



Silex
Systems Limited

2019 ANNUAL GENERAL MEETING

27 NOVEMBER 2019

CHAIR'S ADDRESS

Good morning, ladies and gentlemen, and fellow shareholders. I am Craig Roy, Chair of the Silex Systems Board of Directors, and it is my great pleasure to be able to welcome you, for the first time as Chair, to our Annual General Meeting. After my opening comments, our Founder and Managing Director, Dr Michael Goldsworthy will provide you with a business update. We are also joined today by our fellow directors Chris Wilks and Melissa Holzberger, our Chief Financial Officer and Company Secretary, Julie Ducie, and our auditor, David Ronald from PwC.

The past year has been both challenging and exciting for Silex – challenging with respect to the continuing difficulties in the nuclear fuel markets, and exciting with respect to the various commercial opportunities that continue to underpin the Company's potential value and our strategy to build on that value. Let me provide some insights into our activities over the past year and our strategy going forward.

First and foremost, we seek to preserve value and optionality for the future commercial deployment of the SILEX technology in the key application of uranium enrichment. Underpinning this objective is our strategy to strengthen existing relationships and forge new relationships with strategic partners in the nuclear industry and to maintain a presence in the US, which, in our opinion, remains the best target market for deployment of the SILEX uranium enrichment technology.

Secondly, we continue to explore alternative uses of our proprietary laser isotope separation process – to deliver value and leverage the many years of accumulation of world-leading expertise. We will continue to assess opportunities that could offer growth for Silex.

These strategic objectives continue to be executed with a strong focus on effective cost management to ensure the most efficient use of our cash reserves.

During the past year, we continued to focus our efforts on the transaction to restructure the exclusive Licensee of the SILEX technology, Global Laser Enrichment LLC (GLE). Subject to successfully concluding the transaction and gaining the necessary US government approvals, Silex will own 51% of GLE and Cameco will increase their ownership interest from 24% to 49%. While a key objective of this restructure is to preserve the value built up in GLE over the past decade, our strategy in going to a 51% majority ownership position will enable Silex to gain much greater leverage in the future of our core technology, from our direct involvement in the SILEX technology commercialisation program and in GLE's business development path in the US.

To recap, in February 2019 the Company announced the signing of a new Term Sheet between Silex, GE-Hitachi (GEH) and Canadian uranium miner Cameco Corporation which detailed the key terms for the joint purchase by Silex and Cameco of GEH's 76% interest in GLE. We are pleased to have substantially advanced our negotiations on binding transaction documentation for the restructure of GLE.

A value driver of Silex's participation in GLE is the 2016 agreement with the US Department of Energy (DOE) for the sale of DOE's tails inventories to GLE for re-enrichment in the potential 'Paducah Laser Enrichment Facility' utilising the SILEX technology.

We look forward to providing further updates on these matters as we progress.

In addition, Silex and Cameco are negotiating an option for Cameco to purchase from Silex at fair market value in the future, an additional 26% interest in GLE, potentially increasing their interest to 75% (also subject to USG approvals). As one of the world's leading uranium and nuclear fuel suppliers, Cameco's desire to remain heavily involved in GLE and to ultimately support the commercialisation of the SILEX technology through the Paducah project is a significant endorsement of the potential of our core technology.

As I mentioned earlier, another key element of our strategy is to generate value from alternative uses of our laser isotope separation process. The assessment of a new stable isotope development project for application to nearer term commercial opportunities in the semiconductor and medical isotope sectors, where there appears to be strengthening demand for enriched materials continues. We will keep you updated on any outcomes from this assessment.

With respect to Silex subsidiary Translucent Inc's cREO™ semiconductor material technology, we were pleased with IQE's decision in early 2018 to purchase Silex subsidiary Translucent Inc's cREO™ semiconductor material technology, resulting in the receipt of a payment of US\$5 million (in IQE shares) in September 2018. With IQE's business case focused on several key semiconductor markets, we remain encouraged that the cREO™ technology could be utilised in a number of emerging and growing semiconductor device markets.

To support the Company's objectives and plan for the future, the Silex Board underwent a restructure during the year that resulted in the appointment of Melissa Holzberger and I as independent Non-executive directors. Melissa's appointment, with her international nuclear fuel market, legal and governance experience adds immediate value to the Board. I am pleased to lead a diverse and high-quality Board with significant experience in technology commercialisation, depth of knowledge in the nuclear industry and a keen focus on governance.

Earlier this year, we completed a review of the Company's remuneration framework. Being cognisant of reducing pressure on our cashflow whilst aligning employees' interests with our shareholders, we reintroduced an Employee Incentive Plan. The plan provides the opportunity for all employees to receive equity-based compensation to drive performance and incentivise retention.

We remain focused on our growth strategy and are working hard to extract value from each potential opportunity. Firstly, we look forward to finalising the GLE restructure to enable us to participate in a more significant way in the recovery of the global nuclear industry in the coming years. Secondly, we are also looking forward to finalising our assessment of a potential stable isotope project and thirdly, to the ongoing product development and commercialisation program for the cREO™ technology at IQE.

With that, I'd like to acknowledge that many of you have been longstanding and patient shareholders and I would like to extend a sincere thank you to you, and all of our shareholders for your continued loyalty and support of Silex. And I should note, that all of the Board Members sitting before you today, are shareholders of Silex. I'd also like to thank our CEO, Michael Goldsworthy, his team and my fellow directors for their tireless dedication to the Company.

Craig Roy

27 November 2019

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. GLE has been undergoing a restructure for a number of years after GE-Hitachi disclosed it was seeking to exit the venture. In view of the continuing uncertainty surrounding the GLE restructure and the continuing depressed nuclear fuel market conditions, plans for commercial deployment of the SILEX technology have been significantly delayed, and remain at risk.

The future of the SILEX technology is therefore highly uncertain and any plans for commercial deployment are speculative.

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 results of the SILEX uranium enrichment engineering development program; 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.