

Silex Systems Major Strategic Review Update: Cessation of Solar Systems Business Operations

30th July 2015

Key points:

- ***Implementation of the major strategic review announced by Silex in June 2014 continues;***
- ***Decision made to cease business operations at Solar Systems after rigorous global sales process fails to attract investors; and***
- ***The pursuit of business development options for Translucent continues with several interested parties advancing technical due diligence.***

Silex Systems Limited (“Silex”) (ASX: SLX) (OTCQX: SILXY) has been implementing a major restructure of the Silex Group over the past 12 months, with the stated aim of returning the company’s focus to the commercialisation of its core asset - the SILEX laser enrichment technology - in conjunction with exclusive licensee, GE-Hitachi Global Laser Enrichment LLC (GLE). The restructure involves minimising or eliminating the need for parent company investment beyond FY2015 in the subsidiary business units, Solar Systems and Translucent.

The Silex Board today announced an immediate cessation of Solar Systems’ business operations. This follows a rigorous extended global process to attract new investment in Solar Systems which ultimately has been unsuccessful.

Although this process revealed considerable interest in the ‘Dense Array’ concentrating dish technology developed by Melbourne-based Solar Systems, the company was unable to secure a buyer or investor with the funds needed to take the business forward, in part due to difficult investment conditions in target markets.

In light of the interest shown in Solar Systems’ technology during the divestment process, the company will retain the IP and associated expertise in the short term to close out any residual opportunities.

Silex CEO Dr Michael Goldsworthy said, “We are extremely disappointed to be communicating the cessation of the Solar Systems’ business today. On behalf of the Board, I would like to thank our Solar Systems’ team for their tireless efforts in the search for new investment for Solar Systems. Whilst this technology has great potential, without significant third party investment, Silex does not have the capital required to support the large scale production and global marketing needed to make it cost effective”.

Over the past year whilst the divestment process was undertaken, the net cash burn in Solar Systems was significantly reduced, from \$8.7m in FY2014 down to around \$3.1m in FY2015 (final figure subject to audit). Meanwhile, the decision to cease operations at Solar Systems is expected to have a one-off negative cash impact of approximately \$2m after the sale of assets. Silex currently has cash reserves of approximately \$54m.

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 on +61 2 9704 8888:

- Michael Goldsworthy, CEO / Managing Director; or
- Julie Ducie, CFO / Company Secretary

About Silex Systems Limited

In June 2014, a major strategic review of Silex Systems Limited (ASX: SLX) (OTCQX: SILXY) resulted in a significant restructure of the Company. Under the restructure, the Board determined to refocus efforts on the Company's primary economic asset, the SILEX laser enrichment technology and to significantly reduce cash burn beyond FY 2015. The implementation of the restructure is nearing completion.

The strategic review will allow Silex to continue to support uranium enrichment technology licensee, GE-Hitachi Global Laser Enrichment LLC ('GLE') in their efforts to bring the SILEX technology to market. Should this be successfully achieved, Silex could earn attractive royalty revenues, under a technology commercialisation and license agreement, signed originally in 2006.

For more detailed information on Silex Systems Limited, please visit www.silex.com.au

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 Translucent 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 outcomes of the Company's interests in the development of various semiconductor, photonics 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.