

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003.

Name of entity

BluGlass Limited

ABN

20 116 825 793

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|---|
| 1 | +Class of +securities issued or to be issued | Options to acquire Ordinary Shares with an exercise price of \$0.49 on or before 31 May 2013, subject to pre defined vesting criteria over three years. |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 3,000,000 |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | On same terms as the Employee Options currently on issue.

Refer Appendix A for material terms specifically in relation to these CEO Options. |

+ See chapter 19 for defined terms.

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4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities? If the additional securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	Yes					
5 Issue price or consideration	Nil ñ Issue of CEO Incentive of Option					
6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Options issued pursuant to an Executive Services Agreement dated 16 July 2008					
7 Dates of entering +securities into uncertificated holdings or despatch of certificates	18 July 2008					
8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)	<table border="1"> <thead> <tr> <th>Number</th> </tr> </thead> <tbody> <tr> <td>136,179,216</td> </tr> </tbody> </table>	Number	136,179,216	<table border="1"> <thead> <tr> <th>+Class</th> </tr> </thead> <tbody> <tr> <td>Ordinary Fully Paid</td> </tr> </tbody> </table>	+Class	Ordinary Fully Paid
Number						
136,179,216						
+Class						
Ordinary Fully Paid						

+ See chapter 19 for defined terms.

	Number	*Class
9 Number and *class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	30,358,750	Fully paid ordinary shares ñ Restricted Securities until 22 September 2008
	4,497,230	Options expiring 31 Dec 2008, \$0.20 Exercise price.
	8,100,000	Options expiring 31 Dec 2008, \$0.20 Exercise price
	125,000	Employee Incentive Plan Options expiring 31 Dec 2008, \$0.20 Exercise price.
	15,100,000	Options expiring 31 Dec 2008, \$0.20 Exercise price ñ Restricted Securities until 22 September 2008
	3,000,000	Options expiring 30 June 2009, \$0.20 Exercise price ñ Restricted Securities until 22 September 2008
	175,000	Employee Incentive Plan Options expiring 1 March 2010, \$0.20 Exercise price.
	4,293,218	Employee Incentive Plan Options expiring 31 Dec 2012, \$0.39 Exercise price, subject to vesting criteria over three years.
	3,000,000	CEO Incentive Plan Options expiring 31 May 2013, \$0.49 exercise price, subject to vesting criteria
10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A	

Part 2 - Bonus issue or pro rata issue

11 Is security holder approval required?	N/A
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12	Is the issue renounceable or non-renounceable?	N/A
13	Ratio in which the +securities will be offered	N/A
14	+Class of +securities to which the offer relates	N/A
15	+Record date to determine entitlements	N/A
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	N/A
18	Names of countries in which the entity has +security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	N/A
19	Closing date for receipt of acceptances or renunciations	N/A
20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	N/A

+ See chapter 19 for defined terms.

25	If the issue is contingent on ⁺ security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	N/A
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do ⁺ security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do ⁺ security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/a
32	How do ⁺ security holders dispose of their entitlements (except by sale through a broker)?	N/A
33	⁺ Despatch date	N/A

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) Securities described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

⁺ See chapter 19 for defined terms.

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 N/A A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

- | | | |
|----|---|-----|
| 38 | Number of securities for which +quotation is sought | N/A |
| 39 | Class of +securities for which quotation is sought | N/A |
| 40 | Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state: <ul style="list-style-type: none">• the date from which they do• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment | N/A |

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41	Reason for request for quotation now Example: In the case of restricted securities, end of restriction period (if issued upon conversion of another security, clearly identify that other security)	N/A				
42	Number and ⁺ class of all ⁺ securities quoted on ASX (<i>including</i> the securities in clause 38)	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 50%; padding: 5px;">Number</th> <th style="width: 50%; padding: 5px;">⁺Class</th> </tr> <tr> <td style="height: 80px;"></td> <td style="height: 80px;"></td> </tr> </table>	Number	⁺ Class		
Number	⁺ Class					

Quotation agreement

- 1 ⁺Quotation of our additional ⁺securities is in ASX's absolute discretion. ASX may quote the ⁺securities on any conditions it decides.

- 2 We warrant the following to ASX.
 - The issue of the ⁺securities to be quoted complies with the law and is not for an illegal purpose.

 - There is no reason why those ⁺securities should not be granted ⁺quotation.

 - An offer of the ⁺securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any ⁺securities to be quoted and that no-one has any right to return any ⁺securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the ⁺securities be quoted.

 - We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the ⁺securities to be quoted, it has been provided at the time that we request that the ⁺securities be quoted.

 - If we are a trust, we warrant that no person has the right to return the ⁺securities to be quoted under section 1019B of the Corporations Act at the time that we request that the ⁺securities be quoted.

⁺ See chapter 19 for defined terms.

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- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before *quotation of the *securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:Emmanuel Correia.....Date: 18 July 2008
(Company secretary)

Print name: Emmanuel Correia

+ See chapter 19 for defined terms.

Appendix A

These Options are issued pursuant to an Executive Service Agreement dated 16 July 2008 and are issued in accordance with the Company's Incentive Option Scheme which governs the terms and conditions on which these options are issued.

The Options have the following material terms:

1. each Option will have an exercise price of \$0.49;
2. each Option entitles the holder, when exercised, to one (1) Share;
3. subject to paragraphs (4) and (5) below, the Options are exercisable at any time on or prior to 5.00pm (EST) on 31 May 2013 (Expiry Date) by completing an option exercise form and delivering it together with the payment for the number of Shares in respect of which the Options are exercised to the registered office of the Company;
4. the Options will vest and only be exercisable in tranches as follows:
 - i. Tranche 1 - 1,000,000 Options may only be exercised if, during the term of this Agreement, the Company has, in the opinion of the Chairman, established and proven fabrication capacity with associated marketing, distribution and support services for its equipment and technology;
 - ii. Tranche 2 - 1,000,000 of the Options may only be exercised if, during any one financial year during the term of this Agreement, the Company has generated at least \$10,000,000 in revenues through the sale and licensing of its technology, equipment and products; and
 - iii. Tranche 3 - 1,000,000 of the Options may only be exercised if, prior to the Expiry Date and following the achievement of Milestones (i) and (ii) above, the volume-weighted average price of the Company's shares as traded on ASX has exceeded \$2.00 for 20 consecutive Business Days;
5. in the event:
 - a. any third party acquires greater than a 50% interest in the Company's issued shares (by way of takeover, scheme of arrangement or any other means); or
 - b. the Company sells a majority of its assets to a third party,

any unvested Options will immediately vest and must be exercised within 90 days thereafter (otherwise they will immediately lapse);
6. an Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised;

+ See chapter 19 for defined terms.

7. the Options are not transferable;
8. if the Executive Services Agreement is terminated by the Company with cause under clause 14.1, all of the Options that have not vested will immediately lapse;
9. Options will not be quoted on the ASX. However an application will be made to ASX for official quotation of the Shares allotted pursuant to the exercise of the Options if the Company's Shares are listed on ASX at that time.
10. there are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue the holder will receive notice in accordance with the requirements of the Listing Rules; and
11. if at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the Listing Rules.

The terms of the Options will otherwise be governed by the Company's Incentive Option Scheme and, to the extent of any inconsistency, the terms of the Incentive Option Scheme shall prevail.

+ See chapter 19 for defined terms.