POLICY REGARDING TRADING IN SILEX SECURITIES

Silex Policy No. 6
Version Date: 1 January 2011

1. PERSONS TO WHOM THIS POLICY APPLIES:

1.1 General Prohibitions

All Silex group employees and officers, hereinafter described as “Silex Employees” are bound by the policy in 2.1 below.

1.2 Key Management Personnel Prohibitions

Key Management Personnel are those persons as defined in AASB 124 Related Party Disclosure and includes those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

The following persons are deemed to be Key Management Personnel of the Silex Group:

- Directors and CEO of Silex Systems Limited ("Silex")
- CEOs of Silex subsidiaries
- Senior Finance staff
- Company Secretary

These persons hereinafter described as “Key Management Personnel”, are bound by the policy in 2.2 below.

2. POLICY

2.1 General Prohibitions – insider trading

Under the *Corporations Act 2001* ("Corporations Act"), all Silex Employees and former Silex Employees are prohibited in all circumstances from buying or selling Silex Securities, entering into an agreement to buy or sell Securities, or exercising options, rights or awards to acquire Silex Securities ("trading" or "trade") at any time if they are in possession of inside information regarding Silex and its controlled subsidiaries ("the Silex Group") and its Securities.

Inside information is information which is not generally available to the public and which a reasonable person would expect to have a material effect on the price or value of the relevant securities or would be likely to influence a person in deciding whether or not to acquire or dispose of those securities.

Silex Securities includes shares, options, performance rights and other securities issued by the Company which are convertible into shares, as well as financial products issued or created over shares by third parties, including structured financial products, swaps, futures contracts, contracts for differences, spread bets, options, warrants, depositary receipts or other derivatives over or related to the performance of shares.

Silex Employees are also prohibited from procuring others to trade when the Silex Employees are precluded from trading.

In addition, Silex Employees:

- must not communicate inside information to someone who might then:
    - trade in Silex Securities; or

- o procure another person to trade in Silex Securities,

  including to any family members, relatives and entities which the Silex Employee controls; and
- should seek to ensure that third parties who come into possession of inside information preserve its confidentiality and do not trade while in possession of that information. This will usually be achieved by means of a written confidentiality agreement.

What are the consequences of insider trading?

Insider trading is strictly prohibited by law, and it is important that all Silex Employees do not breach that prohibition. Insider trading, or the perception of insider trading, by any Silex Employee will not be tolerated. The existence of a personal financial emergency or hardship does not excuse non-compliance with this Policy. It is important that the Silex Group and the Silex Employees do not participate in any insider trading activities, but also that we avoid any appearance of insider trading.

Any allegation of insider trading would be likely to have a serious detrimental impact on the Silex Group and its business and all Silex Employees must be seen to be actively and diligently upholding the law and complying with this Policy.

Insider trading is a crime and can result in imprisonment, fines, orders to pay compensation and other penalties against Silex and Silex Employees.

Insider trading in securities of other companies

While in general Silex Employees are free to deal in securities of other listed companies, the insider trading prohibitions under the Corporations Act include dealings not only in Silex Securities but also those of other listed companies with which Silex may be dealing (including the Silex Group's business partners) where a Silex Employee possesses inside information in relation to that other company.

If a Silex Employee is aware of inside information in respect of another company, the Silex Employee should not trade or deal in the securities of the company that it affects. [For example, where the Silex Employee is aware that the Silex Group is about to sign a major agreement with another company, the Silex Employee should not buy securities in either Silex or the other company.]

2.2 Key Management Personnel Prohibitions

In addition to the General Prohibitions above, which apply to all Silex Employees, Key Management Personnel are required to adhere to the following.

Closed Periods

Key Management Personnel are prohibited from trading in Silex Securities each year during:

- the period between the end of Silex's half year (31 December) and the announcement of Silex's half-year financial results;
- the period between the end of Silex's full-year (30 June) and the announcement of Silex's full-year financial results;
- the 14 calendar days before the date of the Annual General Meeting.

Those periods are each hereinafter referred to as a “closed period”.

In addition, there may be additional periods that Key Management Personnel are prohibited from trading, which are imposed by Silex from time to time when it is inappropriate to trade in Silex Securities due to the Company considering matters subject to Listing Rule 3.1A. Due to the sensitive nature of these potential matters, Silex may not always publish details of such closed periods. If there is any doubt as to whether it is appropriate to trade, Key Management Personnel must first discuss the relevant issue with the Chairman or the CEO (as applicable).

Key Management Personnel are prohibited from:

- ("short term trading") other than when the Key Management Personnel exercises employee options or performance rights to acquire Silex Shares at the specified exercise price, trading in Silex Securities (or an interest in Silex Securities) on a short-term trading basis. Short-term trading includes buying and selling Silex Securities within a 3 month period, and entering into other short-term dealings (e.g. forward contracts);

- ("hedging unvested awards") trading in Silex Securities which operate to limit the economic risk of a Silex Employee's holdings of unvested Silex Securities granted under an employee incentive plan; or

- ("short positions") trading in Silex Securities which enable the Key Management Personnel to profit from or limit the economic risk of a decrease in the market price of Shares.

Request to Trade outside a Closed Period

Key Management Personnel are required to obtain the following consents before trading in Silex Securities outside a Closed Period, such consent not to be unreasonably withheld by giving at least two trading days' (or such shorter period approved by the Chairman or the CEO as applicable) prior written notice (which may be given by email) of any proposed trading in Securities:

- Chairman requires consent of Silex CEO.

