



# Commercialising the SILEX Technology

Equity Raising Presentation  
(ASX: SLX) (OTCQX: SILXY)

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*CEO/Managing Director*

**27 September 2021**

Not for distribution or release in the United States

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- an offer of \$33 million through a placement to eligible sophisticated, professional and institutional investors (Placement); and
- an offer \$7 million through a share purchase plan to eligible shareholders in Australia and New Zealand (SPP).

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**Cover page image accreditation:** Prof. Michelle Simmons team at UNSW/CQC2T demonstrated the fastest 2 qubit gate in silicon using atom qubits. Nature 571, 371 (2019) (Illustration by Tony Melov).



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This presentation should be read in conjunction with the 2021 Annual Report of Silex and other periodic and continuous disclosure announcements that have been lodged by Silex with the Australian Securities Exchange which are available at [www.asx.com.au](http://www.asx.com.au).

# 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 Presentation 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 Presentation 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 Presentation. 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.

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## 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.

# Table of Contents



Introduction	7
Equity Raising Overview	12
Additional Silex Information:	18
Uranium Production and Enrichment for Nuclear Fuel	19
Nuclear Power and the Nuclear Fuel Market Opportunity	25
Zero-Spin Silicon for Quantum Computing	30
SILEX Technology Summary	34
Key Investment Risks	36
Foreign Selling Restrictions	49



Our Mission: to commercialise the unique SILEX laser enrichment technology for application to:



Uranium production and enrichment (nuclear power)



Silicon enrichment (silicon quantum computing)



Other potential markets (e.g. medical isotopes)

Our strategy is focused on extracting maximum value from our core SILEX technology and expertise

# Silex - Positioning for Commercialisation

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- Acquisition of 51% interest in SILEX uranium enrichment technology commercialisation vehicle GLE
- US-based GLE now owned 51% by Silex and 49% by Cameco Corporation
- Cameco is one of the world's leading uranium and nuclear fuel suppliers
- GLE has recruited key executive team members – Chief Executive Officer and Chief Commercial Officer with extensive technical and commercial acumen to lead GLE to market
- Focus on strengthening the GLE commercialisation plan and building the engineering teams



- Zero-Spin Silicon (ZS-Si) 3-year project remains on schedule following the achievement of key milestones, including construction of prototype test facility
- Positioning for potential sale of initial commercial quantities of ZS-Si from a pilot production facility anticipated to be constructed in CY2022



- Assessment of additional potential applications of the SILEX technology in fields such as medical isotopes underway



# SILEX Technology Commercialisation Overview



51% Owned



100% Owned



Other Potential Markets



## SILEX Uranium Production via GLE

**Technology** SILEX laser enrichment  
Licensed to Global Laser Enrichment (GLE)

**Revenue Model** 51% ownership of GLE +  
7% (min.) perpetual royalty

**Partners**

**Market Size<sup>1</sup>.** Uranium: US\$7bn  
Uranium Enrichment: US\$3bn

## SILEX Zero-Spin Silicon Production

**Technology** SILEX laser enrichment

**Revenue Model** Producer-based revenues for  
silicon quantum computing

**Partners**

**Market Size<sup>2</sup>.** Quantum Computing: \$50bn  
(by 2040)

## E.g. Medical Isotopes

**Technology** SILEX laser enrichment

**Revenue Model** Producer-based revenues  
TBD

**Partners** TBC

**Market Size** TBD

1. UxC 2022 estimates, UMO and EMO Q3, 2021

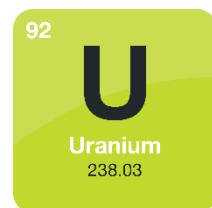
2. CSIRO, Growing Australia's Quantum Technology Industry, May 2020  
(Note: raw materials such as ZS-Si would represent a very small fraction of this)

# Investment Highlights and ESG

## Investment in three key growth industries with strong ESG credentials:

- 1) Clean Energy: Nuclear Power – potential to support Net-Zero 2050 targets
- 2) Next Generation Quantum Computing – expected to help solve global social and environmental issues
- 3) Advanced Nuclear Medical Isotopes – potential to support front line cancer and disease treatments

## The SILEX technology offers investors potential exposure to several growth markets:



### Uranium and nuclear fuel (via GLE):

- Potential uranium production through a ~150M lb resource – one of the largest in the US
- Potential to capture value of conversion of oxide to fluoride ( $U_3O_8$  to  $UF_6$ )
- Potential enrichment of distinct nuclear fuel products such as LEU and HALEU



### Zero-Spin Silicon:

- Potential production of Zero-Spin Silicon (ZS-Si) – key enabling material for silicon quantum computing
- Quantum computing is a strategic technology which may drive new industries in AI, medicine, cybersecurity etc



### Medical Isotopes:

- Enriched Molybdenum can potentially provide new low-cost manufacturing of Technetium-99 – used in over 30 million nuclear medicine procedures each year worldwide and growing
- Enriched Ytterbium may be required for cost effective production of Lutetium-177, a revolutionary new medical radioisotope being trialed in the treatment of several aggressive cancers

# Silex Overview

Period: 1 year (22 Sep 2020 - 22 Sep 2021)



## Pre-equity Offer Top 5 Shareholders

Jardvan Pty Ltd	17.21%
Majenta Holdings Pty Ltd*	3.29%
Polly Pty Ltd	2.35%
Hillboi Nominees Pty Ltd	2.35%
Throvena Pty Ltd	1.72%

\* Included in Board and Management holdings of 5.26%

## Pre-equity Offer Capital Structure

Shares on issue	173,149,279
Shareholders	~ 6,300
Share price <sup>1</sup> .	\$1.44
Market Capitalisation	~\$249m

1. as at Wednesday, 22 September 2021





# Equity Raising Overview



# Equity Raise to Position Silex for Commercialisation

## Current Position

- GLE's planned Paducah uranium production opportunity (~5 Mlbs pa for ~30 years) primary commercial focus
- Silex commercialising SILEX technology for potential production of Zero-Spin Silicon for silicon quantum computing
- Assessing potential for development of SILEX technology in other applications, including medical isotopes
- Stable financial position with ~\$14.1 million cash plus \$5.8 million in IQE shares and no debt<sup>1</sup>.
- Requirement for additional capital to fund and potentially accelerate activities and pursue emerging opportunities

## Equity Offer

- Equity Raising of approximately \$33 million through an institutional placement
- \$7 million capped Share Purchase Plan will also be offered to eligible shareholders

## Uses of Funds

- Advance the commercial pilot demonstration of the SILEX uranium enrichment technology in the USA via GLE
- Development of opportunities for advanced nuclear fuel production with GLE (e.g. HALEU fuel for next-generation SMR's)
- 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)
- General working capital requirements and strengthen the Company's balance sheet

1. As at 30 June 2021

***Funding secured through 2024 to advance commercialisation activities***

# Uses of Funds

Proceeds from the Offer, together with existing cash, will be used to advance the Company’s technologies toward commercialisation and strengthen the Company’s balance sheet:

**1) Advance the commercial pilot demonstration of the SILEX uranium enrichment technology in the US via GLE**

- Enables Silex to support its 51% share of the commercial pilot demonstration program being conducted by GLE
- Allows for the potential acceleration of elements of program objectives in view of changing market conditions

**2) Development of opportunities for advanced nuclear fuel production with GLE (e.g. HALEU fuel for next-generation SMR’s)**

- Allows the assessment and potential development of the SILEX technology via GLE for additional commercial opportunities
- Enables support of GLE to pursue other avenues of funding for emerging opportunities

**\$37 million**

**3) Scale-up of Zero-Spin Silicon production capacity – a key enabling material for silicon quantum computing**

- Potential expansion of production capacity to meet anticipated increase in demand

**\$7 million**

**4) Develop additional applications of the SILEX technology (e.g. medical isotopes)**

- Allows the Company to assess additional opportunities for the SILEX technology and initiate development activities

**\$5 million**

**5) Working capital, general purposes and strengthen the Company’s balance sheet**

- General working capital requirements to support Company’s activities, advance the technology development projects and transaction costs associated with the Offer

**\$5 million**



# Equity Raise Details

## Offer Structure

- Institutional Placement (**Placement**) to sophisticated, professional and institutional investors of ~26 million ordinary shares<sup>1</sup> to raise ~\$33 million
  - Share Purchase Plan (**SPP**) – eligible shareholders will be invited to invest to up to \$30,000 per shareholder in the SPP, subject to any scale back, to be capped at \$7 million
- (together, the **Offer** and **New Shares**)

## Offer Price

- All shares under the **Placement** will be issued at a fixed price of \$1.27 (**Placement Offer Price**)
- The Placement Offer Price represents:
  - 11.8% discount to the last close of \$1.44 (Wednesday, 22 September 2021)
  - 17.2% discount to the 30-day VWAP
- All shares under the **SPP** will be issued at a fixed price of \$1.31 (**SPP Offer Price**)
  - The SPP Offer Price has been set at \$1.31 pursuant to ASX Listing Rule 7.2 (Exception 5)

## Joint Lead Managers

- Shaw and Partners and Euroz Hartleys acting as joint lead managers and joint bookrunners to the placement

## Ranking

- New shares issued under the Offer will rank equally in all aspects with Silex's existing ordinary shares from the date of issue

1. Per ASX Listing Rule 7.1 placement capacity

# Equity Raising - Indicative Timetable

## Indicative Placement Timetable<sup>1</sup>

Event	Date
Silex enters Trading Halt	Thursday, 23 September 2021
Announcement of completion of the Placement	Monday, 27 September 2021
Trading Halt is lifted and existing Silex shares resume trading	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

