



BluGlass Limited

ABN 20 116 825 793

Bonus Options Prospectus

This Prospectus is being issued for a bonus offer to Eligible Shareholders of one Option (**Bonus Option**) for every eight Shares held on the Record Date (**Offer**). No funds will be raised as a result of the Offer.

This is an important document and requires your immediate attention. It should be read in its entirety. If you are in doubt about what to do, you should consult your professional adviser without delay.

The Bonus Options offered in connection with this Prospectus should be considered as speculative nature.

Important Information

This Prospectus is dated 24 May 2022 and was lodged with the ASIC on that date with the consent of all Directors. Neither ASIC nor ASX nor their respective officers take any responsibility for the contents of this Prospectus.

No Bonus Options will be issued on the basis of this Prospectus any later than 13 months after the date of this Prospectus (being the expiry date of this Prospectus).

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer.

It is important that Shareholders read this Prospectus in its entirety and seek professional advice where necessary. The Bonus Options offered by this Prospectus should be considered speculative. Please refer to Section 3 for details relating to investment risks.

As this is a bonus issue of Options, Shareholders are not required to apply for Bonus Options.

A copy of this Prospectus is available for inspection at the registered office of the Company at 74 Asquith Street, Silverwater NSW 2128 during normal business hours.

The Prospectus will be made available in electronic form. Persons having received a copy of this Prospectus in its electronic form may obtain an additional paper copy of this Prospectus (free of charge) from the Company's registered office by contacting the Company.

The Company will apply for Official Quotation by ASX of the Bonus Options offered by this Prospectus.

No action has been taken to permit the offer of Bonus Options under this Prospectus in any jurisdiction other than Australia and New Zealand.

The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws. This Prospectus does not constitute an offer of Bonus Options in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

Definitions of certain terms used in this Prospectus are contained in Section 6. All references to currency are to Australian dollars and all references to time are to AEST unless otherwise indicated.

Corporate Directory

Issuer

BluGlass Limited
ABN 20 116 825 793
74 Asquith Street
Silverwater NSW 2128

Tel: +612 9334 2300

Website: www.bluglass.com.au

ASX Code: BLG

Share Registry

Automatic Registry Services
ABN 48 078 279 277
Level 5, 126 Phillip Street
Sydney NSW 2000
www.automic.com.au

Directors

James Walker - Executive Chair
Vivek Rao - Non-Executive Director
Stephe Wilks - Non-Executive Director
Jean-Michel Pelaprat - Non-Executive Director

Legal Counsel to the Entitlement Offer

Highgate Legal
31 Highgate Court
North Kellyville NSW 2155

Company Secretary

Emmanuel Correia

* These entities are included for information purposes only. They have not been involved in the preparation of this Prospectus.

Indicative Timetable

| Event | Date |
|--|---|
| Notice to Optionholders | 24 May 2022 Prior to the commencement of trading |
| Lodgement of Prospectus with ASIC | 24 May 2022 Prior to the commencement of trading |
| Lodgement of Appendix 3B, Announcement and Prospectus with ASX | 24 May 2022 Prior to the commencement of trading |
| Shares trade ex-Bonus Option entitlements | 27 May 2022 |
| Record Date for Bonus Options | 30 May 2022 |
| Intended date of issue Lodge Appendix 2A | Before 12pm (Sydney time), 6 June 2022 |
| Normal trading in Bonus Options | 7 June 2022 |

Note* These dates are indicative only and may change without prior notice. As such the date the Bonus Options are expected to commence trading on ASX may vary.

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Letter from the Board

Dear Shareholder

On behalf of the Directors, I am pleased to offer you the opportunity to participate in this Offer for Bonus Options, which comes at a very exciting time in our business with the completion of the acquisition of a commercial Silicon Valley laser diode production facility lease and manufacturing equipment (the Fab). This acquisition will fast-track BluGlass' growth strategy, significantly increasing its laser diode manufacturing capacity and bringing forward product development timelines.

In undertaking this Bonus Offer we'd like to thank our shareholders that have supported the Company through a very important series of transactions undertaken over the past several months, which have led to the formation of the BluGlass business we are today and our ability to execute on our immediate delivery targets.

Eligible Shareholders who hold Shares on the Record Date are offered one (1) Bonus Option for every eight (8) Shares held on the Record Date. As this is a bonus issue of Quoted Options, Shareholders are not required to complete an application to receive the Bonus Options.

The Bonus Options have a nil issue price, will be exercisable at \$0.03 each and expire on 30 November 2022. It is the intention that subject to compliance with the ASX Listing Rules, to have the Bonus Option quoted on ASX.

The full terms and conditions of the Quoted Options are in Section 4.1 of this Prospectus.

It is important that Shareholders read this Prospectus in its entirety and seek professional advice where necessary. The Bonus Options offered by this Prospectus should be considered speculative. Please refer to Section 3 for details relating to investment risks.

If you have any questions, please contact the Share Registry on 1300 288 664 (within Australia) or +61 2 9698 5414 (outside Australia) from 8.30am to 5.30pm (Sydney time), Monday to Friday. If you have any further questions, you should contact your stockbroker, solicitor, accountant, financial adviser or other professional adviser.

On behalf of the Board, I look forward to your continued support and on updating you on the Company's progress.

Yours faithfully

James Walker
Executive Chair

Investment Overview

This Section is intended to highlight key information for potential investors and shareholders. It is an overview only and is not intended to replace the Prospectus. Shareholders and investors should read the Prospectus in full.

