

20 May 2014

Mr Andrew Kabega
Adviser, Listings Compliance (Sydney)
ASX Compliance Pty Ltd
20 Bridge Street
SYDNEY NSW 2000

Via email: andrew.kabega@asx.com.au

Dear Andrew,

RE: PRICE QUERY – SILEX SYSTEMS LIMITED

We refer to your letter dated 19 May 2014 and respond to each question as follows:

- 1. Is the Company aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?**

Company response:

No; the company is not aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company.

- 2. If the answer to question 1 is “yes”:**

- a) Is the Company relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1?**

Please note that the recent trading in the Company’s securities would suggest to ASX that such information may have ceased to be confidential and therefore the Company may no longer be able to rely on Listing Rule 3.1A. Accordingly, if the answer to this question is “yes”, you need to contact us immediately to discuss the situation.

- b) Can an announcement be made immediately?**

Please note, if the answer to this question is “no”, you need to contact us immediately to discuss requesting a trading halt (see below).

- c) If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?**

Company response:

N/A

3. If the answer to question 1 is “no”, is there any other explanation that the Company may have for the recent trading in its securities?

Company response:

The company has no other explanation for the price decrease in the securities of the Company, other than the possibility that there may be continuing concerns in the market relating to two of the Company’s key activities, which were addressed in the price query response to the ASX on 9 May 2014. We are releasing additional information on these matters in a separate announcement to the ASX before open of trading today, 20 May. In brief:

- i) ***The Paducah Laser Enrichment Plant Opportunity:*** Silex confirms that confidential negotiations continue between General Electric-Hitachi Global Laser Enrichment LLC (GLE) and the US Department of Energy (DOE) with regard to GLE’s proposal to establish a laser enrichment facility in Paducah, Kentucky (the “Paducah Laser Enrichment Facility”). Based on the latest advice received, we believe this matter will be finalised in the near future. In the event these negotiations are completed positively, and subject to Phase II commercial scale-up outcomes and granting of a Nuclear Regulatory Commission (NRC) license, this will potentially open a clear path to market for our disruptive laser enrichment technology.
- ii) ***ARENA Conditional Funding of Proposed Solar Systems Mildura 100MW Power Station Project:*** The Federal Government’s Budget delivered on 13 May 2014 confirmed the Government’s intention to abolish the Australian Renewable Energy Agency (ARENA). However, the Government also confirmed that \$1 billion of funding for “existing priority projects” will remain available. We understand that the \$75 million conditional funding commitment for the Mildura 100MW Solar Power Station Project, planned by Silex subsidiary Solar Systems Pty Ltd, is included in the “existing priority projects” funding and therefore remains available. This funding and the fate of ARENA remains dependant on the passage of legislation through the Parliament (in particular the Senate) which is still uncertain. In the meantime, the Company continues to proceed with the Mildura project planning and awaits additional advice from ARENA.

4. Please confirm that the Company is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

Company response:

The Company understands its continuous disclosure obligations and believes that it is in compliance with listing rule 3.1.

We trust that this response satisfies your query, 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.

Yours sincerely,

A handwritten signature in blue ink, appearing to be 'Michael Goldsworthy', written over a light blue circular stamp.

Michael Goldsworthy
CEO/Managing Director

Company	Media and Investor Relations
<i>Michael Goldsworthy, CEO, or Julie Ducie, CFO / Company Secretary +61 2 9704 8888</i>	<i>Media: Ben Oliver, Buchan Consulting, +61 3 9866 4722, +61(0)402 242 9825 Investor: Jane Lowe, Buchan Consulting, +61 2 9237 2800</i>



ASX Compliance Pty Limited
ABN 26 087 780 489
20 Bridge Street
Sydney NSW 2000
PO Box H224
Australia Square NSW 1215

Telephone 61 2 9227 0000
Facsimile 61 2 9241 7620
www.asx.com.au

19 May 2014

Ms Julie Ducie
Company Secretary
Silex Systems Limited
Level 8, 56 Clarence Street
Sydney NSW 2000

Dear Julie,

Silex Systems Limited (the "Company"): ASX price query

We have noted a change in the price of the Company's securities from a high of \$1.50 on Friday 16 May 2014 to an intraday low of \$1.23 at the time of writing today, Monday 19 May 2014.

In light of the price decrease, ASX asks you to respond separately to each of the following questions.

1. Is the Company aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?
2. If the answer to question 1 is "yes":
 - a) Is the Company relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1?

Please note that the recent trading in the Company's securities would suggest to ASX that such information may have ceased to be confidential and therefore the Company may no longer be able to rely on Listing Rule 3.1A. Accordingly, if the answer to this question is "yes", you need to contact us immediately to discuss the situation.
 - b) Can an announcement be made immediately?

Please note, if the answer to this question is "no", you need to contact us immediately to discuss requesting a trading halt (see below).
 - c) If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?
3. If the answer to question 1 is "no", is there any other explanation that the Company may have for the recent trading in its securities?
4. Please confirm that the Company is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than 09.30am AEDT tomorrow, Tuesday 20 May 2014. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Company's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Company's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail or by facsimile to (02) 9241 7620. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

The obligation of the Company to disclose information under Listing Rules 3.1 and 3.1A is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

In responding to this letter, you should have regard to the Company's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

Trading halt

If you are unable to respond to this letter by the time specified above, or if the answer to question 1 is "yes" and an announcement cannot be made immediately, you should discuss with us whether it is appropriate to request a trading halt in the Company's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely,

[Sent electronically without signature]

Andrew Kabega
Adviser, Listings Compliance (Sydney)