

Form 603
Corporations Act 2001
Section 671B

Notice of initial substantial holder

To Company Name/Scheme BluGlass Limited ("BluGlass")

ACN/ARSN 116 825 793

1. Details of substantial holder (1)

Name SPP Process Technology Systems Ltd ("SPTS") and the entities listed in Annexure A (SPP Controlled Entities)

ACN/ARSN (if applicable) N.A.

The holder became a substantial holder on 3 September 2010

2. Details of voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Person's votes (5)	Voting power (6)
Fully Paid Ordinary	23,297,379	23,297,379	10.8%

3. Details of relevant interests

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
SPTS	Relevant Interest under s608(1) of the Corporations Act as the holder of the securities which it acquired pursuant to a share subscription agreement dated 30 August 2010 between BluGlass and SPTS. (see Annexure B)	23,297,379 Fully Paid Ordinary
Sumitomo Precision Products Co., Ltd (SPP)	Taken under section 603(3)(b) of the Corporations Act to have a relevant interest by reason of having control of SPTS	23,297,379 Fully Paid Ordinary
SPP Controlled Entities	Taken under s608(3)(a) of the Corporations Act to have a relevant interest by reason of having voting power greater than 20% in SPTS (through the relevant interests of its associate, SPP, in SPTS).	23,297,379 Fully Paid Ordinary

4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
SPTS	SPTS	SPTS	23,297,379 Fully Paid Ordinary
SPP	SPTS	SPTS	23,297,379 Fully Paid Ordinary
SPP Controlled Entities	SPTS	SPTS	23,297,379 Fully Paid Ordinary

5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)		Class and number of securities
		Cash	Non-cash	
SPTS	31/08/2010	A\$0.11 per share		23,297,379 Fully Paid Ordinary
SPP	31/08/2010	N/A		23,297,379 Fully Paid Ordinary
SPP Controlled Entities	31/08/2010	N/A		23,297,379 Fully Paid Ordinary

6. Associates

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
SPP	Holding company of SPTS
SPP Controlled Entities	Controlled by SPP

7. Addresses

The addresses of persons named in this form are as follows:

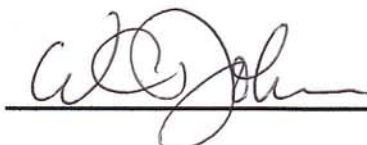
Name	Address
SPTS	Imperial Park, Newport NP10 8UJ, United Kingdom
SPP	1-10 Fusco-cho, Amagasaki City, Hyogo, 660-0891 Japan
SPP Controlled Entities	See Annexure A

Signature

print name William Johnson

capacity Director

sign here



date 6 Sept 2010


DIRECTIONS

- (1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.

- (6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (7) Include details of:
- (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
 - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).
- See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (8) If the substantial holder is unable to determine the identity of the person (eg. if the relevant interest arises because of an option) write "unknown."
- (9) Details of the consideration must include any and all benefits, moneys and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.
-

Annexure A to Form 603

This is Annexure A of page 1 referred to in Form 603 prepared by SPP Process Technology Systems Ltd in respect of BluGlass Limited signed by me and dated 6 Sept 2010


print name	William Johnson	capacity	Director
sign here			date <u>6 Sept 2010</u>

Name	Address
MET Co., Ltd.	8th Floor, Office Tower-Y, 1-8-11, Harumi, Chuo-ku, Tokyo, 104-6108 Japan
Sumisei Engineering Co., Ltd.	1-10 Fuso-cho, Amagasaki City, Hyogo, 660-0891 Japan
Sumisei Techno Service Co., Ltd.	1-10 Fuso-cho, Amagasaki City, Hyogo, 660-0891 Japan
Sumisei Sangyo Co., Ltd.	1-10 Fuso-cho, Amagasaki City, Hyogo, 660-0891 Japan□
Sumisei Hydraulic Systems Co., Ltd	2-2-27 Tsujidokandai, Fujisawa City, Kanagawa, 251-0041 Japan□
Sumitomo Precision USA, Inc.	1639 Falcon Drive, DeSoto, Texas 75115, U.S.A
SPTS UK	(Junction 28), Imperial Park, Newport NP10 8UJ, United Kingdom
SPTS USA	440 Kings Village Road, Scotts Valley, CA 95066
SPTS France	Inovall - B B, 445 rue Lavoisier 38330 Montbonnot
SPTS GmbH	Proviandhofstrasse 1 Dresden D-01099 Germany
SPTS Taiwan	10F-2, No. 120, Sec 2, GongdaoWu Road, Hsinchu City 300 Taiwan R.O.C.
SPTS China	Room B-1501, No.188, Tomson Center ZhangYang Road, Shanghai, P.R. China 200122
SPTS Singapore	10 Ang Mo Kio Street 65, #05-11 Techpoint 569059 Singapore
SPTS Inc	[.]
SPTS Malaysia	Suite 21, 1F, Techno Centre, Kulim Darul Aman, 09000 Malaysia
SPTS Korea	4F, Woojung Bldg 1658-17, Seocho-dong, Seocho-ku, Seoul 137-881, Korea


Each a "Substantial Shareholder", SPP Process Technology Systems Ltd gives this notice on behalf of itself and each of the Substantial Shareholders.

Annexure B to Form 603

This is Annexure B of page ³⁹ referred to in Form 603 prepared by SPP Process Technology Systems Ltd in respect of BluGlass Limited signed by me and dated 6 Sept 2010

print name	William Johnson	capacity	Director
sign here		date	6 Sept 2010

I hereby certify that the copy of the Share Subscription Agreement included in this Annexure B is a true copy of that document

print name	William Johnson	capacity	Director
sign here		date	6 Sept 2010

Share Subscription Agreement

SPP Process Technology Systems Ltd

BluGlass Limited
ACN 116 825 793

Blake Dawson

Level 36, Grosvenor Place
225 George Street
Sydney NSW 2000
Australia
T 61 2 9258 6000
F 61 2 9258 6999

Reference
EGP DMCM PATK 02-2023-3664

©Blake Dawson 2010

Contents

1.	INTERPRETATION	1
1.1	Definitions	1
1.2	Rules for interpreting this document	6
1.3	Business Days	7
2.	SUBSCRIPTION FOR SUBSCRIPTION SHARES	7
3.	CONDITIONS PRECEDENT	7
3.1	Conditions Precedent - Tranche 1	7
3.2	Conditions Precedent - Tranche 2	8
3.3	Waiver of Conditions Precedent	8
3.4	Obligations to satisfy Conditions Precedent	8
3.5	Result of non-satisfaction of Conditions Precedent	8
4.	TRANCHE 1	8
4.1	Timetable to complete Tranche 1	8
4.2	Time and place of Completion Tranche 1	9
4.3	Subscriber's obligations at Completion Tranche 1	9
4.4	Company's obligations at Completion Tranche 1	9
4.5	Company's obligations following Completion Tranche 1	9
4.6	Completion Tranche 1 simultaneous	10
5.	TRANCHE 2	10
5.1	Timetable to complete Tranche 2	10
5.2	Time and place of Completion Tranche 2	10
5.3	Subscriber's obligations at Completion Tranche 2	10
5.4	Company's obligations at Completion Tranche 2	10
5.5	Company's obligations following Completion Tranche 2	10
5.6	Completion Tranche 2 simultaneous	11
6.	BREAK FEE	11
6.1	Undertaking by the Company	11
6.2	Company's acknowledgment	11
6.3	Undertaking by the Subscriber	11
6.4	Subscriber's acknowledgment	11
6.5	Compliance with law	11
6.6	Written demand	12
6.7	Survival	12
7.	NOMINEE DIRECTOR	12
7.1	Appointment of Nominee Director	12
7.2	Replacement of Nominee Director	12
7.3	Restriction of nomination right	12
7.4	Appointment by Board in interim	12
7.5	Nominee veto right	13
8.	PARTICIPATION RIGHTS	13