| Key Information | Further Information |
|---|---------------------|
| <p>Transaction specific prospectus</p> <p>This Prospectus is a transaction specific prospectus for an offer of Bonus Options to acquire continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.</p> | Section 4.4 |
| <p>Risk factors</p> <p>Potential investors and Shareholders should be aware that the grant of Bonus Options in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 3, including (but not limited to) risks in respect of:</p> <ul style="list-style-type: none">• Exercise price of Bonus Options: There is no guarantee the Bonus Options will trade on the ASX or that there will be a liquid market for the Bonus Options. If Bonus Options are exercised, there is no guarantee that Shares issued on exercise of those Bonus Options will trade above the exercise price paid for those Shares.• Dilution: If you do not exercise the Bonus Options, because either you sell those Bonus Options on market, because you allow those Bonus Options to expire without being exercised, or you do not receive Bonus Options because you are an Excluded Holder, and other investors exercise their Bonus Options, your shareholding will be diluted.• Future Capital Requirements: The Company may have difficulty in obtaining future equity or debt funding to support the ongoing business, including product development and manufacturing activities. | Section 3 |

| Key Information | Further Information |
|--|----------------------|
| <p>Offer</p> <p>The Offer is being made as a bonus issue of one (1) Bonus Option for every eight (8) Shares held by Shareholders registered at the Record Date, to be issue for nil consideration. Fractional Entitlements will be rounded up to the nearest whole number.</p> <p>No funds will be raised as a result of the Offer.</p> | Section 1.1 |
| <p>Eligible Shareholders</p> <p>The Offer is made to Eligible Shareholders only. Eligible Shareholders are those holders of Shares who:</p> <ul style="list-style-type: none"> are the registered holder of the Shares as at 5.00pm (AEST) on the Record Date of 30 May 2022; and have a registered address in Australia or New Zealand. | Sections 1.6 and 1.7 |
| <p>Use of funds</p> <p>Nil funds will be raised as a result of the Offer.</p> <p>The Company will receive \$0.03 for each Bonus Option exercised. If all Bonus Options are issued and exercised, the Company will receive approximately \$4,780,550. There is no certainty that any Bonus Options will be exercised and the proportion exercised will depend on the Share price relative to the exercise price during the exercise period. It is currently intended that any funds raised by the exercise of the Bonus Options will be used towards continued development on the Company's existing business and for working capital.</p> | Section 2.4 |

| Key Information | Further Information | | | | | | | | | | | | | | | | |
|--|----------------------|--------------------|--------------------|--------------------|--|---------------|---|------------|--|---|-------------|---|----------------------------------|----------------------|--------------------|-------------------|-----------------------|
| <p>Indicative capital structure and balance sheet</p> <p>The effect of the Offer on the Company's issued capital as at the date of this Prospectus is as shown in the following table.</p> <table><tr><th></th><th>Shares</th><th>Quoted Options</th><th>Performance Rights</th></tr><tr><td>Balance at the date of this Prospectus</td><td>1,274,813,293</td><td>-</td><td>24,750,000</td></tr><tr><td>Maximum to be issued pursuant to the Offer</td><td>-</td><td>159,351,662</td><td>-</td></tr><tr><td>Total on issue post Offer</td><td>1,274,813,293</td><td>159,351,662</td><td>24,750,000</td></tr></table> <p>The Bonus Options to be issued pursuant to this Prospectus will be issued for no consideration. There will be no effect on the Company's balance sheet.</p> | | Shares | Quoted Options | Performance Rights | Balance at the date of this Prospectus | 1,274,813,293 | - | 24,750,000 | Maximum to be issued pursuant to the Offer | - | 159,351,662 | - | Total on issue post Offer | 1,274,813,293 | 159,351,662 | 24,750,000 | Sections 2.2 and 2.5. |
| | Shares | Quoted Options | Performance Rights | | | | | | | | | | | | | | |
| Balance at the date of this Prospectus | 1,274,813,293 | - | 24,750,000 | | | | | | | | | | | | | | |
| Maximum to be issued pursuant to the Offer | - | 159,351,662 | - | | | | | | | | | | | | | | |
| Total on issue post Offer | 1,274,813,293 | 159,351,662 | 24,750,000 | | | | | | | | | | | | | | |

| Key Information | | | | | Further Information |
|--|-----------|---------|--------------------|--------------------------|---------------------|
| Directors' participation and interests The relevant interests of each of the Directors in Securities as at the date of this Prospectus, together with their respective entitlement to Bonus Options, is set out below. | | | | | Section 4.9 |
| Director | Shares | Options | Performance Rights | Bonus Option Entitlement | |
| James Walker | 2,608,258 | - | 1,000,000 | 326,032 | |
| Vivek Rao | 1,340,938 | - | 1,000,000 | 167,617 | |
| Stephe Wilks | 1,116,443 | - | 1,000,000 | 139,555 | |
| Jean-Michel Pelaprat | 312,500 | - | 900,000 | 39,063 | |

| | |
|--|-------------------------------------|
| <p>Forward looking statements</p> <p>This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', 'anticipates' or 'intends' and other similar words that involve risks and uncertainties.</p> <p>These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are considered reasonable.</p> <p>Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and the management.</p> <p>The Directors cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.</p> <p>The Directors have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.</p> <p>These forward looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 3.</p> | Important Information and Section 3 |
|--|-------------------------------------|

1. Details of the Offer

1.1 The Offer

The Offer is being made as a bonus issue of one (1) Bonus Option for every eight (8) Shares held by Shareholders registered at the Record Date, to be issued for nil consideration. Fractional Entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company as at the date of this Prospectus up to 159,351,662 Bonus Options could be issued pursuant to this Offer (assuming no Performance rights are exercised prior to the Record Date). No funds will be raised as a result of the Offer.

All of the Bonus Options offered under this Prospectus will be issued on the terms and conditions set out in section 4.1 of this Prospectus.

All of the Shares issued upon the future exercise of the Bonus Options offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to section 4.2 of this Prospectus.

Details of the purpose and effect of the Offer are set out in section 2.

1.2 Minimum Subscription

There is no minimum subscription.

1.3 ASX Listing

Application for Official Quotation of the Bonus Options offered pursuant to this Prospectus will be made in accordance with the timetable set out on page iv of this Prospectus. The Bonus Options will also be issued in accordance with this timetable, however they will remain unquoted until such time as the Company satisfied the quotation requirements. The Company anticipates that quotation will occur soon after issue.

The Bonus Options will only be admitted to Official Quotation by ASX if the conditions for quotation of a new class of securities are satisfied (which include, amongst other things, there being a minimum of 100,000 quoted options on issue, with at least 50 holders with a marketable parcel (within the meaning of the Listing Rules)).

If ASX does not grant Official Quotation of the Bonus Options offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus (or such period as varied by ASIC) any Bonus Options issued will be void in accordance with section 723 of the Corporations Act.

The fact that ASX may grant Official Quotation to the Bonus Options is not be taken in any way as an indication of the merits of the Company or the Bonus Options now offered. ASX takes no responsibility for the contents of this Prospectus.

1.4 Issue

Bonus Options issued pursuant to the Offer will be issued in accordance with the ASX Listing Rules and timetable set out in this Prospectus.

