



2021 ANNUAL GENERAL MEETING

Chair's Address

14 October 2021

Good morning and welcome to Silex Systems Limited Annual General Meeting. I am Craig Roy, Chair of the Silex Systems Board of Directors.

The year ended 30 June 2021 was a pivotal year for the Company and I would like to take a few moments to reflect on some of our significant milestones that help position the Company for commercialisation with the ultimate aim of extracting maximum value from our core SILEX technology.

Foremost of these milestones was the acquisition of our SILEX uranium technology licensee, Global Laser Enrichment (GLE) in January 2021. The GLE acquisition is an important factor in Silex being able to secure a unique and important position in the global uranium and nuclear fuel industry through our purchase of a 51% equity interest in GLE, alongside our joint venture partner, global uranium and nuclear fuel supplier Cameco Corporation. The GLE acquisition was a multi-year effort to put our SILEX uranium technology commercialisation project back in our hands alongside a world class partner. This is a very significant milestone to position the Company for what we believe to be the start of the revival of nuclear power in a carbon constrained world that is increasingly dependent on reliable baseload power. At the AGM last year, we noted that closing of the transaction would be a focus of the Company, and I am very proud that it has been delivered in full.

Since closing the transaction, we have moved quickly with our partner, Cameco on progressing GLE's commercialisation strategy which is underpinned by the agreement between GLE and the US Department of Energy for the proposed Paducah, Kentucky uranium production project. This large, multi-decade project could enable the SILEX technology to become the 'go to' technology for the production of nuclear fuel for today's conventional nuclear power reactors and for the next generation Small Modular Reactors currently under development around the world.

We have also attracted and recruited two key C-suite executives to lead GLE: Mr Stephen Long as GLE's Chief Executive Officer, and Mr James Dobchuk as GLE's Chief Commercial Officer. They are both leaders who are well known for their achievements in the nuclear industry, and they are already adding value.

We also spoke of the Zero-Spin Silicon project at last year's AGM and I am pleased to report that this project has also made very solid progress. We passed the half way mark in the project in collaboration with world-leading quantum computing partners, Silicon Quantum Computing and UNSW Sydney. In a relatively short period, we have achieved some very significant milestones in this project, including the construction of a Prototype Demonstration Facility which has now commenced operations and initial testing for the production of ZS-Si using the SILEX laser isotope separation process. The operation of the prototype facility at the Company's Lucas Heights laboratories represents the first time the technology has been scaled-up outside the original uranium enrichment project and gives us greater confidence regarding the applicability of the unique SILEX technology to silicon and other potentially valuable isotopes.

Through the commercialisation of the SILEX technology, your Company is building a strong position of commercial leverage in several globally relevant growth markets including in the uranium and nuclear fuel industry and the emerging quantum computing industry. We have also commenced our assessment of other potential applications in the field of medical isotopes during the year and this work continues with some promising developments which Michael will shortly outline. We look forward to providing an update on these assessments in due course.

We also continue to be encouraged by the disclosures by UK based IQE Plc with respect to the commercialisation of our cREO® technology purchased by IQE in 2018. IQE reports good progress with its proprietary IQepiMo™ 5G filter device technology built on the cREO® platform, undergoing testing with IQE's partners and customers. Our agreement with IQE includes a minimum 3% royalty on revenues derived from use of the cREO® technology. The Company received the second minimum annual royalty payment from IQE due under this agreement in early 2021.

Corporate Governance

I am pleased to continue to lead a diverse and high-quality Board with significant experience in technology commercialisation, depth of knowledge in the nuclear industry and commitment to strong governance principles. We maintain an active program of Board and director assessment to ensure that we continually improve our governance and I'd like to thank my fellow directors, Michael, Chris and Melissa, and our CFO, Julie for their tireless dedication to the Company as we navigated the Company forward.

However, it is with sadness that I note Melissa Holzberger's resignation from the Silex Board which will take effect at the conclusion of today's meeting. Melissa has made an outstanding contribution during her tenure on the Board, including serving as Chair of the Audit Committee. Melissa, on behalf of the Board and the Silex team, I thank you for your astute counsel and valuable contribution to the Company.

Today, we warmly welcome Helen Cook to the Board, who will be standing for election today. Helen is recognized by the International Atomic Energy Agency (IAEA) as a global nuclear expert and we are delighted to have access to her deep industry knowledge and extensive nuclear commercial and international trade experience assuming she is elected today.

As I mentioned earlier, I am also standing for re-election today with the support of my fellow Directors, and I never take for granted your support as we strive to build further shareholder value.

Following the Company's execution on a number of important strategic priorities in FY2021, we took the opportunity to review the Company's executive incentive programs to align future rewards with the achievement of both our short-term and long-term strategic objectives and ultimately with the creation of value for our Shareholders. As a result, a multi-year incentive program was developed with targets aligned to significant Company milestones and outcomes, and subject to shareholder support for our remuneration initiatives, we intend to continue to offer short-term and long-term incentives using a variety of equity-based awards.

Looking ahead

We executed on a number of important strategic priorities during FY2021 that uniquely positions the Company to seize opportunities across some very significant target markets in the coming years.

With the GLE acquisition now complete, we are focused on supporting the ramping-up of the GLE joint venture under its new leadership team and pushing ahead with the SILEX technology commercialisation program. We also look forward to progressing the ZS-Si project towards completion of Stage 2 of the project around the end of this calendar year, and moving into Stage 3 in 2022, which will focus on the construction of a commercial pilot production facility. Additionally, we will continue our assessment of potential value accretive applications of the SILEX technology starting in the field of medical isotopes.

We believe we are well positioned to capitalise on these exciting opportunities and build momentum in our commercialisation programs over the coming years.

Importantly, in late September, we completed an equity raise by way of a placement, raising approximately \$33 million and we welcome these new investors onto our share register. We also opened a Share Purchase Plan on 5 October, which is currently scheduled to remain open until 22 October. The raising was important to further strengthen our financial pathway as we seek to further advance our technology commercialisation activities and to position the Company to respond quickly and efficiently to opportunities as they arise.

Our goal remains to deliver long-term value to you, our Shareholders, and to do this with an acute focus on risk management and prudent governance at all times.

The COVID-19 pandemic continues to present challenges and create uncertainty. We continue with our operations to the fullest extent possible, with heightened concern for the safety and wellbeing of our team. Notwithstanding the challenges presented over the past 18 months, Michael and the Silex team have executed on our key strategic priorities and continue to drive our technology commercialisation programs with strong focus and rigor.

Our team are outstanding and world class in many ways, and we thank them for their continued energy and expertise as they strive to bring Silex's vision to fruition. They are all shareholders in the Company and are vested in our collective future success.

I'd like to take the opportunity to thank you, and all of our Shareholders for your continued loyalty and support of Silex.

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.

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. 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.