## Indicative SPP Timetable<sup>1</sup>

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 the results of the 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. All dates and times are indicative and subject to change without notice

# Sources and Uses of Funds

## Sources of Funds

A\$m

Placement proceeds	33
Share Purchase Plan proceeds	7
Existing cash and cash equivalents <sup>1</sup>	14
<b>Total</b>	<b>54</b>

## Uses of Funds<sup>2</sup>

A\$m

GLE funding (51% share) of SILEX technology program and potential HALEU opportunity	37
Zero-Spin Silicon commercial production capacity expansion	7
Development of additional applications of SILEX technology	5
Working capital and general purposes	5
<b>Total uses</b>	<b>54</b>

***Advance the Company's technologies towards commercialisation and strengthen Silex's balance sheet***

1. As at 30 June 2021

2. Assumes AUD:USD of 0.74



# Additional Silex Information



# Uranium Production and Enrichment for Nuclear Fuel

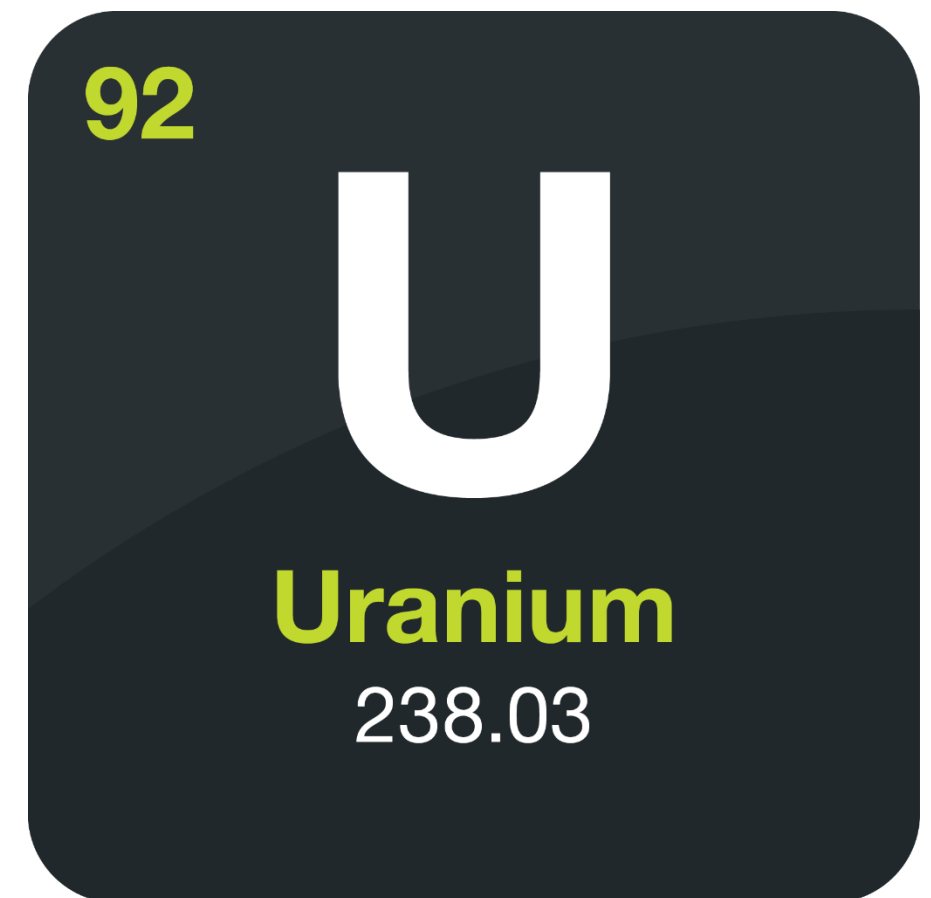


# SILEX Uranium Production Opportunity

## Global demand for Uranium is set to rise:

### A significant potential uranium supply shortage is forecast

- Structural supply deficit could occur without a timely increase in production
- Demand could grow significantly as zero-emissions nuclear is embraced
- There are few low cost resources to supply increasing demand from the mid 2020's
- Uranium prices need to keep increasing to provide stimulus for increased production



### The Flagship Paducah uranium project planned by Global Laser Enrichment (GLE)

- Silex owns 51% equity interest in GLE with Cameco Corporation owning the balance of 49%
- GLE has an agreement with US DOE<sup>1</sup> to purchase tails inventories owned by the US Government
- GLE's Paducah project aims to enrich the tails using the SILEX technology to produce natural uranium

1. US Department of Energy



# Paducah Uranium Production Opportunity

## Target Commercial Operation Date

Anticipated to be late 2020's

## Akin to a 'Tier 1' Uranium Resource\*

based on low cost and longevity of production  
(Silex estimate of all-in cost < US\$25/lb)

## Equivalent $U_3O_8$ Production

Planning for ~5 million lbs p.a. for approximately 30 years

## Potential capture of Conversion Value

Feed and Product is  $UF_6$   
(current conversion value ~US\$10/lb)

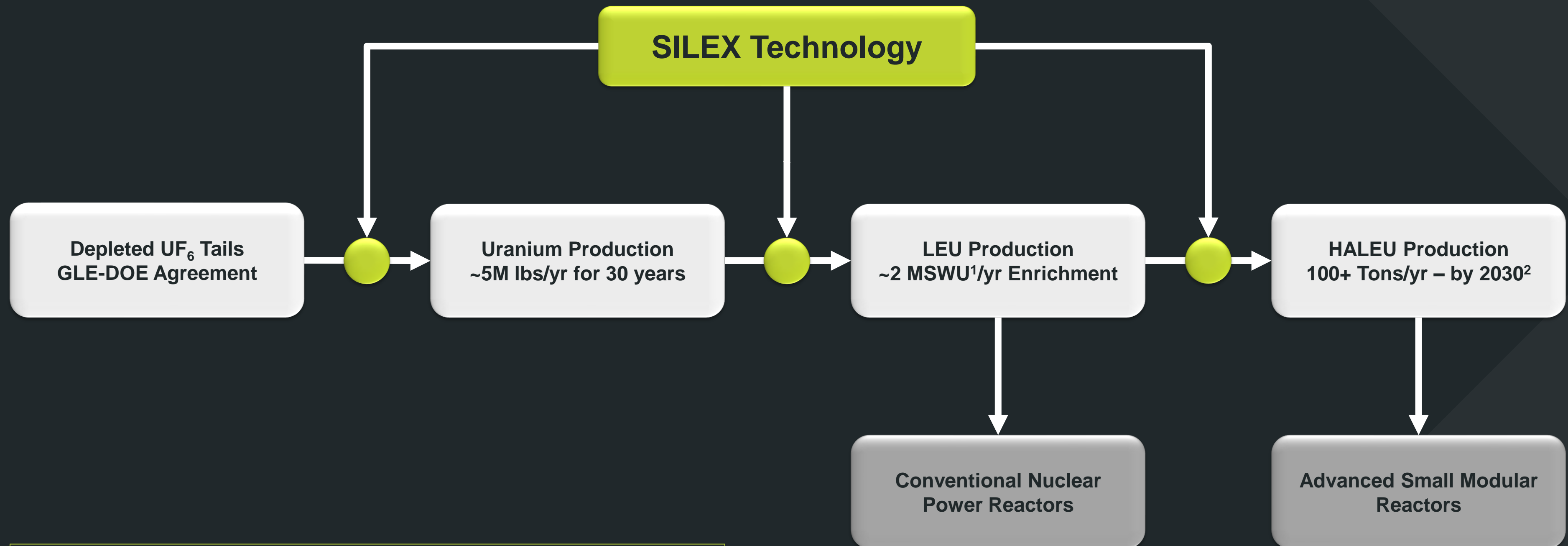
## Potential to enrich further

From natural grade (0.7%) to LEU (up to 5%) & HALEU (up to 19.9%)

\* Per current estimates by Silex of project economics and longevity

# The Paducah Opportunity Potential Value Chain

## 'Full Service' Nuclear Fuel Materials Concept



1. 2 MSWU is the estimated enrichment capacity to process ~5M lbs U<sub>nat</sub> into LEU;  
SWU – Separative Work Unit - is the unit of enrichment traded in the market;
2. US Nuclear Energy Institute estimates demand of 137 tons/yr by 2030 (2020 Letter to US DOE)



# Emerging Opportunity - Small Modular Reactors (SMR's)

- Several next generation SMR designs use High Assay Low Enriched Uranium (HALEU)
- SILEX technology may provide a flexible low cost alternative to produce HALEU for SMR's
- SMR's are modular, smaller size (50 MWe to 300 MWe) allows greater flexibility in deployment
- Designed for production-line manufacturing rather than conventional custom built capital projects
- SMR's anticipated to result in significant reduction in capital costs and shorter construction times
- Leading contenders anticipated to be introduced commercially from the early 2030's in the US

Small Modular Reactor (concept)