8.1	Duration of rights	13
8.2	Benefit of rights	13
8.3	Notice of issue	13
8.4	Right to participate	13
8.5	Number of Equity Securities	13
8.6	Termination	14
9.	RIGHT OF FIRST REFUSAL	14
9.1	Transfers	14
9.2	Transfer Notice	14
9.3	Right not Exercised	15
9.4	Transfer to the Subscriber	15
9.5	Quiet Enjoyment	15
9.6	Transfer to Third Party Purchaser	15
10.	COMPANY'S CONDUCT PENDING COMPLETION	16
11.	TERMINATION	16
11.1	Termination by either party	16
11.2	Termination by the Subscriber	16
12.	WARRANTIES	16
12.1	By each party generally	16
12.2	By the Company	16
12.3	Update of disclosures	17
12.4	Indemnity	17
12.5	No extinguishment	17
12.6	Reliance on Warranties	17
12.7	Disclosure Letter	17
12.8	Limitation on the Company's liability	17
13.	CONFIDENTIALITY	18
13.1	Confidential Information	18
13.2	Disclosure of Confidential Information	18
13.3	Use of Confidential Information	18
13.4	Excluded Information	18
13.5	Return or destruction of Confidential Information	18
13.6	Survival of confidentiality obligations	19
14.	ANNOUNCEMENTS	19
15.	STANDSTILL	19
15.1	Standstill obligation	19
15.2	Exceptions	19
16.	NOTICES	20
16.1	How to give a notice	20
16.2	When a notice is given	20
16.3	Addresses for notices	20
17.	AMENDMENT AND ASSIGNMENT	21
17.1	Amendment	21

17.2	Assignment	21
18.	GENERAL	21
18.1	Governing law	21
18.2	Liability for expenses	21
18.3	Giving effect to this document	21
18.4	Waiver of rights	21
18.5	Operation of this document	22
18.6	No merger	22
18.7	Entire agreement	22
18.8	Counterparts	22
 Schedule		
1	APPLICATION FOR SUBSCRIPTION SHARES	23
2	CAPITAL STRUCTURE	24
3	WARRANTIES	25
4	TIMETABLE	28
5	ANNOUNCEMENT	29

Share Subscription Agreement BluGlass Limited

DATE

PARTIES

SPP Process Technology Systems Ltd
of Imperial Park, Newport NP10 8UJ, United Kingdom
(**Subscriber**)

BluGlass Limited
ACN 116 825 793 (**Company**)

RECITALS

- A. The Company has agreed to issue the Tranche 1 Subscription Shares to the Subscriber and the Subscriber has agreed to subscribe for the Tranche 1 Subscription Shares and pay the Subscription Price for the Tranche 1 Subscription Shares to the Company, on the terms of this document, on the Completion Date Tranche 1.
- B. The Company has agreed to issue the Tranche 2 Subscription Shares to the Subscriber and the Subscriber has agreed to subscribe for the Tranche 2 Subscription Shares and pay the Subscription Price for the Tranche 2 Subscription Shares to the Company, on the terms of this document, on the Completion Date Tranche 2.

OPERATIVE PROVISIONS

1. INTERPRETATION

1.1 Definitions

The following definitions apply in this document.

ASX means ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange, as appropriate.

Authorisation means the following and includes any renewal or amendment of them:

- (a) an authorisation, consent, declaration, exemption, notarisation or waiver, however it is described; and
- (b) in relation to anything that could be prohibited or restricted by law if a Government Agency acts in any way within a specified period, the expiry of that period without that action being taken.

Board means the board of directors of the Company.

Business Day means:

- (a) for determining when a notice, consent or other communication is given, a day that is not a Saturday, Sunday or public holiday in the place to which the notice, consent or other communication is sent; and

- (b) for any other purpose, a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Sydney.

Claim means any claim, action, proceeding or demand made against the person concerned, however it arises and whether it is present or future, fixed or unascertained, actual or contingent.

Cleansing Statement means a notice in relation to each of:

- (a) the Tranche 1 Subscription Shares; and
(b) the Tranche 2 Subscription Shares,

given by the Company in accordance with section 708A(5) of the Corporations Act.

Company Break Fee Amount means, as at the date the Company Break Fee Amount becomes payable, an amount equal to the expenses reasonably incurred by the Subscriber:

- (a) in connection with the preparation and negotiation of this agreement and the Joint Venture Agreement; and
(b) otherwise, in connection with the implementation of the transactions contemplated by this agreement and the Joint Venture Agreement,

up to a maximum amount of \$250,000.

Completion Tranche 1 means the completion of the subscription for and allotment and issue of the Tranche 1 Subscription Shares in accordance with this document, and **Complete Tranche 1** has a corresponding meaning.

Completion Tranche 2 means the completion of the subscription for and allotment and issue of the Tranche 2 Subscription Shares in accordance with this document, and **Complete Tranche 2** has a corresponding meaning.

Completion Date Tranche 1 means the latest of:

- (a) the day on which the Conditions Precedent in clause 3.1 are satisfied (or waived under clause 3.3); and
(b) any other date agreed by the Company and the Subscriber

Completion Date Tranche 2 means the latest of:

- (a) the day which is 5 Business Days after satisfaction (or waiver under clause 3.3) of the Conditions Precedent in clause 3.2; and
(b) any other date agreed by the Company and the Subscriber.

Competing Transaction means any proposal (including a placement or a scheme of arrangement) or offer that would if completed substantially in accordance with its terms result in any person or persons other than the subscriber acquiring:

- (a) an interest in all or a substantial part of the assets of the Company;
(b) any interest in the RPCVD Intellectual Property; or
(c) a relevant interest in more than 5% of the voting shares of the Company.

Conditions Precedent means the conditions precedent set out in clause 3.1 and 3.2.

Confidential Information means information in any form or medium that:

- (a) relates to the business, assets or affairs of each of the parties and their related bodies corporate;
- (b) is made available by or on behalf of the disclosing party to the receiving party, or is otherwise obtained by or on behalf of the receiving party; and
- (c) is, by its nature, confidential or the receiving party knows, or ought to know, is confidential.

Confidential Information includes the existence and terms of this document and the Joint Venture Agreement.

Confidential Information may be made available or obtained directly or indirectly and before, on or after the date of this document.

Constitution means the constitution of the Company.

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

Disclosure Letter means the letter dated on or before the date of this document from the Company to the Subscriber in respect of the Company's Warranties.

Encumbrance means:

- (a) a mortgage, charge, pledge, lien, hypothecation, power of attorney or title retention arrangement, a right of set-off or right to withhold payment of a deposit or other money, a notice under section 255 of the *Income Tax Assessment Act 1936* (Cth), subdivision 260–A in schedule 1 of the *Taxation Administration Act 1953* (Cth) or any similar legislation;
- (b) any other interest or arrangement of any kind that secures the payment of money or the performance of an obligation or which gives a creditor priority over unsecured creditors in relation to any property;
- (c) an easement, restrictive covenant, caveat or similar restriction over property; or
- (d) any agreement to create any of them or to allow any of them to exist.

End Date means 31 December 2010, or any later date agreed in writing by the Company and the Subscriber.

Equity Security has the meaning given to that term in the Listing Rules and includes any security convertible into an Equity Security.

Excluded Information means information the receiving party can establish:

- (a) is in or enters the public domain through no fault of the receiving party; or
- (b) is already known to the receiving party on a non-confidential basis or is disclosed to the receiving party from another source otherwise than in breach of this document.

Fully Diluted Capital means the total number of Shares plus the number of Shares that would be issued on exercise or conversion of any Equity Securities (other than Shares) which are on issue (or which the Company has agreed or proposes to agree to issue).

Government Agency means:

- (a) AusIndustry;

- (b) any government or government department or other body;
- (c) a governmental, semi-governmental or judicial person including a statutory corporation; or
- (d) a person (whether autonomous or not) who is charged with the administration of a law.

Holding means, in respect of a Subscriber Shareholder, the number of Shares beneficially held by that Subscriber Shareholder plus the number of Shares that would be issued on exercise or conversion of any Equity Security which is not a Share beneficially held by that Subscriber Shareholder.

Intellectual Property means all rights conferred by statute, common law or equity (and all moral rights) in or in relation to circuit layouts, computer software, confidential information, copyright, designs, domain names, formulas, inventions, knowhow, patents, trade marks and other results of intellectual activity in the industrial, commercial or scientific fields, the benefit of any application to register such a right and the benefit of any renewal or extension of such a right.

Joint Venture Agreement means the proposed joint venture arrangement between the Company and the Subscriber (or its nominee) set out in a joint venture agreement dated on or about the date of this agreement.

Incumbent Nominee Director has the meaning given to that term in clause 7.2(a)(ii).

