

4 January 2021

Maria Clemente
Adviser, Listings Compliance (Sydney)
ASX Compliance Pty Ltd
20 Bridge Street
SYDNEY NSW 2000

Via email: Maria.Clemente@asx.com.au

Dear Maria,

RE: SILEX SYSTEMS LIMITED (“Silex”, “SLX”): 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 SLX 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:

Silex 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 SLX 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 SLX may have for the recent trading in its securities?

Silex response:

The Company has disclosed in recent announcements to the ASX that the multi-staged multi-agency US Government approvals process for the acquisition of a majority interest in SILEX Technology Licensee GE-Hitachi Global Laser Enrichment LLC (GLE) is well advanced. The two main components comprising this process are:

- i) The primary application for approval submitted to the US Nuclear Regulatory Commission (NRC) in February 2020;
- ii) A submission to the US Department of the Treasury - Committee on Foreign Investment in the US (CFIUS) which was filed in October 2020.

Both of these steps are anticipated to be finalised over the next few weeks. Assuming a successful outcome in these and other steps (and the satisfaction of other Closing conditions), the Agreement for the restructure of GLE involving GE-Hitachi Nuclear Energy (Sellers) and Silex and Cameco Corporation (Purchasers) will potentially close shortly thereafter. This will result in Silex owning a 51% interest in GLE and Cameco owning a 49% interest.

We believe this transaction is viewed very favourably by the market because it provides Silex with much greater control over the future of its unique third generation SILEX laser enrichment technology. The path to market for this innovative technology involves a well-planned commercialisation program, including the full-scale pilot demonstration of the technology in the mid-2020's, and the commencement of commercial operations at the proposed Paducah tails enrichment project in the late 2020's.

Silex has also recently announced progress being made with the application of a variant of the SILEX Technology for enrichment of ultra-high purity 'Zero-Spin Silicon' (ZS-Si), a key enabling material for the emerging silicon quantum computing industry. The project is being conducted in conjunction with UNSW Sydney and Silicon Quantum Computing Pty Ltd, the latter of which has also signed a product offtake agreement with Silex for the first commercial quantities of ZS-Si expected to be produced as early as 2023. We believe the market views the recent pursuit of additional applications of the SILEX Technology in key markets as a positive development for the Company.

In addition to the progress being made with the SILEX Technology, Silex also has a royalty agreement with UK-based IQE Plc for the cREO™ technology developed by subsidiary Translucent Inc. IQE is in the process of developing the first product using cREO™, and in November 2020 announced the successful development of a new high frequency (RF) filter product (called IQepiMo™) which is built on the cREO™ technology platform purchased from Translucent in 2018. IQE states this new product can eliminate technical issues related to the demands that 5G technology places on electronic components, including RF filters, which are key to managing high frequency signals in 5G devices such as mobile handsets. Trials of IQE's new RF filter product are underway with potential customers and partners.

4. Please confirm that SLX is complying 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 SLX'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 for release by the Silex Board of Directors and in accordance with the Company's Continuous Disclosure Policy dated 30 November 2018.

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



4 January 2021

Reference: 29324

Ms Julie Ducie
Chief Financial Officer and Company Secretary
Silex Systems Limited

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

Dear Ms Ducie

Silex Systems Limited ('SLX'): Price - Query

ASX refers to the change in the price of SLX's securities from a high of \$0.89 on 31 December 2020 to a high of \$1.19 today.

Request for information

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

1. Is SLX 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?
2. If the answer to question 1 is "yes".
 - (a) Is SLX relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1? Please note that the recent trading in SLX's securities would suggest to ASX that such information may have ceased to be confidential and therefore SLX 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 that SLX may have for the recent trading in its securities?
4. Please confirm that SLX is complying with the Listing Rules and, in particular, Listing Rule 3.1.
5. Please confirm that SLX's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of SLX 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 Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **2:00 PM AEDT Monday, 4 January 2021**. 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, SLX'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 and may require SLX to request a trading halt immediately.

Your response should be sent to me by e-mail. 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.

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 SLX’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 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*.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in SLX’s securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to SLX’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 SLX’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.

Release of correspondence between ASX and entity

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A.

Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Yours sincerely

Maria Clemente
Adviser, Listings Compliance (Sydney)