VS

Conventional Large Scale Reactor

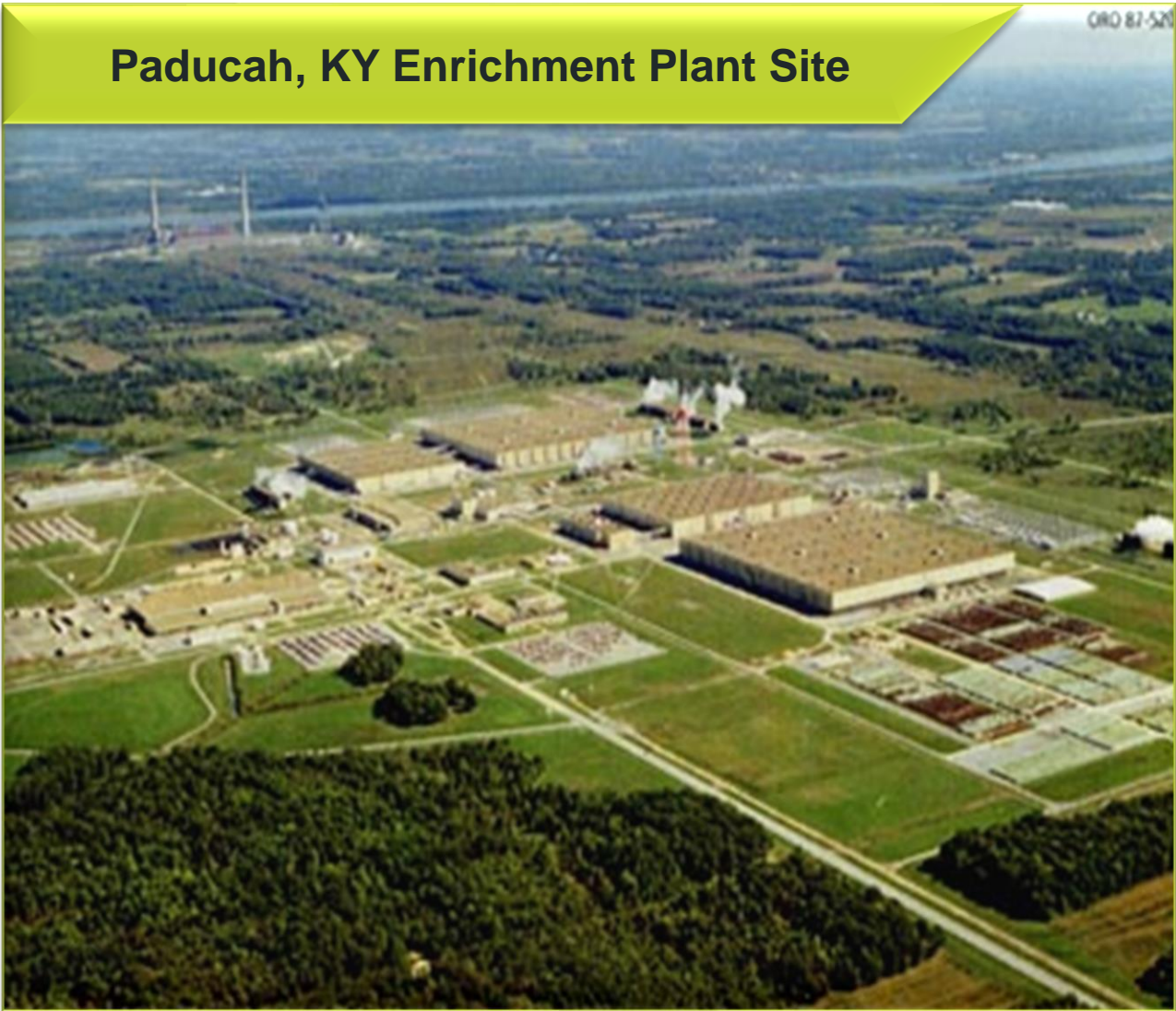




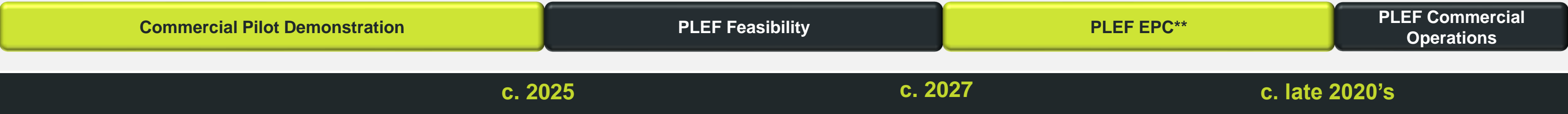
# SILEX Commercialisation and Royalty Agreement

- GLE holds exclusive worldwide license for use of SILEX laser technology for uranium
- License agreement includes US\$20 million in payments to Silex triggered by commercial development milestones:
  - US\$5 million: Commercial pilot demonstration (c.2025)
  - US\$5 million: Commencement of PLEF<sup>1</sup> EPC (c. 2027)
  - US\$10 million: PLEF commercial operations (c. late 2020's)
- Perpetual royalty of 7% (min.) on GLE's enrichment SWU revenues from use of SILEX for production of natural and enriched uranium
- Royalty and milestone payments are in addition to any potential equity-based distribution of profits payable from GLE's commercial operations (currently Silex holds 51% ownership)
- Cameco holds an option to purchase 26% of GLE equity from Silex at fair market value

1. PLEF: Paducah Laser Enrichment Facility



## SILEX Uranium Technology Target Commercialisation Timeline\*:



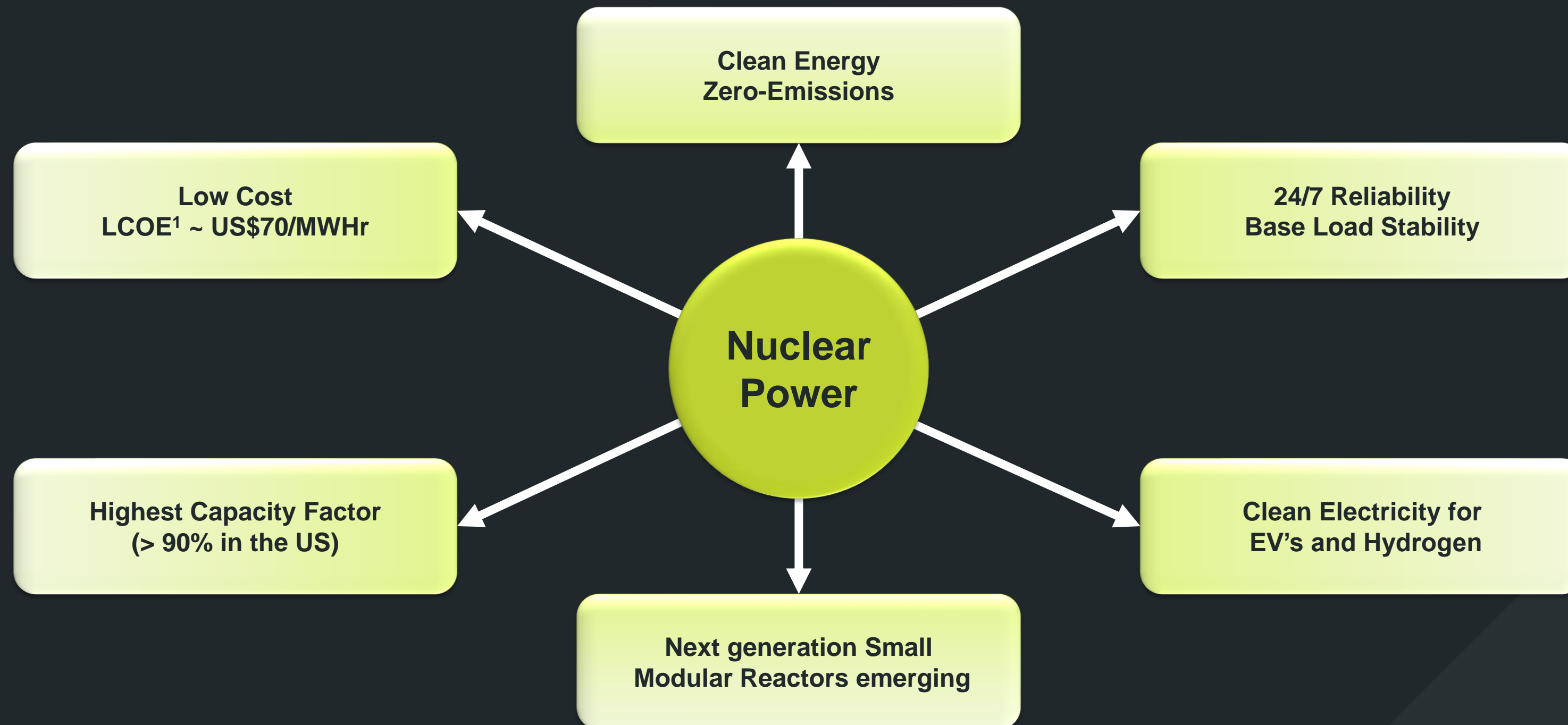
\* Subject to technology development program outcomes, market conditions and other factors    \*\* Engineering, Procurement and Construction (EPC)



