

SILEX Uranium Enrichment Project

Further Extension of Term Sheet with GE-Hitachi

3 April 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 through to 31 August 2017 to allow the parties additional time to work towards a mutually acceptable restructure of GE-Hitachi Global Laser Enrichment LLC (GLE).

Pursuant to the original Term Sheet between GEH and Silex, under which the Company has an exclusive assignable option over GEH's 76% interest in GLE, the Licensee for the SILEX technology, Silex continues to lead the process to attract new investors in GLE with discussions and due diligence activities reaching advanced stages with a number of parties. In parallel with due diligence activities, Silex and GEH have been working on the transaction documentation that would formalise a sale of GEH's 76% stake in GLE to Silex and other new shareholders.

Silex will continue to reimburse GEH its pro-rata share of the approved CY2017 GLE budget for the Wilmington operations pending completion of the restructure. The funding support from Silex for ongoing laser development activities at Lucas Heights, 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 30 June 2017.

Silex will continue to support GLE's ongoing operations and seek the best possible outcome for the restructure of GLE by securing new investors to provide the remaining funding for the commercialisation program. This, 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 high risk.

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 which the Company is leading, 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.