

4 November 2016

Dear Shareholder,

Invitation to Participate in Share Purchase Plan

BluGlass Limited (**BluGlass** or **the Company**) recently announced a successful proposed placement to institutional and sophisticated investors to raise up to approximately \$5 million before costs (**Placement**) and a share purchase plan to raise up to approximately \$2 million – see the ASX announcement “Institution Placement and Share Purchase Plan” dated 28 October 2016 for further information.

On behalf of the Board of BluGlass, I am pleased to offer Eligible Shareholders (defined below) the opportunity to participate in its share purchase plan (**Plan**).

Under the Plan, Eligible Shareholders can purchase up to \$15,000 worth of fully paid ordinary shares (**Shares**) in the Company (**BluGlass Shares**), irrespective of the size of their shareholding, at an issue price of \$0.32 per BluGlass Share, the same price at which BluGlass Shares are being issued under the Placement, without incurring brokerage or transaction costs.

The offer under the Plan (**Offer**) is intended to raise up to \$2,000,000 (less cost of the Offer) on the terms and conditions (**Terms and Conditions**) contained in this letter.

Shareholders Eligible to Participate in the Plan

The right to participate under the Plan is optional and is available exclusively to shareholders who are registered as holders of BluGlass Shares at 5pm (AEDST) on the record date of 27 October 2016 (**Record Date**) and whose registered address is in Australia or New Zealand (**Eligible Shareholders**).

Share Purchase Plan

The Plan entitles Eligible Shareholders, irrespective of the size of their shareholding, to purchase up to \$15,000 worth of BluGlass Shares priced at an issue price of \$0.32 per BluGlass Share (**Price**), a discount of 18.36% to the volume weighted average market price (**VWAP**) for BluGlass Shares over the last 5 days on which sales in BluGlass Shares were recorded before 28 October 2016, the day on which the Offer was announced, of \$0.392 per BluGlass Share.

Whilst the Company intends to raise \$2,000,000, the Company may accept additional applications subject to shareholder demand. However, the maximum number of BluGlass Shares to be issued is limited by the Australian Securities Exchange (**ASX**) Listing Rules to a maximum of 106,865,252 BluGlass Shares, being 30% of the Company's Share capital.

The Company may, in its absolute discretion, undertake a scale-back so that not more than 30% of that number of BluGlass Shares already on issue, are issued under the Plan. Scale-back decisions are made by the Board and are final.

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An outline of the Plan is set out in this letter and the enclosed Terms and Conditions. An application form for the Plan (**Application Form**) and reply paid envelope are included in this package.

Current Activities

Details of the Company's current activities are set out in the announcements made by the Company to the ASX and are available from the ASX, or the Company's website at www.bluglass.com.au.

The funds raised under the Plan will be used for;

- continuation of current industry collaboration and evaluation agreements with Lumileds, HC SemiTek, and Veeco;
- capital expenditure for new equipment and resources to accelerate work with the current industry partners as well as enabling the RPCVD technology to be applied to other applications;
- identification and engagement with potential future collaboration partners; and
- general working capital purposes.

How much can you invest?

Eligible Shareholders may each apply for a maximum of \$15,000 worth of BluGlass Shares under the Plan.

Subscription and Application Procedure

If you would like to participate in the Offer, you can either;

- complete the enclosed Application Form and send it together with your payment by cheque made payable to "**BluGlass Limited**" and drawn in Australian currency for the correct amount, to the Company's share registry, Security Transfer Australia Pty Ltd at PO BOX A2020, South Sydney NSW 1235, to be received by the share registry no later than 5pm (AEDST) on the **Closing Date of 28 November 2016**. No late applications will be accepted; or
- make a BPAY^{®1} payment from your cheque or savings account by using the Biller Code and Reference Number shown on your Application Form which is required to identify your holding. If you have multiple holdings you will have multiple BPAY[®] Reference Numbers. To ensure you receive your BluGlass Shares under the Offer in respect of that holding you must use the specific Biller Code and Reference Number shown on each personalised Application Form when paying for any BluGlass Shares that you may wish to apply for in respect of that holding. If you inadvertently use the same Reference Number for more than one of your applications, you will be deemed to have applied only for that application to which that Reference Number applies and any excess amount will be refunded. **If you make your payment using BPAY[®] you do not need to return your Application Form.** New Zealand holders will not be able to make a payment using BPAY[®]. Payments made by BPAY[®] received after 5pm (AEDST) **on 28 November 2016** will not be accepted. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. You may also have your own limit on the amount that can be paid via BPAY[®]. It is your responsibility to check that the amount you wish to pay via BPAY[®] does not exceed your limit.

Applicants should not forward cash and direct bank transfers are not permitted.

¹ [®] Registered to BPAY Pty Ltd, ABN 69 079 137 518

Eligible Shareholders may participate by selecting only one of the following offers to purchase BluGlass Shares under the Plan:

	Total amount payable	Number of BluGlass Shares which may be purchased
Offer A	\$15,000	46,875
Offer B	\$10,000	31,250
Offer C	\$7,500	23,438
Offer D	\$5,000	15,625
Offer E	\$3,000	9,375

Once an application has been made it cannot be revoked. All valid applications shall be deemed accepted if received before the **Closing Date of 28 November 2016**. If the exact amount of money is not tendered with your application, BluGlass reserves the right to either:

- return your Application Form and/or payment and not allot any BluGlass Shares to you; or
- allot to you the number of BluGlass Shares that would have been allotted had you applied for the highest designated amount that is less than the amount of your payment and refund the excess application money to you by cheque as soon as possible, without interest.

The maximum investment any Eligible Shareholder may apply for will remain \$15,000 even if an Eligible Shareholder receives more than one Offer (whether in respect of a joint holding or because the Eligible Shareholder has more than one holding under a separate account). It is the responsibility of the applicant to ensure that the aggregate of the application price paid for the BluGlass Shares the subject of the application and any other BluGlass Shares and interests in the class applied for by you under the Plan or any similar arrangement in the 12 months prior to the date of submission does not exceed \$15,000.

Custodians and Nominees

Eligible Shareholders who hold BluGlass Shares as custodian or nominee (**Custodian**) for one or more persons on the Record Date (**Beneficiary**) may apply for up to a maximum amount of A\$15,000 worth of BluGlass Shares in respect of each Beneficiary who is resident in Australia or New Zealand, subject to providing a Custodian Certificate to BluGlass, as described in the Terms and Conditions enclosed with this letter. Please refer to the Terms and Conditions for more details.

Acceptance of Risk Factors

On the last trading day immediately prior to the announcement date of the Offer, the closing price of the BluGlass Shares traded on ASX was 0.335. The market price of Shares in the Company may rise and fall between the date of the Offer and the date that any BluGlass Shares are issued to you as a result of your application under this Offer.

By making an application under this Offer and applying for BluGlass Shares under the Plan, each Eligible Shareholder will be acknowledging that although the Price is at a discount, BluGlass Shares are a speculative investment and the price of BluGlass Shares on ASX may change between the date of the Company announcing its intention to make an Offer and the date of issue of BluGlass Shares under that Offer and that the value of the BluGlass Shares received under the Plan may rise or fall accordingly.

The Board recommends that you obtain your own financial advice in relation to the Offer and consider price movements of Shares in the Company prior to making an application under this Offer.

Additional Information and Important Dates

The Offer of BluGlass Shares under the Plan is made in accordance with ASIC Class Order 09/425 and therefore does not require a prospectus for the purposes of Chapter 6D of the Corporations Act (2001) (Cth).

The Offer cannot be transferred and the Directors of the Company reserve the right in their absolute discretion to reject, or scale back, on an equitable basis, any application. BluGlass Shares allotted under the Plan will be issued no later than 10 business days after the Closing Date of the Offer. Application for quotation on ASX of the new BluGlass Shares will be made immediately following the issue of those BluGlass Shares.

The maximum amount proposed to be raised under the Offer is \$2,000,000. The Company, however, reserves absolute discretion regarding the final amount raised under the Plan, subject to the ASX Listing Rules.

In the event of oversubscription by the Closing Date the Directors may, in their absolute discretion, scale-back applications on an equitable basis. Scale-back for BluGlass Shares held by Custodians will be applied at the level of the underlying Beneficiary. Directors may also, in their absolute discretion, decide to increase acceptances in the event of oversubscriptions.

If the Company rejects or scales-back an application or purported application, the Company will promptly return to the Eligible Shareholder the relevant application monies, without interest.

Foreign offer restrictions

This document may not be released or distributed in any country other than Australia and New Zealand. This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in any other country. In particular, any securities described in this document have not been, and will not be, registered under the US Securities Act of 1933 (as amended) and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.

New Zealand Shareholders

The BluGlass Shares offered under the Plan are not being offered or sold to the public within New Zealand other than to existing Eligible Shareholders of BluGlass with registered addresses in New Zealand and to whom the Offer is being made in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2013* (New Zealand).

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the *Securities Act 1978* (New Zealand). This document is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

Shortfall

In the event that less than \$2,000,000 is applied for, the full amount of the shortfall may be placed at the discretion of the Board subject to compliance with the necessary legal requirements.