# Nuclear Power and the Nuclear Fuel Market Opportunity

# Why Nuclear Power is important to achieving Net-Zero

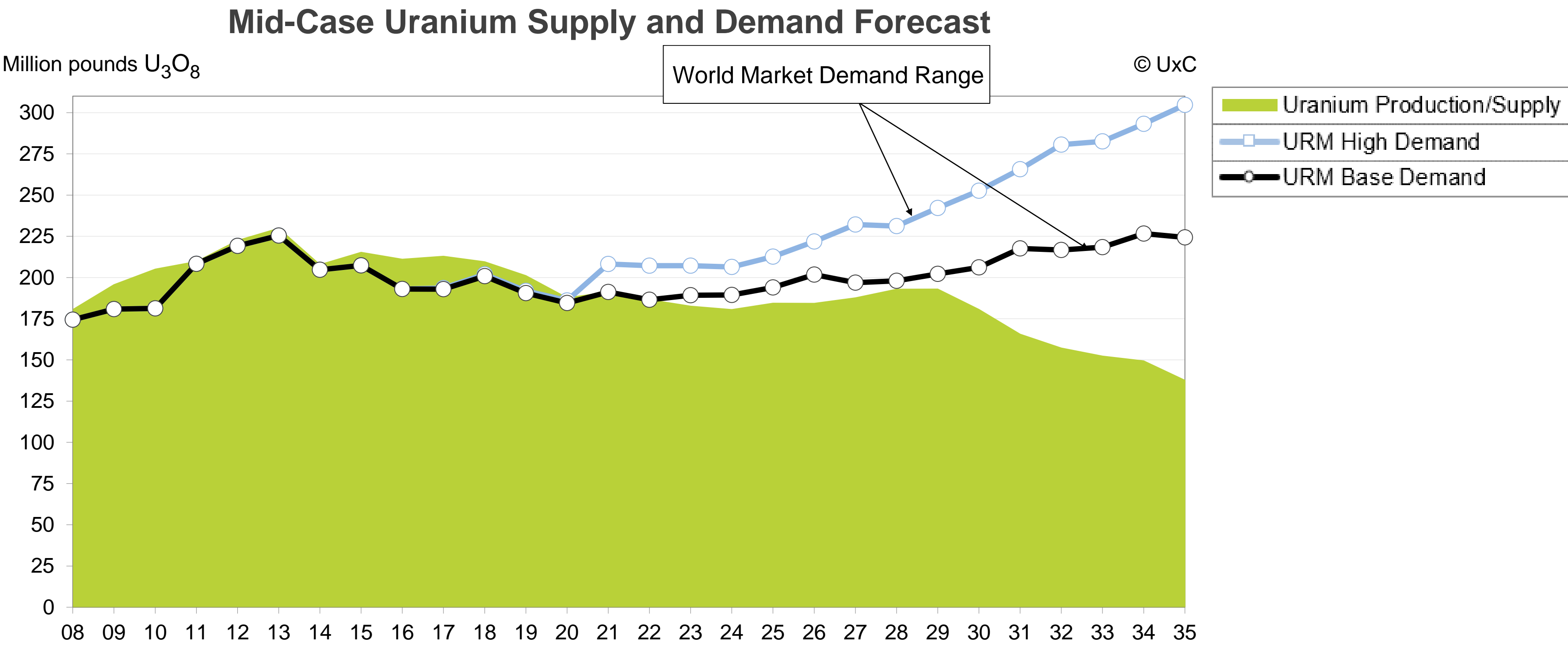
**Nuclear power is currently the only economic source of zero-emissions base load electricity**



1. LCOE ~US\$70/MWHR, IEA Projected Costs of Generating Electricity 2020  
(LCOE = Levelised Cost Of Energy – all-in costs basis)



# US Uranium Market Outlook – Supply Shortage Forecast

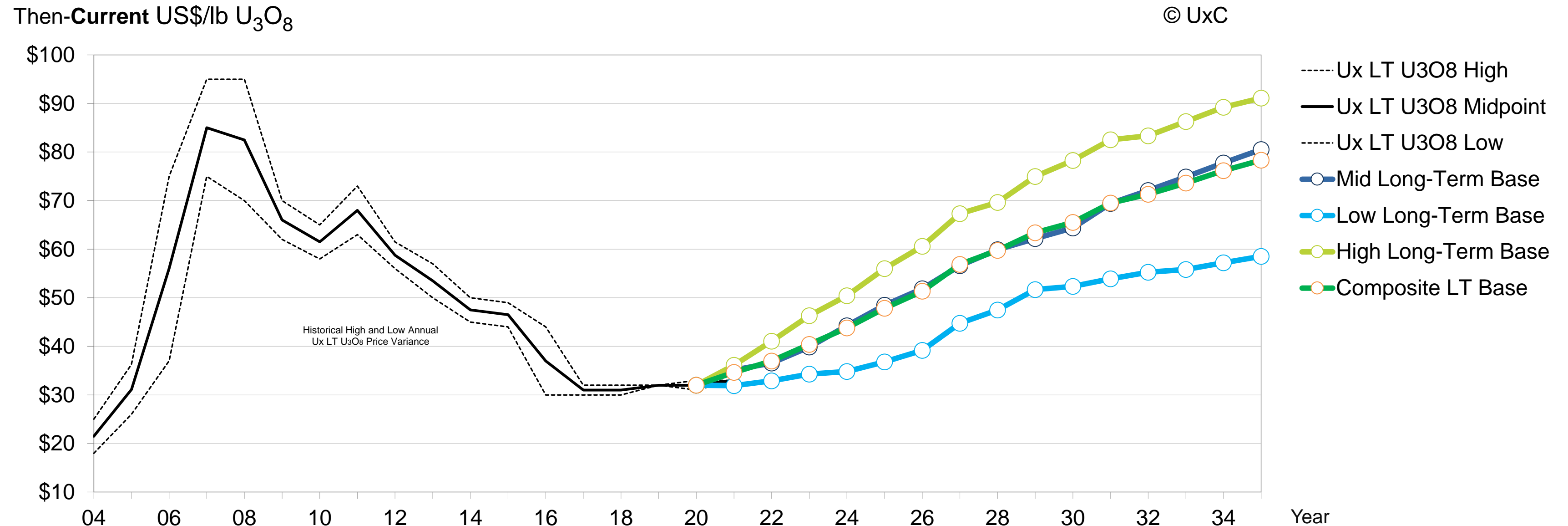


Source: UxC Uranium Market Outlook, Q3 2021

- Uranium supply forecasted to be insufficient to meet demand from mid-2020's

# Uranium Price – Price Recovery Underway

## Uranium Long-Term Base Price Forecast



Source: UxC Uranium Market Outlook, Q3 2021

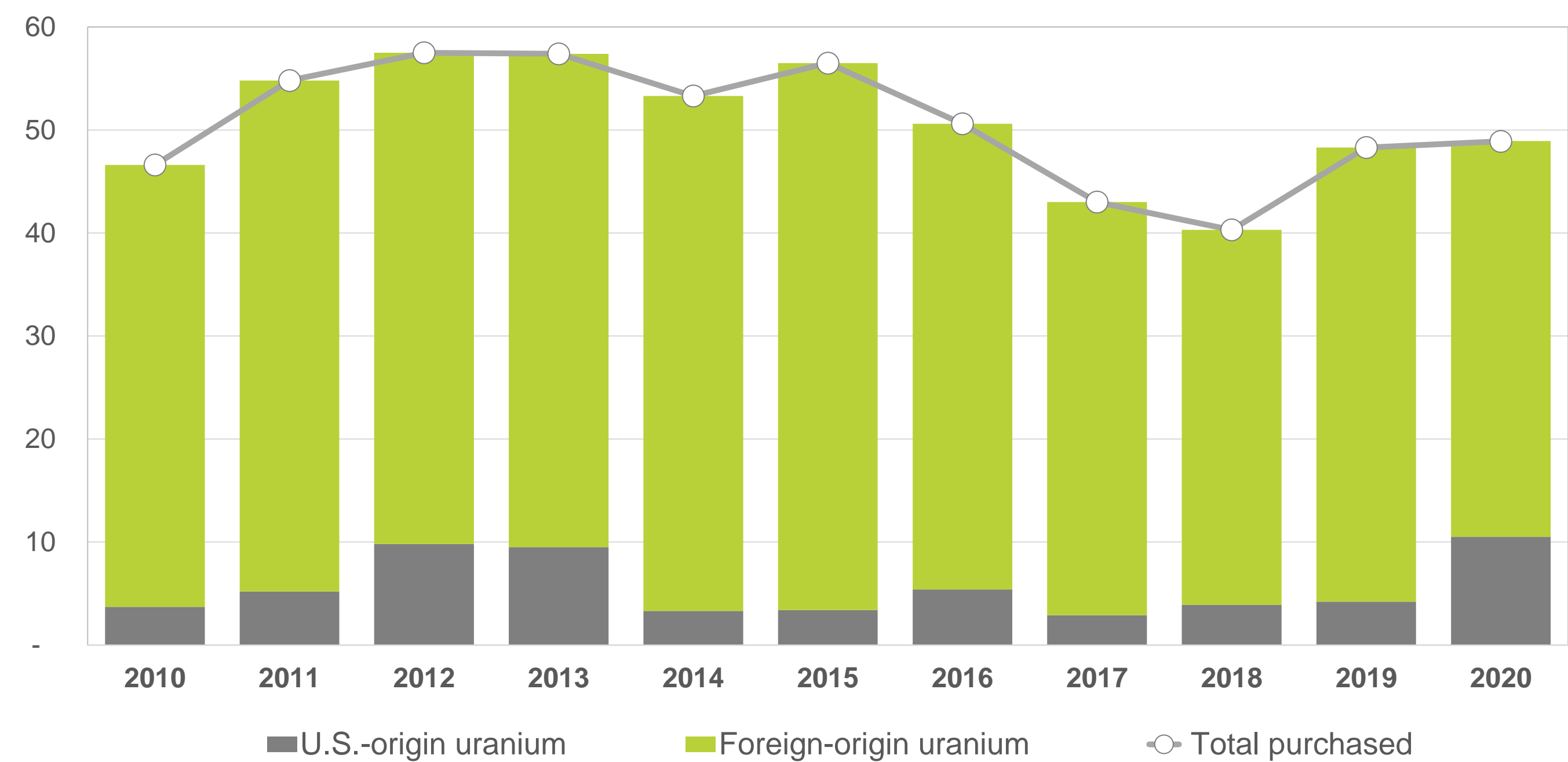
- UxC forecasts mid-case term uranium price ~\$50/lb by 2025 and ~\$65/lb by 2030
- Spot price now around \$45/lb – up over ~150% since 2016 low (\$18/lb)
- Sprott Physical Uranium Trust (SPUT) purchasing Q3 2021 accelerated spot price rise