Holding statements for Bonus Options issued under the Offer will be mailed in accordance with the ASX Listing Rules and timetable set out on page iv of this Prospectus as soon as practicable after their issue.

1.5 **CHESS**

The Company participates in the Clearing House Electronic Sub-register System, known as CHESS. ASX Settlement Pty Limited, a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and the ASX Settlement Operating Rules.

Under CHESS, Shareholders will not receive a certificate but will receive a statement of their holding of Bonus Options.

If you are broker sponsored, ASX Settlement Pty Limited will send you a CHESS statement.

The CHESS statement will specify the number of Bonus Options issued under this Prospectus, provide details of your holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the Bonus Options, including a notice to exercise the Bonus Options.

If you are registered on the Issuer Sponsored sub-register, your statement will be despatched by the Share Registry and will contain the number of Bonus Options issued to you under this Prospectus and your security holder reference number.

A CHESS statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their Shareholding changes. Shareholders may request a statement at any other time; however, a charge may be made for additional statements.

1.6 **Overseas Shareholders**

This Prospectus does not, and is not intended to, constitute an offer of Bonus Options in any jurisdiction in which it would be unlawful. In particular, this Prospectus may not be distributed to any person, and the Bonus Options may not be offered or sold, in any country outside Australia or New Zealand where it would be unlawful to do so.

The Offer is being made in New Zealand pursuant to the Financial Markets Conduct (Incidental Offers) Exception Notice 2016). This Prospectus has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This Prospectus is not a product disclosure statement for the purpose of New Zealand law, and may not contain all the information that a product disclosure statement under New Zealand law is required to contain.

It is not practicable for the Company to comply with securities laws of overseas jurisdictions (other than New Zealand)). The Company has formed this view having considered:

- (a) the number of overseas shareholders;
- (b) the number and value of the Bonus Options that would be offered to those overseas Shareholders; and
- (c) the cost of complying with the legal requirements and the requirements of regulatory authorities in the overseas jurisdictions.

Accordingly, the Offer is not being extended and Bonus Options will not be issued to Shareholders with a registered address which is outside Australia and New Zealand.

1.7 Notice to nominees and custodians

Nominees and custodians that hold Shares should note that the Offer is available only to Eligible Shareholders. The Company is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of Shares. If any nominee or custodian is acting on behalf of a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Offer is compatible with applicable foreign laws.

1.8 Risk factors

An investment in Securities should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are certain specific risks associated with an investment in the Company which are detailed in Section 3.

1.9 Taxation implications

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for Bonus Options.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders. As a result, Shareholders should consult their professional tax adviser in connection with subscribing for Bonus Options.

1.10 Major activities and financial information

A summary of the major activities and financial information relating to the Company, for the financial year ended 30 June 2021, can be found in the Company's Annual Report announced on ASX on 29 September 2021 and, for the half-year ended 31 December 2021, the Half Year Accounts announced on ASX on 22 February 2022. The Company's continuous disclosure notices (i.e. ASX announcements) since 29 September 2021 are listed in Section 4.5. Copies of these documents are available free of charge from the Company. The Directors strongly recommend that Shareholders review these and all other announcements.

1.11 Enquiries concerning Prospectus

If you have any questions, please contact the Share Registry on 1300 288 664 (within Australia) or +61 2 9698 5414 (outside Australia) from 8.30am to 5.30pm (Sydney time), Monday to Friday.

2. Effect of the Offer

2.1 Purpose of the Offer

The purpose of the Offer is to reward Shareholders for supporting the Company and to provide the Company with a potential source of additional capital if Bonus Options are exercised. No funds will be raised through the issue of the Bonus Options pursuant to this Prospectus, however if all Bonus Options are exercised, the Company will receive approximately \$4,780,550.

2.2 Capital structure on completion of the Offer

Assuming that no existing Performance Rights converted into Shares before the Record Date, the effect of the Offer on the Company's issued capital as at the date of this Prospectus is as shown in the following table.

| | Shares | Quoted Options | Performance Rights |
|--|----------------------|--------------------|--------------------|
| Balance at the date of this Prospectus | 1,274,813,293 | - | 24,750,000 |
| Maximum to be issued pursuant to the Offer | - | 159,351,662 | - |
| Total on issue post Offer | 1,274,813,293 | 159,351,662 | 24,750,000 |

2.3 Substantial Holders

There are no persons which (together with their associates) have a relevant interest in the Company of 5% or more of the Shares on issue.

The Offers will have no effect on the quantity of Shares held by these substantial shareholders as only Bonus Options are being issued.

2.4 Use of funds

Nil funds will be raised as a result of the Offer.

The Company will receive \$0.03 for each Bonus Option exercised. If all Bonus Options are issued and exercised, the Company will receive approximately \$4,780,550. There is no certainty that any Bonus Options will be exercised and the proportion exercised will depend on the Share price relative to the exercise price during the exercise period. It is currently intended that any funds raised by the exercise of the Bonus Options will be used towards continued development on the Company's existing business activities and for working capital. Working capital includes but is not limited to corporate administration and operating costs, ASX and Share Registry fees, legal, tax and audit fees, insurance and travel costs and payment of creditors or other liabilities. The Company notes there are extra costs associated with the Bonus Options. Upon each exercise of Bonus Options, the Company must lodge an Appendix 3B with the ASX and will, accordingly, incur further costs in this regard.

The application of funds will depend on when Bonus Options are exercised and the status of the Company's projects and requirements at the relevant time.

The above is a statement of current intentions at the date of this Prospectus. Intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis.

2.5 Effect on Balance Sheet

The Bonus Options to be issued pursuant to this Prospectus will be issued for no consideration. There will be no effect on the Company's balance sheet unless the Bonus Options are exercised.

2.6 Market price of Shares

The highest and lowest closing market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

| | |
|---------|-----------------------------|
| Lowest: | \$0.025 on 12 May 2022; and |
|---------|-----------------------------|

| | |
|----------|---------------------------|
| Highest: | \$0.036 on 16 March 2022. |
|----------|---------------------------|

The latest available market sale price of the Shares on ASX prior to the date of lodgement of this Prospectus with the ASIC was \$0.026 on 23 May 2022.

