

SilexSolar Restructuring Update Cessation of Manufacturing Operations

24th May 2012

Silex Systems Limited (“Silex”) (ASX:SLX) today provided an update on the restructuring activities of the Sydney Olympic Park solar PV panel manufacturing business, conducted by its wholly owned subsidiary Silex Solar Pty Ltd (“SilexSolar”).

Silex announced significant restructuring of the business in August 2011 that included the closure of SilexSolar’s cell production line, the consideration of alternative business models, and various other measures to enhance business competitiveness. Notwithstanding these changes, trading conditions in the Australian solar panel market have failed to improve sufficiently and Silex has now decided to cease the remaining panel manufacturing operations at the Olympic Park plant.

Silex CEO Dr Michael Goldsworthy said, “While significant progress has been made towards restructuring the SilexSolar business, to the point where the business has been operating on a cash flow neutral basis for the last few months, the continuation of challenging market conditions has frustrated attempts to secure a profitable market niche and has thus necessitated the full closure of our manufacturing plant.”

The decision to close the plant will have a one-off negative cash impact of up to \$4.8 million over the next 15 months (negotiated lease settlement, dismantling and decommissioning and final redundancy costs), and an additional balance sheet write down of up to \$5.2 million. It is expected that this will finalise the financial impact of the closure of the SilexSolar manufacturing operations.

SilexSolar will continue to trade primarily to progress some commercial-scale project work already underway, and will also continue to support existing installed product warranties.

Further information on the Company’s activities can be found on the Silex website: www.silex.com.au or by contacting the persons listed below.

Contacts: Michael Goldsworthy or Julie Ducie on (02) 9532 1331.

Media Contacts: Alan Jury or David Akers on (02) 8298 6100.

Forward Looking Statements and Business Risks:

Silex Systems is a research and development Company whose assets are its proprietary rights in various technologies, including, but not limited to, the SILEX technology, the SilexSolar technology and business, Solar Systems technology and business, Translucent technology and ChronoLogic technology. Several of the Company's technologies are in the development stage and have not been commercially deployed, and therefore are high-risk. Accordingly, the statements in this announcement regarding the future of the Company's technologies and 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: results from the SILEX uranium enrichment development program and the demand for enriched uranium; the business risks associated with SilexSolar's activities; the risks associated with the development of Solar Systems technology and related marketing activities; the outcomes of the Company's interests in the development of various semiconductor, photonics and alternative energy technologies; the time taken to develop various technologies; the development of competing technologies; the potential for third party claims against the Company's ownership of Intellectual Property associated with its numerous technologies; the potential impact of government regulations or policies; and the outcomes of various commercialisation strategies undertaken by the Company.