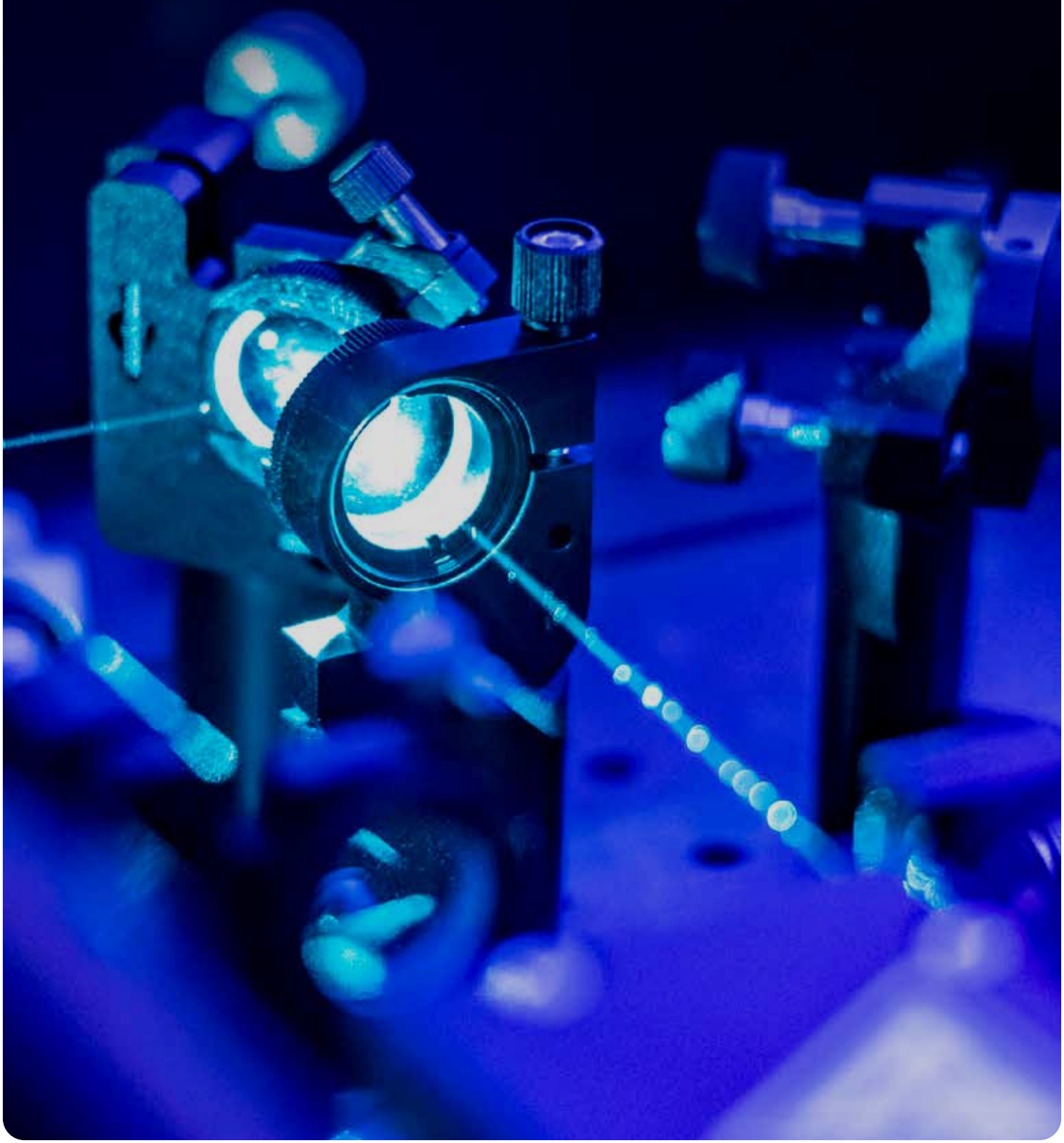
Silex

Annual Report 2024



IMPORTANT
NOTICE

Forward Looking Statements and Risk Factors:

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

Silex Systems Limited ABN 69 003 372 067 (Silex, the Company) is a technology commercialisation 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 TRL–6 pilot demonstration program, nuclear fuel market conditions, industry and government support, project feasibility and commercial plant licensing, and therefore remains subject to associated risks.

Silex is also at various stages of development of additional commercial applications of the SILEX technology, including the production of 'Quantum Silicon' for the emerging technology of silicon–based quantum computing. The 'Quantum Silicon' project remains dependent on the outcomes of the project as well as the successful development of silicon quantum computing technology by third parties, and is therefore subject to various risks. Silex is also conducting research activities in its Medical Isotope Separation Technology (MIST) Project, which is early–stage and subject to numerous risks. The commercial future of the SILEX technology in application to uranium, silicon, medical and other isotopes is therefore uncertain and any plans for commercial deployment are speculative.

Forward Looking Statements

The commercial potential of the abovementioned technologies and activities is currently unknown. Accordingly, no guarantees as to the future performance of these technologies can be made. The nature of the statements in this report regarding the future of the SILEX technology as applied to uranium enrichment, Quantum Silicon production, medical and other isotope separation projects, and any associated commercial prospects are forward–looking and are subject to a number of variables, including but not limited to, known and unknown risks, contingencies and assumptions which may be beyond the control of Silex, its directors and management. You should not place reliance on any forward–looking statements 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 report involve subjective judgement and analysis and are subject to change due to management's analysis of Silex's business (including project outcomes), 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 report. Silex does not intend, and is not obligated, to update the forward–looking statements except to the extent required by law or the ASX Listing Rules.

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 global economic stresses such as interest rates and inflation; geopolitical risks, in particular relating to Russia's invasion of Ukraine and tensions between China and Taiwan which may impact global supply chains; uncertainties related to the effects of climate change and mitigation efforts; the results of the GLE/SILEX uranium enrichment pilot demonstration (TRL–6) program; the market demand for natural uranium and enriched uranium; the outcome of the project for the production of Quantum Silicon for the emerging technology of silicon–based quantum computing; the outcome of the MIST program; 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; actions taken by the Company's commercialisation partners and other stakeholders that could adversely affect the technology development programs and commercialisation strategies; and the outcomes of various strategies and projects undertaken by the Company.

Contents

Silex Systems Limited (Silex) is an Australian technology company focused on the commercialisation of its innovative SILEX laser-based enrichment technology for application to three key global markets:

Uranium production and enrichment

(nuclear power)

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Silicon enrichment

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Medical isotope enrichment

(new cancer therapies)

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

Highlights and Progress

The SILEX Laser Uranium Enrichment Technology:

- The Company continued to make substantial progress in its various enrichment technology projects, with a primary focus on supporting the continued execution of the commercialisation program for the SILEX laser–based uranium enrichment technology with exclusive licensee Global Laser Enrichment LLC (GLE) in the US;
- Silex and GLE have constructed, integrated, and commissioned full–scale pilot equipment in GLE's Test Loop facility in Wilmington, NC, with the aim of completing technology demonstration (TRL–6)[1] of the SILEX technology by the end of 2024, subject to an independent assessment and report. If successfully completed in 2024, the TRL–6 demonstration would be achieved up to 12 months earlier than originally planned. The required period of demonstration testing, and the timing of the assessment report, are at the discretion of the independent assessor;
- GLE has commenced loading the UF_6 inventory into the Test Loop pilot facility in preparation for the commencement of enrichment testing;
- GLE, the jointly–controlled venture between Silex and Cameco Corporation, is uniquely positioned to address the '*Triple Opportunity*' that is emerging today in the global nuclear fuel supply chain. This is being driven by global climate change and associated net–zero targets, the increasing need for stable baseload power for emerging industrial uses, including Artificial Intelligence (AI), data centres, and electric vehicles, and geopolitical factors, which are providing a catalyst for energy security measures around the world. The '*Triple Opportunity*' consists of:
  1) production of natural grade uranium (U_{nat}) in the form of converted UF_6;
  2) production of low enriched uranium (LEU) for conventional nuclear power plants;
  3) production of high assay LEU (HALEU) for next–generation advanced reactors, including Small Modular Reactors (SMRs)[2];
- GLE's owners agreed to a plan and budget for CY2024 that continues the support of activities in the technology commercialisation project for the SILEX uranium enrichment technology, including: i) completion of GLE's new headquarters facility in Wilmington, NC, which provides significant additional space for the continued growth of the GLE team and the establishment of in–house manufacturing capability; ii) land acquisition activities for the first planned commercial production plant in Paducah, KY; and iii) preparation of an application to the Nuclear Regulatory Commission (NRC) for the commercial plant construction and operating licence;
- GLE intends to participate in the bidding process for the Department of Energy's (DOE) LEU Enrichment Acquisition Request for Proposal (RFP), issued in July 2024, with bids due for submission by 9 September 2024. The RFP provides up to US$2.7bn to support the US domestic nuclear fuel cycle.