# Paducah Opportunity may help address US Uranium Vulnerability

Uranium purchased for U.S. nuclear power reactors, 2010 - 2020

Million pounds  $U_3O_8$  equivalent



US Imports ~90% (avg.)  
of Uranium purchased

Source: 2020 EIA Uranium Marketing Annual Report  
(Released May 2021)

# Zero-Spin Silicon for Quantum Computing



# SILEX Zero-Spin Silicon Opportunity

## Global race to develop world's first Quantum Computers

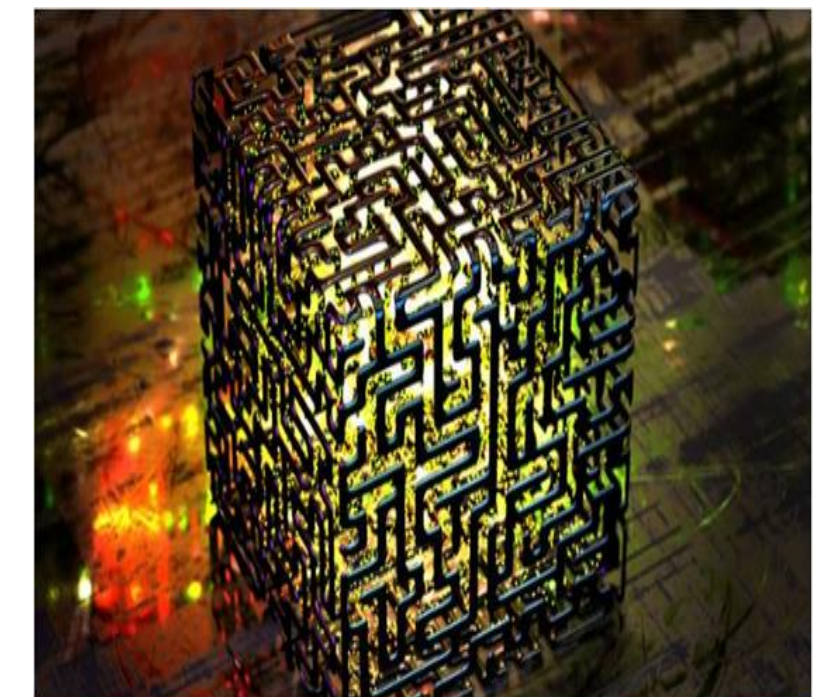
- QC's expected to be 1000's of times more powerful than today's conventional computers
- QC anticipated to create new opportunities in medicine, AI, cybersecurity, finance, logistics etc
- Governments around the world and corporates such as Intel, Google, IBM, Microsoft are vying for leadership in QC development

## Silicon Quantum Computing (QC) is a leading contender for QC technology

- Silicon QC is well placed to leverage off the existing global silicon semiconductor industry
- Silicon QC requires highly enriched silicon, currently in limited supply and high cost
- A reliable enriched silicon supply chain needs to be established to support commercial path
- With timely commercialisation of stable supply chain - silicon may potentially lead global QC efforts

## The SILEX Zero-Spin Silicon (ZS-Si) production opportunity

- SILEX technology already proven capable of producing enriched silicon in the form of ZS-Si
- Current ZS-Si project aims to scale-up to pilot commercial production by end of 2022
- Project partners Silicon Quantum Computing (SQC) and UNSW Sydney are initial customers
- Silex aims to engage with other potential customers, including major semiconductor companies





# SILEX Project for ZS-Si production gathering momentum

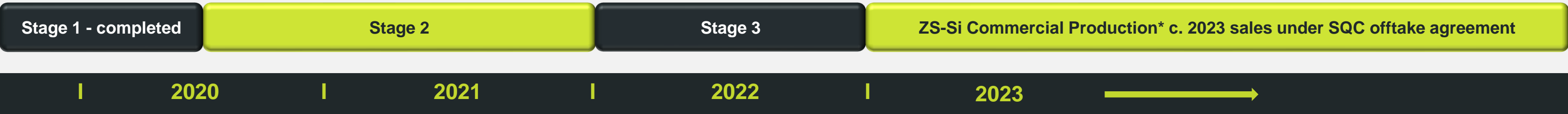
- Project partners SQC and UNSW part of the Federally funded ‘CQC2T Centre of Excellence’ – a world leader in silicon-based QC technology development
- 3-year project cost ~\$8m (includes pilot plant capex) supported by \$3m Federal CRC-P funding grant and \$1.8m from SQC (including \$0.9m in advanced ZS-Si purchases)
- Project objective is to establish reliable and cost effective production of ZS-Si for potential sale to domestic and offshore consumers in the emerging global QC industry

**3-stage project aims to produce ZS-Si in increasing purity and quantity:**

- **Stage 1:** (Completed June 2020) Established lab-scale ‘proof-of-concept’ for the SILEX process
- **Stage 2:** (Current) Prototype validation of SILEX technology and scalability for ZS-Si production
- **Stage 3:** Full technology demonstration for ZS-Si production at commercial pilot scale



## ZS-Si Production Commercialisation Timeline\*:



\* Subject to technology development program outcomes, market conditions and other factors.

# SILEX Zero-Spin Silicon Production Opportunity

## Aim

establish a reliable and economic supply of high purity ZS-Si

## Target Commercial Operation Date

2023

## Production

Commercial pilot scale production up to 5 kgs per year, anticipated to increase over the next decade

## ZS-Si Target Purity

99.995% or higher

## Commercial Offtake Agreement with SQC

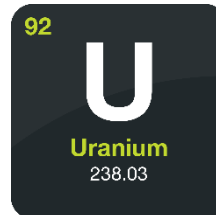
Other potential customers to be engaged



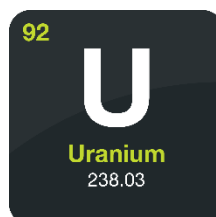
# SILEX Technology Summary



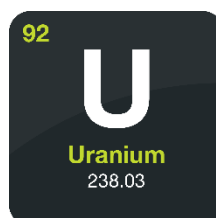
# SILEX Technology Summary



GLE venture (Silex 51% and Cameco 49%) aiming to demonstrate SILEX uranium enrichment technology at pilot commercial scale by the mid 2020's



GLE's commercial focus - the Paducah opportunity – potentially a large, low cost uranium production project with additional scope for uranium enrichment to produce LEU and HALEU nuclear fuels



Long-term fundamentals for global growth in nuclear power remain positive, however a significant uranium supply deficit is anticipated in the absence of timely new production



SILEX silicon enrichment technology being developed to produce Zero-Spin Silicon (ZS-Si) in support of global efforts to commercialise silicon quantum computing



Assessment of additional applications of the SILEX technology, including potentially medical isotopes



# Key Investment Risks



# Key Investment Risks

## Introduction

This section describes the key risks of investing in Silex and the risks relating to participation in the Equity Raise. The risks identified in this section do not describe all of the risks of an investment or that may have a material impact on the financial performance of Silex and the market price of its shares. Investors should seek professional, financial, legal and tax advice prior to making an investment. Investors should consider whether an investment in the Equity Raise or Silex generally is a suitable investment, having regard to their own personal investment objectives and financial circumstances, and the key risk factors set out below before making an investment decision. Investors should read this entire Presentation and review announcements made by Silex to ASX (at [www.asx.com.au](http://www.asx.com.au), ASX:SLX) in order to gain a further appreciation of Silex, its activities, operations, financial position and prospects.

The business activities of Silex are subject to risks, which include those which apply to investments in equity markets, and those which apply specifically to Silex and the present state of development of Silex's operations and technologies. Some of the specific risks may be mitigated through the use of safeguards and contingency plans. However, many risks are outside the control of Silex and its Directors, and cannot be mitigated. Assessment of key risks is based on the knowledge of Silex's directors as at the date of this Presentation and the assessment may result in a different selection in the future, and none of Silex or its directors provide any guarantee or assurance that the prominence of certain risks will not change or that other risks will not emerge.

The key investment risks summarized are as follows:

1. General Business Risks
2. Technology Commercialisation Risks
3. Nuclear Industry Risks – SILEX Technology for Uranium Enrichment
4. Quantum Computing Risks – SILEX Technology for Zero-Spin Silicon
5. General and Miscellaneous Risks

# Key Investment Risks

## 1. General business

Silex's general business risks include but are not limited to:

- results from Silex's uranium enrichment development program for the SILEX laser uranium enrichment technology. The outcome of this program remains subject to various risks including, but not limited to, the results of the Test Loop Program, the results of the commercial facility Engineering Design Program, the application for a construction and operating license from the US Nuclear Regulatory Commission in relation to the proposed Paducah Project, or any other project that GLE may develop;
- results from Silex's silicon enrichment development program, using the SILEX laser enrichment technology for the production of 'Zero-Spin Silicon' (ZS-Si) - a key enabling material for silicon quantum computing. The outcome of this program remains subject to various risks including, but not limited to, the results of the technology development project, the efficacy of the technology in producing high purity ZS-Si, and the demand for ZS-Si as the quantum computing industry emerges from the development phase;
- the demand for natural uranium and enriched uranium fuels, such as LEU, HALEU and other fuel types, and the demand for ZS-Si for silicon quantum computing;
- the business risks associated with any future manufacturing and marketing activities undertaken by the Company, including but not limited to market volatility, changes in government support policies, downward pressure on selling prices, upward pressure on cost of goods, and manufacturing issues;
- the risks associated with the development of the SILEX technology for enrichment of uranium, silicon or any other isotopes, and any new technology introduction programs undertaken by the Company, including but not limited to, technical or efficacy issues, economic issues, schedule delays, budget overruns and competitive pressures;
- decisions made or actions taken by the Company's commercialisation partners that could adversely affect the various technology development programs;
- the outcomes of Silex's interests in the cREO® semiconductor material being commercialized by IQE Plc, including but not limited to, technical and/or performance issues, economic shortcomings, schedule delays, budget overruns and competitive pressures;
- the time taken to develop various technologies;
- the development of competitive technologies;
- the potential for third party claims against Silex's ownership of intellectual property associated with its numerous technologies;
- the potential impact of government regulations or policies; and
- the outcomes of various commercialisation strategies undertaken by Silex.