Insolvency Event means any of the following:

- (a) an order is made, or a resolution is passed for the winding up, dissolution or administration of the Company or one of its related bodies corporate;
- (b) the Company institutes any proceedings or arrangements for the liquidation of, or a receiver is appointed to, the Company or one of its related bodies corporate;
- (c) a receiver, a receiver and manager, administrator or similar officer is appointed over or a distress or execution is levied over the assets of the Company or one of its related bodies corporate;
- (d) the Company, or one of its related bodies corporate, suspend payment of its debts or is unable to pay its debts as and when they fall due; and
- (e) the Company, or one of its related bodies corporate, makes or offers to make an arrangement with its creditors or a class of them.

Licence Agreement has the meaning given to that term in the Joint Venture Agreement.

Listing Rules means the listing rules of the ASX.

Loss means any loss, damage, cost, expense or liability incurred by the person concerned, however it arises and whether it is present or future, fixed or unascertained, actual or contingent.

Material Adverse Change means any change, effect, event, occurrence, state of facts or development in relation to the Company that could reasonably be expected to be materially adverse to the business, financial position or performance, assets or liabilities, profits or losses or prospects of the Company, including but not limited to a Material Fall in the Company's share price.

Material Fall means at any time after the date of this agreement, the Company's share price is 40% or more below its level as at the close of trading on the Business Day

immediately preceding the date of the Term Sheet entered into between the Subscriber and the Company dated 20 August 2010.

Nominee Director has the meaning given to that term in clause 7.1.

Participation Exception means:

- (a) an issue of Shares as a result of the exercise or conversion of options or other Equity Securities in the Company; or
- (b) an issue of Shares or other Equity Securities in the Company to employees, officers, consultants or directors of the Company pursuant to a compensation or incentive scheme established before the date of this document for the benefit of employees, officers, directors or consultants of the Company.

Prescribed Event means, in relation to the Company:

- (a) the Company converts all or any of its shares into a larger or smaller number of shares;
- (b) the Company resolves to reduce its share capital in any way;
- (c) the Company:
 - (i) enters into a buy-back agreement; or
 - (ii) resolves to approve the terms of a buy-back agreement;
- (d) the Company issues shares or grants an option over its shares, or agrees to make such an issue or grant such an option, excluding:
 - (i) any issue or grant contemplated by this document; and
 - (ii) any shares issued by the Company as a result of the exercise or conversion of options or other Equity Securities in the Company on issue on the date of this agreement;
 - (iii) the Company issues, or agrees to issue, securities or other instruments convertible into shares.

Proposed Equity Offer has the meaning given to it in clause 8.3.

Pro-Rata Offer means an offer made to all holders of Shares on a pro rata basis.

Relevant Assets means licensed Intellectual Property and any material assets held by the Company or a related body corporate of the Company, used wholly or principally in connection with the business operated by the joint venture created under the Joint Venture Agreement.

Representatives means any of a person's directors, officers, employees, financial advisers, attorneys, legal advisers, accountants, consultants or agents.

Resolution means the resolutions to be considered by the Company shareholders in relation to the issue of the Tranche 2 Subscription Shares (including for the purpose of Listing Rule 7.1).

RPCVD Intellectual Property has the meaning given to that term in the Licence Agreement.

Share means an issued ordinary share in the capital of the Company.

Subscriber Shareholders means:

- (a) the Subscriber, if it beneficially holds Shares; and
- (b) any related body corporate of the Subscriber who beneficially holds Shares.

Subscription Price means \$0.11 for each of the Tranche 1 Subscription Shares and the Tranche 2 Subscription Shares.

Tranche 1 Subscription Shares means 23,297,379 fully paid ordinary Shares in the Company.

Tranche 2 Subscription Shares means 24,431,780 fully paid ordinary Shares in the Company

Subscriber Break Fee Amount means as at the date the Subscriber Break Fee Amount becomes payable, an amount equal to the expenses reasonably incurred by the Company:

- (a) in connection with the preparation and negotiation of this agreement and the Joint Venture Agreement; and
- (b) otherwise, in connection with the implementation of the transactions contemplated by this agreement and the Joint Venture Agreement,

up to a maximum amount of \$250,000.

Suspension Notice has the meaning given to that term in clause 8.1(b).

Timetable means the timetable for Completion Tranche 1 and Completion Tranche 2 contained in Schedule 4.

Warranties means the warranties, undertakings and representations set out in Schedule 2 and **Warranty** has a corresponding meaning.

1.2 Rules for interpreting this document

Headings are for convenience only, and do not affect interpretation. The following rules also apply in interpreting this document, except where the context makes it clear that a rule is not intended to apply.

- (a) A reference to:
 - (i) legislation (including subordinate legislation) is to that legislation as amended, re-enacted or replaced, and includes any subordinate legislation issued under it;
 - (ii) a document (including this document) or agreement, or a provision of a document (including this document) or agreement, is to that document, agreement or provision as amended, supplemented, replaced or novated;
 - (iii) a party to this document or to any other document or agreement includes a permitted substitute or a permitted assign of that party;
 - (iv) a person includes any type of entity or body of persons, whether or not it is incorporated or has a separate legal identity, and any executor, administrator or successor in law of the person; and
 - (v) anything (including a right, obligation or concept) includes each part of it.
- (b) A singular word includes the plural, and vice versa.

- (c) A word which suggests one gender includes the other genders.
- (d) If a word or phrase is defined, any other grammatical form of that word or phrase has a corresponding meaning.
- (e) If an example is given of anything (including a right, obligation or concept), such as by saying it includes something else, the example does not limit the scope of that thing.
- (f) A reference to **\$** or **dollars** is a reference to Australian dollars.
- (g) The word **agreement** includes an undertaking or other binding arrangement or understanding, whether or not in writing.
- (h) The expression **this document** includes the agreement, arrangement, understanding or transaction recorded in this document.
- (i) The expressions **subsidiary, holding company, control, relevant interest** and **related body corporate** each have the same meaning as in the Corporations Act.

1.3 Business Days

If the day on or by which a person must do something under this document is not a Business Day:

- (a) if the act involves a payment that is due on demand, the person must do it on or by the next Business Day; and
- (b) in any other case, the person must do it on or by the previous Business Day.

2. SUBSCRIPTION FOR SUBSCRIPTION SHARES

The Subscriber agrees to subscribe for and pay the Subscription Price for the Tranche 1 Subscription Shares and the Tranche 2 Subscription Shares, and the Company agrees to allot and issue the Tranche 1 Subscription Shares and the Tranche 2 Subscription Shares to the Subscriber on the terms of this document.

3. CONDITIONS PRECEDENT

3.1 Conditions Precedent - Tranche 1

Completion Tranche 1 is conditional on:

- (a) no Material Adverse Change occurring between the date of this document and Completion Tranche 1;
- (b) as at the Completion Date Tranche 1, the Company not being affected by an Insolvency Event;
- (c) the Company not being aware that Completion Tranche 1 will result in the Company having to repay any monies under the terms of any financial grant from any governmental or other authority or forfeiting the right to any committed financial grant from any governmental or other authority; and
- (d) The execution of the Joint Venture Agreement by the parties to the Joint Venture Agreement.

3.2 Conditions Precedent - Tranche 2

Completion Tranche 2 is conditional on:

- (a) Completion Tranche 1 occurring;
- (b) no Material Adverse Change occurring between the date of this document and Completion Tranche 2;
- (c) the Company convening a shareholders meeting on or before 1 November 2010, or such later date as the Parties may agree, to vote on the Resolution;
- (d) the shareholders of the Company approving the Resolution for all purposes under the Corporations Act and the Listing Rules;
- (e) the Board unanimously recommending that the shareholders of the Company vote in favour of the Resolution;
- (f) as at the Completion Date Tranche 2, the Company not being affected by an Insolvency Event; and
- (g) receipt of confirmation from the relevant Government Agency that Completion Tranche 2 will not result in the Company having to repay any monies under the terms of any financial grant from any governmental or other authority or forfeiting the right to any committed financial grant from any governmental or other authority.

3.3 Waiver of Conditions Precedent

A Condition Precedent may only be waived by the Subscriber giving written notice to the Company.