Other Highlights:

- The design and construction of the first full–scale Quantum Silicon (Q–Si) Production Plant continues at the Company's Lucas Heights facility, with $5.1m in funding support from the Federal Government's Defence Trailblazer program and a further $4.35m cash contribution from longstanding offtake partner, Silicon Quantum Computing (SQC);
- In December 2023, the Company announced the successful completion of Stage 1 of the Medical Isotope Separation Technology (MIST) Project with proof–of–concept achieved to produce enriched Ytterbium–176 (Yb–176), which is the precursor isotope required for Lutetium–177 (Lu–177), a breakthrough development for the diagnosis and treatment of aggressive metastatic cancers. Work continues on Stage 2 of the Project which aims to achieve technology validation through a prototype demonstration system.

1. Technology Readiness Level 6 (TRL–6), as defined by DOE Technology Readiness Assessment Guide (G 413.3–4A)
2. SMRs produce up to 300MWe power

Our ESG Commitment

Sustainability is core to our mission and values, and is achieved by prioritising the health and safety of our people and ensuring environmental responsibility in everything we do.

We are focused on delivering value through the responsible development and commercialisation of our technology and by continually addressing any potential social and environmental impacts of our operations.

At Silex, we have a well–defined ESG commitment with three focus areas:

1. Health, safety and wellbeing of our people
2. Environmental responsibility
3. Strong corporate governance

Health, safety and wellbeing

At the core of our ESG commitment is the health, safety and wellbeing of our people, and the safety of our operations and the communities in which we operate. We pro–actively manage our WHS Management System with in–house and third party WHS specialists to ensure risks and hazards in our workplace are appropriately addressed and mitigated on a continuous basis.

Furthermore, our workplace ethics are defined by respect for each other and embracing diversity and inclusion. We recognise the benefits of diversity and promoting equal opportunities at all times.

Environment

We are committed to bringing innovative technologies to market that can have a positive impact on the global environment. In particular, our SILEX technology is currently focused on:

- improving efficiencies and reliability in nuclear fuel production for the generation of zero–emissions electricity from nuclear power and contributing to climate change mitigation efforts;
- developing sovereign capability for production of isotopically engineered materials that are key to enabling next–generation quantum computing and nuclear medicine technologies, potentially providing humanity with disruptive tools to solve global–scale environmental and social issues.

At the same time, we are committed to protecting the environment in which we operate by mitigating any potential risks or impacts of our activities.

Governance

Silex is committed to demonstrating the highest standards of corporate governance. The Board's focus is on enhancing the interests of shareholders and other key stakeholders while ensuring the Company is operating responsibly so that risks are effectively managed or mitigated and our operations are consistent with our ESG commitments at all times.

Chair's Report

CRAIG ROY
CHAIR

Dear Fellow Shareholders,
This year has been pivotal for Silex – our plans to bring the SILEX uranium enrichment technology to market have progressed at a pleasing pace. We continue to de–risk and optimise the path to market through a focus on technology maturation, completion of commercialisation objectives and solidifying key government and industry stakeholder relationships. We are working tirelessly to maximise the long–term value for you.

It has been less than four years since we finalised the restructure of exclusive licensee of the SILEX uranium enrichment technology, Global Laser Enrichment LLC (GLE). In that short time, the global nuclear fuel industry has undergone fundamental change. Demand has significantly increased in the face of climate change imperatives and potential supply disruptions driven by geopolitical events. As a consequence, the GLE joint venture, jointly controlled by Silex and Cameco Corporation, continues to execute its commercialisation plans in order to position GLE to address the 'Triple Opportunity' that is emerging in the global nuclear fuel supply chain. The primary focus for the remainder of CY2024 is the full–scale pilot demonstration project for the SILEX laser–based uranium enrichment technology. Success in this project would largely de–risk the technology and enable GLE and its owners to focus on taking the technology to market over the next few years.

The 'Triple Opportunity' could involve the production of three different grades of nuclear fuel – all via the deployment of the SILEX uranium enrichment technology, at the planned Paducah Laser Enrichment Facility (PLEF) in Kentucky, US. The Triple Opportunity and the PLEF is underpinned by the 2016 agreement between GLE and the US Department of Energy for the acquisition of legacy depleted uranium inventories. The PLEF has the potential to equate to a 'Tier 1' uranium mine, producing up to 5 million pounds U_3O_8 equivalent per year for approximately 30 years – ranking in the top 10 of today's uranium mines. Importantly, GLE's depleted uranium feed and natural grade output from the PLEF is in the form of UF_6 and therefore includes the value of conversion, a critical component of the nuclear fuel supply chain, and one that is also facing significant supply constraints.

Importantly, we have also executed a set of agreements that provide GLE with an option to purchase land, situated adjacent to the US Department of Energy's (DOE) former first–generation Paducah Gaseous Diffusion Plant, at which the legacy depleted uranium inventories (PLEF feedstock) are located. We have also commenced commercial plant licensing preparations for the PLEF, another key activity on GLE's commercialisation path.

> We continue with our primary focus on the execution of GLE's commercialisation program for the SILEX uranium enrichment technology, and on supporting the de-risking of GLE's path to market through technology maturation, and maximum engagement with key government and industry stakeholders in order to achieve commercialisation in the shortest possible timeframe.

The PLEF is a large, multi–decade project that could enable the SILEX technology to become the 'go to' technology for the production of all three grades of nuclear fuel required for today's conventional nuclear power reactors and for next–generation advanced reactors, including Small Modular Reactors (SMRs) currently under development. It is strategically located in Paducah, Kentucky, enabling GLE to position itself to become a reliable domestic supplier to the US nuclear industry – currently the largest nuclear power and fuel market in the world.

During the year, we were pleased to see the enactment of various pieces of US legislation that are intended to provide pivotal support for America's nuclear industry. The legislation had strong bipartisan support and included the Nuclear Fuel Security Act, which is providing US$2.7bn for new US domestic enrichment capacity. We were pleased to see the DOE move promptly to issue the Low Enriched Uranium (LEU) Enrichment Acquisition Request for Proposals (RFP) in July for the appropriated US$2.7bn, and GLE intends to participate in the bidding process, with bids due for submission to the DOE by 9 September 2024.

The potential increase in support from government for the nuclear industry is positive for GLE. In addition, GLE now has in place four Letters of Intent (LOIs) with key US utilities, reflecting the strong support of the US nuclear industry to establish greater diversification in the production of nuclear fuel. This support reflects a robust outlook for nuclear power, attributable to its increasingly important role in the supply of carbon–free, baseload electricity. This is resulting in renewed demand for nuclear power, driving market conditions and opportunities for nuclear fuel that have not previously been seen in the nuclear industry.

The commercialisation of our innovative SILEX laser enrichment technology across multiple global markets remains our focus. The first priority is GLE's commercialisation activities to help provide a reliable and sustainable supply of nuclear fuel for the global nuclear power industry. Our second priority is the Quantum Silicon (Q–Si) Production Project to commercially deploy the SILEX technology for the production of ultra–pure enriched materials for next–generation silicon quantum computing, with the third priority being our project for the potential production of medical isotopes. We achieved numerous key milestones across our projects this year, advancing technology de–risking and commercial deployment plans for the SILEX technology in all three fields, including strong engagement with our various commercialisation partners and potential customers.

