice.

The table also shows the voting dilution impact where the number of Shares on issue (Variable 'A' in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on Issue (Variable 'A' in Listing Rule 7.1A2)	Potential Dilution and Funds Raised			
	Issue Price (per Share)	(\$0.0125) 50% decrease in Issue Price	(\$0.025) Issue Price	(\$0.05) 100% increase in Issue Price
1,275,744,148 (Current Variable 'A')	Shares issued - 10% voting dilution	127,574,415 Shares	127,574,415 Shares	127,574,415 Shares
	Funds raised	\$1,594,680	\$3,189,360	\$6,378,720
1,913,616,222 (50% increase in Variable 'A')	Shares issued - 10% voting dilution	191,361,622 Shares	191,361,622 Shares	191,361,622 Shares
	Funds raised	\$2,392,020	\$4,784,041	\$9,568,0981

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Number of Shares on Issue (Variable 'A' in Listing Rule 7.1A2)	Potential Dilution and Funds Raised			
	Issue Price (per Share)	(\$0.0125) 50% decrease in Issue Price	(\$0.025) Issue Price	(\$0.05) 100% increase in Issue Price
2,551,488,296 (100% increase in Variable 'A')	Shares issued - 10% voting dilution	255,148,830 Shares	255,148,830 Shares	255,148,830 Shares
	Funds raised	\$3,189,360	\$6,378,720	\$12,757,441

*The number of Shares on issue (Variable 'A' in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

- (a) based on the total number of 1,275,744,148 fully paid ordinary Shares on issue on the ASX as at 27 July 2022;
- (b) the issue price set out above is the closing price of the Shares on the ASX on \$0.025 on 27 July 2022;
- (c) the Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity;
- (d) the Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in Listing Rule 7.2 or with approval under Listing Rule 7.1;
- (e) the issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options or Performance Rights are exercised into Shares before the date of issue of the Equity Securities under the 10% Placement Capacity;
- (f) the calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own individual shareholding depending on their specific circumstances;
- (g) this table does not set out any dilution pursuant to approvals under Listing Rule 7.1;
- (h) 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%; and
- (i) 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 Capacity, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- (a) the market price for the Company's Shares (being the Equity Securities in the class the subject of the Listing Rule 7.1A mandate) may be significantly lower on the issue date than on the date of the Meeting; and
- (b) the Company's Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

Allocation policy under the 10% Placement Capacity

The Company's allocation policy for the issue of Equity Securities under the 10% Placement Capacity will be dependent on the prevailing market conditions at the time of the proposed placement(s). The Company considers that it may raise funds under the 10% Placement Capacity although this cannot be guaranteed. In addition, no intentions have been formed in relation to the possible number of issues, or the time frame in which the issues could be made. Subject to the requirements of the Listing Rules and the Corporations Act, the Board reserves the right to determine at the time of any issue of Equity Securities under Listing Rule 7.1A, and the allocation policy that the Company will adopt for that issue.

The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (a) the purpose of the issue;
- (b) alternative methods and structures for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (c) the effect of the issue of the Equity Securities on the control of the Company;
- (d) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (e) prevailing market conditions; and
- (f) advice from corporate, financial and broking advisers (if applicable).

Previous Approval under Listing Rule 7.1A

The Company did not obtain approval under Listing Rule 7.1A at its last Annual General Meeting.

Compliance with Listing Rules 7.1A.4

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it will give to ASX:

- (a) 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 Listing Rule 7.1A.4; and
- (b) the information required by Listing Rule 7.1A.4 for release to the market.

5.4 Voting Exclusion

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 6.

6. RESOLUTION 7 – REPLACEMENT OF CONSTITUTION

6.1 General

A company may modify or repeal its constitution or a provision of its constitution by special resolution of Shareholders.

Resolution 7 is a special resolution which will enable the Company to repeal its existing Constitution and adopt a new constitution (Proposed Constitution) which is of the type required for a listed public company limited by shares updated to ensure it reflects the current provisions of the Corporations Act and Listing Rules.

This will incorporate amendments to the Corporations Act and Listing Rules since the current Constitution was adopted in 2017.

The Directors believe that it is preferable in the circumstances to replace the existing Constitution with the Proposed Constitution rather than to amend a multitude of specific provisions.

It is not practicable to list all the changes to the Constitution in detail in this Explanatory Statement, however, a summary of the proposed material changes is set out below.

A copy of the Proposed Constitution is available for review by Shareholders at the Company's website <https://www.bluglass.com.au/> and at the office of the Company. A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary at +61 2 9334 2300. Shareholders are invited to contact the Company if they have any questions.

6.2 Summary of material proposed changes

Restricted Securities (clause 2.12)

In 2019 the ASX Listing Rules introduced changes to ASX Listing Rule 15 to require a company to have specific provisions in its constitution if it is to have ASX restricted securities on issue. The specific provisions relate to restrictions imposed on such securities.

Virtual Meetings (clause 12.10)

Changes to the Corporations Act in 2022 permit companies to hold virtual shareholder meetings provided the constitution permits the company to do so. Clause 12.10 of the Proposed Constitution allows for the Company to hold virtual meetings of shareholders.

Partial (proportional) takeover provisions (new clause 36)

A proportional takeover bid is a takeover bid where the offer made to each shareholder is only for a proportion of that shareholder's shares.

Pursuant to section 648G of the Corporations Act, the Company has included in the Proposed Constitution a provision whereby a proportional takeover bid for Shares may only proceed after the bid has been approved by a meeting of Shareholders held in accordance with the terms set out in the Corporations Act.

This clause of the Proposed Constitution will cease to have effect on the third anniversary of the date of the adoption of last renewal of the clause.

Information required by section 648G of the Corporations Act

(a) Effect of proposed proportional takeover provisions

Where offers have been made under a proportional off-market bid in respect of a class of securities in a company, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under such a proportional off-market bid is

prohibited unless and until a resolution to approve the proportional off-market bid is passed.

(b) Reasons for proportional takeover provisions

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium. These amended provisions allow Shareholders to decide whether a proportional takeover bid is acceptable in principle, and assist in ensuring that any partial bid is appropriately priced.

(c) Knowledge of any acquisition proposals

As at the date of this Notice of Meeting, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

(d) Potential advantages and disadvantages of proportional takeover provisions

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them and that they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

The potential advantages of the proportional takeover provisions for Shareholders include:

- (i) the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (ii) assisting in preventing Shareholders from being locked in as a minority;
- (iii) increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced; and
- (iv) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders which may assist in deciding whether to accept or reject an offer under the takeover bid.

The potential disadvantages of the proportional takeover provisions for Shareholders include:

- (i) proportional takeover bids may be discouraged;
- (ii) lost opportunity to sell a portion of their Shares at a premium; and
- (iii) the likelihood of a proportional takeover bid succeeding may be reduced.

(e) Recommendation of the Board

The Directors do not believe the potential disadvantages outweigh the potential advantages of adopting the proportional takeover provisions and as a result consider that the proportional takeover provision in the Proposed Constitution is in the interest of Shareholders and unanimously recommend that Shareholders vote in favour of Resolution 7.

7. 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

10% Placement Capacity has the meaning given in section 5 of the Explanatory Statement.

\$ means Australian Dollars.

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.

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 party' in the *Corporations Act*.

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

Constitution means the Company's constitution.

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

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.

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

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

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.

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

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

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2022.

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

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

Shareholder means a registered holder of a Share.

Sydney Time means time as observed in Sydney, New South Wales.