3.4 Obligations to satisfy Conditions Precedent

The parties must (subject, in the case of clause 3.2(e), to the fiduciary and statutory duties of the directors of the Company) use reasonable endeavours to ensure that the Conditions Precedent are satisfied promptly and in any case on or before the End Date. The parties must keep each other informed of any circumstances which may result in any Condition Precedent not being satisfied in accordance with its terms.

3.5 Result of non-satisfaction of Conditions Precedent

If the Conditions Precedent are not satisfied or waived under clause 3.3 on or before the End Date, then all rights and obligations under this document terminate on that date other than:

- (a) under clauses 1 ("Interpretation"), 6 ("Break Fee"), 13 ("Confidentiality"), 14 ("Announcements"), 16 ("Notices"), 17 ("Amendment and Assignment") and 18("General"); and
- (b) rights that accrue before that date.

4. TRANCHE 1

4.1 Timetable to complete Tranche 1

The parties must take all reasonable steps to complete Tranche 1 within 3 Business Days of the date of this document (unless both parties consent to a variation, and such consent is not to be unreasonably withheld).

4.2 Time and place of Completion Tranche 1

Completion Tranche 1 will take place at 12 noon on the Completion Date Tranche 1 at 74 Asquith Street, Silverwater, NSW 2128, Australia or at any other date, time or place agreed by the Company and the Subscriber.

4.3 Subscriber's obligations at Completion Tranche 1

At Completion Tranche 1, the Subscriber must:

- (a) provide the Company with a written nomination by the Subscriber of the initial Nominee Director to be appointed to the Board at Completion Tranche 1 pursuant to clause 7.1;
- (b) deliver to the Company an application for the Tranche 1 Subscription Shares duly completed and executed by the Subscriber, in the form set out in Schedule 1 or in any other form the Company agrees to accept;
- (c) pay the Subscription Price to the Company in immediately available funds by bank transfer to the bank account nominated by the Company (such transfer to be confirmed by evidence of the Subscriber's bank of transfer), or in any other form that the Company may agree to accept as payment; and
- (d) give to the Company a signed consent by the Nominee Director to act as a director of the Company.

4.4 Company's obligations at Completion Tranche 1

At Completion Tranche 1, the Company must take all steps necessary to:

- (a) allot and issue the Tranche 1 Subscription Shares to the Subscriber; and
- (b) register the Subscriber as the holder of the Tranche 1 Subscription Shares.

4.5 Company's obligations following Completion Tranche 1

On or as soon as practicable after Completion Tranche 1 (and in any event within 5 Business Days after the Completion Date Tranche 1), the Company must:

- (a) apply to ASX and do all things reasonably necessary to obtain official quotation of the Tranche 1 Subscription Shares by ASX;
- (b) issue a Cleansing Statement in respect of the Tranche 1 Subscription Shares;
- (c) deliver to the Subscriber a holding statement showing the Subscriber as the holder of the Tranche 1 Subscription Shares;
- (d) subject to clause 7.5, where the Subscriber has duly exercised its right to nominate the initial Nominee Director in accordance with clause 4.3(a), the Company must:
 - (i) procure that a meeting of the Board is duly convened for the purpose of appointing the Nominee Director as a casual or additional director of the Board until the next annual general meeting of the Company; and
 - (ii) subject to the fiduciary and statutory duties of the directors of the Company, recommend that Shareholders vote in favour of the nominee director at the next AGM of the Company at which the Nominee Director stands for re-election.

4.6 Completion Tranche 1 simultaneous

In respect of Completion Tranche 1:

- (a) the obligations of the parties under this document are interdependent; and
- (b) all actions required to be performed will be taken to have occurred simultaneously on Completion Tranche 1.

5. TRANCHE 2

5.1 Timetable to complete Tranche 2

The parties must take all reasonable steps to complete Tranche 2 in accordance with the Timetable (unless both parties consent to a variation, and such consent is not to be unreasonably withheld).

5.2 Time and place of Completion Tranche 2

Completion Tranche 2 will take place at 12 noon on the Completion Date Tranche 2 at 74 Asquith Street, Silverwater, NSW 2128, Australia or at any other date, time or place agreed by the Company and the Subscriber.

5.3 Subscriber's obligations at Completion Tranche 2

At Completion Tranche 2, the Subscriber must:

- (a) deliver to the Company an application for the Tranche 2 Subscription Shares duly completed and executed by the Subscriber, in the form set out in Schedule 1 or in any other form the Company agrees to accept; and
- (b) pay the Subscription Price to the Company in immediately available funds by bank transfer to the bank account nominated by the Company (such transfer to be confirmed by evidence of the Subscriber's bank of transfer), or in any other form that the Company may agree to accept as payment.

5.4 Company's obligations at Completion Tranche 2

At Completion Tranche 2, the Company must take all steps necessary to:

- (a) allot and issue the Tranche 2 Subscription Shares to the Subscriber; and
- (b) register the Subscriber as the holder of the Tranche 2 Subscription Shares.

5.5 Company's obligations following Completion Tranche 2

On or as soon as practicable after Completion Tranche 2 (and in any event within 5 Business Days after the Completion Date Tranche 2), the Company must:

- (a) apply to ASX and do all things reasonably necessary to obtain official quotation of the Tranche 2 Subscription Shares by ASX;
- (b) issue a Cleansing Statement in respect of the Tranche 2 Subscription Shares; and
- (c) deliver to the Subscriber a holding statement showing the Subscriber as the holder of the Tranche 2 Subscription Shares.

5.6 Completion Tranche 2 simultaneous

In respect of Completion Tranche 2:

- (a) the obligations of the parties under this document are interdependent; and
- (b) all actions required to be performed will be taken to have occurred simultaneously on Completion Tranche 2.

6. BREAK FEE

6.1 Undertaking by the Company

Subject to clause 6.2, the Company undertakes to pay the Company Break Fee Amount to the Subscriber if at anytime:

- (a) before the Completion Date Tranche 2 the Company enters into or announces its intention to enter into a Competing Transaction;
- (b) the directors do not unanimously recommend that the target's shareholders vote in favour of the Resolution or withdraw or adversely modify an earlier recommendation or approve, recommend or make an announcement in support of a Competing Transaction;
- (c) before the Completion Date Tranche 2, a Prescribed Event occurs; or
- (d) the Subscriber terminates this agreement in accordance with clause 11.

6.2 Company's acknowledgment

The Company acknowledges that the Company Break Fee Amount is reasonable in the context of the subscription for each of the Tranche 1 Subscription Shares and the Tranche 2 Subscription Shares.

6.3 Undertaking by the Subscriber

Subject to clause 6.4, the Subscriber undertakes to pay the Subscriber Break Fee Amount to the Company if at anytime before the Completion Date Tranche 2 the Company terminates this agreement in accordance with clause 11.1.

6.4 Subscriber's acknowledgment

The Subscriber acknowledges that the Subscriber Break Fee Amount is reasonable in the context of the subscription for each of the Tranche 1 Subscription Shares and the Tranche 2 Subscription Shares.

6.5 Compliance with law

This clause 6 does not impose an obligation on either party to pay the relevant break fee amount to the extent that the amount:

- (a) constitutes unacceptable circumstances as declared by the Takeovers Panel; or
- (b) is held to be unenforceable as determined by a court, after all proper avenues of appeal and review, whether judicial or otherwise, have been exhausted; or
- (c) payment would involve a breach of the director's fiduciary or statutory duties.

6.6 Written demand

A party that receives a written demand for payment of a break fee must, within three Business Days after receiving a written demand from the other party to pay the applicable break fee to that party, without set-off or withholding, pay the applicable break fee amount to the party that made the demand. A demand may only be made in accordance with this clause 6.

6.7 Survival

Clause 6 will survive the termination of this agreement by the Subscriber in accordance with clause 11.

7. NOMINEE DIRECTOR

7.1 Appointment of Nominee Director

For so long as the Subscriber Shareholders holds in aggregate such number of Shares, options or other Equity Securities convertible into Shares in the Company which is not less than 10% of the Fully Diluted Share Capital of the Company, then the Subscriber may nominate one person to be appointed as a director of the Board (**Nominee Director**).

7.2 Replacement of Nominee Director

(a) The Subscriber may by notice to the Company:

- (i) remove any Nominee Director nominated under clause 7.1; and
- (ii) in circumstances where a Nominee Director is due to retire by rotation under the Constitution (**Incumbent Nominee Director**), propose a new nominee under clause 7.1, and if such a nomination is made, the Incumbent Nominee Director will not be eligible to offer him or herself for re-election.