We are committed to building a sustainable future for Silex and to delivering long–term value to you, our shareholders. We are also wholly committed to our core values, no more so than in the highest prioritisation of the health and safety of our people in everything we do. We place a premium on environmental responsibility and undivided attention on risk management and prudent governance. I am delighted to lead an astute Board and wish to thank my fellow directors for their commitment to the Company, and for their leadership and governance. Our progress and achievements during the year are also testament to the relentless dedication of our CEO, Michael Goldsworthy, our executives and the hard working Silex and GLE teams.

Finally, thank you to you – our shareholders. We appreciate your ongoing support as we work towards delivering the SILEX laser–based enrichment technology and building the future of Silex.

I look forward to updating you again at our Annual General Meeting later this year.

Mr C A Roy
Chair

29 August 2024

CEO's Review

DR MICHAEL GOLDSWORTHY
CEO/MANAGING DIRECTOR

Dear Fellow Shareholders,

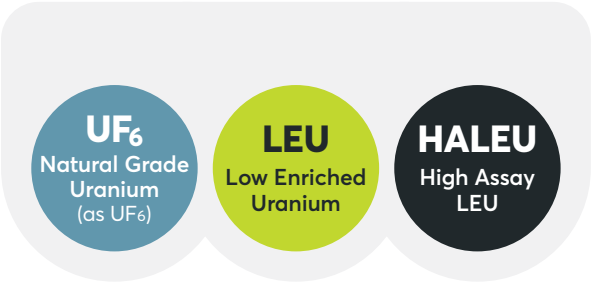
The past year has seen a series of impactful events which have bolstered the nuclear renaissance in the Western world. In view of climate change decarbonisation priorities and in response to Russia's invasion of Ukraine, four major legislative measures have been passed by the US Congress. Put simply, the US has moved decisively to re–establish itself as the global leader in the nuclear power industry. US–based Global Laser Enrichment (GLE), the exclusive licensee of our SILEX laser uranium enrichment technology, could benefit materially from these measures as it progresses its commercialisation plans in conjunction with its joint venture owners, Silex (51%) and Cameco Corporation (49%).

With this in mind, I am very pleased to report that Silex is making substantive progress advancing the commercialisation steps for our unique third–generation laser isotope separation technology, not only with the primary application for uranium enrichment, but also with additional applications for the production of enriched silicon for use in silicon–based quantum computers, and enriched Ytterbium for use in nuclear medicine cancer therapies.

GLE's owners, Silex and Cameco, continue to support a plan and budget to accelerate CY2024 activities for the full–scale pilot demonstration project, with the aim of completing this pivotal commercialisation step for the technology by the end of 2024, subject to a report by an independent engineering contractor that will oversee the assessment on behalf of GLE's owners. Achievement of this important milestone would potentially trigger a significant inflexion point in the valuation of the SILEX technology and GLE. This may also enable GLE to leverage the 'Triple Opportunity' that is emerging in the global nuclear fuel supply chain, underpinned by the strong fundamentals for nuclear power as a reliable, baseload source of electricity for the world's clean energy needs, coupled with the abovementioned recent geopolitical events that threaten long–term disruptions in the Western nuclear fuel supply chain. The commercialisation of our SILEX laser–based uranium enrichment technology at GLE's planned Paducah Laser Enrichment Facility (PLEF) will continue to be our key focus over the next few years.

During FY2024, we also continued to strengthen and diversify the business case for the SILEX technology, including progressing the development of the SILEX technology for the production of Quantum Silicon products, based on the successful demonstration of production technology for high–purity Zero–Spin Silicon, and with the advancement of the Medical Isotope Separation Technology (MIST) into the second stage of the project – technology validation at prototype scale.

The Triple Opportunity



SILEX Uranium Enrichment and the Triple Opportunity

Events over the past two years have had a profound effect on nuclear fuel markets. In response to geopolitical concerns and the climate crisis, many countries are prioritising government energy policy initiatives to achieve urgent decarbonisation targets and to ensure energy security through sovereign energy platforms. These factors, coupled with potential disruptions in the Western nuclear fuel supply chain precipitated by the Russian invasion of Ukraine, have resulted in market conditions and opportunities that have not previously been seen in the nuclear industry.

With Russia currently providing the global nuclear industry with ~14% of its uranium requirements, ~22% of its conversion services, and ~44% of enrichment capacity, Western governments and utilities are seeking to establish secure nuclear fuel production capabilities free of Russian (and Chinese) influence, particularly in light of the recent ban on imports of Russian–sourced enriched uranium under the Prohibiting Russian Uranium Imports Act, which was passed by the US Congress in May 2024 (albeit with limited waivers until the end of 2027). We believe Western nuclear fuel markets will undergo a fundamental realignment over the next few years towards a more resilient and sustainable footing, with the aim of becoming less dependent on Russian and other state–owned nuclear fuel suppliers.

This realignment could endure for decades, given the renewed focus on long–term energy security. As the nuclear industry bifurcates under the impending sanctions on Russian–sourced uranium and enriched nuclear fuel, Western governments and utilities are moving as quickly as possible to establish secure and resilient supply chains.

In this context, commercialisation of the SILEX uranium enrichment technology in the US provides GLE with the unique opportunity to produce all three grades of nuclear fuel required for current and future nuclear plants at the proposed PLEF Production Plant, which we call the 'Triple Opportunity':

1) production of natural grade uranium in the form of converted UF_6;
2) production of low enriched uranium (LEU/LEU+) for existing and future nuclear power plants; and
3) production of high assay LEU (HALEU) fuel for next–generation advanced reactors, including Small Modular Reactors (SMRs).

Subject to various factors, including the successful completion of pilot demonstration, industry and government support, a feasibility study for the PLEF, and continued supportive market conditions, GLE will continue to advance its commercialisation activities in order to support the potential commencement of commercial operations at the PLEF ahead of the original plan of 2030. Most importantly, successful completion of the pilot demonstration project in CY2024 would result in the technology reaching TRL–6 level – a key milestone in the de–risking of the technology and a pre–requisite for the transition of our focus to the PLEF commercial plant opportunity, including the feasibility study and design and construction of the first commercial SILEX uranium enrichment plant.

Support for GLE's commercialisation activities from both industry and government is growing. We are pleased that GLE now has non–binding LOIs with four of the largest US nuclear utilities, with an unnamed utility signing the latest LOI earlier this year. This follows three similar LOIs signed with Constellation Energy Generation, Duke Energy and Dominion Energy. We are also pleased to see decisive bipartisan legislative measures from the US Government that will support the establishment of new nuclear fuel production capacity in the US, including US$700m in funding for the HALEU Availability Program under the Inflation Reduction Act, passed in August 2022, and a further US$2.7bn in funding under the Nuclear Fuel Security Act (NFSA), passed in December 2023 – primarily targeting the building of new US domestic enrichment capacity.

In relation to the NFSA, the US Department of Energy released a Request for Proposal (RFP) for LEU Enrichment Acquisition in June 2024, and GLE intends to participate and submit a bid by the submission deadline of 9 September 2024.

We believe the SILEX technology, the only third–generation laser–based uranium enrichment technology known to be in the advanced stages of commercial development today, could make the production of nuclear fuel more efficient and cost–effective compared to existing methods, and ultimately help the nuclear renaissance provide advanced technologies and solutions for resilient, affordable and sustainable carbon–free base load electricity generation.

> "We believe the SILEX technology, the only third-generation laser-based uranium enrichment technology known to be in the advanced stages of commercial development today, could make the production of nuclear fuel more efficient and cost-effective compared to existing methods"

Quantum Silicon Production Project

In April 2023, Silex announced successful completion of the Zero–Spin Silicon (ZS–Si) Project, resulting in pilot–scale demonstration of production of ZS–Si in the form of highly enriched silicon–28 and verification of a path to production scalability. Attention then turned to a new project for the design and construction of the first Quantum Silicon (Q–Si) Production Plant. The new Q–Si Production Project, is being undertaken in conjunction with partners Silicon Quantum Computing Pty Ltd (SQC) and UNSW Sydney. In August 2023, Silex announced that the Q–Si Production Project had received a $5.1m funding grant from the Defence Trailblazer for Concept to Sovereign Capability Program, and in January 2024 we announced a broadened commercial relationship with SQC which resulted in further funding contribution of $4.35m, bringing in nearly $9.5m of third party funding for the 3.5 year Project.

