

The Manager

ASX Announcements Platform

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MANAGING DIRECTOR'S 2015 AGM ADDRESS

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

George has provided you with an overview of BluGlass' key achievements for the year, including the technology and commercial progress that now sees the company being evaluated by two market leaders in their fields, including a top tier LED Company and the world's largest MOCVD equipment manufacturer. What I would like to focus on today is the recent commercial activity, the applications for the RPCVD technology, the markets we plan to enter and our commercialisation strategy.

VEECO EVALUATION UPDATE

Last week we announced that the Veeco Instruments evaluation of RPCVD for green LEDs has moved to the next iteration following positive initial results on 2 inch wafers. The next part of the evaluation will involve greater collaboration between BluGlass and Veeco and will focus on demonstrating good green LED performance on larger size wafers.

The initial evaluation of RPCVD for power electronics has shown that the low temperature overgrowth of p-GaN has the potential for a significant performance advantage. This is a very good indicator for the Company. However as we mentioned last week, development of these new applications is still in the early days and the RPCVD technology must improve on the thickness uniformity over large silicon wafers prior to performing full device evaluation. Ian will talk in more detail about the technology progress around this evaluation shortly.

There have been a number of technical and commercial discussions with Veeco to decide on the best approach to demonstrate the advantages of RPCVD p-GaN and we expect that as we move closer to completing the evaluation project that we will be able to update the market on the commercialisation strategy.

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TOP TIER LED COLLABORATION UPDATE

We recently announced the start of an evaluation with one of the world's leading LED companies. BluGlass was approached by this tier-1 LED manufacturer, and following a number of discussions we will commence a collaborative evaluation to test a custom application of RPCVD which is targeting the improvement of LED performance and cost for a specialty application.

This is a good endorsement of the current RPCVD p-GaN performance data, which has come a very long way during the course of the year and we look forward to working closely with this leading LED device manufacturer.

As you can appreciate, this collaboration is commercially sensitive for both of the parties, and we cannot disclose any further information at this time.

RPCVD – A PLATFORM TECHNOLOGY

Before I discuss the commercialisation paths it is worth reiterating that RPCVD is a versatile platform technology, and as just discussed, inroads into showcasing this has been made during the year. We will be looking to apply the RPCVD technology to gain industry evaluation and acceptance in a number of markets, most notably;

- High brightness LEDs (HB-LED)
- Green and yellow LEDs (e.g. for yellow LEDs to replace phosphor coatings in white LEDs)
- Power electronics (e.g. for electric cars for power conversion, or for DC/DC converters for mobile devices etc.)
- Concentrated photovoltaics
- Aluminum nitride (AlN) templates

RPCVD - COMMERCIALISATION PATHS

It is worth mentioning here that all of the application development work that BluGlass is conducting, be it for LEDs, green LEDs, power electronics, laser diodes etc. is being largely steered by the industry and the opportunities that they see where the low temperature RPCVD technology can provide performance advantages not able to be achieved by higher temperature deposition.

The immediate goal for the Company is to continue to improve on our recent technology results for each of the applications (including LED, power electronics and in the longer term, solar) and steer the Company towards industry acceptance. The core objective is to commercialise the technology via one or more of the following paths;

- RPCVD foundry applications
- Licensing our extensive IP portfolio
- Partnerships (JV/JDA) with one or more strategic partners, device or equipment manufacturer

- Retrofitting existing MOCVD systems (as you are aware BluGlass has already successfully retrofitted both Veeco and Aixtron (Thomas Swan) MOCVD systems at our Silverwater facility).

BluGlass will continue to review all options for the commercialisation of its RPCVD technology

RPCVD - PATH TO MARKET

BluGlass is now active in all four of these segments and we are working to;

- Demonstrate key applications (LED and power electronics demonstrations planned)
- Grow our foundry service business (New foundry commitments and expanding pipeline)
- Gain Industry acceptance (two evaluations with world leading industry players)
- And ultimately drive commercialisation and deliver a commercial outcome for the Company and shareholders

LED MARKET

The market opportunity for the RPCVD technology continues to grow and expand. The main markets that BluGlass is looking to for early adoption of the RPCVD technology include the LED industry and in particular the LED lighting market which is expected to total more than \$216B to 2025, and the GaN power electronics industry, which I will discuss in the next slide.

The LED lighting market is the main market driver for LED chips and the associated equipment market. The LED lighting market continues to meet growth expectations with LED lighting sales soon expected to outpace and eventually eliminate incandescent bulbs in North America. Big Market Research also predicts a market shift that will provide opportunities for new entrants. These market changes create significant prospects for participants to achieve rapid increase in market share, and shifts in market share are anticipated as vendors move up the value chain to increase returns on investment.

POWER ELECTRONICS MARKET

According to market research firm IHS Inc in their report 'The World Market for SiC & GaN Power semiconductors – 2014 edition' the emerging global market for silicon carbide (SiC) and gallium nitride (GaN) power semiconductors is expected to grow by a factor of 17 over the 10 years from 2013 (\$150M), to 2023 where the market is expected to reach \$2.5B per annum. As mentioned earlier, BluGlass is very encouraged by early indicators of a performance advantage for RPCVD p-GaN for power electronics applications, and we expect this to become a major market into the future.

SPP TECHNOLOGIES UPDATE AND INTRODUCTION

We were very pleased to welcome SPP technologies (SPT) from Japan as a cornerstone shareholder of BluGlass and we are looking forward to working more closely with them in the future.

STAFFING AND FACILITY UPDATE

Following the extensive facility upgrade in 2014, we have significantly reduced our reliance on expensive third party providers of equipment modifications and characterisation services. This has also lead to a much more efficient and rapid development cycle for the company, and we are now progressing the technology faster than ever before.

We continue to build on our world leading team of scientific and engineering excellence with virtually no staff turn-over in the last few years.

As always, before I hand you over to our Chief Operations and Technology Officer Ian Mann, I would like to thank-you, our shareholders and stake-holders for your continued support of our technology, following an important year as we ready BluGlass for commercialisation.