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24 January 2017

Kimberley Brown
Principal Adviser, Listings Compliance (Sydney)
ASX Compliance Pty Ltd
20 Bridge Street
SYDNEY NSW 2000

Via email: kimberley.brown@asx.com.au

Dear Kimberley,

RE: SILEX SYSTEMS LIMITED (the “Entity”): ASX PRICE QUERY

We refer to your letter of today’s date and respond to each question and requests for information as follows:

- 1. Is the Entity 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?**

Silex response:

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 Entity relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1?

b) Can an announcement be made immediately?

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

Silex response:

N/A

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

Silex response:

As recently disclosed to the ASX (refer ASX announcement 11 November 2016), the exclusive licensee of the SILEX laser enrichment technology GE-Hitachi Global Laser Enrichment LLC (GLE), signed an agreement with the US Department of Energy (DOE) for the purchase of approximately 300,000 metric tons of high assay uranium tails inventories for the purpose of re-enrichment to produce natural grade uranium which could be sold into the global uranium market. The net result of this potential project (the 'Paducah Project') is equivalent to a 'Tier 1' low cost uranium mine producing approximately 5 million pounds of uranium annually for at least 40 years.

Given the recent turnaround in the global spot uranium market price, having increased over 35% from a low of US\$17.80 in November 2016 to US\$24.12 in mid-January 2017, we believe the commercial potential of the Paducah Project may be gaining focus and recognition in the financial markets.

Concurrent with these events, Silex has also disclosed to the ASX that it is leading the efforts to restructure GLE, and that we believe the restructure is progressing constructively. Subject to a positive outcome with the GLE restructure and a continuing improvement in the uranium and enrichment markets over the next few years, Silex remains optimistic with regard to the commercial prospects for the SILEX laser enrichment technology.

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

Silex response:

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

5. Please confirm that the Entity's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of the Entity with delegated authority from the board to respond to ASX on disclosure matters.

Silex response:

The Company's response to the questions has been authorised and approved in accordance with the Company's Continuous Disclosure Policy dated 13 October 2016.

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 Michael Goldsworthy or I on +61 2 9704 8888.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Julie Ducie'.

Julie Ducie
CFO / Company Secretary



24 January 2017

Ms Julie Ducie
Company Secretary
Silex Systems Limited
Suite 8.03, Level 8
56 Clarence Street
Sydney NSW 2000

By email: julie.ducie@silex.com.au

Dear Ms Ducie

Silex Systems Limited (the “Entity”): ASX price query

We have noted a change in the price of the Entity’s securities from a closing price on 19 January 2017 of 46.5 cents to an intraday high of 66 cents today, Tuesday, 24 January 2017.

We also note an increase in the trading volume of the Entity’s securities.

In light of this, ASX asks the Entity to respond separately to each of the following questions and requests for information:

1. Is the Entity 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?

In responding to this question, please consider in particular whether the Entity is aware of any information that its earnings for the 6 month period ending on 31 December 2016:

- a) are likely to differ materially (downwards or upwards) from any earnings guidance it has given for the period; or
- b) if the Entity has not given any earnings guidance for the period, are otherwise likely to come as a surprise to the market (by reference to analyst forecasts for the period or, the Entity is not covered by analysts, its earnings for the prior corresponding period)?

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

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

Please note that the recent trading in the Entity’s securities would suggest to ASX that such information may have ceased to be confidential and therefore the Entity 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 the Entity may have for the recent trading in its securities?
4. Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
5. Please confirm that the Entity’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of the Entity with delegated authority from the board to respond to ASX on disclosure matters.

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 2.00 pm AEDT on 24 January 2017. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Entity’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 Entity’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 Rules 3.1 and 3.1A

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.

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

It should be noted that the Entity's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

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 Entity'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]

Kimberley Brown
Principal Adviser, Listings Compliance (Sydney)