The objective of the Q–Si Production Project is to establish the first Quantum Silicon Production Plant and to develop the skills and capability to manufacture commercial Q–Si products, based on ZS–Si, in multiple product forms at commercial scale.

This Project continues to have strategic importance for Australia, given most of the world's current supply of enriched silicon has been sourced from Russia. Trade sanctions have translated into increased interest in our activities and greater urgency to commercialise this important technology.

Medical Isotope Separation Technology (MIST) Project

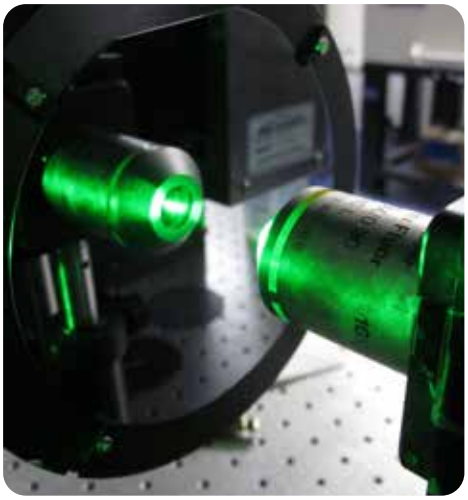
The MIST Project is focused on enrichment of Ytterbium–176, a stable isotope required for the manufacture of the unstable Lutetium–177 isotope, which is approved and in use for front–line treatment for advanced neuroendocrine cancers in the US, Europe and UK. This therapy, more broadly called 'targeted beta therapy', is also in clinical trials in various jurisdictions around the world for prostate, breast and other cancers.

Solid progress has been made in the MIST Project over the past year, with the current focus of Stage 2 work on demonstrating the isotope separation process at prototype scale. Proof–of–concept demonstration (Stage 1) of the basic process at laboratory bench–top scale was completed at the end of 2023. If the current work is successful, the Project may move forward into Stage 3, the aim of which is to demonstrate the technology at pilot–scale (TRL–6).

Prioritising Health and Safety, ESG

Core to our operations and values is prioritisation of the health, safety and wellbeing of our team. During the year, we reported no lost time injuries or reportable incidents across all sites.

Silex has strong Environmental, Social and Governance (ESG) credentials, and our activities at all times support our mission to be environmentally responsible. Our focus on environmental sustainability is underpinned by our aspirations in the nuclear fuel industry, which will help make zero–emissions nuclear energy more affordable and potentially lead to greater uptake. Furthermore, our focus on social responsibility is leveraged through our Q–Si Production Project for silicon–based quantum computers, an emerging technology that will drive innovation and solutions to many of society's intractable problems such as climate change, and more affordable medical treatment.



The Silex and GLE Teams

Our exceptionally talented teams at Silex and GLE are the essence of our business, and at the core of our activities and achievements. Collectively we are focused on harnessing creativity and excellence in technology innovation. We recruit carefully and strategically to ensure that we have the right people and expertise to deliver on our priorities and ultimately to create value for shareholders. We have expanded our teams rapidly over the past year and are gratified with the talent we have been able to welcome into the Company.

I would like to thank the Silex and GLE teams for their commitment and tenacity, and our Board of Directors for their continued support of the Company's strategy. I would also like to take this opportunity to thank you, our shareholders, for your ongoing support. With the strongest tailwinds ever seen for the nuclear fuel markets and the execution of the SILEX uranium enrichment project with GLE, the outlook for Silex is very positive. Furthermore, the potential to supply unique high value isotopes for the quantum computing and nuclear medicine fields represents a key opportunity for Silex to deliver additional long–term value for shareholders.

I look forward to providing a further update at the Annual General Meeting later this year.

Dr Michael Goldsworthy
CEO/Managing Director

29 August 2024

About Silex

SILEX Laser Uranium Enrichment Technology invented in Australia

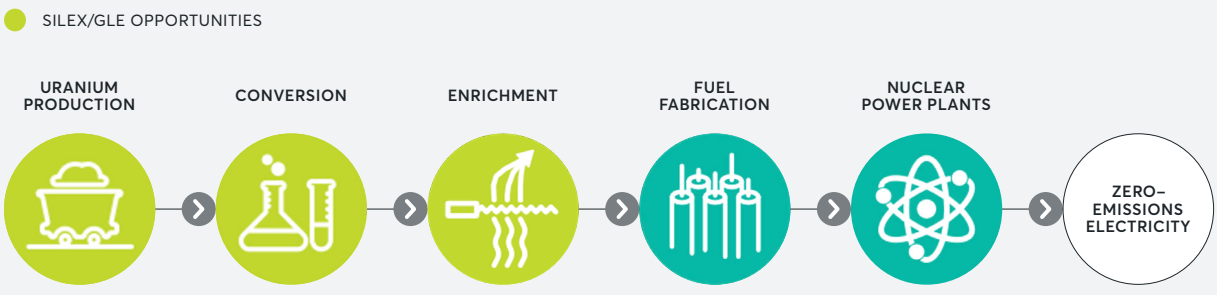
The SILEX Laser Uranium Enrichment Technology was invented by Silex Systems scientists Dr Michael Goldsworthy (our CEO) and Dr Horst Struve (retired), in the 1990s at Lucas Heights, Sydney. In order to facilitate the potential commercial deployment of the technology in the United States, an Agreement for Cooperation between the governments of the United States and Australia was signed in May 2000. In June 2001, the technology was officially Classified by the United States and Australian governments, bringing the SILEX technology commercialisation project formally under the strict nuclear safeguards, security and regulatory protocols of each country.

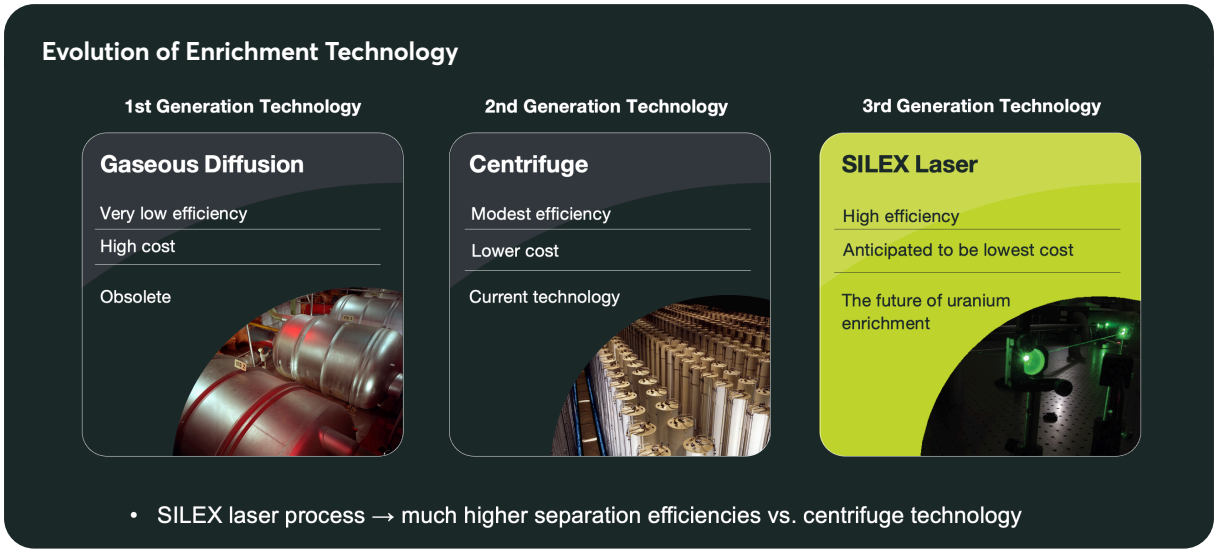
Since 2006, the development and commercialisation program for the SILEX uranium enrichment technology is being undertaken jointly by Silex (at its Lucas Heights, Sydney facility) and US–based Global Laser Enrichment (GLE) – the exclusive licensee and commercialisation vehicle for the SILEX uranium enrichment technology (in Wilmington, North Carolina). GLE is a jointly–controlled venture between Silex and Canadian–based Cameco Corporation, one of the world's leading uranium producers and nuclear fuel suppliers, with 51% and 49% ownership interest respectively.