3. Risk Factors

3.1 Introduction

Eligible Shareholders should be aware that there are risks associated with an investment in BluGlass and the Options carry no guarantee in respect of profitability, return of capital or the price at which they will trade on ASX. The key risk factors relevant to an investment in BluGlass are set out below. If you have any queries or are uncertain about any aspects of the Offer Booklet, including these risk factors, consult with your stockbroker, accountant or other professional adviser.

As with any investment in Securities, there are risks involved. This Section identifies the major areas of risk associated with an investment in the Company but should not be taken as an exhaustive list of the potential risk factors to which the Company and its security holders are exposed. Securityholders and potential investors should read the entire Prospectus and consider consulting their professional advisers.

The Directors consider that the following summary represents some of the major risk factors which Securityholders and potential investors need to be aware of in evaluating the Company's business and risks of investing in the Company. Securityholders and potential investors should carefully consider the following factors in addition to the other information presented in this Prospectus.

The principal risks include, but are not limited to, the following:

3.2 Risks specific to the Offer

(a) Exercise price of Bonus Options

There is no guarantee the Bonus Options will trade on the ASX or that there will be a liquid market for the Bonus Options. If the Bonus Options are exercised, there is no guarantee that Shares issued on exercise of those Bonus Options will trade above the exercise price paid for those Shares.

(b) Dilution

If you do not exercise the Bonus Options, because either you sell those Bonus Options on market, because you allow those Bonus Options to expire without being exercised, or you do not receive Bonus Options because you are an Excluded Holder, and other investors exercise their Bonus Options, your shareholding will be diluted.

3.3 Risks specific to the Company

(a) Loss of key management personnel

BluGlass has recently appointed Jim Haden as BluGlass President and together with James Walker as Executive Chair are responsible for the management of the business.

With the acquisition of the US based Fab BluGlass will employ many of the current US based Fab team, some of whom have extensive experience of the equipment being acquired.

BluGlass' ability to effectively execute its business strategy depends upon the performance and expertise of its key management personnel. Any loss of key management personnel, any delay in the replacement of any key management personnel, or any extended period where key management personnel are unable to work will adversely affect BluGlass' operations and future performance.

(b) Development and commercialisation of technologies

The success of BluGlass will be impacted by the successful development and commercialisation of its technologies.

For instance, BluGlass' RPCVD technology may fail to achieve the performance of its MOCVD laser diode may fail to meet competitive specifications. BluGlass' key laser diode suppliers may also experience technology limitations.

Should the development not be completed in accordance with BluGlass' specifications or should the results of further testing indicate technology performance is below market requirements, BluGlass will have to expend additional time and resources to rectify any outstanding issues which will delay the commercialisation of the technology. BluGlass may also experience difficulty in raising capital if such technology-related milestones are not achieved.

BluGlass believes that it provides a meaningful and engaging offering. Moreover, in addition to its current products, BluGlass is planning to continue innovation and development on its technologies and associated products. There is the risk that delays in product development, cost overruns or difficulties in delivering new features will negatively impact BluGlass and its business.

The acquisition of the US based Fab facility should lead to the accelerated product manufacturing outcomes and reduced manufacturing costs. BluGlass' ability to integrate the new facility into its internal process will be key in delivering these outcomes.

(c) Research and development

BluGlass can make no representation that any of its research into or development of its various technology units will be successful, that the development milestones will be achieved, or that its technologies will be developed into products that are commercially exploitable.

There are many risks inherent in the development of technology products, particularly where the products are in the early stages of development. Projects can be delayed or fail to demonstrate any benefit, or research may cease to be viable for a range of scientific and commercial reasons.

(d) Product liability and uninsured risks

Through its business, BluGlass is exposed to potential product liability risks, which are inherent in the research and development, manufacturing, marketing and use of its products or products developed with future co-development alliance partners. It is therefore necessary to secure insurance to help manage such risks.

Although BluGlass regularly reviews its insurance policies to ensure all required insurance is in place, BluGlass may not be able to maintain insurance for product or service liability on reasonable terms in the future and, in addition, BluGlass' insurance may not be sufficient to cover large claims, or the insurer could disclaim coverage on claims.

Although BluGlass endeavours to work to rigorous standards, there is still the potential for its products to contain defects that may result in system failures. These defects or problems could result in the loss of or delay in generating revenue, loss of market share, failure to achieve market acceptance, diversion of development resources, injury to BluGlass' reputation or increased insurance costs. If BluGlass fails to meet its clients' expectations, BluGlass' reputation could suffer and it could be liable for damages.

Furthermore, BluGlass is exposed to the risk of catastrophic loss to necessary laboratory equipment, computer equipment or other facilities, which would have a serious impact on BluGlass' operations. BluGlass gives no assurance that all such risks will be adequately managed through its insurance policies to ensure that catastrophic loss does not have an adverse effect on its performance.

(e) Intellectual property

BluGlass relies upon a combination of patents, know-how, trade secret protection and confidentiality agreements to protect its technologies. However, if BluGlass fails to protect the intellectual property adequately, competitors may gain access to its technology which may harm BluGlass' business.

Legal standards relating to the validity, enforceability and scope of protection of intellectual property rights are uncertain. Effective patent, trade mark, copyright and trade secret protection may not be available to BluGlass in every country in which its products may be sold. Accordingly, despite its efforts, BluGlass may not be able to prevent third parties from infringing upon or misappropriating its intellectual property.

Market conditions depending, BluGlass may be required to incur significant expenses in monitoring and protecting its intellectual property rights. It may initiate or otherwise be involved in litigation against third parties for infringement, or to establish the validity, of its rights. Any litigation, whether or not it is successful, could result in significant expense to BluGlass and cause a distraction to management.

In addition, unauthorised use of the "BluGlass" brand in counterfeit products or services may not only result in potential revenue loss, but also have an adverse impact on its brand value and perceptions of its product qualities.

(f) Impact of Covid-19 on supply chain

BluGlass and its suppliers are subject to various risks which could limit BluGlass' ability to procure sufficient supply of key components and materials. As a consequence of the fact that BluGlass relies on imported products from outside Australia, BluGlass is exposed to various risks in relation to its supply chain. Outbreaks of pandemics or diseases and, in particular, the recent outbreak of Covid-19, have the potential to have a detrimental financial impact on BluGlass' business.

