



Silex
Systems Limited

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\$33m Equity Raise to Advance GLE JV and Zero-Spin Silicon Projects

\$7m Share Purchase Plan

27 September 2021

- Silex has completed a \$33 million placement at \$1.27 per share
- Strong interest from high quality domestic, international and uranium specialist institutions
- Primary purpose for the placement is to advance the SILEX uranium enrichment pilot demonstration project focused at GLE's Test Loop Facility in the US
- Funds will also enable further technology development activities for emerging opportunities in advanced nuclear fuels (e.g. HALEU) and Zero-Spin Silicon for quantum computing
- Pro-forma cash balance of ~\$47m following the placement
- Share Purchase Plan will be offered to eligible shareholders to raise up to \$7 million at an issue price of \$1.31 per share pursuant to ASX Listing Rule 7.2 (Exception 5) – refer below

Silex Systems Limited (**Silex** or the **Company**) (ASX: SLX) (OTCQX: SILXY) is pleased to announce that it has completed an equity raise by way of a placement, raising approximately \$33 million via the issue of approximately 26 million new shares at \$1.27 per share, representing an 11.8% discount to the closing share price on 22 September 2021 (**Placement**).

A Share Purchase Plan (**SPP**) will be offered to eligible shareholders to raise an additional amount of up to \$7 million at an issue price of \$1.31 per share (**SPP Price**), which is the lowest price possible at this time pursuant to ASX Listing Rule 7.2 (Exception 5). While the Board was intending to set the SPP Price at the same price as the equity raising, the price had to be set at a slight increase (of 4c or 3%) in order to meet the requirements of the abovementioned Listing Rule which allows the shares issued under the SPP to be excluded from the 15% capacity limit for a placement under Listing Rule 7.1. The underlying reason for this price difference is the volatility in the Company's share price over recent weeks.

Michael Goldsworthy, Silex's CEO/Managing Director said:

"The Company is delighted with the strong level of demand from domestic, international and specialist uranium institutions. This equity raising secures Silex's funding through to 2024 to further advance our SILEX enrichment technology commercialisation activities and to focus on the Paducah uranium production opportunity being planned by US-based exclusive licensee GLE."

"With the outlook for nuclear power continuing to improve around the world and the demand for uranium, enriched silicon and other isotopes increasing, Silex is well placed to respond quickly and efficiently to opportunities as they arise," he added.

Strategic Focus

Silex is focused on the commercialisation of its innovative SILEX laser isotope separation technology across multiple markets.

The execution of the Company's strategy is being pursued through the following activities:

- Active involvement in the SILEX uranium enrichment technology commercialisation program with 51% owned US-based exclusive licensee Global Laser Enrichment (GLE);
- Supporting GLE's path to market in the US through the Paducah uranium production opportunity, which is underpinned by GLE's agreement with the US Department of Energy (DOE) for purchase of depleted UF₆ inventories;
- Developing the SILEX technology for the production of enriched silicon in the form of Zero-Spin Silicon – a key enabling material required for silicon quantum computer chip fabrication; and
- Undertaking an assessment of additional potential applications of the SILEX technology in fields such as medical isotopes.

Use of Proceeds

Silex will use the proceeds from the Placement and SPP for the following purposes:

- Advancement of the commercial pilot demonstration of the SILEX uranium enrichment technology in the USA at GLE's Test Loop facility;
- Assessment and potential development of opportunities for advanced nuclear fuel production with GLE (e.g. HALEU fuel for next-generation Small Modular Reactors);
- Scale-up of Zero-Spin Silicon production capacity – a key enabling material for silicon quantum computing;
- Develop additional applications of the SILEX technology (e.g. medical isotopes); and
- General working capital requirements and strengthen the Company's balance sheet.

Placement Details

The Company will issue a total of 25,972,391 fully paid ordinary shares (equal to 15% of current issued capital) at an issue price of \$1.27 per share to raise approximately \$33 million before costs. The Placement shares are expected to be issued on or around Friday, 1 October 2021. The placement shares are to be issued under ASX Listing Rule 7.1 with respect to placement capacity and therefore are not subject to shareholder approval.

The issue price represents a discount of 11.8% to the last closing price on 22 September 2021 of \$1.44 and a 17.2% discount to the 30-day volume weighted average price (VWAP) of \$1.53 prior to 22 September 2021. Placement shares will rank equally with existing fully paid ordinary shares on issue.

Euroz Hartleys Limited and Shaw and Partners Limited acted as Joint Lead Managers for the Placement.

Indicative Placement Timetable¹

Event	Date
ASX announcement of completion of Placement and return to trade	Monday, 27 September 2021
Settlement of New Shares issued under the Placement	Thursday, 30 September 2021
Allotment and normal trading of New Shares issued under the Placement	Friday, 1 October 2021

1. Dates are indicative and subject to change.

Share Purchase Plan Details

The Share Purchase Plan (**SPP**) will be open to eligible shareholders of Silex who were shareholders as at 7:00pm (AEST) on the record date of Friday, 24 September 2021 (**Record Date**) and whose registered address is in Australia or New Zealand (**Eligible Shareholders**). Eligible Shareholders will be invited to invest up to a maximum of \$30,000 per shareholder in the SPP, subject to any scale back, in order to raise up to a total of \$7 million.

New shares issued under the SPP will be offered at the SPP Price of \$1.31 per share pursuant to ASX Listing Rule 7.2 (Exception 5). No brokerage will be payable by subscribing shareholders.

The SPP will not be underwritten. For the avoidance of doubt, Silex reserves the right to scale back applications under the SPP in its absolute discretion. Silex may decide to accept applications (in whole or part) in its absolute discretion. SPP shares will rank equally with the Company's existing shares on issue from their allotment.

