

US\$5 million received from IQE Plc for the acquisition of Translucent's unique cREO™ technology

26 September 2018

Silex Systems Limited (Silex) (ASX: SLX) (OTCQX: SILXY) is pleased to confirm the receipt of US\$5 million from IQE Plc (AIM: IQE) for the purchase of Translucent's cREO™ technology. The payment was made via the issue of 4,262,256 ordinary shares in IQE Plc which trade on the AIM market of the London Stock Exchange. The receipt follows IQE's election in March 2018 to purchase the technology in accordance with the 2015 Option, Licence and Assignment Agreement.

In addition to the US\$5 million purchase price received today, a perpetual royalty of between 3% and 6% will be payable to Translucent on the sale of any IQE products that utilise the cREO™ technology, with minimum annual royalties starting at US\$400,000 due to commence being paid in FY2020. IQE continues to devote significant resources to the commercialisation of this unique technology and while timelines to market are uncertain and subject to change, IQE believes that an optimal route to cREO™ commercialisation should occur within a 2 to 3-year timeframe.

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, which has been licensed exclusively since 2006 to GE-Hitachi Global Laser Enrichment LLC (GLE) in the USA, has reached an advanced stage of development. However, in view of the continuing depressed market conditions leading to the Company's 12 June 2018 announcement to withdraw from the GLE restructure, plans for commercial deployment are now highly speculative and extremely 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 final outcome of the GLE restructure; the future of the SILEX uranium enrichment engineering development program (in particular whether this program will be continued in any way); 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.