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SILEX Uranium Enrichment Project

Global Laser Enrichment (GLE) Restructure Update

3 February 2017

Highlights:

- **Silex is providing clarification on overnight reports by Japanese newspaper Asahi Shimbun and commodities analyst S&P Global Platts (in Platts Nuclear News Flashes) with regard to statements made about the SILEX technology commercialisation project and the GLE restructure;**

- **Activities related to the GLE restructure which are being led by Silex, continue to progress constructively with a number of potential investors at advanced stages of due diligence;**

- **Under the provisions of a Term Sheet signed between Silex and GE-Hitachi Nuclear Energy (GEH) (refer ASX announcements 2 May 2016 and 3 January 2017), Silex holds an exclusive option over GEH's 76% equity stake in GEH subsidiary Global Laser Enrichment (GLE) which can be assigned fully or in part to new investors;**

- **The SILEX technology commercialisation project being conducted by GLE and Silex continues to make steady progress at the Wilmington, North Carolina Test Loop facility and at Silex's Lucas Heights laser development facility in Sydney.**

Silex Systems Limited (Silex) (ASX: SLX) (OTCQX: SILXY) wishes to provide clarification on statements made in news reports published overnight regarding Hitachi's 25% shareholding in GE-Hitachi Global Laser Enrichment LLC (GLE), the exclusive Licensee for the SILEX laser uranium enrichment technology.

The first report in Japanese newspaper Asahi Shimbun states *"Hitachi to take a 70 billion yen hit after US nuclear project fails"* (referring to the GLE project). The second report in Platts Nuclear News Flashes states *"March decision set on sale or closure of Global Laser Enrichment".*

Silex wishes to confirm that the SILEX technology commercialisation project continues to progress well in parallel with the GLE restructure. Subject to various technology and economic factors, we believe the prospects for the SILEX technology remain positive.

Silex and GEH recently extended the Term Sheet for the GLE restructure through to 31 March 2017 to allow the parties additional time to work towards a mutually acceptable restructure of GLE. Pursuant to the extension, Silex will continue to lead the process to attract new investors for GLE.

The Term Sheet extension follows the recent execution of an agreement between GLE and the US Department of Energy (DOE) for the sale of approximately 300,000 metric tons of uranium stockpiles (in the form of 'high assay' depleted UF_6 tails left over from previous enrichment operations) to GLE for re-enrichment in potentially the world's first laser enrichment facility planned to be built in Paducah, Kentucky using the SILEX technology (refer ASX Announcement 11 November 2016).

With a number of strategic investors currently in advanced stages of due diligence activities, Silex and GEH continue to work on the formal agreement documentation that would potentially result in the sale of GEH's 76% stake in GLE to Silex and other new investors. Should the GLE restructure continue constructively and more time is needed, Silex will seek a further extension of the term sheet arrangements with GEH through the second quarter of 2017.

Silex will continue to support GLE's ongoing operations and seek the best possible outcome for the restructure of GLE by securing new investors to provide the remaining funding for the commercialisation program. This, in conjunction with the agreement between GLE and the DOE for the Paducah commercial plant opportunity, is considered the best path forward to take the SILEX technology to market.

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 scale-up stage and plans for commercial deployment remain speculative and high risk.

The commercial potential of the SILEX technology is currently unknown. Accordingly, the statements in this announcement regarding the future of the SILEX 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: the outcome of the GLE restructure which the Company is leading, 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; 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 Licensee GLE.