

The Manager

ASX Announcements Platform

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MANAGING DIRECTOR'S ADDRESS

SLIDE 9: THE YEAR AHEAD

Good morning, my name is Giles Bourne and I am the Managing Director of BluGlass and I'd like to add my thanks to those of you who have joined us here today and also to those of you who are joining us online.

What I would like to focus on today is the collaborative work with our industry partners, the applications for the RPCVD technology, some of the early adoption markets we plan to enter and our commercialisation strategy.

SLIDE 10

2016 has been an exciting year in the development of our unique RPCVD technology in which we have been privileged to work with some of the best in the industry. We also continue to receive significant interest from other major semiconductor device manufacturers in different industry segments.

SLIDES 11 & 12: LUMILEDS COLLABORATION – CONTINUES TO MAKE PROGRESS

During the year we were very pleased to announce that we commenced an initial evaluation with a global Top-Tier LED manufacturer to explore RPCVD for LED applications. Following on from the promising initial evaluation, we were able to announce that this manufacturer was in fact Lumileds, one of the world's leaders in LED innovation and device performance. In March, we entered an exclusive collaboration agreement with Lumileds to explore the use of low temperature RPCVD in specific LED applications.

Most of the efforts by the technology team during the year were focused on delivering the Lumileds phase I milestones. In October we were very pleased to announce that these efforts had resulted in the collaboration with Lumileds now moving to Phase II following the successful completion of Phase I. This involved delivering successive technical milestones which have broken exciting new ground in the development of our RPCVD technology.

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74 ASQUITH STREET
SILVERWATER NSW 2128
P + 61 (0)2 9334 2300
F + 61 (0)2 9748 2122

WWW.BLUGLASS.COM.AU

These initial results indicate that the novel implementation of the RPCVD technology that we are working on with Lumileds has potential to show a performance improvement and this is what we will be looking to demonstrate during phase II of the evaluation.

Lumileds have shown a strong commitment to this collaboration and are highly engaged in the project. Looking to the future, we anticipate that the successful completion of the phase II milestones, where LED performance improvement is shown, should lead to meaningful commercial discussions with Lumileds.

SLIDE 13: HC SEMITEK COLLABORATION

In April BluGlass entered into a collaborative evaluation with one of China's leading LED companies, HC SemiTek. Over the past decade HC SemiTek has become a major player in the growing Chinese LED market, supplying full-colour ultra-high brightness LED products throughout the domestic market. BluGlass and HC SemiTek are collaborating to explore the advantages of RPCVD for green LEDs. This evaluation is also investigating another novel application for RPCVD, such as low temperature deposition of Aluminium Nitride (AlN) to use in high brightness LEDs.

This collaboration has been progressing well and BluGlass has completed iterations of testing using RPCVD grown Aluminium Nitride on 4" wafers. Several wafers have been processed into fully packaged LEDs. Ian Mann will provide you with more of an update on progress with HC SemiTek in his technology update shortly.

SLIDE 14: VEECO EVALUATION

BluGlass is also continuing its evaluation with one of the world leading semiconductor capital equipment manufacturers, Veeco Instruments.

One of the challenges that we have been working to address during the year is to improve the thickness uniformity of the RPCVD deposition to enable deposition over larger scale wafers. Very good inroads have been made to this end, and we look forward to being in a position to make greater progress on the Veeco evaluation when this challenge has been overcome.

SLIDE 15: PROGRESS TOWARDS COMMERCIALISATION

BluGlass is working with a number of industry partners, across the semiconductor value chain to assist BluGlass in gaining industry acceptance and ultimately take the RPCVD technology to market. These discussions and collaborations are in different stages of development, but each one of them has enormous market potential once fully realised.

The goal for each of these commercialisation streams is to demonstrate the competitive advantages of our technology and to then to enter commercial negotiations via one or more of the following paths:

- RPCVD foundry applications
- Licensing our extensive IP portfolio
- Partnerships (JV/JDA) with one or more strategic partners, device or equipment manufacturer
- Retrofitting existing MOCVD systems (as you are aware BluGlass has already successfully retrofitted both Veeco and Aixtron (Thomas Swan) MOCVD systems at our Silverwater facility).

SLIDE 16: RPCVD – A PLATFORM TECHNOLOGY

The RPCVD technology is a platform technology solution that offers advantages in a number of high growth markets. The first addressable market for BluGlass continues to be the enormous global high brightness LED market, followed by the emerging nitrides power electronics market. In recent times we have not allocated much effort towards our solar applications, as we instead focus on our first adopter markets such as LED and power electronics as our first priority. The CPV application for RPCVD remains an important part of our IP portfolio and could be of significant future importance to BluGlass.

SLIDE 17: RPCVD - PATH TO MARKET

BluGlass continues to be active in all four activities of our path to market, as we work to deliver:

- **Demonstrated competitive advantages in key applications** with our industry partners (LED and power electronics demonstrations)
- **Connect to the next generation of nitride innovators**, who will be taking the industry into the future and grow **our revenue generating foundry service business** (significant new foundry order commitments and expanding pipeline)
- **Gain Industry Acceptance** where BluGlass is in a position to commence meaningful commercialisation discussions (three industry evaluations / collaborations now in place with world leading industry companies)
- Ultimately **drive the successful commercialisation** of our breakthrough RPCVD technology in **multiple, high growth markets**.

SLIDE 18: LED MARKET

The LED lighting market is the main market driver for LED chips and the associated equipment market. The LED lighting market continues to meet and exceed growth expectations with LED lighting sales soon expected to outpace and eventually eliminate incandescent bulbs in North America. By 2024, global revenue from LED lighting systems is expected to total \$216 billion, driven by automotive and general lighting demand. Every single new car on the road is now utilising LED lighting and penetration of the general lighting market is picking up pace.

SLIDE 19: POWER ELECTRONICS MARKET

Although the market for GaN based power electronics is still in its infancy, we believe that this will grow rapidly with the help of a market enabling technology solution, such as RPCVD. This market will be driven by the growing demand for better energy storage. From laptop and portable devices batteries to electric vehicles and power wall batteries and other emerging markets.

According to the report from market research firm IHS Inc. titled '*The World Market for SiC & GaN Power semiconductors – 2015 edition*' the emerging global market for silicon carbide (SiC) and gallium nitride (GaN) power semiconductors is expected to grow by a factor of 17 over the 10 years from 2013 (\$150M), to 2023 where the market is expected to reach \$2.5B per annum. As mentioned earlier, BluGlass is very encouraged by early indicators of a performance advantage for RPCVD p-GaN for power electronics applications, and we expect this to become a major market into the future.

SLIDE 20: FACILITY & WORLD LEADING TEAM

The BluGlass facility is state of the art, and following the 2014/2015 major upgrade, this has expedited the time it takes to take process and hardware design from concept through to implementation. There has been no major changes to the BluGlass facility in 2016.

We have a world leading team, which is evidenced in the great progress that the technology has made throughout the course of the year. The quality of our team is crucial to our success. BluGlass continues to develop and invest in the skills and expertise of our world leading team of scientific and engineering excellence by exposing our team to industry developments, global innovation and conferences. BluGlass maintains its record of virtually no staff turn-over in the last few years.

SLIDE 21: INVESTMENT HIGHLIGHTS

As always, before I hand you over to our Chief Operations and Technology Officer Ian Mann, I would like to thank you, our shareholders and stake-holders for your continued support of our technology, following an important year as we ready BluGlass for commercialisation.