

GLE Restructures to Align with Adverse Market Conditions

24th July, 2014

Key Points:

- *GLE announces plans to pace the commercialisation of the SILEX-based laser enrichment technology in alignment with adverse market conditions.*
- *Key commercial terms in the License Agreement between Silex, GE and GLE have not changed – notably, the royalty structure remains unchanged.*
- *Activities including those currently at Oak Ridge, Tennessee and Lucas Heights, Sydney will be consolidated into the Wilmington, North Carolina Test Loop facility.*

Silex Systems Limited (“Silex”) (ASX: SLX) (OTCQX: SILXY) advises that the Licensee for the SILEX Uranium Enrichment Technology, GE-Hitachi Global Laser Enrichment LLC (GLE), has today announced changes to the funding and pace of the commercialisation program to align with current adverse market conditions.

GLE will consolidate efforts on the technology development activities to its Wilmington facility in North Carolina, USA. Most contractor-based work on the project will be suspended, with the project facility near Oak Ridge, Tennessee to be placed in a safe storage mode, and GLE-funded activities at the laser development facility at Lucas Heights, Sydney to cease.

Although Silex monitors the broader uranium market conditions, GLE’s announcement was unexpected. GLE has invested hundreds of millions of dollars to date, and subject to satisfactory economics, market conditions and regulatory requirements, continues to fund the program towards potential commercialisation.

Silex remains optimistic about the medium term prospects for the technology and has been advised that GLE continues to negotiate with the U.S. Department of Energy on the opportunity for enrichment of depleted tails inventories in Paducah, Kentucky.

Silex CEO and Managing Director, Dr Michael Goldsworthy said: “the global nuclear industry is still suffering the impacts of the Fukushima event and the shutdown of the entire Japanese nuclear power plant fleet in 2011. Demand for uranium has been slower to recover than expected and enrichment services are in significant oversupply.”

“Although the market is likely to take several years to return to balance, we see the medium to long term outlook for uranium and enrichment services being strong. Despite these changes, we still firmly believe the SILEX Technology remains our key asset and the best path forward for Silex and our shareholders, and therefore stand by our recently announced restructure,” Dr Goldsworthy added.

The SILEX Uranium Enrichment Technology is licensed to Global Laser Enrichment LLC (GLE), a consortium of GE (51%), Hitachi (25%) and Cameco (24%), which has worldwide exclusive rights for the commercial exploitation of the technology. The SILEX Technology still represents a significant future revenue potential with Silex to receive a perpetual royalty between 7% and 12% of GLE’s revenues (based on calculation of cost per unit production installed).

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.

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>

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, 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 commercialisation program; the demand for enriched uranium; 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, instrumentation 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.