The Covid-19 pandemic has had a significant impact on the Australian and global economy and the ability of individuals, businesses and governments to operate. Across Australia and the world, travel, business, working arrangements and consumption have been materially impacted by the pandemic. In addition, events relating to Covid-19 have resulted in significant market volatility, including the prices of securities trading on the ASX.

Although Covid-19 did not severely affect BluGlass' operations, and in particular did not have any material effect on BluGlass' operations in Australia, there still remains a degree of uncertainty as to the duration and further impact of Covid-19 and the long-term impacts from Covid-19 on general economic or industry conditions. The Covid-19 pandemic could result in further disruptions, including future delays or cancellations of orders from international suppliers or manufacturers of products to be purchased by BluGlass or additional lockdowns. Such disruptions may adversely impact the financial performance of BluGlass.

Separately, there is a risk that any change in BluGlass' relationships with key suppliers (including a supplier seeking to terminate the relevant agreement) may result in BluGlass being unable to continue to source products from existing suppliers, and in the future, to source products from new suppliers, at favourable prices, on favourable terms, in a timely manner and in sufficient volume. BluGlass cannot guarantee that its existing arrangements with key suppliers will be renewed, or renewed on terms similar to their current terms. The loss or deterioration of BluGlass' relationships with suppliers, or an inability to negotiate agreements with new suppliers on terms which are not materially less favourable than existing arrangements, may have a material adverse effect on BluGlass' financial and operational performance.

(g) Competition

The industry in which BluGlass is involved is subject to increasing domestic and global competition which is fast-paced and fast-changing. While BluGlass undertakes all reasonable due diligence in its business decisions and operations, BluGlass has no influence or control over the activities or actions of its competitors, whose activities or actions may positively or negatively affect the operating and financial performance of BluGlass' projects and business. For instance, new technologies could result in BluGlass not being differentiated to other similar offerings.

The size and financial strength of some of BluGlass' competitors may make it difficult for it to maintain a competitive position in the technology market. In particular, BluGlass' ability to acquire additional technology interests could be adversely affected if it is unable to respond effectively and/or in a timely manner to the strategies and actions of competitors and potential competitors or the entry of new competitors into the market. This may in turn impede the financial condition and rate of growth of BluGlass.

(h) Regulatory Risk

The introduction of new legislation or amendments to existing legislation by governments, developments in existing common law, the respective interpretation of the legal requirements in any of the legal jurisdictions that govern the BluGlass' operations or contractual obligations, could impact adversely on the assets, operations and, ultimately, the financial performance of BluGlass and its shares. In addition, there is a commercial risk that legal action may be taken against BluGlass in relation to commercial matters.

(i) Unforeseen expenditure risk

Expenditure may need to be incurred that has not been taken into account in the preparation of this Offer Booklet. Although BluGlass is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of BluGlass.

(j) Security breaches

BluGlass collects, stores, processes and analyses various information which can be highly sensitive, regulated and confidential in nature. The provision of secure and reliable information storage and processing services is integral to the businesses and operations of BluGlass in a wide variety of industries

Whilst BluGlass has recently upgraded its servers and cyber security measures, and follows best practice in relation to security policies, procedures, automated and manual protections, encryption systems and staff screening to minimise risks, there is no guarantee that the implementation of such precautions will be sufficient to prevent data security breaches and information being compromised or misused.

(k) Contract risks

BluGlass and its subsidiaries operate through a series of contractual relationships with operators, sub-contractors and manufacturers. All contracts carry risks associated with the performance by the parties thereto of their obligations as to time and quality of work performed. Any disruption to services or supply may have an adverse effect on the financial performance of BluGlass' operations.

1.4 General risks

(a) Share market and economic risk

The market price of the New Shares may be highly volatile and subject to wide fluctuations. In addition, the trading volume of New Shares may fluctuate and cause significant price variations to occur. If the market price of the New Shares declines significantly, you may be unable to resell your New Shares at or above your purchase price, if at all. BluGlass cannot assure you that the market price of the New Shares will not fluctuate or significantly decline in the future.

Some specific factors that could negatively affect the price of the New Shares or result in fluctuations in their price and trading volume include:

- actual or expected fluctuations in BluGlass' operating results;
- changes in market valuations of similar companies;
- further changes in BluGlass' key personnel;
- changes in financial estimates or recommendations by securities analysts; and
- conditions in the financial markets or changes in general economic conditions.

In addition, general economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on BluGlass' activities, as well as on its ability to fund those activities.

(b) Additional requirements for capital

BluGlass' funding requirements depend on numerous factors including BluGlass' ability to generate income from its business endeavours, the outcome of future research and development programs and the acquisition of any new projects or acquisitions. BluGlass may require further funding in addition to current cash reserves to fund future activities or the acquisition of new projects. Additional equity financing, if available, may be dilutive to shareholders and/or occur at prices lower than the market price. Debt financing, if available, may involve restrictions on financing and operating activities. If BluGlass is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its expansion and development programs.

(c) Litigation risk

BluGlass is exposed to possible litigation risks including intellectual property claims, contractual disputes, work health and safety claims and employee claims. Further, BluGlass may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on BluGlass' operations, financial performance and financial position. BluGlass is not currently engaged in any litigation.

(d) Technology sector risk

The technology sector is characterised by rapid change. New and disruptive technologies can place competitive pressures on existing companies and business models, and technology stocks may experience greater price volatility than securities in some slower changing market sectors.

The value of BluGlass' securities may be adversely affected by any general decline in the valuation of listed securities and/or adverse market sentiment towards the technology sector in particular, regardless of the BluGlass' operating performance.

(e) Force majeure

BluGlass, now or in the future, may be adversely affected by risks outside the control of BluGlass including labour unrest, civil disorder, war, subversive activities or sabotage, extreme weather conditions, fires, floods, explosions or other catastrophes, pandemics, epidemics or quarantine restrictions.

(f) Acquisitions

As part of its business strategy, BluGlass may make acquisitions of, or significant investments in, companies, products, technologies and/or products that are complementary to BluGlass' business. Any such future transactions are accompanied by the risks commonly encountered in making acquisitions of companies, products and technologies, such as integrating cultures and systems of operation, relocation of operations, short term strain on working capital requirements, achieving the sales and margins anticipated and retaining key staff and customer and supplier relationships.

3.5 Investment highly speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by BluGlass or by investors in BluGlass. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of BluGlass. Therefore, the Options to be issued pursuant to this Offer Booklet carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those New Options. Potential investors should consider that the investment in BluGlass is speculative and should consult their professional advisers.

