

## **SILEX Uranium Enrichment Project Extension of Term Sheet with GE-Hitachi**

**3 January 2017**

### **Highlights:**

- **The Term Sheet signed between GE-Hitachi Nuclear Energy (GEH) and Silex Systems, as announced to the ASX on 2 May 2016, has been extended by mutual agreement to 31 March 2017 to allow the parties additional time to finalise a mutually acceptable restructure of Global Laser Enrichment (GLE) – the licensee of the SILEX technology;**
- **Under the provisions of the Term Sheet, Silex holds an exclusive, assignable option over GEH’s 76% equity stake in GLE and has been leading the efforts to attract new investors to support GLE’s path to market;**
- **Activities related to restructure of GLE continue to progress positively with a number of potential investors at advanced stages of due diligence;**
- **Under the Term Sheet extension, Silex will continue to contribute 76% of the funding of GLE’s Wilmington operations in addition to funding Silex’s laser development activities at its Lucas Heights facility south of Sydney;**
- **Cameco, owner of 24% interest in GLE, continues to support Silex’s efforts to restructure GLE.**

Silex Systems Limited (Silex) (ASX: SLX) (OTCQX: SILXY) and GE-Hitachi Nuclear Energy (GEH) have agreed to extend the Term Sheet announced on 2 May 2016 through to 31 March 2017 to allow the parties additional time to finalise a mutually acceptable restructure of GE-Hitachi Global Laser Enrichment LLC (GLE). Pursuant to the extension, Silex will continue to lead the process to attract new investors for GLE, the exclusive Licensee for our SILEX laser uranium enrichment technology.

With a number of potential strategic investors currently in advanced stages of due diligence activities, Silex and GEH have been working on the formal agreement documentation that would potentially result in the sale of GEH's 76% stake in GLE to Silex and other new shareholders.

The Term Sheet extension follows the recent execution of an agreement between GLE and the US Department of Energy (DOE) for the sale of approximately 300,000 metric tons of uranium stockpiles (in the form of 'high assay' depleted UF<sub>6</sub> tails left over from previous enrichment operations) to GLE for re-enrichment in potentially the world's first laser enrichment facility planned to be built in Paducah, Kentucky using the SILEX technology (refer ASX Announcement 11 November 2016).

In addition to leading the efforts to restructure GLE, the primary focus of Silex remains on supporting the continued development and commercialisation of the SILEX technology at both the Wilmington, North Carolina and Sydney, Australia sites, and on maintaining operations at the GLE Test Loop facility with the talented and dedicated engineering team.

The extension to the Term Sheet with GEH extends the term of the exclusive, assignable option that Silex holds over GEH's 76% equity in GLE to the end of the first quarter of CY2017, and furthermore provides for the following terms:

- the parties, including potential investors in GLE, will seek to conclude binding arrangements for the restructure in Q1 CY2017, including cooperating to ensure all requisite government and regulatory approvals will be able to be obtained; and
- Silex will continue to reimburse GEH its pro-rata share of the approved Q1 CY2017 GLE budget for the Wilmington operations pending finalisation of the restructure.

The additional 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\$3 million to the end of Q1 CY2017.

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, 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](http://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.*