- Silex CEO requires consent of Chairman.

- Other Directors require consent of Chairman.

- Other Key Management Personnel require consent of Silex CEO.

Exceptional Circumstances – Trading during a Closed Period

Subject to the existence of exceptional circumstances outlined below, Key Management Personnel who are not in possession of inside information must obtain the following written consent before trading in Silex Securities during a closed period by giving at least two trading days' (or such shorter period approved by the Chairman or the CEO as applicable) prior written notice (which may be given by email) of any proposed trading in Securities:

- Chairman requires consent of Silex CEO.

- Silex CEO requires consent of Chairman.

- Other Directors require consent of Chairman.

- Other Key Management Personnel require consent of Silex CEO.

The consent to trade during a closed period will be granted in writing (electronic clearance via email is acceptable) and will clearly state the duration of the clearance to trade during the closed period.

A request for consent to trade in Silex Securities by Key Management Personnel during a closed period shall be considered in relation to exceptional circumstances where the

proposed sale or disposal of the relevant Silex Securities is the only reasonable course of action, such as:

- where the Key Management Personnel has pressing financial commitments that cannot be satisfied otherwise than by selling their interest in the Silex Securities. A liability to pay tax would not normally constitute such severe financial hardship;

- if the trading is required by a court order, or there are court enforceable undertakings, for example in a bona fide family settlement, to sell or transfer Silex Securities or there is some other overriding legal or regulatory requirement for them to do so; or

- any other circumstances that the Chairman or CEO (as the case may be) accepts as being sufficiently exceptional.

Excluded trading

The trading restrictions in this Policy and the requirement for seeking prior consent to trade, do not apply to the following transactions (subject always to insider trading laws):

- an exercise (but not the sale of Silex Securities following exercise) of an option or other right to acquire Silex shares under an employee incentive scheme or the conversion of a convertible security, where the final date for the exercise of the option or right, or the conversion of the security falls during a Closed Period;

- trading under an offer or invitation made to all or most of the shareholders such as a rights or entitlement issue, a security purchase plan, or an equal access buy-back, where the plan that determines the timing and structure of the offer has been approved by the Board. This includes decisions relating to whether or not to take up the entitlements and the sale of entitlements required to provide for the take up of the balance of entitlements under a renounceable pro rata issue;

- trading where the beneficial interest in the relevant Silex Securities does not change. This includes:

    - a dealing by which the relevant Silex Securities are transferred by an Key Management Personnel from their personal holdings to a superannuation fund of which they are a beneficiary;

    - the withdrawal of Silex Securities from an employee incentive scheme and the transfer of that Security to the participant's personal holdings or superannuation fund of which they are a beneficiary;

- an acquisition of shares under a dividend reinvestment plan, provided the election to participate in the dividend reinvestment plan was made before the Key Management Personnel came into possession of any inside information;

- a Key Management Personnel accepting a takeover bid or transferring Securities under a scheme of arrangement in respect of the Company;

- sales of Securities which are non-volitional on the part of the Key Management Personnel such as margin calls or close out sales under margin lending arrangements;

- an investment in, or trading in units of, a fund or some other scheme (other than a scheme only investing in Silex Securities) where the assets of the fund or other scheme are invested at the discretion of a third party;

- where a Key Management Personnel is a trustee, trading in the Securities of the Company by that trust provided the Key Management Personnel is not a beneficiary of the trust and any decision to trade during a closed period is taken by the other trustees or by the investment managers independently of the relevant Key Management Personnel; and

- trading under a non-discretionary trading plan for which prior written consent has been provided in accordance with procedures set out in this Policy and where:
    - the Key Management Personnel did not enter into the plan or amend the plan during a closed period;
    - the trading plan does not permit the Key Management Personnel to exercise any influence or discretion over how, when, or where to Trade; and
    - the trading plan does not allow for the cancellation of a trading plan or for the Key Management Personnel to otherwise vary their participation in the trading plan during a closed period other than in exceptional circumstances.

Margin Lending

Key Management Personnel who enter into any margin lending or securities lending arrangement or otherwise grants a mortgage, charge, lien or other encumbrance (including a title retention arrangement, right of set-off or right to withhold payment of a deposit or other money, or any third party interest such as a trust or an equity) over Silex Securities where control over the right to dispose of those securities may be lost, must report the transaction immediately to the Chairman or the CEO (as the case may be) and provide such other details as are required by Silex from time to time.

Key Management Personnel must immediately notify the Chairman or the CEO (as the case may be) in writing if he or she receives a margin call that can only be satisfied by the sale of Silex Securities.

3. NOTIFICATIONS

(i) Should a Silex Employee or a Key Management Personnel be in any doubt as to whether they possess inside information, they must not trade without first discussing the relevant issues with the CEO.

(ii) Following execution of any trading, all Key Management Personnel are required to provide details of the trades to the Company Secretary within 24 hours of the execution of the relevant trade.

(iii) All Silex Security dealings by Directors must be promptly notified to the Australian Stock Exchange (ASX) by the Company Secretary. Directors are therefore required to complete an Appendix 3Y and forward to the Company Secretary within 24 hours of executing (i.e. before settlement of) any trade.

4. ACKNOWLEDGEMENT

Key Management Personnel will be required to sign a copy of the latest version of this policy from time to time as acknowledgement of awareness of the laws prohibiting “insider trading” and confirmation that they have read Silex’s trading policy.

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Key Management Personnel

NAME:

TITLE:

EMPLOYER:

DATE: