

2018 ANNUAL GENERAL MEETING

30 NOVEMBER 2018

CHAIR'S ADDRESS

Good morning, ladies and gentlemen, and fellow shareholders.

After my opening comments, our Founder, CEO and Managing Director, Dr Michael Goldsworthy will provide a business update. We are also joined today by our other fellow directors Chris Wilks and Robert Lee, our Chief Financial Officer and Company Secretary, Julie Ducie, and our auditor, David Ronald from PwC.

I would like to begin by thanking you, our shareholders, for your continued support of Silex and to also thank my fellow Board members and the Silex team who continue to work diligently in the face of uncertainty and challenging industry conditions.

There is no doubt that Silex has been severely impacted by the challenges facing the nuclear power industry as a result of the Fukushima accident in 2011, and that this will unfortunately result in continuing lengthy delays in the commercialisation plans for our core asset, the SILEX laser-based uranium enrichment technology. That said, we have worked tirelessly as a team to find a secure and viable path forward to commercialisation, as you will be aware from our various ASX disclosures over the past three years. I will come back to discuss this effort in some more detail shortly.

We have embarked on a program to rationalise and consolidate our operations in the face of a difficult market environment and the uncertain path to commercialisation. As part of that restructure, we are reviewing the Management and Board requirements and anticipate making some necessary and appropriate changes. Our strategy is well advanced and these changes will be announced imminently as and when they are finalised.

These changes are a disappointing outcome of the current depressed market conditions and the reduced scale of our activities. They do not reflect the extraordinary efforts and dedicated contributions to the Company's activities by our Management and Board over the past few years.

Our Management and Board have together been highly involved in the Company's efforts to restructure the SILEX technology Licensee, GE-Hitachi Global Laser Enrichment LLC (GLE). We will continue to maintain a strong focus on evolving our strategic direction and on identifying a revised commercialisation plan. This, combined with our vigilant attention to governance, risk analysis and oversight, continue to be priority items on our Board agendas. This past year has been another very challenging year for the Company, involving some hard decisions including the Board's decision to withdraw from the GLE restructure, as announced to the ASX in June this year.

Since June, the Board's focus has been on actively supporting Management in the evaluation of various options to preserve the inherent value of the SILEX technology created by the GLE and Silex teams over the last decade. We have been fully involved in a strategic assessment of a number of possible paths which would lead to the preservation of the SILEX technology and GLE's advanced Test Loop Facility in the US in the hope that the development program can be ramped up again when nuclear fuel market conditions improve. It is difficult to say at this time whether we will be successful with this effort.

Until such time as the future of GLE and the technology commercialisation program in the US is resolved, the exclusive license agreement between Silex and GLE will remain in force. Whilst we continue with our assessment of various options, we will continue with our technology development activities on a reduced scale at our Lucas Heights facility. It is our intention to maintain core expertise to ensure that the potential of the SILEX enrichment technology can be exploited as a key component of the global nuclear fuel cycle once a recovery is underway.

We have observed over recent months the beginning of what we hope is a recovery in the market for uranium and Michael will provide a market update shortly.

With respect to Silex subsidiary Translucent Inc's cREO™ semiconductor material technology, we were very pleased with IQE's decision in March this year to purchase the technology, in accordance with the 2015 License and Assignment Agreement signed between Translucent and IQE. A payment of US\$5 million was received in September 2018 (in IQE shares) for the purchase of the technology and with the commencement of minimum royalty payments to follow in the next 2 years, we are excited that the cREO™ technology may enter some fast-growing semiconductor device markets in the future.

For the year ahead, we have a clear set of goals with a focus on resolving a path forward for the commercialisation of the SILEX technology and to participate in a recovery of the global nuclear industry anticipated over the next two decades. We also look forward to the ongoing product development and commercialisation program for the cREO™ technology at IQE.

Finally, I would like to once again thank you, our shareholders, for your support as we work through uncertain times to achieve our goals.

Dr Lisa McIntyre
30 November 2018

Further information on the Company's activities can be found on the Silex website: www.silex.com.au or by calling +61 2 9704 8888.

Forward Looking Statements and Business Risks:

Silex Systems Limited (Silex) is a research and development company whose primary asset is the SILEX laser uranium enrichment technology, originally developed at the Company's technology facility in Sydney, Australia. The SILEX technology was licensed exclusively in 2006 to GE-Hitachi Global Laser Enrichment LLC (GLE) in the USA. The ensuing development project undertaken by GLE was put on hold in June 2018 due to the failure to restructure GLE, after GE-Hitachi disclosed it was seeking to exit the venture. In view of this and the continuing depressed nuclear fuel market conditions, plans for commercial deployment of the SILEX technology have been significantly delayed, and may not happen at all. The future of the SILEX technology is therefore highly uncertain and any plans for commercial deployment are speculative, at best.

Silex also has an interest in a unique semiconductor technology known as 'cREO™' through its ownership of subsidiary Translucent Inc. The cREO™ technology developed by Translucent has been acquired by IQE Plc based in the UK. IQE is progressing the cREO™ technology towards commercial deployment in various advanced semiconductor products. The outcome of IQE's commercialisation program is also highly uncertain and remains subject to various technology and market risks.

The commercial potential of these two technologies is currently unknown. Accordingly, the statements in this announcement regarding the future of the SILEX technology, the cREO™ technology and any associated commercial prospects are forward looking and actual results could be materially different from those expressed or implied by such forward looking statements as a result of various risk factors.

Risk factors that could affect future results and commercial prospects include, but are not limited to: the outcome of the GLE restructure; the future of the SILEX uranium enrichment engineering development program (in particular whether this program will be successfully completed); the market demand for natural uranium and enriched uranium; the potential development of competing technologies; the potential for third party claims against the Company's ownership of Intellectual Property; the potential impact of prevailing laws or government regulations or policies in the USA, Australia or elsewhere; results from IQE's commercialisation program and the market demand for cREO™ products; and the outcomes of various strategies undertaken by the Company.