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IQE Successfully Transfers Translucent's cREO™ Advanced Semiconductor Technology

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(For simultaneous release 4.00pm AEST and 7.00am GMT)

Silex Systems Limited (ASX:SLX) (OTCQX: SILXY) is pleased to provide the following update on progress made under the exclusive license of subsidiary Translucent's technology by UK-based IQE Plc (AIM:IQE).

IQE announced today that it has successfully transferred Translucent's unique epitaxy equipment and associated cREO™ technology to its North Carolina (NC) production facility. Following on from the exclusive license of cREO™ Technology from Translucent in September 2015 and the initial License Fee payment of US\$1.4 million (in IQE shares) in March 2016, IQE has successfully transferred the Translucent reactors to its NC facility.

"This is an important milestone in the transfer of Translucent's advanced semiconductor technology to IQE, subsequent to the signing of an exclusive License and Assignment Agreement with IQE last September", Dr Michael Goldsworthy, Silex CEO said today. "We are very pleased with the effort and focus that IQE have applied to the advancement of Translucent's unique cREO™ technology, and are excited with the potential commercial applications that IQE have identified for the technology" he added.

The first of these production reactors has been installed and is now producing cREO™ templates on silicon wafers. The semiconductor characteristics of the templates produced are an excellent match to previously achieved results by Translucent. The production reactor will be producing standard templates for the IQE Group and select commercial partners, with initial focus on RF (wireless) communications and power electronics device materials.

Rodney Pelzel, VP, IQE Group Technology commented, "We are delighted to announce the transfer of the cREO™ process to our North Carolina facility. Materials produced on the newly installed tools clearly demonstrate the successful transfer of the technology. IQE is committed to fully exploiting cREO™ as an excellent complement to IQE's well-established wireless, photonics, power, and CMOS products and will enable novel solutions for our customers."

Under the terms of the License and Assignment Agreement signed in September 2015, IQE has 30 months in which to elect to acquire Translucent's technology with the payment of a further US\$5 million. Upon commercialisation of the technology, a perpetual royalty of between 3% and 6% of IQE's revenues generated from the technology would be payable to Translucent. At this point it is too early to say how and when this might translate into royalty revenues for Translucent.

IQE's announcement was made at the opening of the international 'CS Mantech' advanced semiconductor conference in Miami, Florida. A copy of IQE's announcement is attached hereto.

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 development stage and plans for commercial deployment remain distant and high risk.

Silex also has an interest in a unique semiconductor technology known as 'cREO™' through its ownership of subsidiary Translucent Inc. The cREO™ technology is exclusively licensed to IQE Plc based in the UK. IQE is progressing the cREO™ technology towards commercial deployment in various advanced semiconductor products. The outcome of IQE's commercialisation program remains high risk.

The commercial potential of these two technologies is currently unknown. Accordingly, the statements in this announcement regarding the future of the SILEX technology, the cREO™ 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: 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; results from IQE's commercialisation program and the demand for cREO™ products, 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 Licensees GLE and IQE.



IQE transfers cREO™ growth capability to its North Carolina facility and demonstrates interface charge tuning using cREO™ for GaN products

Cardiff, 17 May, 2016: 17 May 2016: IQE plc (AIM: IQE, “IQE” or the “Group”), the leading manufacturer of advanced semiconductor wafer products for the global semiconductor industry, announces two key developments at this year’s CS MANTECH conference.

Successful transfer of cREO™ growth technology to North Carolina facility

IQE has successfully transferred Translucent’s MBE equipment and associated process to its North Carolina facility.

Following the exclusive license of cREO™ Technology from Translucent in September 2015, IQE has successfully transferred two of Translucent’s reactors to its facility in Greensboro, North Carolina. The first of these systems (production tool) has been installed and is now producing cREO™ templates on Si. The template structural and morphological characteristics are an excellent match to previously achieved results by Translucent. The second (R&D) tool is due to be online in approximately 1 month.

The production tool will produce standard templates for the IQE group and select partners, with initial focus on III-N materials.

Demonstration of interface charge tuning using cREO™ for GaN products

Using cREO™ templates IQE has demonstrated that it is able to tune the interfacial characteristics for GaN on Si. For RF applications, GaN on Si typically exhibits an undesirable p-type channel at the GaN / Si interface (AKA parasitic channel) that detrimentally affects RF efficiency.

Using its patented technology, IQE has demonstrated that the parasitic channel can be completely eliminated. In addition, IQE has shown that growth conditions can be tuned to generate and rationally engineer an n-type layer between the GaN and Si. This enables applications that require buried conductors for III-N on Si applications.

Dr. Rodney Pelzel, VP, IQE Group Technology commented:

“We are delighted to announce the transfer of the cREO™ process to our North Carolina facility. Materials produced on the newly installed tools clearly demonstrate the successful transfer of the technology.

“We have demonstrated that we are able to rationally manipulate the cREO™ characteristics to tune the conductivity of the III-N / Si interface. This is a significant enabler for GaN HEMT technology on Si for RF applications. In addition, it is an enabler for other III-N technology on Si such as RF filter technology.

"IQE is committed to fully exploiting cREO™ technology for GaN as well as other III-V and group IV materials. This technology offers exciting opportunities for fully realizing III-V growth on Si thereby eliminating the cost-prohibitive issue with native substrates such as InP. Furthermore, it enables heterointegration at the epi-level allowing previously incompatible materials systems to be successfully combined. cREO™ is an excellent complement to IQE's well-established wireless, photonics, power, and CMOS products and will enable novel solutions for our customers."

IQE is attending and exhibiting at CS MANTECH 2016 conference, 16th to 18th May.

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