



19 October 2006

The Manager
Company Announcements Office
Australian Stock Exchange Limited
10th Floor, 20 Bond Street
SYDNEY NSW 2001

Dear Sir / Madam

BLUGLASS SIGNS JOINT DEVELOPMENT AGREEMENT WITH GLOBAL PARTNER

Saint-Gobain to develop specifically engineered substrates for BluGlass' layers and devices

Australian technology company, BluGlass Ltd (ASX: BLG), has signed an 18-month joint development agreement (JDA) to work with Saint-Gobain Recherche (SGR), to develop specifically engineered substrates for BluGlass' gallium nitride (GaN) layers and devices.

SGR is one of the main corporate research centres of the Saint-Gobain Group, based in France. SGR works on all aspects of the multinational group's business, with a particular focus on speciality glass formulation, glass processing and thin-film deposition technologies.

The semiconductor gallium nitride has a broad range of applications including light-emitting diodes (LEDs) used in mobile phones and PDAs, and in longer life/lower-energy commercial and domestic lighting, lasers and high frequency communication electronic devices.

BluGlass CEO, David Jordan, said strategic alliances with global companies such as Saint-Gobain are an integral part of the development and commercialisation of BluGlass' technology.

"Working with a technology leader such as SGR makes sense for BluGlass given their ability to engineer substrates optimally suited to the BluGlass deposition process," Mr Jordan said.

Dr Didier Roux, Saint-Gobain CTO, said "we are already a major supplier of high quality LED substrates in sapphire and a leader of the glass industry".

"Partnering with BluGlass provides a natural fit for our company. We believe BluGlass has a promising technology and that Saint-Gobain can contribute to its development and commercialisation by developing specifically engineered substrates," Dr Didier Roux added.

The two groups will work cooperatively over the project period, with substrate development in SGR's facilities in Paris and GaN deposition at the BluGlass pilot production plant in Sydney. Semiconductor material characterisation and device quality will be assessed in both France and Australia.

Due to the confidential nature of the contents of the JDA, BluGlass is precluded from disclosing further specific information, but will keep the market informed of relevant material developments.

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About Saint-Gobain

Saint-Gobain was created in 1665 by Colbert, Ministry of King Louis XIV, to create the famous "Galerie des Glaces" in the Palace of Versailles, and has always been at the forefront of innovation and evolution in the treatment of materials and glazing, its original trade. With more than €40BN sales, it currently occupies a position of European and world leadership in all its skill areas: building materials, glass and high performance materials such as plastics, ceramics and crystals.

For further information, see: www.saint-gobain.com

About BluGlass

BluGlass was founded in June 2005 as a result of research conducted at Macquarie University in NSW. BluGlass aims to commercialise an innovative process for producing gallium nitride (GaN) devices at significantly lower cost than current commercial processes. If successful, this would enable the wider use of GaN devices like LED's in the lighting market, with a positive environmental benefit in reducing energy consumption and greenhouse gas emissions.

For further information, see: www.bluglass.com.au