The Nuclear Fuel Supply Chain

Uranium production, conversion and enrichment are the key value drivers of the nuclear fuel supply chain, accounting for nearly 85% of the value of a reactor fuel bundle. Importantly, successful commercialisation of the SILEX uranium enrichment technology through licensee GLE could create leverage into all three of these nuclear fuel supply chain sectors and could enable the SILEX technology to become a unique, nuclear fuel production platform for existing and emerging nuclear power generation systems.

The Nuclear Fuel Supply Chain





Uranium Enrichment

Naturally occurring uranium is dominated by two isotopes, U^{235} and U^{238}. Nuclear energy is produced by the splitting (or 'fission') of the U^{235} atoms. Natural uranium is made up of ~0.7% of the 'active' U^{235} isotope with the balance (~99.3%) made up of the inactive U^{238} isotope. Uranium enrichment is the process of concentrating or enriching the U^{235} isotope for use as fuel in a conventional nuclear power reactor. Enrichment is a technically difficult process and accounts for around 30% of the cost of nuclear fuel and approximately 5% of the total cost of the electricity generated by nuclear power.

The **S**eparation of **I**sotopes by **L**aser **EX**citation (SILEX) process is the only third–generation enrichment technology known to be in the advanced stages of commercial development today. The SILEX technology can effectively enrich uranium through highly selective laser excitation of the $^{235}UF_6$ isotopic molecule to produce 'reactor fuel grade' uranium which contains an assay of U^{235} of around 5%. UF_6 is the fluorinated gaseous form of uranium, which is made via chemical conversion from the uranium oxide produced by miners.

The two methods of uranium enrichment used to date are Gas Diffusion (first generation – obsolete) and Gas Centrifuge (second generation). Silex's third generation laser–based process provides much higher enrichment process efficiency compared to these earlier methods, potentially offering lower overall costs.

Key Features of the SILEX Uranium Enrichment Technology

The SILEX technology is a unique laser–based process that has the potential to economically separate uranium isotopes (as well as other commercially valuable isotopes).

It has a number of advantages over other uranium enrichment processes, including:

- Inherently higher efficiency and throughput, resulting in lower enrichment costs;
- Smaller environmental footprint than centrifuge and diffusion plants;
- Greater flexibility in producing fuels for advanced reactors, including Small Modular Reactors (SMRs); and
- Anticipated lowest capital costs.

The 'Triple Opportunity' for GLE and SILEX Technology

The 'Triple Opportunity' for nuclear fuel production is emerging as a result of international developments which are driving a transformation of the global nuclear fuel supply chain:

- the growing shift towards utilisation of nuclear power by many countries around the world in response to heightened concerns over global climate change and the need to establish emissions–free electrical energy systems
- the significant increase in global demand for electricity, driven by population and economic growth factors, including substantial investments into, and uptake of, AI, data centres, and electric vehicles
- the impact of geopolitical developments on global energy security, principally Russia's invasion of Ukraine, resulting in the bifurcation of the international nuclear fuel market.

The 'Triple Opportunity' could involve production of three different grades of nuclear fuel – all via the deployment of the SILEX laser–based uranium enrichment technology in the US, including:

PLEF NUF_6 PRODUCTION	**Production of natural grade UF_6** (with U–235 assay of 0.7%) via processing of depleted tails (U–235 assays of 0.25% to 0.5%) with the SILEX technology, which would come in the form of already converted uranium, thereby also helping to alleviate UF_6 conversion supply pressure
PLEF LEU PRODUCTION	**Production of LEU** (U–235 assays up to 5%) and LEU+ (assays from 5% to 10%) from natural grade UF_6 with additional SILEX enrichment capacity – to supply fuel for existing reactors
PLEF HALEU PRODUCTION	**Production of HALEU** (U–235 assays up to ~20%) via enrichment with the SILEX technology to supply fuel for next generation advanced reactors, including SMRs

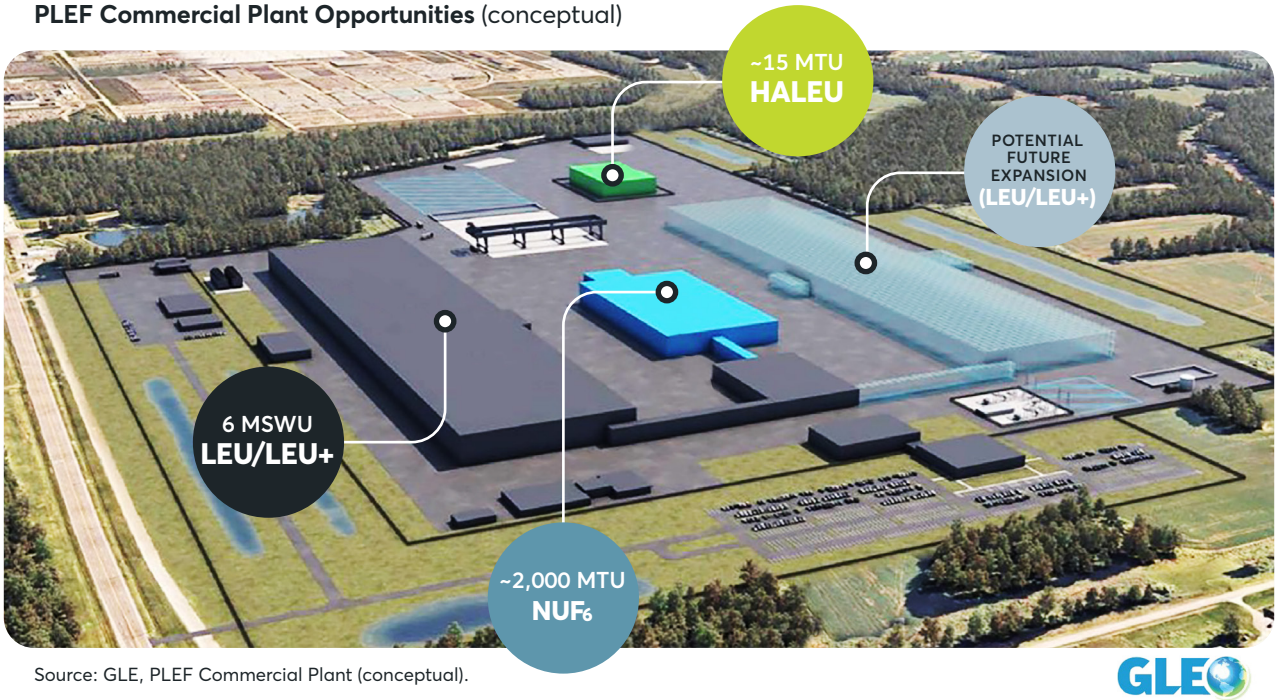
PLEF Feedstock: DOE Depleted Uranium Tails, Paducah, KY

PLEF Commercial Plant Opportunities

The PLEF commercial opportunities are underpinned by the 2016 agreement between GLE and the DOE, which, through the acquisition of over 200,000 metric tonnes of depleted uranium tails owned by the DOE, provides the feedstock for the production of natural grade uranium hexafluoride (UF_6) over three decades.