# Key Investment Risks

## 2. Technology Commercialisation Risks

### *(a) Commercialisation Delays*

The nature of research and development projects is such that delays can occur in the development process which may impact on the timing of the commercial deployment of any of Silex's technologies, including its unique third-generation laser-based technology (the SILEX Process or SILEX technology) to: enrich i) uranium for fuel used in nuclear power plants; ii) silicon for use in silicon quantum computing; and iii) other commercial isotopes such as medical isotopes for radioisotope production. Any such delay can have an adverse impact on the potential receipt of income from revenues and/or royalties.

### *(b) Silex's technologies may not perform well at full-scale or be sufficiently economic*

The SILEX uranium enrichment technology has been proven to work at prototypical scale to date. Combined with process modelling and preliminary feasibility assessments undertaken by Silex, information obtained thus far has indicated a sufficiently positive business case to support continuation of the project. GLE is currently conducting a Test Loop Project to scale-up the technology to full-scale pilot plant level and demonstrate the technical and economic feasibility of the technology. However, there is no guarantee that this project will be successful. GLE will continue to evaluate the project throughout this phase to decide whether to proceed with a commercial production facility. If GLE does not decide to proceed with construction of the commercial production facility, this could adversely affect Silex's financial performance and share price. Even at this stage of development there remains a risk that the SILEX technology as applied to uranium may be found to be not sufficiently economic to justify commercial deployment.

In relation to Silex's other applications of the SILEX technology, including but not limited to silicon enrichment, there are similar risks that the technology developed for any particular application may not be found to perform adequately at full-scale and be sufficiently economic to justify commercial deployment because of the relative costs of such technology or products compared to alternative technologies or products. Therefore, the economic performance and value of such additional applications of the SILEX technology or products manufactured from its utilization in various applications may be found to be not sufficiently economic to justify commercial deployment.

In relation to Silex's cREO<sup>®</sup> advanced semiconductor materials technology, this technology was purchased by global semiconductor wafer manufacturer IQE Plc (AIM: IQE) in 2018 and is subject to potential royalties payable to Silex in the event IQE generates revenues from the use of cREO<sup>®</sup>. IQE has reported positive progress in the commercialisation of the cREO<sup>®</sup> technology over the last few years, however to date has not sold any products utilising the cREO<sup>®</sup> technology and therefore no revenues have been generated. There are risks associated in bringing new materials into the semiconductor industry which IQE are in the process of mitigating, and which Silex has no control or influence over. It is therefore still possible that such risks and the possibility that the performance of cREO<sup>®</sup> in IQE's products may not support ongoing product development by IQE, and that the cREO<sup>®</sup> technology is found to be not sufficiently economic to justify commercial deployment.

# Key Investment Risks

## 3. Nuclear Industry Risks – SILEX Technology for Uranium Enrichment

### *(a) Changes in market prices or decreasing demand*

Changes in the market price or demand for uranium (measured in pounds of uranium oxide or 'yellowcake'), Separative Work Units (SWU's) or other forms of uranium could affect GLE's and Silex's ability to commercialise the SILEX technology.

### *(b) Nuclear Industry growth or contractions*

If the SILEX technology is ultimately deployed, the quantum of income in the form of revenues and/or royalties will be impacted by any growth or decline in the size of the world nuclear industry. Examples of factors which may constrain growth in the nuclear industry include:

- concerns over the safety of the nuclear industry;
- concerns over nuclear proliferation;
- concerns over the safe disposal of nuclear waste; and
- concerns over the economics of nuclear power.



# Key Investment Risks

## **(c) Contractual and Regulatory Risks – SILEX Uranium Technology**

In 2006, Silex signed an agreement with GE to develop and commercialise the SILEX Process for uranium enrichment. In January 2021 a restructure of GLE was completed resulting in Silex acquiring 51% ownership in GLE and Cameco increasing its ownership from 24% to 49%. As a result of GLE becoming wholly foreign owned, Silex and Cameco are subject to certain regulations and directives relating to the mitigation of Foreign Ownership, Control or Influence (FOCI) over GLE, as mandated by the US Government through its approval of the GLE restructure. These regulations and directives are administered on behalf of the US Government by the US Nuclear Regulatory Commission (the NRC) and to a lesser extent the US Department of Energy). While the regulations and directives are generally supportive to GLE's business activities and strategies, there may be situations in which the interests of the US Government with respect to FOCI mitigation are not fully aligned with the business interests of GLE or its owners, Silex and Cameco. This may cause frustrations or delays with respect to the execution of GLE's business strategies, which could ultimately impact the economic value of GLE and its commercial projects.

Silex signed an agreement, effective in January 2021, with Cameco as its partnering shareholder in GLE relating to the governance and conduct of GLE's business, and the formulation of commercial priorities and strategies that are developed for GLE. While Silex and Cameco are generally highly aligned in their business aspirations and priorities for GLE, there may be situations arise in which Silex and Cameco may not be fully aligned and which may lead to disagreements between Silex and Cameco. For example, while Silex only has one asset in relation to uranium (the SILEX uranium enrichment technology) and one business vehicle (GLE) for its uranium enrichment activities, Cameco has several different assets in the form of various uranium resources located around the world and nuclear fuel production facilities, as well as different business vehicles and partners for its portfolio of uranium assets and nuclear fuel production businesses. It is therefore possible disagreements will arise between the GLE shareholders, and while there are provisions in the agreement between Silex and Cameco to resolve such disagreements, some matters may not be easily resolved and may impact GLE's economic value and commercial prospects.

In 2016, an agreement was signed between GLE and the US Department of Energy which facilitates the future purchase of hundreds of thousands of metric tons of depleted uranium hexafluoride (DUF<sub>6</sub>) inventories (also known as depleted 'tails') owned by the US Government. This agreement relates primarily to the inventories which are located at the Department of Energy reserve in Paducah, Kentucky. This agreement, which was amended in 2020 to align it with recent market conditions and US Government priorities, underpins GLE's primary commercial project, described above as the Paducah Commercial Opportunity or Project.

# Key Investment Risks

Silex is reliant on these various agreements and contracted parties for the successful commercialisation of the SILEX uranium enrichment technology. Problems arising or caused through these contracts or agreements or by, or with the counterparties and other contracted parties, may have the potential to impact on the performance and operations of Silex and/or GLE and the commercial outcomes being pursued by Silex and/or GLE. Any disagreements in the interpretation of contracts or agreements and any failure by counterparties to perform their obligations under such agreements or contracts may have a material adverse effect on Silex and GLE and there can be no assurance that Silex would be successful in attempting to enforce any of its contractual rights through legal action.

## **(d) Licence approvals – SILEX Uranium Technology**

Commercialisation of the SILEX uranium enrichment technology could be delayed or derailed if there are difficulties or delays in obtaining appropriate licences and permits (particularly in the United States). As part of the regulatory requirements for the development and commercialisation of the SILEX uranium enrichment technology, GLE will be required to submit a commercial facility construction and operating license application to the NRC for the proposed Paducah Laser Enrichment Facility, or for any other facility that GLE wishes to develop. Notwithstanding a NRC license was received for a plant proposed to be built in Wilmington, North Carolina in 2012 (which has since been terminated), if any new license is not granted, this will adversely affect GLE's operations and threaten the viability of the commercialisation of the SILEX technology.

## **(e) Political interference – SILEX Uranium Technology**

As the SILEX technology relates to the politically sensitive nuclear industry, delays in its development and ultimate deployment may be incurred as a consequence of political factors.

Examples of potential factors or events that could affect the nuclear industry as a whole, and the SILEX technology more specifically, include:

- accidents, terrorism or other incidents at nuclear facilities or involving operations and/or shipments of nuclear materials;
- regulatory actions or changes in regulations by nuclear regulatory bodies, or decisions by agencies, courts or other bodies that limit Silex's ability to seek relief under applicable trade laws to offset unfair competition or pricing by foreign competitors;
- disruptions in other areas of the nuclear fuel cycle, such as trade sanctions or embargos, uranium supplies or nuclear failures;
- subsidies provided to other power generation technologies, such as renewables;
- government or civil interference resulting from concerns over nuclear proliferation risks;
- civic opposition to, or changes in government policies regarding, nuclear operations;
- the need for additional power generating capacity; and
- consolidation within the electric power industry resulting in the marginalization of nuclear power.



# Key Investment Risks

## **(f) Release of uranium stockpiles**

The US and foreign governments have stockpiles of natural uranium and LEU that they could sell in the market. In addition, LEU and HALEU may be produced by down-blending stockpiles of highly enriched uranium owned by the US and foreign governments. The release of these stockpiles into the market can depress prices and reduce demand for natural uranium, LEU and HALEU.