4. **Additional information**

4.1 **Terms and conditions of Bonus Options**

The terms and conditions of the Bonus Options are as follows:

(a) **Entitlement**

Each Bonus Option entitles the holder (**Optionholder**) to subscribe for one fully paid ordinary share in the capital of the Company (**Share**) upon exercise of the Option.

(b) **Exercise Price and Expiry Date**

Each Bonus Option has an exercise price of \$0.03 and will expire on 30 November 2022 (**Expiry Date**).

Any Bonus Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(c) **Exercise Period**

The Bonus Options are exercisable at any time and from time to time on or prior to the Expiry Date.

(d) **Quotation of the Options**

The Company intends to apply for Official Quotation of the Bonus Options.

(e) **Transferability of the Options**

The Bonus Options will be transferable subject to compliance with the Corporations Act and Listing Rules.

(f) **Notice of Exercise**

The Bonus Options may be exercised by notice in writing to the Company in a form reasonably acceptable to the Company (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by cheque or electronic funds transfer.

Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that option as at the date of receipt.

(g) **Shares Issued on Exercise**

Shares issued on exercise of the Bonus Options rank equally with the then Shares of the Company.

(h) **Timing of Issue of Shares**

Within 15 Business Days after the later of the following:

- (i) receipt of a Notice of Exercise given in accordance with these terms and conditions and payment of the Exercise Price for each Bonus Option being exercise; and

- (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information, the Company will:
- (iii) issue the Shares pursuant to the exercise of the Bonus Options;
- (iv) give ASX a notice that complies with section 708A(5)(e) of the Corporations Act (to the extent required); and
- (v) apply for official quotation on ASX of Shares issued pursuant to the exercise of the Bonus Options.

If the Company is unable to deliver a notice under paragraph (d) or such a notice for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company will lodge with ASIC a "cleansing prospectus" prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors. Where a "cleansing prospectus" is required, any Shares issued on exercise of Bonus Options will be subject to a holding lock until such time as a prospectus is issued by the Company.

(i) **Participation in New Issues**

There are no participation rights or entitlements inherent in the Bonus Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Bonus Options.

(j) **Adjustment for Bonus Issues of Shares**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu of in satisfaction of dividends or by way of dividend reinvestment):

- (i) the number of Shares which must be issued on the exercise of a Bonus Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Bonus Option before the record date for the bonus issue; and
- (ii) no change will be made to the Exercise Price.

(k) **Adjustment for Entitlements Issue**

If the Company makes an issue of Shares pro rata to existing Shareholders (other than as a bonus issue to which paragraph (j) will apply) there will be no adjustment of the Exercise Price of a Bonus Option or the number of Shares over which the Bonus Options are exercisable.

(l) **Adjustments for Reorganisation**

If there is any reorganisation of the issued share capital of the Company, the rights of the Optionholders will be varied in accordance with the Listing Rules.

4.2 **Rights and liabilities attaching to Shares**

A summary of the rights attaching to Shares in the Company is below. This summary is qualified by the full terms of the Constitution (a full copy of the Constitution is available from the Company on request free of charge) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to Shares in any specific circumstances, the Shareholder should seek legal advice.

(a) **General meeting and notices**

Each Shareholder is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to members under the Constitution, the Corporations Act or the Listing Rules.

The Directors may convene a general meeting whenever they think fit. The Constitution does not permit Shareholders to call a general meeting, although Shareholders may call a general meeting in accordance with the provisions of the Corporations Act.

A notice of general meeting must be given in accordance with the Corporations Act and must specify the place, date and time of the meeting, the general nature of the business to be transacted at the meeting, information regarding a Shareholder's right to appoint a proxy, and if a special resolution is to be proposed at the meeting, set out an intention to propose the special resolution and the text of the special resolution.

The quorum for a meeting of the Shareholders is two Shareholders and the quorum must be present at all times during the meeting.

(b) **Voting rights**

Subject to any rights or restrictions for the time being attached to any class of Shares whether by the terms of their issue, the Constitution, the Corporations Act or the Listing Rules, at a general meeting every Shareholder present in person or by a representative has one vote on a show of hands and every Shareholder present in person or by a representative, proxy or attorney has one vote per Share on a poll. Where there are two or more joint Shareholders and more than one of them is present at a meeting and tenders a vote in respect of the Share (whether in person or by proxy or attorney), the Company will count only the vote cast by the Shareholder whose name appears before the other(s) in the Company's register.

(c) **Alteration of Capital**

Subject to the Constitution, Corporations Act and the Listing Rules, the Company in general meeting may increase, divide, consolidate or reduce its share capital if it complies with the Constitution, Corporations Act and the Listing Rules.

(d) **Variation of Rights**

Subject to the Constitution, Corporations Act and Listing Rules, if at any time the share capital is divided into different classes of shares, the rights attached to the shares in any class may be altered only by special resolution passed at a separate meeting of the holders of the issued shares of the affected class, or with the written consent of the holders of at least three quarters of the issued shares of the affected class.

(e) **Transfer of Shares**

Subject to the Constitution, the Corporations Act and the Listing Rules, Shares are freely transferable.

The Shares may be transferred by a proper transfer effected in accordance with ASX Settlement Rules, by any other method of transferring or dealing introduced by ASX and as otherwise permitted by the Corporations Act or by a written instrument of transfer in any usual form or in any other form approved by the Directors or the ASX.

The Company must not prevent, delay or in any way interfere with the registration of a proper ASX Settlement transfer. However, the Company may decline to register a transfer of Shares in the circumstances described in the Constitution and where permitted to do so under the Listing Rules. If the Company declines to register a transfer, the Company must, within five business days after the transfer is lodged with the Company, give the lodging party written notice of the refusal and the reasons for refusal. The Directors must decline to register a transfer of Shares when required by law, the Constitution, the Listing Rules or the ASX Settlement Rules.

(f) **Dividends**

The Directors, subject to the Constitution, the Corporations Act and the Listing Rules, may determine that a dividend is payable and fix the amount, the time for payment, and the method of payment. The Directors may, before declaring any dividend, set aside out of the profits of the Company, such sums as they think proper as reserves, which may be used in the business of the Company or be invested in such investments as the Directors think fit.