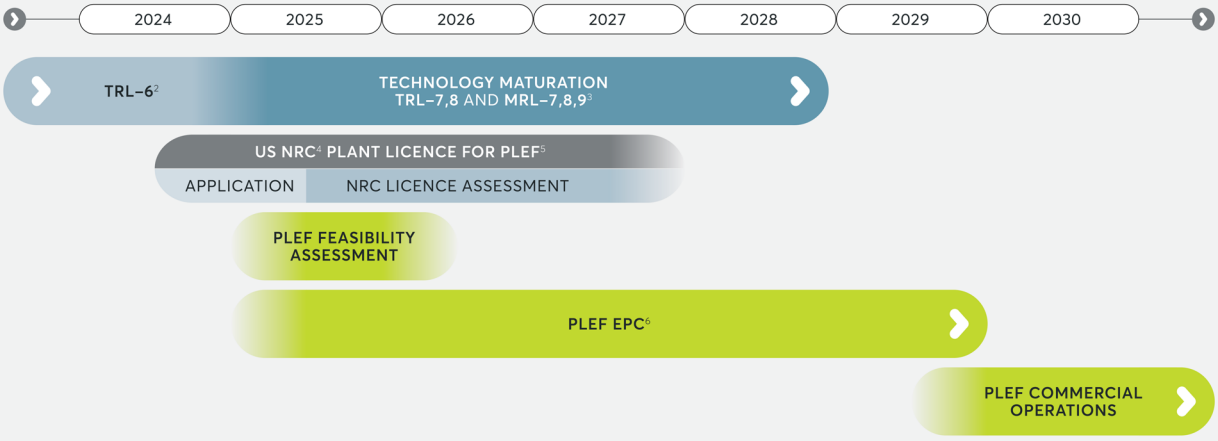
The output of the proposed plant would be sold into the global uranium market at an expected production rate equivalent to a uranium mine with an annual output of up to 5 million pounds of uranium oxide, which would rank in the top 10 of today's uranium mines. Importantly, GLE's depleted uranium feed and natural grade output from the PLEF is in the form of UF_6 and therefore includes the value of conversion, a critical component of the nuclear fuel supply chain, and one which is also facing significant supply constraints.

PLEF Commercial Plant Opportunities (conceptual)



Source: GLE, PLEF Commercial Plant (conceptual).

GLE Commercialisation Timeline[1]



1. Timeline subject to technology demonstration outcomes, market conditions, licensing, industry and government support, PLEF feasibility assessment and other factors and may vary according to differing scenarios
2. Includes achievement of Technology Readiness Level 6 (TRL–6) as defined by *DOE Technology Readiness Assessment Guide* (G413.3–4A)
3. MRL: Manufacturing Readiness Level
4. NRC: Nuclear Regulatory Commission
5. PLEF: Paducah Laser Enrichment Facility
6. EPC: Engineering, Procurement and Construction of commercial plant

GLE HQ Facility – Wilmington, NC

GLE – the SILEX laser–based uranium enrichment technology commercialisation vehicle

GLE is the exclusive licensee of the SILEX uranium enrichment technology. GLE is a jointly–controlled venture between Silex (51%) and global uranium and nuclear fuel provider, Cameco Corporation (49%). GLE's exclusive worldwide licence to commercialise the SILEX technology for uranium enrichment is founded on the 2006 Technology Commercialisation and Licence Agreement, amended in 2021. The technology commercialisation project is being conducted jointly at GLE's Wilmington, North Carolina (NC) facility and at Silex's Sydney facility.

Today, the GLE joint venture continues to accelerate activities in the full–scale pilot demonstration project for the SILEX uranium enrichment technology, with the aim of completing the Pilot Demonstration Program (TRL–6) by the end of CY2024 (subject to an assessment and report by an independent engineering contractor).

The TRL index is a globally accepted benchmarking tool for tracking progress in the development and maturation of a new technology through the early–stage blue sky research (TRL–1) to actual system operation over the full range of expected conditions and ready for scaled commercial operations (TRL–9). In general terms, TRL–6 represents the pivotal demonstration of full engineering–scale systems in a pilot plant facility. The reference document used by GLE is the US Department of Energy (DOE) Technology Readiness Assessment Guide (G 413.3–4A).

GLE Recent and Upcoming Milestones

2016
GLE/DOE Tails Agreement

2019
Silex and Cameco initiate restructure of GLE

2021
USG approves GLE restructure (Silex 51% and Cameco 49%)

2022
'Triple Opportunity' emerges

2024
TRL–6 Technology Demonstration[1]

1. Technology Readiness Level 6 (TRL–6) as defined by *DOE Technology Readiness Assessment Guide* (G 413.3–4A).

The SILEX Technology Commercialisation and Licence Agreement with GLE

The Technology Commercialisation and Licence Agreement between Silex and GLE is an exclusive worldwide licence for exploitation of the SILEX technology for uranium enrichment. The Licence Agreement is independent of Silex's 51% equity interest in GLE and related commercial benefits flowing from that equity interest. The Licence Agreement includes royalty revenues and milestone payments to Silex as follows:

Licence Agreement Royalty Revenues and Milestone Payments

7%+
Perpetual Royalty
MINIMUM ROYALTY OF 7% ON GLE'S ENRICHMENT SWU REVENUES FROM USE OF THE SILEX TECHNOLOGY

US$20M
in Milestone Payments
TRIGGERED BY COMMERCIAL DEVELOPMENT MILESTONES

A US$5m milestone payment is due to be received by Silex following achievement of TRL–6 pilot demonstration.

The Cameco Option

Silex and Cameco have also agreed terms for an option for Cameco to purchase from Silex, at fair market value, an additional 26% interest in GLE, potentially increasing Cameco's interest to 75% (subject to US Government approvals). This option opened in February 2023 and can be exercised by Cameco up until the date 30 months after the technology achieves TRL–6 pilot demonstration.

GLE's Commercialisation Activities

Key to progressing GLE's commercialisation activities is the successful TRL–6 demonstration of the SILEX technology. Achievement of TRL–6 demonstration by December 2024 would result in the completion of this key milestone up to 12 months ahead of the original schedule.

GLE has also been progressing other key commercialisation efforts, including several activities related to the planned PLEF:

- **ADVANCING TECHNOLOGY MATURATION AND MANUFACTURING ACTIVITIES**
  (TRL–7+ and MRL–7+)
- **GLE'S NEW CORPORATE AND IN–HOUSE MANUFACTURING FACILITY, WILMINGTON, NC**
  (Occupancy taken up in June 2024)
- **PLEF SITE ACQUISITION ACTIVITIES**
  (Located adjacent to the DOE site and legacy depleted uranium inventories)
- **PREPARATIONS FOR THE US NUCLEAR REGULATORY COMMISSION (NRC) COMMERCIAL PLANT LICENCE FOR THE PLEF**

Subject to various factors, including the successful completion of TRL–6 pilot demonstration, industry and government support, a feasibility study for the PLEF, and continued supportive market conditions, GLE will continue to advance these commercialisation activities in order to support the potential commencement of commercial operations at the PLEF ahead of the original plan of 2030.

Strategic Engagement with Government and Industry Organisations

GLE's strategy includes active engagement with government and industry organisations, aimed at attracting strategic support and developing opportunities to help expedite and de–risk the commercialisation program for the SILEX uranium enrichment technology.

US Nuclear Utility Support

GLE continues to receive support from leading US nuclear generators, with four Letters of Intent (LOIs) now in place between GLE and Constellation Energy Generation, Duke Energy, Dominion Energy Services Inc, and another undisclosed entity. The LOIs reflect the strong support of the US nuclear industry to establish greater diversification in the supply of nuclear fuel. GLE engages extensively and proactively with the US nuclear industry, including as a member of the Uranium Producers of America (UPA), to explore opportunities to partner with stakeholders to obtain support for its commercialisation strategy and the planned PLEF.

US Government Initiatives

In response to evolving geopolitical developments, energy security concerns, and the need for reliable, low–cost, carbon–free baseload electricity generation, the US Congress enacted pivotal legislation with strong bipartisan support through the year to incentivise the establishment of new nuclear fuel production capacity in the US, as well as to reassert America's global nuclear industry leadership.

The various laws demonstrate the bipartisan US Government support for the nuclear industry, from which GLE potentially stands to benefit, and included the passing into law of the Nuclear Fuel Security Act, which provides US$2.7bn for new US domestic enrichment capacity. The DOE moved promptly to issue the LEU Enrichment Acquisition Request for Proposals (RFP) in July 2024 for the appropriated US$2.7bn, and at the time of writing, GLE was intending to participate in the bidding process for the RFP, with bids due for submission by 9 September 2024.

GLE continues to explore opportunities to participate in US Government programs and industry initiatives as they evolve.