## **(g) Competition**

The SILEX technology may not be commercially deployed if it is not as economic as other competing technologies or other sources of natural uranium or enriched uranium, particularly those that involve operating facilities with sunk capital costs. GLE's proposed Paducah Commercial Opportunity for the production of natural grade uranium from DUF6 inventories to be purchased from the US Department of Energy, will have to compete with dozens of established uranium producers around the world, and there is no guarantee at this point that the Paducah project will be sufficiently competitive to support its deployment in the late 2020's.

GLE's competitors may have greater financial resources than GLE does, including access to below-market or internal financing resources. Some of GLE's foreign competitors enjoy support from their government owners, which may enable them to be less cost or profit sensitive than GLE is. In addition, decisions by GLE's foreign competitors may be influenced by political and economic policy considerations rather than commercial considerations.

# Key Investment Risks

## 4. Quantum Computing Risks – SILEX Technology for Zero-Spin Silicon

The application of the SILEX Laser Isotope Separation technology to the enrichment of silicon for the production of Zero-Spin Silicon (ZS-Si) is in the early stages, currently approximately 50% through a three-year development and demonstration project. The ZS-Si project involves many risks common to the uranium enrichment project as outlined in the preceding pages. It also involves several risks which are more specific to the commercial use of ZS-Si as it relates to the emerging global quantum computing industry, including, but not limited to the following:

### *(a) Competition from different Quantum Computing technologies*

There are currently several different techniques being pursued for the development of Quantum Computing (QC) hardware, including but not limited to:

- Silicon-based QC (which depends on the secure availability of ZS-Si);
- Superconducting QC;
- Ion Trap QC;
- Photonics-based QC;
- Neutral atom QC;
- Diamond-based nitrogen-vacancy QC; and
- Topological QC.

All of these techniques, including silicon-based QC, are in the early stages of development and it is too early to determine which techniques will be successful and which will not. While silicon-based QC appears to be a viable path at this stage, it remains uncertain whether silicon-based QC will succeed, and if it does, whether it will compete commercially with other successful techniques. The medium and long-term demand for the key enabling material for silicon QC – ZS-Si is therefore highly uncertain, and Silex is accordingly unable to determine or ascribe any economic value to the ZS-Si project and any future revenues that may result.



# Key Investment Risks

## ***(b) Ability to produce sufficiently pure ZS-Si economically and at affordable pricing***

While Silex has already demonstrated the ability of the SILEX technology to produce small quantities of ZS-Si in the first stage of the ZS-Si project (laboratory-scale), it has to date only demonstrated enrichment of silicon to around 99.95% silicon-28. While this level of purity is known to be of interest to Silex's partners in the ZS-Si project (UNSW Sydney and Silicon Quantum Computing Pty Ltd) and other organisations developing silicon-based QC, Silex is seeking to establish a technical and commercial advantage over its competitors who produce enriched silicon via gas centrifuge technology. It is too early to determine whether such an advantage will be achieved in the ZS-Si project, and therefore Silex remains unsure of the economic value of the ZS-Si project and its commercial outcomes.

Furthermore, if Silex is successful in producing higher purity ZS-Si in the development project (currently targeting 99.995% purity), the cost of production of this material is unknown and it is therefore uncertain as to whether Silex can produce high purity ZS-Si at affordable pricing. Conversely, the market for enriched silicon or ZS-Si has not been established to any significant extent and is essentially embryonic by nature. Therefore, the price paid for enriched silicon today cannot be taken as a guide to what the market price may be in the future.

## ***(c) Competition in the production of enriched silicon or ZS-Si***

The availability of enriched silicon or ZS-Si is currently limited, with only a few kilograms of material known to be produced via centrifuge each year. As far as Silex knows, all enriched silicon produced today is from centrifuge plants owned (largely) by State Owned Enterprises – the Russian Government owned Tenex organization and the European Tripartite (UK, Germany, Netherlands) URENCO organization. As government owned enterprises, these organisations have considerable financial and political backing and this may place Silex at a commercial disadvantage. Additionally, the Russian Tenex organization has displayed a history of price-cutting and dumping with respect to other commodities, including uranium and enriched uranium, and therefore there is a risk that any future enriched silicon or ZS-Si market may be subject to unfair trading practices which could impact the economic value of future revenues from sales of ZS-Si by Silex.

# Key Investment Risks

## 5. General and Miscellaneous Risks

### *(a) COVID-19*

The ongoing COVID-19 pandemic and any other possible future outbreaks of contagious diseases or pandemics may have a significant adverse effect on Silex. The spread of such diseases amongst Silex's management, employees, contractors and suppliers, as well as any quarantine and isolation requirements, may affect Silex's ability to efficiently operate. In particular, the imposition of any mobility restrictions may adversely affect the commercialisation of the SILEX uranium enrichment technology. This is exacerbated by the fact that the GLE joint venture is located in the US, whilst Silex's head office, and key management team members, are located in Sydney, NSW.

More broadly, Silex may also be affected by the macroeconomic effects and ensuing financial volatility resulting from the pandemic and any other possible outbreaks. While the final effects of the COVID-19 pandemic or other possible disease outbreaks are difficult to assess, it is possible that they will have a substantial negative effect on the economies in which Silex operates and could have an adverse effect on Silex's projects, operations and financial performance.

### *(b) Intellectual property*

As with any intellectual property, potential exists for a third party to dispute the Silex's rights to the SILEX technology or any other technologies it develops, uses or relies upon, including the SILEX technology and the cREO® technology. With respect to the SILEX technology, because this technology has been classified by the Australian and US governments for the application to uranium, the Company is not permitted to apply for patent protection for this technology and its various application beyond uranium to the extent there is overlap in the intellectual property.

The SILEX technology is therefore protected proactively by trade-secret protocols and controls, such as high security infrastructure including security fencing, 24/7 CCTV surveillance, cybersecurity program and 24/7-armed guard patrols, as well as security clearances for all staff. While the Company believes its protection of intellectual property is at a very high standard, there are always risks associated with breaches of security and information leaks which could adversely impact the value of the Company's intellectual property.

### *(c) Reliance on key staff*

As the CEO and Founder of Silex, with experience in both technology development and company management, Dr Michael Goldsworthy, remains fundamental to the success of Silex. Silex may be adversely affected if Dr Goldsworthy is unable to remain actively involved in the business. In addition to Dr Goldsworthy, Silex relies heavily on the knowledge and expertise of several long-serving senior technology experts. The loss or retirement of any of these specialists may have an impact on progress in the Company's various projects.



# Key Investment Risks

## **(d) Share price variation and liquidity**

The New Shares issued pursuant to this equity raising carry no guarantee in respect of profitability, dividends or return of capital. Silex is unlikely to pay a dividend for a number of years. There can be no guarantee that there will continue to be an active market for Shares or that the price of Shares will increase. There may be relatively few buyers or sellers of Shares on ASX at any given time, which may affect the volatility of the market price of Shares. It may also affect the prevailing market price at which shareholders are able to sell their Shares, which may result in shareholders receiving a market price for their Shares that is less or more than the price paid for New Shares under the Offer.

## **(e) Environmental and Regulatory risks**

Silex's and GLE's operations are subject to extensive Federal, State and local environmental laws and regulations in both Australia and the US. These laws and regulations set various standards regulating certain aspects of health and environmental quality and provide for penalties and other liabilities for violation of such standards. Significant liability could be imposed on Silex or GLE for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage or non-compliance with environmental laws or regulations. Compliance or non-compliance with environmental laws or regulations may require Silex or GLE to incur significant costs and may have a significant material impact on Silex's financial performance and economic value.

## **(f) Additional Financing**

The directors will consider the most appropriate options for further funding at the relevant times. Any additional equity financing may be dilutive to the Silex shareholders. In addition, any debt financing, if available at acceptable terms or at all, may involve restrictions on financing and operating activities, including the future potential payment of dividends, and result in a material interest expense. If Silex is unable to obtain additional financing as needed, on acceptable terms or at all, it may be required to reduce the scope of its development plans which may, in turn, adversely affect Silex's operations.

## **(g) Insurance**

Insurance of risks associated with laser isotope separation technology, in particular in relation to uranium enrichment operations, is sometimes unavailable and sometimes attracts large premiums. If Silex incurs uninsured losses or liabilities, its assets, profit and prospects will be adversely affected.

## **(h) Dividends**

Any future determination as to the payout of dividends will be at the discretion of directors and will depend on the availability of distributable earnings, operating results and other relevant factors. No assurance in relation to the payment or franking of dividends can be given by Silex.

# Key Investment Risks

## *(i) General market risks*

There are business and market risks inherent in any listed security, which could materially affect Silex's earnings and the pricing of its shares, including:

- changes in law and regulation affecting Silex and its operations, including taxation laws;
- movements in local and international economies and share and capital markets, including general market volatility;
- changes in interest rates, foreign exchange rates and other general economic conditions;
- changes in investor sentiment and perceptions;
- upheaval and uncertainty due to terrorist activities, insurrection, war and general conflict;
- changes in government fiscal, monetary and regulatory policies and statutory changes (including the impact of government actions in relation to access to uranium and uranium enrichment, compliance with environmental obligations, taxation and royalties);
- changes in accounting standards, or in the interpretation of accounting standards, which have an adverse impact on Silex;
- the risk of claims, litigation and other liabilities directed at the Silex;
- the risk of industrial action and work stoppages by employees and contractors; and
- the impact to business activities caused by pandemics and associated lockdowns, as in the case of the COVID-19 pandemic.



# Foreign Selling Restrictions



# Foreign Selling Restrictions

This document does not constitute an offer of New Shares under the Placement in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares under the Placement may not be offered or sold, in any country outside Australia except to the extent permitted below. Any Shares issued under the SPP are only available to Eligible Shareholders as defined in the SPP Booklet.