(g) **Alteration of constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

4.3 **Dividend Policy**

The Directors are not able to say when and if dividends will be paid in the future, as the payment of any dividends will depend on the future profitability, financial position and cash requirements of the Company.

4.4 Company is a disclosing entity

The Company is a disclosing entity under the Corporations Act. It is subject to regular reporting and disclosure obligations under both the Corporations Act and the Listing Rules. These obligations require the Company to notify ASX of information about specific events and matters as they arise for the purpose of ASX making the information available to the securities market conducted by ASX. In particular, the Company has an obligation under the Listing Rules (subject to certain limited exceptions), to notify ASX once it is, or becomes aware of information concerning the Company which a reasonable person would expect to have a material effect on the price or value of the Shares.

The Company is also required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a Directors' statement and report, and an audit review or report. Copies of documents lodged with the ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office (see Section 4.5 below). Copies of all documents announced to the ASX can be found at www.bluglass.com.au.

4.5 Copies of documents

Copies of documents lodged by the Company in connection with its reporting and disclosure obligations may be obtained from, or inspected at, an office of ASIC. The Company will provide free of charge to any person who requests it during the period of the Offer a copy of:

- (a) the financial statements of the Company for the financial year ended 30 June 2021, being the last financial statements for a financial year of the Company lodged with ASX on 29 September 2021;
- (b) the half year report of the Company for the half year ended 31 December 2021 as lodged with ASX on 22 February 2022; and
- (c) the following notices given by the Company to notify ASX of information relating to the Company during the period from the date of lodgement of the financial statements referred to in Section 4.5(a) above until the date of this Prospectus:

| Date lodged | Subject of Announcement |
|---------------|---|
| 12 May 2022 | Application for quotation of securities |
| 29 April 2022 | March 2022 Quarterly Report |
| 26 April 2022 | Ceasing to be a Substantial Shareholder |
| 22 April 2022 | Appendix 3Y – Change in Director Interest |
| 22 April 2022 | Appendix 3Y – Change in Director Interest |
| 22 April 2022 | Change in Director Interest |
| 22 April 2022 | Change in Director Interest |
| 21 April 2022 | Application for Quotation of securities - BLG |
| 19 April 2022 | Completion of Entitlement Offer |

| | |
|------------------|--|
| 4 April 2022 | Becoming a Substantial Shareholder |
| 4 April 2022 | Acquisition of Silicon Valley Laser Diode Facility Completed |
| 31 March 2022 | Investor Webinar for Laser Diode Fab Acquisition |
| 31 March 2022 | Cleansing Notice - Placement |
| 31 March 2022 | Application for Quotation of Securities -BLG |
| 25 March 2022 | Replacement Rights Issue Offer Booklet |
| 24 March 2022 | Proposed Issue of Securities - BLG |
| 24 March 2022 | Rights Issue Cleansing Notice |
| 24 March 2022 | Rights Issue offer Booklet |
| 24 March 2022 | Acquisition of Laser Diode Facility Presentation |
| 24 March 2022 | BLG to acquire Laser Diode Facility and Capital Raising |
| 22 March 2022 | Trading Halt |
| 22 February 2022 | App 4D & Half Year Financial Report 31 Dec 2021 |
| 28 January 2022 | App 4C QTR Ended 31 Dec 2021 |
| 3 December 2021 | App 3Y Change of Director Interests |
| 3 December 2021 | App 3Y Change of Director Interests |
| 3 December 2021 | App 3Y Change of Director Interests |
| 3 December 2021 | App 3Y Change of Director Interests |
| 3 December 2021 | Notification of cessation of securities |
| 2 December 2021 | Notification regarding unquoted securities - BLG |
| 1 December 2021 | Cleansing Notice |
| 1 December 2021 | Application for quotation of securities -BLG |
| 25 November 2021 | BLG to Present at ASX Semiconductor Conference |
| 22 November 2021 | 2021 AGM Poll Results |
| 22 November 2021 | 2021 AGM Chair and President Address |
| 5 November 2021 | BGL to Present at 2021 TechOpps Investment Conference |
| 26 October 2021 | App 4C Qtr ended 30 September 2021 |
| 21 October 2021 | 2021 AGM Notice of Meeting Access Letter |
| 21 October 2021 | 2021 AGM proxy Form |

| | |
|-------------------|---|
| 21 October 2021 | 2021 AGM Notice of Meeting |
| 21 October 2021 | Jobkeeper Payments Notification |
| 1 October 2021 | Notification regarding unquoted securities -BLG |
| 29 September 2021 | 2021 Appendix 4G |

The following documents are available for inspection throughout the period of the Offer during normal business hours at the registered office of the Company:

- (a) this Prospectus;
- (b) the Constitution; and
- (c) the consents referred to in Section 4.13 and the consents provided by the Directors to the issue of this Prospectus.

4.6 **Information excluded from continuous disclosure notices**

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules other than as is set out in this Prospectus.

4.7 **Determination by ASIC**

ASIC has not made a determination which would prevent the Company from relying on section 713 of the Corporations Act in issuing the Bonus Options under this Prospectus.

4.8 **ASIC Instruments**

The Offer is made pursuant to ASIC Corporations (Exposure Period) Instrument 2016/74 which exempts the Company from complying with section 727(3) of the Corporations Act to the extent that that section prohibits the Company from issuing Options in the seven-day period after the date of lodgement of the Prospectus with ASIC.

The Offer is also made pursuant to ASIC Corporations (Application Form Requirements) Instrument 2017/241 which exempts the Company from complying with section 723(1) of the Corporations Act to the extent that that section only permits an issue of Options in response to an application form included in or accompanied by a disclosure document.

4.9 **Interests of Directors**

(a) **Information disclosed in this Prospectus**

Other than as set out in this Prospectus, no Director (or entity in which they are a partner or director) holds or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (i) the formation or promotion of the Company;
- (ii) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or the Offer; or
- (iii) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed director:

- (iv) as an inducement to become, or to qualify as, a Director; or
- (v) for services provided in connection with the formation or promotion of the Company, or the Offer.