Indicative Timetable

Record Date for Share Purchase Plan	27 October 2016
Announce Share Purchase Plan	28 October 2016
Section 708A "Cleansing Notice" lodged with ASX	4 November 2016
Dispatch Share Purchase Plan booklet to shareholders and release Offer Letter on the ASX	4 November 2016
Share Purchase Plan opens	7 November 2016
Closing date for Share Purchase Plan	28 November 2016
Lodge Appendix 3B, issue of new BluGlass Shares under the Share Purchase Plan	1 December 2016
Quotation on ASX of new BluGlass Shares under the Share Purchase Plan	2 December 2016

These dates are indicative only. The Company may vary the dates and times of the Offer without notice. Accordingly, Eligible Shareholders are encouraged to submit their Entitlement and Acceptance Forms as early as possible.

Should you wish to discuss any information contained in this letter further, do not hesitate to contact the Company's Company Secretary, Emmanuel Correia on +61 02 9334 2300.

Yours faithfully

George Venardos
Chairman
Bluglass Limited

BluGlass Limited ACN 116 825 793

Shareholder Share Purchase Plan - Terms and Conditions

Purpose

The purpose of the shareholder share purchase plan (**the Plan**) is to offer shareholders of BluGlass Limited (**BluGlass** or **the Company**) the opportunity to acquire additional fully paid ordinary shares in BluGlass (**BluGlass Shares**) up to a maximum of \$15,000 (when combined with any BluGlass Shares issued under any share purchase plan in the 12 months preceding the date of the Plan) (**Offer**).

The issue price under the Plan will be \$0.32 per BluGlass Share (**Price**), a discount of 18.36% to the volume weighted average market price (**VWAP**) for BluGlass Shares over the last 5 days on which sales in the BluGlass Shares were recorded on the financial market operated by ASX Limited (**ASX**) before 28 October 2016, the day on which the Offer was announced.

BluGlass Shares will also be issued without the need to pay brokerage costs and without the need for the Company to issue a prospectus. The Plan is governed upon such Terms and Conditions as the board of directors of the Company (**Directors**), in its absolute discretion, sees fit.

Shareholders Eligible to Participate

Holders of BluGlass Shares that are registered with an Australian or New Zealand address at the relevant record date are eligible shareholders (**Eligible Shareholders**) and may participate in the Plan, unless the registered shareholder holds BluGlass Shares on behalf of another person who resides outside Australia or New Zealand. Due to foreign securities laws, it is not practical for shareholders resident in other countries to be offered the opportunity to participate in the Plan.

Participation in the Plan is optional and is subject to these Terms and Conditions. Offers made under the Plan are non-renounceable (i.e. Eligible Shareholders may not transfer their rights to any BluGlass Shares offered under the Plan). Eligible Shareholders who wish to take up BluGlass Shares issued under the Plan agree to be bound by the Company's constitution in respect of BluGlass Shares issued under the Plan.

An offer may, at the discretion of the Directors of the Company, be made under the Plan once a year. The maximum amount which any Eligible Shareholder may subscribe for in any consecutive 12 month period is \$15,000. The Directors may also determine in their discretion the minimum amount for participation, the multiple of BluGlass Shares to be offered under the Plan and the period the offer is available to Eligible Shareholders.

Custodians, trustees and nominees

If you are an Eligible Shareholder and hold BluGlass Shares as a custodian (as defined in ASIC Class Order [CO 09/425] (refer below) (**Custodian**) or in any more specific ASIC relief granted to the Company in relation to the Plan), you may apply for up to the maximum of new BluGlass Shares for each beneficiary for whom you act as Custodian provided you annexe to your Application Form a certificate to the Company (**Custodian Certificate**) with the following information:

- that you held BluGlass Shares on behalf of one or more other persons who are resident in Australia or New Zealand (each a **Participating Beneficiary**) at 27 October 2016 who have subsequently instructed you to apply for BluGlass Shares under the Plan on their behalf;
- the number of Participating Beneficiaries and their names and addresses;
- the number of BluGlass Shares that you hold on behalf of each Participating Beneficiary;

- the dollar amount of BluGlass Shares that each Participating Beneficiary has instructed you, either directly or indirectly through another custodian, to apply for on their behalf;
- that the application price for BluGlass Shares applied under the Offer for each Participating Beneficiary for whom you act plus the application price for any other BluGlass Shares issued to you as Custodian for that Participating Beneficiary under any arrangement similar to the Plan in the prior 12 months does not exceed \$15,000;
- that a copy of the written offer document was given to each Participating Beneficiary; and
- where you hold BluGlass Shares on behalf of a Participating Beneficiary indirectly, through one or more interposed custodians, the name and address of each interposed custodian.

