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The Manager
Company Announcements Office
Australian Stock Exchange Limited
10th Floor, 20 Bond Street
SYDNEY NSW 2001

Dear Sir / Madam

Media Release

Energy Efficient Lighting Innovator – BluGlass Ltd – Wins Government Backing for Commercialisation of its Breakthrough Technology.

Australian energy-efficient lighting innovator BluGlass Limited today announced the company has been awarded up to \$5 million of Commonwealth Government funding to assist the commercialisation of its breakthrough technology.

The funding is subject to a formal agreement being executed between BluGlass and AusIndustry, which will provide the cash over 3 years on the basis that BluGlass matches the grant with its own expenditure.

The Government backing is a major vote of confidence in BluGlass's technology that has applications in the rapidly evolving global industry for energy-efficient lighting.

BluGlass has secured the funding under the AusIndustry "Commercial Ready Grant" scheme. The scheme is the Government's flagship innovation program to assist local companies to develop pioneering products, processes and services. This grant follows the award and successful delivery of a similar but smaller award which built on the foundation research from Sydney's Macquarie University.

BluGlass, which listed on the ASX in September 2006, is commercialising unique technology that has demonstrated potential to significantly cut the cost of producing a core component of LED's (light emitting diodes). LED's are the future of lighting worldwide because of their high energy efficiency, high brightness, wide range of applications, and environmentally friendly manufacturing processes. LED's outperform both incandescent bulbs and the compact fluorescents that are currently replacing the old bulbs. Governments worldwide are forcing the removal of incandescent bulbs from the market.

BluGlass owns a patented process for making low cost gallium nitride (GaN) wafers, a core element of LED's.

Global lighting industry experts recently informed BluGlass that demand for next generation solid state lighting products such as LED's will at least double over the next four years, from around US\$4.5 billion in 2007 to more than US\$9 billion by 2011.

BluGlass Chief Executive Officer Mr David Jordan said "BluGlass is delighted that AusIndustry has decided to back our technology, our company, and our vision."

In a recent presentation to investors, Jordan said BluGlass was meeting all key IPO milestones for the commercialisation of its GaN technology, including the development of our manufacturing demonstration plant in Silverwater, Sydney and our commercial reactor development with EMF Semiconductor Systems in Ireland.

“LED’s truly are the future of lighting and BluGlass is advancing a unique and exciting technology with potential for major manufacturing cost-savings,” Jordan said.

“We are already seeing LEDs used in mobile phones, computer and large area signage, traffic lights, increasingly in mid range and luxury cars and torches. The market experts are now saying that they expect most of the future growth for LED’s to be for signage and displays and also for general lighting purposes.”

Further Information:

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BluGlass Ltd Background:

- BluGlass evolved from 10 years of research at Sydney’s Macquarie University and was listed on the ASX in September 2006. Macquarie University’s commercial arm, Macquarie Access, is a shareholder.
- BluGlass is commercialising a unique technology to reduce the cost of a key component of LED’s - gallium nitride (GaN) semi-conductor wafers.
- BluGlass’s process for producing GaN offers substantial competitive advantages over current commercial processes. The process enables GaN to be produced at temperatures significantly lower than those used currently, without the use of ammonia, allowing the GaN industry to move from deposition on sapphire and silicon carbide wafers to deposition on cheaper materials such as glass and silicon. Furthermore, the new process replaces expensive and toxic ammonia with nitrogen. BluGlass technology can also increase the wafer scale beyond the present size limits for sapphire and silicon carbide, offering substantial improvements in production efficiency over current processes.
- An independent analysis of BluGlass’s technology found that GaN cost savings of more than 48% could be achieved at the wafer level, and 10% at the LED device level, when compared with the main semiconductor production systems currently in use around the world.
- Current-day incandescent and fluorescent lights are based on relatively inefficient, century-old technologies, whereas LED lights use up to 80% less energy and last up to 100 times longer, with substantial economic and environmental benefits.
- BluGlass recently attained a significant global milestone in GaN research by demonstrating the world’s first blue LED on glass. This GaN-on-glass technology offers the potential for low-cost manufacture of GaN devices over

large area glass substrates, and will assist the GaN industry in moving away from the expensive 2-inch sapphire substrates now standard.

- The company aims to take advantage of this development by demonstrating that the technology can be applied at a commercial scale to manufacture low cost, high brightness LEDs and other GaN devices. Once this has been fully demonstrated, BluGlass expects to generate revenues through establishment of partnership agreements and technology licensing.

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