The offer under the SPP will be made on the basis of the information contained in the Share Purchase Plan Offer Booklet (**SPP Offer Booklet**), which will be dispatched to Eligible Shareholders on or around 5 October 2021 and made available following its lodgement with ASX.

Any Eligible Shareholder who wishes to participate in the SPP should consider the SPP Offer Booklet before deciding whether to apply for Shares under the SPP and any such application must be made in accordance with, and pursuant to the terms and conditions set out in the SPP Offer Booklet. The SPP is scheduled to open on Tuesday, 5 October 2021, and scheduled to close at 5.00pm (AEDT) on Friday, 22 October 2021.

Indicative SPP Timetable¹

Event	Date
SPP record date	Friday, 24 September 2021
SPP opening date	Tuesday, 5 October 2021
SPP closing date	Friday, 22 October 2021
Announcement of results of SPP	Wednesday, 27 October 2021
Allotment of New Shares under the SPP	Friday, 29 October 2021
Normal trading of New Shares issued under the SPP	Monday, 1 November 2021

1. This timetable is subject to change. Silex reserves the right to vary the timetable without notice. The commencement of trading of new shares is subject to confirmation from ASX.

This is the announcement that was referred to in the Company's request for a trading halt on Thursday, 23 September 2021.

Authorised for release by the Silex Board of Directors.

Further information on the Company's activities can be found on the Silex website: www.silex.com.au or by contacting:

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Forward Looking Statements and Risk Factors:

About Silex Systems Limited (ASX: SLX) (OTCQX: SILXY)

Silex Systems Limited ABN 69 003 372 067 (**Silex** or **Company**) is a research and development company whose primary asset is the SILEX laser enrichment technology, originally developed at the Company's technology facility in Sydney, Australia. The SILEX technology has been under development for uranium enrichment jointly with US-based exclusive licensee Global Laser Enrichment LLC (**GLE**) for a number of years. Success of the SILEX uranium enrichment technology development program and the proposed Paducah commercial project remain subject to a number of factors including the satisfactory completion of the engineering scale-up program and uranium market conditions and therefore remains subject to associated risks.

Silex is also in the early stages of pursuing additional commercial applications of the SILEX technology, including the production of 'Zero-Spin Silicon' for the emerging technology of silicon-based quantum computing. The 'Zero-Spin Silicon' project remains dependent on the outcomes of the project and the viability of silicon quantum computing and is therefore subject to various risks. The commercial future of the SILEX technology is therefore uncertain and any plans for commercial deployment are speculative.

Additionally, Silex has an interest in a unique semiconductor technology known as 'cREO®' through its ownership of subsidiary Translucent Inc. The cREO® technology developed by Translucent has been acquired by IQE Plc based in the UK. IQE is progressing the cREO® technology towards commercial deployment for 5G mobile handset filter applications. The outcome of IQE's commercialisation program is also uncertain and remains subject to various technology and market risks.

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This Announcement is not financial product advice and has not taken into account your objectives, financial situation or needs. This Announcement has been prepared for release in Australia. This Announcement may not be released or distributed in the United States. This Announcement does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or in any other jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. The offer and sale of the shares of the Company referred to in this Announcement have not been, and will not be, registered under the US Securities Act of 1933, as amended (the US Securities Act) or the securities laws of any state or other jurisdiction of the United States.

The new shares to be offered pursuant to the SPP may not be offered, sold or resold, directly or indirectly, to any person in the United States or to any person acting for the account or benefit of a person in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable securities laws of any state or other jurisdiction of the United States.

Forward Looking Statements

The commercial potential of these technologies is currently unknown. Accordingly, no guarantees as to the future performance of these technologies can be made. The nature of the statements in this Announcement regarding the future of the SILEX technology, the cREO® technology and any associated commercial prospects are forward-looking and are subject to a number of variables, including but not limited to, unknown risks, contingencies and assumptions which may be beyond the control of Silex, its directors and management.

You are strongly cautioned not to place reliance on any forward-looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by COVID-19 and other economic risk factors, as actual results could be materially different from those expressed or implied by such forward looking statements as a result of various risk factors. Further, the forward-looking statements contained in this Announcement involve subjective judgement and analysis and are subject to change due to management's analysis of Silex's business, changes in industry trends, government policies and any new or unforeseen circumstances. The Company's management believes that there are reasonable grounds to make such statements as at the date of this Announcement. Actual operations, results, performance, targets or achievement may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based.

Except as required by law or regulation (including the ASX Listing Rules and OTCQX Rules for U.S. Companies), Silex does not intend, and is not obligated, to update the forward-looking statements and Silex disclaims any obligation or undertaking to update forward-looking statements in this Announcement to reflect any changes in expectations.

No representation, warranty or assurance (express or implied) is given or made in relation to any forward-looking statement by any person (including the Company or any of its advisers). In particular, no representation, warranty or assurance (express or implied) is given that the occurrence of the events expressed or implied in any forward-looking statements in this Announcement will actually occur.

Risk Factors

Risk factors that could affect future results and commercial prospects of Silex include, but are not limited to: ongoing economic and social uncertainty, including in relation to the impacts of the COVID-19 pandemic; the results of the SILEX uranium enrichment engineering development program; the market demand for natural uranium and enriched uranium; the outcome of the project for the production of 'Zero-Spin Silicon' for the emerging technology of silicon-based quantum computing; the potential development of, or competition from alternative technologies; the potential for third party claims against the Company's ownership of Intellectual Property; the potential impact of prevailing laws or government regulations or policies in the USA, Australia or elsewhere; results from IQE's commercialisation program and the market demand for cREO® products; decisions made or actions taken by the Company's commercialisation partners that could adversely affect the technology development programs; and the outcomes of various strategies and projects undertaken by the Company.