(b) If the Subscriber exercises its right to propose a new nominee under clause 7.2(a)(ii):

- (i) the Incumbent Nominee Director must retire in accordance with the Constitution; and
- (ii) subject to the approval of the new nominee by the nomination committee of the Board, any replacement Nominee Director will be considered for election at the same annual general meeting.

7.3 Restriction of nomination right

The Subscriber may not nominate a person as a Nominee Director if that person has been removed or, being a director of the Company retiring by rotation, is not re-elected by resolution of shareholders of the Company.

7.4 Appointment by Board in interim

The Board will promptly appoint the Nominee Director as a casual or additional director of the Board until the next annual general meeting of the Company, at which time the Nominee Director will be subject to election by shareholders of the Company in accordance with the Listing Rules.

7.5 Nominee veto right

- (a) Notwithstanding any other provision in this agreement, the Company acting reasonably may veto any Nominee Director proposed by the Subscriber and request that the Subscriber nominate an alternate Nominee Director.
- (b) The Company's veto right continues until they provide the Subscriber with written confirmation that the proposed Nominee Director is acceptable, such confirmation not to be unreasonably withheld.

8. PARTICIPATION RIGHTS

8.1 Duration of rights

- (a) Subject to clause 8.1(c), the rights contained in this clause 8 will apply from Completion Tranche 1.
- (b) The Company may suspend (but not terminate) the rights contained in this clause 8 if, following Completion Tranche 1 the Subscriber Shareholders beneficially own (in aggregate) less than 10% of the Fully Diluted Share Capital of the Company for a continuous period of 30 days after the Company gives notice to each Subscriber Shareholder of that fact (**Suspension Notice**);
- (c) The Company may terminate the rights contained in this clause 8 if, following Completion Tranche 1 the Subscriber Shareholders beneficially own (in aggregate) less than 10% of the Fully Diluted Share Capital of the Company for a continuous period of 12 months after the Company gives a Suspension Notice.

8.2 Benefit of rights

Each of the Subscriber Shareholders, whether a party to this document or not, is entitled to the benefits of this clause 8 and this clause 8 may be enforced on behalf of each Subscriber Shareholder by the Subscriber.

8.3 Notice of issue

The Company must give the Subscriber 7 Business Days' notice of any proposed offer of Equity Securities by it (other than a Participation Exception) (**Proposed Equity Offer**).

8.4 Right to participate

The Company must, subject to all applicable laws including the Listing Rules, ensure that each Subscriber Shareholder may participate in the Proposed Equity Offer by making an offer for issue to each Subscriber Shareholder the number of Equity Securities determined in accordance with clause 8.5 and otherwise on the same terms and conditions as offers of Equity Securities are made to other investors or shareholders pursuant to the Proposed Equity Offer.

8.5 Number of Equity Securities

- (a) Where, in respect of a Proposed Equity Offer, the Company is required under clause 8.4 to offer to issue Equity Securities to each Subscriber Shareholder, the number of Equity Securities to be offered to each Subscriber Shareholder will be:
 - (i) where the Proposed Equity Offer is a Pro-Rata Offer, the pro-rata entitlement of that Subscriber Shareholder; or

- (ii) otherwise, the number of Equity Securities which would need to be issued to that Subscriber Shareholder so that after the issue of Equity Securities under the Proposed Equity Offer, the Holding of that Subscriber Shareholder bears the same proportion to the Fully Diluted Capital as the Holding of that Subscriber Shareholder bore to the Fully Diluted Capital before the issue of Equity Securities pursuant to the Proposed Equity Offer.
- (b) To the extent a Subscriber Shareholder does not accept the maximum number of Equity Securities offered under this clause 8, any other Subscriber Shareholder may accept the offer in relation to those Equity Securities by notice to the Company.

8.6 Termination

The Subscriber's rights under this clause 8 automatically terminate if the Joint Venture Agreement is terminated.

9. RIGHT OF FIRST REFUSAL

9.1 Transfers

- (a) The Company agrees that whilst the Subscriber beneficially owns at least 10% of the Fully Diluted Share Capital of the Company, the Company will not sell, transfer or otherwise dispose of any of its Relevant Assets except in accordance with the provisions of this clause.
- (b) This obligation continues to apply whilst the Company has any Relevant Assets, even if part of the Relevant Assets are sold, assigned, transferred or otherwise disposed of pursuant to this Agreement.

9.2 Transfer Notice

If the Company proposes to sell, assign, transfer or otherwise dispose of all or any of the Relevant Assets, the Company must give written notice (**Transfer Notice**) to the Subscriber that it desires to do so. The Transfer Notice:

- (a) must specify the:
 - (i) purchase price of the Relevant Assets comprised in the Transfer Notice;
 - (ii) the terms and conditions applicable to such sale, assignment, transfer or disposal (which, for the avoidance of doubt, may not be inconsistent with any provisions of this document); and
 - (iii) a full description of the Relevant Assets which are proposed to be sold, assigned, transferred or disposed of;
- (b) is not revocable, except with the written consent of the Subscriber;
- (c) constitutes an offer to the Subscriber to sell the Relevant Assets described in the Transfer Notice to the Subscriber on the terms set out therein; and
- (d) must state that the offer is open for acceptance (in whole or in part) for 20 Business Days and that if the offer constituted by the Transfer Notice is not accepted in writing within 20 Business Days after its receipt by the Subscriber it will be deemed to have been rejected.

9.3 Right not Exercised

Subject to clause 9.2, the Relevant Assets comprised in a Transfer Notice which have not been accepted for purchase by Subscriber pursuant to clause 9.2(d) may be offered by the Company in accordance with clause 9.6 to any third party willing to purchase all or any part of the Relevant Assets (**Third Party Purchaser**).

9.4 Transfer to the Subscriber

- (a) If the Subscriber accepts the offer constituted by the Transfer Notice, the Company must enter into a written agreement (**Sale Agreement**) under which the Company agrees to transfer to the Subscriber free and clear of any Encumbrance, and the Subscriber must purchase, the Relevant Assets in respect of which such offer has been accepted, within 45 Business Days of such acceptance or such other time agreed by both parties.
- (b) The Sale Agreement is to be prepared by the Subscriber and as well as reflecting the commercial terms on which the transfer of the Relevant Assets is to be effected, will be in such form and contain such other terms and conditions, including representations and warranties, as are reasonably required by the Subscriber taking into account the nature of the Relevant Assets.
- (c) The Company must do all things reasonably necessary to obtain shareholder approval (if required) to effect the transfer, including convening a shareholders meeting and recommending shareholders vote in favour of any resolutions required to approve the transfer under the Corporations Act, the Listing Rules or any other law.
- (d) The time periods specified in this clause 9 for the transfer of the Relevant Asset to the Subscriber will be extended to allow for shareholder approval to be sought if required.

9.5 Quiet Enjoyment

Upon confirmation of the purchase of any Relevant Asset pursuant to clause 9.4, the Subscriber may hold and deal with that Relevant Asset without any interruption or disturbance from the Company or any other person lawfully claiming through under or in trust for the Company.

9.6 Transfer to Third Party Purchaser

- (a) After rejection or deemed rejection by the Subscriber of an offer constituted by a Transfer Notice, provided the Subscriber has had the opportunity to state, in accordance with clause 9.2(d), whether it desires to acquire the Relevant Assets, and provided the Company has first satisfied any reasonable request received from the Subscriber, the Company will be entitled at any time within 6 months of the rejection or deemed rejection, to sell such Relevant Assets to any Third Party Purchaser willing to purchase them, provided that the Company will not be entitled to sell such Relevant Assets at a lower price or on terms and conditions otherwise less favourable to the Subscriber or more favourable to the Third Party Purchaser than those contained in the Transfer Notice, unless it has first given written notice to the Subscriber stating the lower price, or the more or less favourable terms and conditions (as the case may be), in which case the provisions of clause 9.2 will apply as if such notice were a Transfer Notice.
- (b) If the Relevant Assets have not been sold to a Third Party Purchaser within 6 months of the rejection or deemed rejection, the Company may not after that time sell, assign, transfer or otherwise dispose of all or any of the Relevant Assets without again complying with the provisions of Clause 9.

