

SILEX Uranium Enrichment Project

GLE Restructure Update

29 March 2018

Silex Systems Limited (Silex) (ASX: SLX) (OTCQX: SILXY) wishes to advise that negotiations with GE-Hitachi (GEH) are continuing with respect to the potential acquisition of GEH's 76% interest in GE-Hitachi Global Laser Enrichment LLC (GLE), the exclusive Licensee of the SILEX technology. While significant progress has been made with the transaction documentation, there remain a number of issues to be resolved. Furthermore, a detailed due diligence assessment of the GLE business case conducted by Silex over the last six months has identified several additional risk factors which are currently being assessed.

These additional risk factors include issues related to the DOE-GLE Sales Agreement signed in November 2016, for the purchase of depleted tails inventories by GLE for re-enrichment to natural grade uranium in a plant planned for Paducah, Kentucky. The Paducah project underpins the business case for GLE, and the commercialisation of the SILEX technology.

Whilst the Silex Board views the Paducah project as the best path forward for the Company's core technology, the financial viability of this project is paramount in deciding whether the decision to invest in GLE is in the best interest of shareholders.

The Board anticipates that a decision on the investment in GLE will be possible in the near future.

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, licensed exclusively to GE-Hitachi Global Laser Enrichment LLC (GLE) in the USA, is currently in the engineering development stage and plans for commercial deployment remain speculative and uncertain.

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 also remains subject to 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; results from the SILEX uranium enrichment engineering development program being conducted jointly by Silex and GLE; the demand for natural uranium and enriched uranium; the time taken to develop the SILEX technology; 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 demand for cREO™ products; and the outcomes of various commercialisation strategies undertaken by the Company and/or GLE and IQE.