

SILEX Uranium Enrichment Project

Amendment and Extension of Term Sheet with GE-Hitachi

1 September 2017

Silex Systems Limited (Silex) (ASX: SLX) (OTCQX: SILXY) and GE-Hitachi Nuclear Energy (GEH) have reached agreement to further extend the Term Sheet announced on 2 May 2016 to allow the parties additional time to work towards a mutually acceptable restructure of GE-Hitachi Global Laser Enrichment LLC (GLE), the exclusive Licensee of the SILEX technology. The extended Term Sheet includes several amendments which provide Silex and GEH a more efficient and clearer path to finalizing negotiations on a full and binding Purchase and Sale Agreement (PSA) for the acquisition of GEH's 76% interest in GLE.

The amended Term Sheet, which will remain in force until either execution of the PSA or the termination of negotiations, contemplates Silex acquiring a majority interest in GLE. Whilst uncertainties remain in finalizing the transaction documentation, Silex is targeting execution of the PSA before the end of CY2017.

Under the amended Term Sheet, Silex continues to hold an exclusive assignable option over GEH's interest in GLE and will therefore continue to lead the process to attract new investors in GLE. Discussions and due diligence activities are progressing with a number of parties, and whilst the current market conditions are not helpful, Silex believes that quality investors can be found to help support the completion of the SILEX technology commercialisation program and to enable GLE to take the technology to market.

Silex will continue to reimburse GEH its pro-rata share of the approved CY2017 GLE budget for the Wilmington operations whilst the restructure activities continue. Funding support from Silex for ongoing operations in Sydney and for the 76% share of the GLE Wilmington operations is expected to be approximately AUD\$6.5 million for the 6 months ending 31 December 2017.

Silex remains committed to supporting GLE's ongoing operations and seeking the best possible outcome for the restructure of GLE. The restructure, in conjunction with the agreement between GLE and the DOE for the Paducah commercial plant opportunity (refer ASX Announcement 11 November 2016), is considered the best path forward to take the SILEX technology to market and rebuild shareholder value.

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 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 scale-up stage and plans for commercial deployment remain speculative and uncertain.

The commercial potential of the SILEX technology is currently unknown. Accordingly, the statements in this announcement regarding the future of the SILEX 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.

Some 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 the Company 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 government regulations or policies in the USA, Australia or elsewhere; and the outcomes of various commercialisation strategies undertaken by the Company and/or its Licensee GLE.