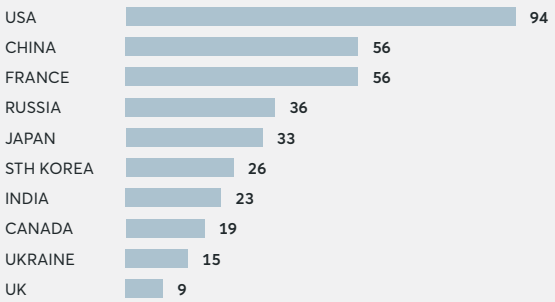
Nuclear Power Outlook

Nuclear power is the second–largest source of low–carbon electricity globally after hydropower and plays an increasingly important role in the supply of carbon–free, baseload electricity. It is anticipated to play a much greater role in the global energy mix as countries around the world adopt policies to meet more urgent net–zero carbon emissions targets. At COP28 in late 2023, 25 countries pledged to triple nuclear energy capacity by 2050.

According to the World Nuclear Association, there are currently 439 operable nuclear reactors globally, with significant growth in nuclear power expected from the additional 64 reactors under construction and the hundreds more that are planned. Notwithstanding large nuclear construction programs in China, India, and the Middle East, the US remains the world's largest producer of nuclear power, with 94 operable reactors. The US currently accounts for more than 30% of worldwide nuclear generation of electricity and is expected to remain the largest nuclear power generator for years to come. In addition, several US states and utilities are undertaking studies to assess the potential restart of shutdown reactors.

Growth in demand for nuclear power also is evident in the granting of life extensions for existing reactors. In the US, nearly all of the operable reactors have been granted operating licence extensions from 40 to 60 years, with some potentially planning to operate for 80 years or more. In addition, the retirement of a number of reactors is being delayed, or in some cases, reversed.

Total Operable Reactor Units (Top 10)



Source: World Nuclear Association, July 2024

Furthermore, there is growing interest and significant international investment in the development of next–generation advanced reactor technologies, including SMRs. A number of advanced reactors are being designed to operate with HALEU fuel, while other more near–term designs will use conventional LEU fuel or, in some cases, LEU+ fuel.

With significant growth forecast in nuclear power generation around the world and the ever–increasing awareness of the potential contribution of nuclear energy to mitigate the adverse effects of climate change, as well as to power AI, data centres, and electric vehicles, among other industrial uses of electricity, we remain encouraged by the various opportunities for the SILEX uranium enrichment technology and GLE.

Fuel Market Update

The expectation that we will see nuclear power form a more meaningful part of the energy mix for a growing number of countries is resulting in market conditions and opportunities for nuclear fuel that have not previously been seen before in the nuclear industry.

For many years, global nuclear fuel markets have been highly dependent on Russian supply, as summarised in the table below. The shift away from Russian–sourced material in the wake of its February 2022 invasion of Ukraine has created urgency in establishing alternative supply sources for the medium to long term.

With Russia currently providing the European Union ~30% and the US ~27% of their enriched nuclear fuel requirements, Western governments and utilities are seeking to establish secure nuclear fuel production capabilities to free themselves of Russian influence. Importantly, the recently enacted US ban on the importation of Russian uranium (LEU) also prohibits the import of unirradiated LEU that has been swapped ('washed') for prohibited Russian uranium (LEU) or otherwise obtained in a manner designed to circumvent the ban's restrictions.

As a consequence of the above–mentioned compounding issues, the global markets for uranium, conversion services, and enrichment services have continued to tighten, with price increases being witnessed across all components of the fuel cycle. Since February 2022, when the term price of uranium traded at ~US$42 per pound, the term price of uranium has rallied to ~US$80 per pound. Term conversion prices have increased from ~US$18/kg to ~US$39/kg, and term enrichment prices from ~US$65/SWU to ~US$163/SWU over the same period.

We believe global nuclear fuel markets will continue to undergo fundamental realignment and move towards a more resilient and sustainable footing, with the aim of becoming less dependent on Russian and other state–owned nuclear fuel suppliers. We expect this realignment will endure for decades, given the renewed focus on long–term energy security and decarbonisation of electricity supply systems.

US and EU Nuclear Fuel Requirements Supplied by Russia

	RUSSIAN SHARE OF GLOBAL PRODUCTION CAPACITY[1]	EU NUCLEAR FUEL SUPPLIED BY RUSSIA[2]	US NUCLEAR FUEL SUPPLIED BY RUSSIA[1,3]
Uranium U_3O_8	~14%	~17%	~12%
Conversion	~22%	~22%	~18%
Enrichment (SWU)	~44%	~30%	~27%

1. UxC, various sources 2024.
2. Euratom Supply Agency Annual Report 2022, published January 2024.
3. EIA, 2023 Uranium Marketing Annual Report, June 2024.

Quantum Silicon (Q–Si) for Quantum Computing Processor Chips

The Project's objective is to establish the first Q–Si Production Plant and to develop the skills and capability to manufacture Q–Si products, produced from Zero–Spin Silicon (ZS–Si) halosilane, in multiple product forms at commercial scale.

In January 2024, Silex announced the expansion of its commercial arrangements with longstanding partner, SQC, in support of the Q–Si Production Project. This included an increase to SQC's product offtake commitment for Q–Si products and additional funding arrangements that will result in a cash contribution of $4.35m to the Project. The 3.5–year Project is also supported with $5.1m in funding from the Federal Government's Defence Trailblazer for Concept to Sovereign Capability Program, a strategic partnership between The University of Adelaide and UNSW, via the Department of Education's Trailblazer Universities Program.

During the year, Silex made substantial progress on the design and construction of the Q–Si Production Plant, including in–house laser and plant component manufacture, and significantly expanded its chemistry and engineering team capability. It is anticipated that the Plant will produce up to 20kg annually of ZS–Si, which will be converted to Q–Si product forms (gaseous and solid) required by potential customers in the global silicon–based quantum computing industry. A key benefit of the SILEX laser isotope separation technology is its modular nature, allowing for the Production Plant to be scaled–up with more production modules over time, based on market demand and other factors.

Silex also continued to engage with silicon–based quantum computing developers and other potential industrial users of Q–Si to develop a customer base for the Company's products. Silex will retain 100% ownership of the Q–Si production technology and related IP developed through the Project.

Quantum Computing and Q–Si Outlook

Australia has been at the forefront of global efforts to develop and commercialise quantum computing and associated quantum technologies, which have the potential to underpin transformational technological advancements in many fields, including AI, robotics, advanced communications, and sensing, and in complex global industries, such as defence and aerospace, finance, biomedical science, chemicals, and logistics. UNSW and its commercial spin out, SQC, are world leaders in developing silicon–based quantum computing technology, which, if successful, will allow Australia to establish sovereign capability in a key strategic technology that will advance the country's future defence, national security, and economic competitiveness in the emerging quantum technology era.

Many other countries around the world are also investing heavily in the development of quantum computing technology, with governments and key corporates (such as Intel, IBM, Google, Microsoft, Amazon, and others) vying for leadership in this emerging strategic industry.

Silicon–based quantum computing technology is reliant on the production of enriched silicon–28 (Q–Si). Current methods for production of Q–Si are limited and costly, with only small quantities produced annually, mostly using gas centrifuge technology in Russia. Due to the Russian invasion of Ukraine, this fragile supply chain has been disrupted, threatening the commercial viability and technical feasibility of silicon–based quantum computing.

Medical Isotope Separation Technology (MIST) Project

The Project is initially focusing on the development and demonstration of a process to economically produce enriched Ytterbium (Yb–176), which is the precursor isotope required for Lutetium (Lu–177) production. The Lu–177 radioisotope has enabled a breakthrough development, called targeted beta therapy, for the diagnosis and treatment of a number of types of aggressive metastatic cancers. It has been approved for use in several applications in the US, Europe, and the UK, and is under trial in Australia. Enriched Yb–176 previously was almost entirely sourced from Russia, with supply disrupted by the War in Ukraine and the shift away from Russian nuclear market services.