10. COMPANY'S CONDUCT PENDING COMPLETION

The Company must, between the date of this document until Completion Tranche 2 use its best endeavours to:

- (a) ensure nothing happens which results in a Material Adverse Change; and
- (b) ensure nothing happens which results in a Prescribed Event.

11. TERMINATION

11.1 Termination by either party

Either party may terminate this agreement if at any time before the Completion Date Tranche 2 the other party is in breach of this agreement in a material respect, which remains unremedied for 5 Business Days after notice of the breach has been given to the other party.

11.2 Termination by the Subscriber

The Subscriber may terminate this agreement at any time before the Completion Date Tranche 2 if:

- (a) the Company's directors recommend a Competing Proposal or fail to recommend that shareholders vote in favour of the Resolution; or
- (b) the Company notifies the Subscriber or the Subscriber otherwise becomes aware of any fact matter or circumstance which would result in the representations or warranties given by the Company being breached, or makes any of them:
 - (i) not true; or
 - (ii) inaccurate,in a material respect.

12. WARRANTIES

12.1 By each party generally

Each party represents and warrants to the other party that each of the Warranties set out in Part 1 of Schedule 3 is true and correct:

- (a) on the date of this document;
- (b) on the Completion Date Tranche 1; and
- (c) on the Completion Date Tranche 2.

12.2 By the Company

The Company warrants to the Subscriber that each of the Warranties set out in Part 2 of Schedule 3 is true and correct:

- (a) on the date of this document;
- (b) on the Completion Date Tranche 1; and

- (c) on the Completion Date Tranche 2.

12.3 Update of disclosures

If, after the date of this document, the Company becomes aware of any circumstance which would cause a Warranty to be not true, complete or accurate, or to be misleading in a material respect it will promptly give a notice to the Subscriber detailing the nature and effect of the change of circumstance.

12.4 Indemnity

The Company indemnifies the Subscriber against all Loss arising directly or indirectly from or incurred in connection with any breach of clauses 12.1 and 12.2.

12.5 No extinguishment

The Warranties are not extinguished or affected by any event or matter unless:

- (a) the Subscriber has given a specific written waiver or release;
- (b) the Claim relates to a matter which was fully disclosed to the Subscriber before the date of this document; or
- (c) the Claim relates to a thing done or not done after the date of this document at the request or with the approval of the Subscriber.

12.6 Reliance on Warranties

The Company acknowledges that the Subscriber has entered this document and has agreed to subscribe for each of the Tranche 1 Subscription Shares and the Tranche 2 Subscription Shares in reliance on the Warranties provided by the Company in Schedule 3.

12.7 Disclosure Letter

The Warranties provided by the Company in Schedule 3 are subject to the Disclosure Letter signed by the Company on the date of this Document.

12.8 Limitation on the Company's liability

Despite any other provision of this document, the following provisions apply:

- (a) The liability of the Company for all Claims made or brought by the Subscriber is limited to an amount equal to the Subscription Price multiplied by the number of Tranche 1 Subscription Shares and Tranche 2 Subscription Shares.
- (b) The Subscriber must not make any Claim in respect of the warranties outlined in clause 12:
 - (i) for less than \$50,000; and
 - (ii) unless and until the aggregate amount of all Claims of the Subscriber that are otherwise permitted by this document (not counting any such Claim for less than \$50,000) exceeds \$100,000, and then the Subscriber may claim the whole amount of all Claims and not only the amounts exceeding \$100,000.
- (c) The Subscriber must not make any Claim, and the liability of the Company for a Claim is absolutely barred, unless the Subscriber gives to the Company notice of the Claim specifying in detail the matter which gives rise to the Claim, the nature of

the Claim, the amount claimed and how the amount is calculated prior to 30 September 2011.

13. CONFIDENTIALITY

13.1 Confidential Information

The following definitions apply in this clause 13.

disclosing party means a party to this document who makes information available.

receiving party means a party to this document who receives information.

13.2 Disclosure of Confidential Information

All Confidential Information exchanged between the parties under this document or during the negotiations preceding this document is confidential to them and may not be disclosed to any person except:

- (a) employees, officers, legal advisers, auditors and other consultants of the party or its related bodies corporate requiring the information for the purposes of this document or any transaction contemplated by it;
- (b) with the written consent of the party who supplied the information which consent may be given or withheld in its absolute discretion;
- (c) if a party is required to do so by law, a stock exchange or any Government Agency; or
- (d) if a party is required to do so in connection with legal proceedings relating to this agreement.

13.3 Use of Confidential Information

A party must not use any Confidential Information, except for the purpose of performing its obligations under the document or as otherwise required by operation of law.

13.4 Excluded Information

Clauses 13.2 and 13.3 do not apply to the Excluded Information.

13.5 Return or destruction of Confidential Information

A party must immediately upon the written request of the other party:

- (a) deliver to the other party all documents and other materials containing, recording or referring to Confidential Information which are in its possession, power or control;
- (b) ensure that any person who receives the Confidential Information by its authority returns the Confidential Information (in any form in which it is held) to the other party; and
- (c) erase or destroy all electronic and other intangible records containing, recording or referring to Confidential Information.

13.6 Survival of confidentiality obligations

Clause 13 will survive termination of this agreement irrespective of whether either Completion Tranche 1 or Completion Tranche 2 has taken place or not.

14. ANNOUNCEMENTS

- (a) The parties acknowledge that the Company will make an announcement in relation to this agreement and the Joint Venture Agreement shortly following execution of this agreement. The announcement will be substantially in the form contained in Schedule 5.
- (b) If any of the Subscriber or the Company is required to make an announcement in relation to the transactions contemplated by this agreement in accordance with the rules of a relevant securities exchange, the Subscriber will consult with the Company about the timing and terms of that announcement.
- (c) Other than as provided for in clauses 14(a) and 14(b), a party may not make any other announcement or release relating to this agreement and the transactions the subject of this agreement without the approval of the other parties as to the form and manner of the announcement or release.
- (d) Clause 14(c) does not apply to an announcement or release required by law or a regulation of a stock exchange, provided that the party required to make the announcement or release has used its best endeavours to consult with the other parties as to the form and manner of the announcement or release.

15. STANDSTILL

15.1 Standstill obligation

Subject to clause 15.2, the Subscriber must not, and must procure that none of its related bodies corporate, acquire or offer to acquire or otherwise deal in any Shares or other Equity Securities of the Company until the Business Day following the earlier of:

- (a) the Completion Date Tranche 2; and
- (b) if circumstances arise which will result in a Condition Precedent being incapable of being satisfied, the date on which the Subscriber confirms to the Company in writing that it will not waive the relevant Condition Precedent.

15.2 Exceptions

Clause 15.1 does apply to:

- (a) a dealing:
 - (i) which occurs pursuant to this agreement;
 - (ii) with the prior written consent of the Company; or
 - (iii) which is required by law; or
- (b) any acceptance by the Subscriber of a bona fide takeover offer made under Chapter 6 of the Corporations Act (or any dealing occurring in connection with such an acceptance).

16. NOTICES

16.1 How to give a notice

A notice, consent or other communication under this document is only effective if it is:

- (a) in writing, signed by or on behalf of the person giving it or any person acting as an officer or agent of that person;
- (b) addressed to the person to whom it is to be given; and
- (c) either:
 - (i) delivered or sent by pre-paid mail (by airmail, if the addressee is overseas) to that person's address; or
 - (ii) sent by fax to that person's fax number and the machine from which it is sent produces a report that states that it was sent in full.

16.2 When a notice is given

A notice, consent or other communication that complies with this clause is regarded as given and received:

- (a) if it is delivered or sent by fax, if received:
 - (i) by 5.00 pm (local time in the place of receipt) on a Business Day - on that day; or
 - (ii) after 5.00 pm (local time in the place of receipt) on a Business Day, or on a day that is not a Business Day - on the next Business Day; and
- (b) if it is sent by mail:
 - (i) within Australia – 3 Business Days after posting; or
 - (ii) to or from a place outside Australia – 7 Business Days after posting.