## New Zealand

This document has been prepared for distribution to, and use by, “wholesale investors” only (as defined under the Financial Markets Conduct Act 2013 (NZ) (the "FMC Act"). It is not a product disclosure statement or disclosure document under the FMC Act and does not contain the information that would be required to be included in a product disclosure statement or a disclosure document. This document has not been registered, filed with or approved by any regulatory authority under the FMC Act. The New Shares will not be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person that is a “wholesale investor” under the FMC Act. A “wholesale investor” includes a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

## Singapore

This Presentation and any other document or materials relating to the offer of the New Shares shall not be construed as a prospectus or offer documents of any kind, are not intended to constitute an offer to sell or a solicitation of any invitation to subscribe for or purchase of the New Shares, and have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, statutory liability under the Securities and Futures Act, Chapter 289 of Singapore (SFA) in relation to the contents of prospectuses do not apply. This document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of the New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with the conditions of an applicable exemption under Part XIII, Division 1, Subdivision 4 of the SFA, (including but not limited to Section 272B of the SFA) or as otherwise pursuant to, and in accordance with the conditions of any other applicable provision of the SFA.

This document has been given to you on the basis that you are (i) an "institutional investor" (as defined in Section 4A of the SFA) or (ii) an "accredited investor" (as defined in Section 4A of the SFA) or (iii) a relevant person (as defined in Section 275(2) of the SFA). If you are not an investor falling within one of these categories, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

There may be on-sale restrictions in Singapore that may be applicable to investors who acquire the New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.



# Foreign Selling Restrictions

## United Kingdom

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (FSMA)) has been published or is intended to be published in respect of the New Shares.

The New Shares may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to "qualified investors" within the meaning of Article 2(e) of the UK Prospectus Regulation. This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (**FPO**), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investment to which this document relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this document.

## Hong Kong

**WARNING:** This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (SFO). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

# Foreign Selling Restrictions

## Canada (British Columbia and Ontario Provinces)

This document constitutes an offering of New Shares only in the Provinces of British Columbia and Ontario (the **Provinces**), only to persons to whom New Shares may be lawfully distributed in the Provinces, and only by persons permitted to sell such securities. This document is not a prospectus, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons who are "accredited investors" within the meaning of National Instrument 45-106 – Prospectus Exemptions (**NI45-106**), of the Canadian Securities Administrators.

No securities commission or authority in the Provinces has reviewed or in any way passed upon this document, the merits of the New Shares or the offering of the New Shares and any representation to the contrary is an offence. No prospectus has been, or will be, filed in the Provinces with respect to the offering of New Shares or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province.

Any resale of the New Shares in the Provinces must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with exemptions from dealer registration and prospectus requirements. These resale restrictions may in some circumstances apply to a resale of the New Shares outside Canada and as a result Canadian purchasers should seek legal advice prior to any resale of the New Shares.

The Company as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon the Company or its directors or officers. All or a substantial portion of the assets of the Company and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against the Company or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Company or such persons outside Canada.

Any financial information contained in this document has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. Unless stated otherwise, all dollar amounts contained in this document are in Australian dollars.

Securities legislation in the Provinces may provide a purchaser with remedies for rescission or damages if an offering memorandum is delivered to the purchaser contains a misrepresentation. These rights and remedies must be exercised within prescribed time limits that are subject to defences contained in applicable the securities legislation.. A prospective purchaser may refer to any applicable provision of the securities legislation of their respective Province for the particulars of these rights or consult with a legal adviser.

Prospective purchasers of the New Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding or disposition of the New Shares as there are Canadian tax implications for investors in the Provinces.

Purchasers' Rights - If you purchase New Shares, you will have certain rights, some of which are described below. For more information about your rights, you should consult a lawyer.



# Foreign Selling Restrictions

Two Day Cancellation Right - You can cancel your agreement to purchase the New Shares. To do so, you must send a notice to the Company by midnight on the second business day after you sign the agreement to buy New Shares.

Statutory Rights of Action in the Event of a Misrepresentation - Securities legislation in certain of the Canadian provinces provides purchasers of securities pursuant to an offering memorandum (such as this document) with a remedy to (a) cancel their agreement to buy these securities, or (b) for damages against the Company, in addition to any other rights they may have at law, where the offering memorandum and any amendment to it contains a "Misrepresentation". Where used herein, "Misrepresentation" means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading in light of the circumstances in which it was made. These remedies, or notice with respect to these remedies, must be exercised or delivered, as the case may be, by the purchaser within the time limits prescribed by applicable securities legislation.

This statutory right to sue is available to you whether or not you relied on the Misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the Misrepresentation when you purchased the New Shares. If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations.

## Ontario

Section 130.1 of the Securities Act (Ontario) provides that every purchaser of securities pursuant to an offering memorandum (such as this document) shall have a statutory right of action for damages or rescission against the Company and any selling security holder in the event that this document contains a Misrepresentation. A purchaser who purchases securities offered by this document during the period of distribution has, without regard to whether the purchaser relied upon the Misrepresentation, a right of action for damages or, alternatively, while still the owner of the securities, for rescission against the Company and any selling security holder provided that:

- if the purchaser exercises its right of rescission, it shall cease to have a right of action for damages as against the Company and the selling security holders, if any;
- the Company and the selling security holders, if any, will not be liable if they prove that the purchaser purchased the securities with knowledge of the Misrepresentation;
- the Company and the selling security holders, if any, will not be liable for all or any portion of damages that it proves do not represent the depreciation in value of the securities as a result of the Misrepresentation relied upon; and
- in no case shall the amount recoverable exceed the price at which the securities were offered.

Section 138 of the Securities Act (Ontario) provides that no action shall be commenced to enforce these rights more than:

- in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- in the case of an action for damages, the earlier of:
  - o 180 days after the date that the purchaser first had knowledge of the facts giving rise to the cause of action; or
  - o three years after the date of the transaction that gave rise to the cause of action.

# Foreign Selling Restrictions

This document is being delivered in reliance on the exemption from the prospectus requirements contained under section 2.3 of NI 45-106 (the “accredited investor exemption”). The rights referred to in section 130.1 of the Securities Act (Ontario) do not apply in respect of an offering memorandum (such as this document) delivered to a prospective purchaser in connection with a distribution made in reliance on the accredited investor exemption if the prospective purchaser is:

- a Canadian financial institution or a Schedule III bank (each as defined in NI 45-106);
- the Business Development Bank of Canada incorporated under the Business Development Bank of Canada Act (Canada); or
- a subsidiary of any person referred to in paragraphs (a) and (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary.

## **British Columbia**

Section 132.1 of the Securities Act (British Columbia) provides that where an offering memorandum (such as this document) which is required to be delivered to a purchaser of a security under section 2.9 of NI 45-106, contains a misrepresentation, the purchaser who purchases a security offered by the offering memorandum is deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase, and has a right of action for damages against:

- the Company;
- every director of the Company at the date of the offering memorandum; and
- every person who signed the offering memorandum.

The purchaser may elect to exercise a right of rescission against the Company, in which case the purchaser has no right of action for damages against the Company. Such rights of rescission and damages are subject to certain limitations including the following:

- a person will not be liable if the person proves that the investor had knowledge of the misrepresentation;
- a person, other than the Company, will not be liable if the person proves that:
  - o the offering memorandum was delivered to purchaser without the person's knowledge or consent and that, on becoming aware of its delivery, the person gave written notice to the Company that it was delivered without the person's knowledge or consent;
  - o on becoming aware of any misrepresentation in the offering memorandum, the person withdrew the person's consent to the offering memorandum and gave written notice to the Company of the withdrawal and the reason for it, or
  - o with respect to any part of the offering memorandum purporting to be made on the authority of an expert, or to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or the relevant part of the offering memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert;



# Foreign Selling Restrictions

- a person, other than the Company, will not be liable if the person proves that any part of the offering memorandum not purporting to be made on the authority of an expert, or to be a copy of, or an extract from, a report, an opinion or a statement of an expert, unless the person failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or believed that there had been a misrepresentation;
- in an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves does not represent the depreciation in value of securities resulting from the misrepresentation.

Section 140 of the Securities Act (British Columbia) provides that an action to enforce a civil remedy must not be commenced:

- in the case of an action for rescission, more than 180 days after the date of the transaction that gave rise to the cause of action; or
- in the case of an action other than for rescission, more than the earlier of:
  - o 180 days after the investor first had knowledge of the facts giving rise to the cause of action; or
  - o three years after the date of the transaction that gave rise to the cause of action.

## European Union

This document has not been, and will not be, registered with or approved by any securities regulator in the European Union. Accordingly, this document may not be made available, nor may the New Shares under the Placement be offered for sale, in the European Union except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (Prospectus Regulation). In accordance with Article 1(4)(a) of Prospectus Regulation, an offer of New Shares under the Placement in the European Union is limited to persons who are “qualified investors” (as defined in Article 2(e) of the Prospectus Regulation).

## United States

This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The New Shares have not been, and will not be, registered under the US Securities Act of 1933 or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws. The New Shares will be “restricted securities” within the meaning of Rule 144 under the US Securities Act and may not be resold or transferred unless in compliance with the restrictions thereunder.

The New Shares to be offered and sold under the Placement will only be offered and sold in the United States to:

- “accredited investors” (as defined in Rule 501(a) under the US Securities Act); and
- dealers or other professional fiduciaries organized or incorporated in the United States that are acting for a discretionary or similar account (other than an estate or trust) held for the benefit or account of persons that are not US persons and for which they exercise investment discretion, within the meaning of Rule 902(k)(2)(i) of Regulation S under the US Securities Act.



**Thank you**