

CEO ADDRESS 2009 AGM

Introduction

Welcome to the BluGlass AGM for 2009.

Today I would like to provide you with a review of BluGlass technology and operations over the last year and an outlook for 2010 and beyond.

It has been a very busy and productive year for BluGlass, however it has not been without its challenges. Our prospects for the coming year look very promising with two distinct business opportunities being developed from the one Remote Plasma Chemical Vapour Deposition (RPCVD) platform, the core to BluGlass business. We will continue to develop our RPCVD technology for the growing LED market as well as adapting it to take advantage of the potential efficiency benefits in the high efficiency thin film solar cell market.

Our vision is to be a leader in the semiconductor equipment supply and associated licensing of the RPCVD technology for the LED and solar sectors capitalising on the potential to deliver lower cost LED devices and higher performance solar cell technology.

Year in Review

This year has seen a number of significant achievements for BluGlass as the technology moves closer to commercialisation. There has also been a number of challenges over the last year for the business in optimising the technology and equipment, however we now believe that we have in place an excellent technology platform as well as a first rate team of nitride experts to drive the technology to full commercialisation.

The major achievements for BluGlass during the year were:

- Signed a distribution agreement with Itochu Plastics in Japan to assist with the marketing and development of BluGlass technology in one of the key global LED markets.
- Signed a term sheet with BLK in Korea to assist with the technology development and the sales and marketing of BluGlass technology in one of Asia's fastest growing LED markets. At the time of writing the BLK agreements are still in negotiation and BluGlass hopes to achieve a positive outcome soon.
- Established a solar business based on BluGlass expertise in depositing indium gallium nitride on a lower temperature growth platform to deliver a higher efficiency solar cell initially for the concentrated photovoltaic (CPV) market.
- Awarded a Climate Ready grant of \$4.9M towards BluGlass solar cell project. The Commonwealth government support of this project will enable BluGlass to move more rapidly towards the production of a prototype high efficiency solar cell and from there into pilot manufacturing and finally full scale commercialisation.
- Raised \$4.2M in equity from existing investors as well as from new institutional investors. The monies raised will go towards matching the Climate Ready grant.

- Filed additional patents and consolidated and streamlined existing patents. In total BluGlass now has 7 patent applications including the original three patents acquired from Macquarie University. The patents largely focus on the method and apparatus for growing nitrides for LEDs and solar cells, as well as the process and products.
- Invited to present the RPCVD technology alongside industry leaders at key industry conferences such as Semicon West in California and LED ϕ Asia in Hong Kong.
- Appointed Ian Mann as the new CTO/COO to help steer the technology development and transit the company from being an R&D organisation to commercialisation. Ian brings a wealth experience to BluGlass gained from running technical teams and operations in hi-tech start up businesses. BluGlass has also recently hired additional engineering and technical staff to add to an already highly skilled team of gallium nitride experts.
- Established the business as a clearly defined platform technology for two rapidly growing markets (LED / solar).

BluGlass has also had to deal with a few minor setbacks during the year, including a slower than expected progress in establishing a base process for growing nitrides along with a challenge by the former CTO, Scott Butcher, in the Supreme Court over a restraint of trade. The latter was settled out of court for no financial consideration with BluGlass upholding the restraint of trade.

Corporate Overview / Funds Status

Our current cash position is \$4.3M. Thanks to the commitment of existing shareholders and new institutional investors, we raised \$4.2M in August 2009. The recent granting of \$4.9M under the Climate Ready programme will greatly assist with BluGlass ongoing development and commercialisation programme.

One Solution

BluGlass recent breakthrough was the development of the core technology and the subsequent filing of a patent for a solar cell business. Years of expertise in depositing gallium nitride and indium gallium nitride combined with extensive external research has identified nitrides as being a very important area for the future of high efficiency solar cells. The RPCVD platform has the potential to access rapidly growing markets using similar technology and material for both LED and solar cells without diluting the activities of the technology team.

The LED Market

Solid state lighting (SSL) and LCD backlighting (BLU) in the mid to high performance LED sector are driving the growth of the LED market. The equipment market is growing in line with the growth in LEDs and is expected to reach \$1BN in the next few years with BluGlass technology, when fully optimised, poised to take a share of this market.

The Solar Market

Grid connected photovoltaics (PV) continues to be the fastest growing power generation technology in the world with 50% annual increases in cumulative installed capacity. PV is expected to grow from a US \$20.3 billion industry in 2007 to a US \$74 billion dollar industry by 2017 and annual installations were close to 3GW worldwide, up nearly 500% from just four years earlier. Global growth in sales of PV is 37% CAGR over 14 years with thin film technology being the fastest growing market segment at 75% pa over the past 4 years. The Concentrated PV market in 2008 was 10 megawatts and is expected to grow to 50 mega watts in 2009 with 500% growth.*

Source: SolFocus / GTM Research

The Technology

We now have two deposition systems commissioned and operating in Silverwater with a third RPCVD system to be added later this year dedicated for the solar project. The efforts of our technology team will continue to focus on optimising the process and equipment for both LED and solar applications as well as continuing to supply samples to select industry partners. The technology still has some performance barriers to meet, but the progress is promising.

Recently we appointed a new IP manager to place greater emphasis on developing and strengthening our IP position. Our patent application count is now seven applications (including 3 from Macquarie University) with two patents granted in the US, Singapore and examinations ongoing in other major jurisdictions. We have also appointed a new patent attorney from Fisher Adams Kelly who has a great depth of experience in the semiconductor industry to add value to our growing IP portfolio.

Products - BLG150 & BLG300

BluGlass has designed and developed two main tools for sale; the BLG150, a 150mm deposition area for the research and development market, and the BLG300, a 300mm deposition area designed for the mass production market. As the RPCVD technology is further developed so the tools will be adapted to incorporate the upgrades in both hardware and process.

Strategy

Over the coming months we will be actively developing commercial partners to help expedite our core research and open up commercial opportunities. At the time of writing we are in discussions with a number of potential partners, including BLK.

Both the LED and solar businesses will look to move rapidly from proof of concept and sample production through to full scale commercialisation. As previously stated, our intention is to derive revenue through equipment sales and licensing of core technology, as well as exploiting other opportunities further down the value chain for both PV and LED.

BluGlass in 2010 and Beyond

We will seek to optimise our equipment and deposition process whilst continuing to produce better quality samples for industry evaluation. We expect that industry verification of sample material will lead to equipment sales and licensing opportunities for our core technology. The business will also

evaluate opportunities for moving downstream in the value chain in the solar industry and we are currently pursuing a number of opportunities to partner with major players in this sector.

The protection of the core IP remains a key part of the strategy as well as identifying new patentable breakthroughs around the method, apparatus, process and product.

The ARC linkages with ANU, Macquarie University and UTS will continue to support BluGlass's technology.

In summary, 2010 will be an exciting year for BluGlass as the company evolves from an R&D business to a commercial operation. We would like to take the opportunity to thank all of the BluGlass investors for your ongoing support of the business and we look forward to a prosperous 2010.

Giles Bourne, CEO

16th November, 2009