16.3 Addresses for notices

For the purpose of this clause the address of a person is the address set out below or another address of which that person may give notice to each other person:

Subscriber:

Attention: The Company Secretary - SPP Process Technology Systems Ltd
Address: Imperial Park, Newport NP10 8UJ, United Kingdom
Fax: +1 925 290 0657

Company:

Attention: Giles Bourne, BluGlass Limited
Address: 74 Asquith Street, Silverwater, NSW 2128, Australia
Fax: +61 2 9334 2122

17. AMENDMENT AND ASSIGNMENT

17.1 Amendment

This document can only be amended or replaced by another document executed by the parties.

17.2 Assignment

A party may only assign, encumber, declare a trust over or otherwise deal with its rights under this document with the written consent of the other party.

18. GENERAL

18.1 Governing law

- (a) This document is governed by the laws of the state of New South Wales.
- (b) Each party submits to the exclusive jurisdiction of the courts of that state and of any court that may hear appeals from any of those courts, for any proceedings in connection with this document.

18.2 Liability for expenses

- (a) Subject to paragraph (b) and clause 6, each party must pay its own costs and expenses incurred in negotiating, preparing, executing and registering this document.
- (b) The Subscriber must indemnify the Company against, and must pay the Company on demand the amount of, any duty that is payable on or in relation to this document and the subscription and issue of Equity Securities in the Company that this document contemplates. Nothing in this clause 18.2 requires the Subscriber to indemnify the Company against any duty payable on or in relation to the Joint Venture Agreement.

18.3 Giving effect to this document

Each party must do anything (including execute any document), and must ensure that its employees and agents do anything (including execute any document), that any other party may reasonably require to give full effect to this document.

18.4 Waiver of rights

A right may only be waived in writing, signed by the party giving the waiver, and:

- (a) no other conduct of a party (including a failure to exercise, or delay in exercising, the right) operates as a waiver of the right or otherwise prevents the exercise of the right;
- (b) a waiver of a right on one or more occasions does not operate as a waiver of that right if it arises again; and
- (c) the exercise of a right does not prevent any further exercise of that right or of any other right.

18.5 Operation of this document

- (a) This document contains the entire agreement between the parties about its subject matter. Any previous understanding, agreement, representation or warranty relating to that subject matter is replaced by this document and has no further effect.
- (b) Any right that a person may have under this document is in addition to, and does not replace or limit, any other right that the person may have.
- (c) Any provision of this document which is unenforceable or partly unenforceable is, where possible, to be severed to the extent necessary to make this document enforceable, unless this would materially change the intended effect of this document.

18.6 No merger

No provision of this document merges on or by virtue of Completion Tranche 1 or Completion Tranche 2.

18.7 Entire agreement

This document constitutes the entire agreement of the parties about its subject matter and supersedes all negotiations on that subject matter.

18.8 Counterparts

This document may be executed in counterparts and the date of the document will be the date the last counterpart is signed.

Schedule 1

APPLICATION FOR SUBSCRIPTION SHARES

To: BluGlass Limited (**Company**)
74 Asquith Street
SILVERWATER NSW 2128
Australia

Attention: Company Secretary

[date]

Dear Sirs

Application for shares pursuant to the Subscription Agreement dated [date]

SPP Process Technology Systems Ltd of Imperial Park, Newport NP10 8UJ, United Kingdom

1. applies, and agrees to subscribe, for [] fully paid ordinary shares in the capital of the Company;
2. agrees to pay the [Tranche 1/Tranche 2] Subscription Price upon Completion [Tranche 1/Tranche 2] in accordance with the Share Subscription Agreement; and
3. agrees to be bound by the terms of the constitution of the Company.

Capitalised terms which are used but not defined in this application have the meaning given to them (if any) in the Share Subscription Agreement.

Yours faithfully

SPP Process Technology Systems Ltd

Schedule 2

CAPITAL STRUCTURE

Class of security	Number of securities
Ordinary shares	192,155,858
Employee Share Options	9,100,341

Schedule 3

WARRANTIES

Part 1 – By each party generally

1. **(status)** If the party is a corporation, it is a company limited by shares under the Corporations Act.
2. **(power)** It has full legal capacity and power to:
 - (a) own its property and to carry on its business; and
 - (b) enter into this document and to carry out the transactions that it contemplates.
3. **(corporate authority)** If the party is a corporation, it has taken all corporate action that is necessary or desirable to authorise its entry into this document and to carry out the transactions contemplated.
4. **(Authorisations)** It holds each Authorisation (and is complying with any conditions to which any Authorisation is subject) that is necessary or desirable to:
 - (a) enable it to properly execute this document and to carry out the transactions that it contemplates;
 - (b) ensure that this document is legal, valid, binding and admissible in evidence; or
 - (c) enable it to properly carry on its business as it is now being conducted.
5. **(documents effective)** This document constitutes its legal, valid and binding obligations, enforceable against it in accordance with its terms (except to the extent limited by equitable principles and laws affecting creditors' rights generally), subject to any necessary stamping or registration.
6. **(no contravention)** Neither its execution of this document nor the carrying out by it of the transactions that this document contemplates, does or will:
 - (a) contravene any law to which it or any of its property is subject or any order of any Government Agency that is binding on it or any of its property;
 - (b) contravene any Authorisation;
 - (c) contravene any agreement binding on it or any of its property;
 - (d) if the party is a corporation, contravene its constitution; or
 - (e) require it to make any payment or delivery in respect of any financial accommodation before it would otherwise be obliged to do so.
7. **(no trust)** It is not entering into this document as trustee of any trust or settlement.
8. **(not insolvent, no receiver)** An Insolvency Event has not occurred.
9. **(not unenforceable)** There is no circumstance which could make this document or any transaction contemplated by it void, voidable or unenforceable under any applicable law about insolvency.

Part 2 – By the Company

1. **(Tranche 1 Subscription Shares and Tranche 2 Subscription Shares)** The Company represents and warrants to the Subscriber that:
 - (a) **(capital structure)** the capital structure of the Company set out in Schedule 2 contains a true, complete and accurate description of all the issued shares, options and other securities in the capital of the Company as at the date of this document and there has been no change to the capital structure since;
 - (b) **(rights of Tranche 1 Subscription Shares and Tranche 2 Subscription Shares)** on their allotment and issue:
 - (i) at Completion Tranche 1, the Tranche 1 Subscription Shares; and
 - (ii) at Completion Tranche 2, the Tranche 2 Subscription Shares,will rank on an equal footing in all respects with the then existing issued shares of the same class in the capital of the Company; and
 - (c) **(no Encumbrance)** on allotment and issue of the:
 - (i) Tranche 1 Subscription Shares on Completion Tranche 1, the Subscriber will be the holder of the Tranche 1 Subscription Shares free from any Encumbrance or third party interest; and
 - (ii) Tranche 2 Subscription Shares on Completion Tranche 2, the Subscriber will be the holder of the Tranche 2 Subscription Shares free from any Encumbrance or third party interest
2. **(share issues)** Other than disclosed in Schedule 2 and to ASX, there are no agreements, arrangements or understandings in force or securities issued which call for the present or future issue of, or grant to any person the right to require the issue of, any shares or other securities in the Company.
3. **(compliance with Listing Rules)** The issue of each of the Tranche 1 Subscription Shares and the Tranche 2 Subscription Shares will not breach Listing Rule 7.1, or any other Listing Rule.
4. **(disclosure obligations)** The Company has complied with its obligations under Listing Rule 3.1 and there is no information to which Listing Rules 3.1A.1, 3.1A.2 or 3.1A.3 apply, other than information to be disclosed in the Cleansing Statements to be issued by the Company under clause 4.5(b) and clause 5.5(b).
5. **(on-sale)** There are no escrow or other provisions restricting the on-sale of all or any of either of the Tranche 1 Subscription Shares or the Tranche 2 Subscription Shares by the Subscriber and the Subscriber will be able to rely on section 708A(5) of the Corporations Act.