(b) **Security holdings**

The relevant interests of each of the Directors in Securities as at the date of this Prospectus, together with their respective entitlement to Bonus Options, is set out below.

| Director | Shares | Options | Performance Rights | Bonus Option Entitlement |
|----------------------|-----------|---------|--------------------|--------------------------|
| James Walker | 2,608,258 | - | 1,000,000 | 326,032 |
| Vivek Rao | 1,340,938 | - | 1,000,000 | 167,617 |
| Stephe Wilks | 1,116,443 | - | 1,000,000 | 139,555 |
| Jean-Michel Pelaprat | 312,500 | - | 900,000 | 39,063 |

(c) **Remuneration of Directors**

The Constitution of the Company provides that the Directors may be paid for their services as Directors a sum not exceeding such fixed sum per annum as may be determined by the Directors in a general meeting, to be divided among the Directors and in default of agreement then in equal shares. The current maximum total aggregate amount of directors' fees payable to Non-Executive Directors without the approval of holders is set at \$600,000 per annum.

The Company may also pay the Director's travelling and other expenses they properly incur.

A Managing Director and Executive Directors are entitled to receive such remuneration as the Directors determine. Their remuneration must not include a commission on or percentage of operating revenue.

As at the date of this Prospectus, the Company has one executive director, Mr James Walker. The total annual base salary payable to Mr Walker is \$183,000 (including superannuation).

The table below sets out the remuneration provided to the Directors of the Company and their associated companies during the last two financial years (**FY**), inclusive of director fees, consultancy fees, superannuation benefits and share-based payments.

| Director | FY ended 30 June 2021 (\$) | FY ended 30 June 2020 (\$) |
|-----------------------------------|----------------------------------|----------------------------------|
| James Walker ¹ | 118,530 | 91,601 |
| Vivek Rao | 72,367 | 71,175 |
| Stephe Wilks | 69,629 | 70,491 |
| Jean-Michel Pelaprat ² | 10,000 | - |

Notes:

1. Mr Walker was appointed as a Non-Executive Director in September 2017 and became Non-Executive Chair in February 2020. In June 2021 Mr Walker was appointed Executive Chair. See above for further details of his remuneration.
2. Mr Pelaprat as appointed as a Non-Executive Director in May 2021.

4.10 Related party transactions

There are no related party transactions involved in the Offer.

4.11 Interests of other persons

Except as disclosed in this Prospectus, no expert, promoter or other person named in this Prospectus as performing a function in a professional, advisory or other capacity:

- (a) has any interest nor has had any interest in the last two years prior to the date of this Prospectus in the formation or promotion of the Company, the Bonus Options offered under this Prospectus or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Bonus Options offered under this Prospectus; or
- (b) has been paid or given or will be paid or given any amount or benefit in connection with the formation or promotion of the Company or the Bonus Options offered under this Prospectus.

Highgate Legal will be paid approximately \$3,000 (plus GST) in fees for legal services in connection with the Offer.

Automic has been appointed to conduct the Company's share registry functions and will provide administrative services in respect of this Offer, and will be paid for these services on standard industry terms and conditions.

4.12 Expenses of Offer

The estimated expenses of the Offer are as follows:

| Estimated expenses of the Entitlement Offer | \$ |
|--|---------------|
| ASIC lodgement fee | 3,206 |
| ASX quotation fee | 13,821 |
| Legal and preparation expenses | 3000 |
| Printing, mailing and other expenses | 5,000 |
| Total | 25,027 |

4.13 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of Shares under this Prospectus), the Directors, any persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Highgate Legal has given its written consent to being named as the solicitors to the Company in this Prospectus and has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Automic has given its written consent to being named as the Share Registry to the Company in this Prospectus and has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

5. Directors' Statement and Consent

This Prospectus is authorised by each of the Directors of the Company.

This Prospectus is signed for and on behalf of Company by:

A handwritten signature in blue ink, appearing to be 'J Walker', with a long horizontal stroke extending to the right.

James Walker

Executive Chairman

Dated: 24 May 2022

6. Definitions

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

| | |
|---------------------------------------|--|
| \$ | means Australian dollars. |
| ASIC | means Australian Securities and Investments Commission. |
| ASX | means ASX Limited ACN 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited. |
| ASX Settlement | means ASX Settlement Pty Limited ACN 008 504 532. |
| ASX Settlement Operating Rules | means ASX Settlement Operating Rules of ASX Settlement. |
| BluGlass | means BluGlass Limited (ABN 20 116 825 793) |
| Board | means the Directors meeting as a board. |
| Bonus Option | means an option to acquire a Share on the terms and conditions set out in 4.1 of this Prospectus. |
| Business Day | means Monday to Friday inclusive, other than a day that ASX declares is not a business day. |
| CHESS | means ASX Clearing House Electronic Subregistry System. |
| Company | means BluGlass Limited (ACN 116 825 793). |
| Constitution | means the constitution of the Company as at the date of this Prospectus. |
| Corporations Act | means <i>Corporations Act 2001</i> (Cth). |
| Directors | mean the directors of the Company as at the date of this Prospectus. |
| Eligible Shareholder | means a Shareholder with a registered address in Australia and New Zealand on the Record Date. |
| Entitlement | means the entitlement of a shareholder who is eligible to participate in the Offer. |
| Excluded Holder | means a Shareholder who is not an Eligible Shareholder. |
| Issue Date | means the date specified in the Indicative Timetable. |
| Issuer Sponsored | means Shares issued by an issuer that are held in uncertified form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHESS. |

| | |
|---------------------------|---|
| Listing Rules | means the listing rules of ASX. |
| Offer | means the non-renounceable bonus issue, the subject of this Prospectus. |
| Official List | means the official list of ASX. |
| Official Quotation | means quotation of Securities on the Official List. |
| Option | means the right to acquire one Share in the capital of the Company. |
| Optionholder | means a holder of an Option. |
| Prospectus | means this prospectus dated 24 May 2022. |
| Quoted Option | means a right to acquire one Share in the capital of the Company that is quoted on the Official List. |
| Record Date | means 5.00 pm (AEST) on the date identified in the proposed timetable. |
| Section | means a section of this Prospectus. |
| Securities | mean any securities including Shares, Options (including Bonus Options) or Performance Shares issued or granted by the Company. |
| Securityholders | means a holder of Securities. |
| Share | means a fully paid ordinary share in the capital of the Company. |
| Share Registry | means Link Market Services Limited (ACN 083 214 537). |
| Shareholder | means a holder of Shares. |
| Unquoted Option | means an Option that is not and will not be quoted on the Official List. |
| AEST | means Australian Eastern Standard Time. |