For the purposes of ASIC Class Order [CO 09/425] you are a 'custodian' if you are a registered holder that:

- holds an Australian financial services licence that allows you to perform custodian or depositary services or operate IDPS accounts;
- is exempt under:
 - paragraph 7.6.01(1)(k) of the *Corporations Regulations 2001* (the **Regulations**); or
 - paragraph 7.6.01(1)(na) of the Regulations; or
 - ASIC Class Order CO 14/1000 or ASIC Class Order CO 14/1001; or
 - ASIC Class Orders CO 03/1099, CO 03/1100, CO 03/1101, CO 03/1102, CO 04/829 or CO 04/1313; or
 - an individual instrument of relief granted by ASIC to the person in terms similar to one of the class orders referred to in subparagraph (xx); or
 - paragraph 911A(2)(h) of the Act;

from the requirement to hold an Australian financial services license for the provision of a custodial or depositary service; or

- is a trustee of a self-managed superannuation fund;
- is a trustee of superannuation master trusts;
- is a responsible entity of IDPS like schemes; or
- is noted on the Company's register of members as holding the BluGlass Shares on account of another person.

If you hold BluGlass Shares as a trustee or nominee for another person or persons but are not a Custodian as defined above, you cannot participate for beneficiaries in the manner described above. In this case, the rules for multiple single holdings (above) apply.

Custodians should request a Custodian Certificate when making an application on behalf of Participating Beneficiaries. To request a Custodian Certificate and if you would like further information on how to apply, you should contact Security Transfer Australia Pty Ltd at any time from 8.30am to 5.00pm (WST) Monday to Friday during the Offer period.

The Company reserves the right to reject any application for BluGlass Shares to the extent it considers that the application (whether alone or in conjunction with other applications) does not comply with these requirements. The Company reserves the right to reject applications in accordance with these Terms and Conditions.

Applications and Notices

At the discretion of the Directors, the Company will send Eligible Shareholders a letter of offer and acceptance procedures, inviting them to subscribe for BluGlass Shares under the Plan, and accompanied by these Terms and Conditions of the Plan and an Application Form. Applications will not be accepted after the closing date of the offer. Over subscriptions to the Offer may be refunded without interest.

Notices and statements made by the Company to participants may be given in any manner prescribed by its Constitution.

Placement of Shortfall

Any shortfall from the Offer may be placed at the discretion of the Directors.

Issue of BluGlass Shares

BluGlass Shares to be issued under the Plan will be issued as soon as reasonably practicable after the closing date specified by the Directors of the Company in the Offer.

BluGlass Shares issued under the Plan will rank equally in all respects with all other fully paid ordinary shares in the Company from the date of issue.

Shareholding statements or CHESS notification will be issued in respect of all BluGlass Shares issued under the Plan. The Company will, promptly after the issue of BluGlass Shares under the Plan, make application for those BluGlass Shares to be listed for quotation on the official list of ASX.

Modification and Termination of the Plan

The Company may modify or terminate the Plan at any time. The Company will notify ASX of any modification to, or termination of, the Plan. The omission to give notice of any modification to, or termination of, the Plan or the failure of ASX to receive such notice will not invalidate the modification or termination.

Without limiting the above, the Company may issue to any person fewer BluGlass Shares than the person applied for under the Plan if the issue of BluGlass Shares applied for would contravene any applicable law or the Listing Rules of ASX.

Raising Amount and Scale back

The Company seeks to raise approximately \$2 million. However the maximum number of BluGlass Shares that can be issued is 106,865,252 Shares and the Company reserves absolute discretion regarding the final amount raised under the Plan.

In the event of an oversubscription by the closing date the Directors may, in their absolute discretion, scale-back all applications on an equitable basis. If the Company rejects or scales-back an application or purported application, the Company will promptly return to the shareholder the relevant application monies, without interest.

Dispute Resolution

The Company may, in any manner it thinks fit, settle any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the Plan, whether generally or in relation to any participant, application or BluGlass Shares. The decision of the Company in this respect will be conclusive and binding on all shareholders and other persons to whom that determination relates.

The Company reserves the right to waive strict compliance with any provision of these Terms and Conditions. The powers of the Company under these Terms and Conditions may be exercised by the Directors of the Company or any delegate of the Directors of the Company.

Questions and Contact Details

If you have any questions regarding the Plan or how to deal with this Offer, please contact your stockbroker or professional adviser or Emmanuel Correia, Company Secretary on (+61 2) 9334 2300.