6. Intellectual Property

- (a) **(IP valid)** The RPCVD Intellectual Property is valid and subsisting.
- (b) **(no IP challenge)** To the Company's knowledge, no challenge (such as a challenge to its validity or to its registration) has been made or threatened in respect of the RPCVD Intellectual Property.
- (c) **(IP is protected)** The Company has taken all commercially reasonable steps to protect the RPCVD Intellectual Property.
- (d) **(no infringement of IP)** To the Company's knowledge, in the 4 years before the date of this document, no third party has infringed any right in or wrongfully used the RPCVD Intellectual Property in a manner which is likely to have a material adverse effect on the Company or the RPCVD Intellectual Property.
- (e) **(no licences of IP)** there is no party (such as a user or licensee) with rights with respect to any of the RPCVD Intellectual Property.
- (f) **(no secrets disclosed)** the Company has taken reasonable steps to protect the confidentiality of its (and its subsidiaries) industrial know-how and trade secrets.
- (g) **(no infringement by the Company)** As far as the Company is aware, neither the Company nor any of its subsidiaries has infringed the Intellectual Property of any third party through developing and using the RPCVD Intellectual Property. For the purpose of this clause 6(g) the Company shall be deemed to be aware of the matters and circumstances that it would have been aware of had it conducted reasonable enquiries.

Schedule 4

TIMETABLE

Event	Date
Completion Tranche 1	3 September 2010
Tranche 1 - announce issue, lodge Appendix 3B with the ASX, lodge cleansing statement with the ASX	3 September 2010
BluGlass shareholder meeting	1 November 2010
Completion Tranche 2	8 November 2010
Tranche 2 - announce issue, lodge Appendix 3B with the ASX, lodge cleansing statement with the ASX	8 November 2010

Schedule 5

ANNOUNCEMENT

30 August 2010

P +61 2 9283 5355
F +61 2 9283 5811

The Manager

Company Announcements Office

ASX Limited

SPTS INVESTS \$5.2M AS CORNERSTONE INVESTOR AND ANNOUNCES JOINT VENTURE WITH BLUGLASS

- BluGlass signs joint venture agreement with SPP Process Technology Systems (SPTS), a rapidly growing semiconductor process equipment company wholly owned by Sumitomo Precision Products (SPP) Co., Ltd (TYO : 6355).
- BluGlass will receive AUD \$ 5.2 million investment from SPTS for a subscription of ordinary shares at \$0.11 per share
- SPTS to become a cornerstone 19.9% shareholder in BluGlass

Australian green technology innovator BluGlass Limited (ASX : BLG) today announced that it has entered a Joint Venture (JV) agreement with SPTS, a global supplier of advanced capital equipment and process technologies for the semiconductor and related device industries. The purpose of the JV is to complete the development and commercialisation of BluGlass' proprietary Remote Plasma Chemical Vapour Deposition (RPCVD) technology.

SPTS is a leading provider of plasma based process equipment to tier-1 and tier-2 manufacturers of LEDs, semiconductors, and other electronics globally. SPTS, with over 400 employees and 35 locations worldwide is seeking to expand its product portfolio into adjacent process equipment sectors.

SPTS President and Chief Executive Officer, William Johnson said today BluGlass has developed promising technology that fits well with SPTS' technical roadmap and product/customer base.

"Through this joint venture, SPTS and BluGlass intend to bring the RPCVD technology to market on field-proven production platforms, offering significant competitive advantages for customers in the rapidly expanding high brightness LED industry". Dr. Johnson said. "We are delighted to partner with BluGlass and look forward to collaborating on the commercialisation of this potentially disruptive technology" he added.

In establishing this strategic partnership, SPTS will become a cornerstone investor in BluGlass Limited, subscribing for approximately 47.7 million fully paid ordinary shares of BluGlass at an issue price of \$0.11 per share to give SPTS a post placement holding of 19.9% of the expanded issued ordinary share capital of BluGlass. This investment involves two tranches. The initial tranche, 23,297,379 shares (subscription amount: \$2,562,712) is to be placed within 5 days of this announcement. The balance of SPTS's subscription (24,431,780 million shares for a subscription amount of \$2,687,496) exceeds the Company's placement capability and requires the approval of shareholders of BluGlass, to be sought at the Company's AGM to be held on 1 November 2010.

BluGlass has also agreed to offer SPTS the right to participate in any future issue of securities, to the extent necessary to maintain its holding at the time, and SPTS will have an ongoing right to nominate a representative to the BluGlass board (on the condition that SPTS has more than 10% in BluGlass).

BluGlass Chairman, George Venardos today said as part of our new strategic relationship with SPTS, I am delighted that the BluGlass Board will be unanimously recommending William Johnson as a nominee for a board seat at the upcoming 2010 AGM.

BluGlass CEO Giles Bourne added today SPTS' existing plasma deposition equipment manufacturing expertise and capabilities, along with its substantial customer base are enormously complementary and synergistic to BluGlass' commercial goals.

"SPTS is the perfect fit partner for our technology and its commercialisation and we are delighted to announce this Joint Venture agreement with this dynamic company. This is a major commercial milestone for BluGlass" he continued.

RPCVD will potentially offer cost, throughput and efficiency advantages for the production of nitride semiconductors. The Joint Venture will be co-capitalised by the two parties exclusive and additional to the initial \$5.2 million investment into BluGlass by SPTS. BluGlass will maintain a majority stake of the equipment JV with 51% ownership and will also retain 100% ownership of device (such as LEDs and solar cell) intellectual property.

The JV will focus exclusively on the development of the RPCVD equipment portfolio and sales. BluGlass will exclusively license its RPCVD intellectual property for the purposes of the JV with SPTS. SPTS has existing manufacturing capability in plasma based process equipment, and both companies bring complementary intellectual property and know-how into the venture. BluGlass will continue to operate its Silverwater facility and through the JV it will establish RPCVD development and demonstration equipment at SPTS facilities.

"SPTS is already a global leader in the supply of specialist semiconductor production equipment. We believe that this Joint Venture will enable BluGlass and SPTS to emerge as a front runner in supplying process equipment for the LED and PV-solar industries" finished Mr. Bourne today.

-Ends-

About SPP Process Technology Systems

SPP Process Technology Systems was established in October 2009 as the vehicle for the merger of Surface Technology Systems and acquired assets of Aviza Technology. The company is a wholly-owned subsidiary of Sumitomo Precision Products Co., Ltd, and designs, manufactures, sells, and supports advanced semiconductor capital equipment and process technologies for the global semiconductor industry and related markets. These products are used in a variety of market segments, including R&D, data storage, MEMS and nanotechnology, advanced 3-D packaging, LEDs, and power integrated circuits for communications.

For more information about SPTS, please visit spp-pts.com

About Sumitomo Precision Products Co., Ltd:

Sumitomo Precision Products Co., Ltd, headquartered in Amagasaki (Japan), have, over the past 90 years, expanded from their core field of aerospace products into such diverse areas as heat-exchangers and heat-control systems, industrial machinery employing hydraulic control, equipment for semiconductor and flat panel display production, ozone generators for protecting the environment and unique motion sensors.

For more information about SPP, please visit spp.co.jp

About BluGlass:

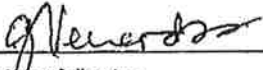
BluGlass Limited is an Australian green technology company developed to commercialise a breakthrough in the Semiconductor Industry. BluGlass has invented a new process using Remote Plasma Chemical Vapour Deposition (RPCVD) to grow semiconductor materials such as gallium nitride (GaN) and indium gallium nitride (InGaN), crucial to the production of high efficiency devices such as next generation lighting technology Light Emitting Diodes (LEDs) with significant low cost potential. BluGlass, through its subsidiary, BluSolar is now exploring the process' viability in photovoltaic (solar) applications. The BluGlass process is a low temperature and low cost technology with the potential for scalability. Contact: Stefanie Winwood 02 9334 2302, 0433 307 853 swinwood@bluglass.com.au

For Personal Use Only

EXECUTED as an agreement.


Each person who executes this document on behalf of a party under a power of attorney declares that he or she is not aware of any fact or circumstance that might affect his or her authority to do so under that power of attorney.

EXECUTED by BluGlass Limited



Signature of director

GEORGE VENARDOS
Name



Signature of director/secretary

Emmanouel Correia
Name

EXECUTED by SPP Process Technology Systems Ltd:

Date:

Signature of director

Signature of director/secretary

Name William Johnson
President and CEO

Name

EXECUTED as an agreement.

Each person who executes this document on behalf of a party under a power of attorney declares that he or she is not aware of any fact or circumstance that might affect his or her authority to do so under that power of attorney.

EXECUTED by BluGlass Limited

Signature of director

Signature of director/secretary

Name

Name

**EXECUTED by SPP Process Technology
Systems Ltd:**

Date:



Signature of director



Signature of director/secretary

William Johnson

Name William Johnson
President and CEO

RICHARD REES

Name