In December 2023, Stage 1 of the Project (proof–of–concept) was successfully completed. Proof–of–concept was achieved with a Silex custom–built test system in our Lucas Heights facility. The Stage 1 results involved the demonstration of an isotopic enrichment effect for the Yb–176 isotope, and cleared the path to proceed to Stage 2 (Technology Validation). Silex is currently undertaking Stage 2 of the Project and is completing a series of activities to validate the process at prototype scale, representing a significant level of scale–up. This includes the design and construction of a prototype demonstration system, as well as preliminary enrichment testing. As at the time of writing, enrichment testing continues to produce encouraging results.

Directors' Report

Your directors present their report on the consolidated entity consisting of Silex Systems Limited (Silex or the Company) and the entities it controlled at the end of, or during the year ended 30 June 2024.

1. Directors

The following persons were directors of Silex Systems Limited during the whole of the financial year and up to the date of this report:

- Mr C A Roy
- Dr M P Goldsworthy
- Ms H G Cook
- Mr C D Wilks

Company Secretary

Ms J E Russell BBus, CA, MBA (Exec), GAICD was appointed to the position of Company Secretary in 2010. Before joining Silex, Ms Russell held a senior finance position in the Construction industry in the Middle East and prior to that worked as a Senior Associate with a Chartered Accounting Practice.

2. Principal activities

Silex is primarily focused on the commercialisation of its innovative SILEX laser enrichment technology across multiple global markets, with a priority focus on contributing to the reliable and sustainable supply of nuclear fuel for the global nuclear power industry, a vital part of the world's clean energy needs. The development and commercialisation program for the SILEX uranium enrichment technology is being undertaken jointly by Silex (at its Lucas Heights, Sydney facility) and by Global Laser Enrichment LLC (GLE) (in Wilmington, North Carolina). GLE is the exclusive licensee and commercialisation vehicle for the SILEX uranium enrichment technology and is a jointly–controlled venture between Silex and global uranium and nuclear fuel provider Cameco Corporation, with 51% and 49% ownership interest respectively.

Silex is also progressing the commercial deployment of the SILEX technology for the production of Q–Si products based on Zero–Spin Silicon (ZS–Si) – a key enabling material required for silicon quantum computer chip fabrication, and to further leveraging and exploiting Silex's core capabilities, through the potential production of medical isotopes, initially focusing on enrichment of Yb–176 – a key enabling material for breakthrough nuclear medicine cancer treatment.

3. Dividend

No dividend payments were made during the year. No dividend has been recommended or declared by the Board.

4. Operating and Financial Review

The review contains the following sections:

a) Overview of Operations
b) Financial Result
c) Financial Position
d) Business Strategy, Future Prospects and Key Business Risks

a) Overview of Operations

Silex is an Australian listed company focused on commercialising the innovative SILEX laser enrichment technology for application to various global industries:

i) Uranium production and enrichment for the production of nuclear fuel for the nuclear power industry;
ii) Silicon enrichment for the production of 'Quantum Silicon' used in the emerging silicon quantum computing industry; and
iii) Medical isotope enrichment for nuclear medicine cancer treatment.

Highlights

» The Company continued to make substantial progress in its various enrichment technology projects, with a primary focus on supporting the continued execution of the commercialisation program for the SILEX laser–based uranium enrichment technology with exclusive licensee GLE in the US;
» Silex and GLE have constructed, integrated, and commissioned full–scale pilot equipment in GLE's Test Loop facility in Wilmington, NC, with the aim of completing technology demonstration (TRL–6) of the SILEX technology by the end of 2024, subject to an independent assessment and report. If successfully completed in 2024, the TRL–6 demonstration would be achieved up to 12 months earlier than originally planned. The required period of demonstration testing, and the timing of the assessment report, are at the discretion of the independent assessor;
» GLE has commenced loading the UF_6 inventory into the Test Loop pilot facility in preparation for the commencement of enrichment testing;
» GLE, the jointly–controlled venture between Silex and Cameco Corporation, is uniquely positioned to address the '*Triple Opportunity*' that is emerging today in the global nuclear fuel supply chain. This is being driven by global climate change and associated net–zero targets, the increasing need for stable baseload power for emerging industrial uses, including Artificial Intelligence (AI), data centres, and electric vehicles, and geopolitical factors, which are providing a catalyst for energy security measures around the world.
» GLE's owners agreed to a plan and budget for CY2024 that continues the support of activities in the technology commercialisation project for the SILEX uranium enrichment technology, including: i) completion of GLE's new headquarters facility in Wilmington, NC, which provides significant additional space for the continued growth of the GLE team and the establishment of in–house manufacturing capability; ii) land acquisition activities for the first planned commercial production plant in Paducah, KY; and iii) preparation of an application to the Nuclear Regulatory Commission (NRC) for the commercial plant construction and operating licence;
» GLE intends to participate in the bidding process for the Department of Energy's (DOE) LEU Enrichment Acquisition Request for Proposal (RFP), issued in July 2024, with bids due for submission by 9 September 2024. The RFP provides up to US$2.7bn to support the US domestic nuclear fuel cycle.
» The design and construction of the first full–scale Quantum Silicon (Q–Si) Production Plant continues at the Company's Lucas Heights facility, with $5.1m in funding support from the Federal Government's Defence Trailblazer program and a further $4.35m cash contribution from longstanding offtake partner, Silicon Quantum Computing (SQC);
» In December 2023, the Company announced the successful completion of Stage 1 of the Medical Isotope Separation Technology (MIST) Project with proof–of–concept achieved to produce enriched Ytterbium–176 (Yb–176), which is the precursor isotope required for Lutetium–177 (Lu–177), a breakthrough development for the diagnosis and treatment of aggressive metastatic cancers. Work continues on Stage 2 of the Project which aims to achieve technology validation through a prototype demonstration system;
» Silex reported no lost time injuries or reportable incidents in our project sites during the last year. The Company has recently adopted a new Workplace Health and Safety framework with additional policies, procedures and systems to reflect the growth in the Company's operations.

SILEX Uranium Enrichment

The development and commercialisation program for the SILEX uranium enrichment technology is being undertaken by Silex (at its Lucas Heights, Sydney facility) and by GLE (in Wilmington, North Carolina). GLE is the exclusive licensee and commercialisation vehicle for the SILEX uranium enrichment technology. GLE is a jointly–controlled venture between Silex and Cameco Corporation, with 51% and 49% ownership interest respectively.

Cameco holds an option to purchase from Silex at fair market value, an additional 26% interest in GLE, potentially increasing their interest to 75% (subject to US Government approvals). This option can be exercised by Cameco up until the date that is 30 months after the technology is satisfactorily demonstrated at TRL–6 pilot scale. Subject to various factors, including the successful completion of TRL–6 pilot demonstration, availability of industry and government support, the successful completion of a feasibility study for the Paducah Laser Enrichment Facility (PLEF), and suitable market conditions, the SILEX technology could become a major contributor to nuclear fuel production for the world's current and future nuclear reactor fleet, through the production of uranium in several different forms, including natural grade uranium (U_{nat}) as UF_6, low enriched uranium (LEU) and LEU+, and high assay LEU (HALEU).

Quantum Silicon Production

Silex's 3.5–year Quantum Silicon (Q–Si) Production Project which commenced in August 2023, is being undertaken in conjunction with partners, SQC and UNSW Sydney (UNSW). The Project's objective is to establish the first Q–Si Production Plant and to develop the skills and capability to manufacture Q–Si products, produced from Zero–Spin Silicon (ZS–Si) halosilane. It is anticipated that the Plant, which is currently being constructed at the Company's Lucas Heights facility, will produce up to 20kg annually of ZS–Si, which will be converted to Q–Si product forms (gaseous and solid) required by potential customers in the global silicon–based quantum computing industry.

Medical Isotope Separation Technology (MIST)

In February 2023, Silex announced the MIST opportunity and the commencement of its MIST Project. The Project is initially focusing on the development and demonstration of a process to economically produce enriched Ytterbium (Yb–176), which is the precursor isotope required for Lutetium (Lu–177) production. The Lu–177 radioisotope has enabled a breakthrough development, called targeted beta therapy, for the diagnosis and treatment of a number of types of aggressive metastatic cancers. The 3–year MIST Project has the aim of verifying the enrichment of Yb–176 in a commercially–scalable process, through the development and demonstration of a commercial pilot–scale production module to be constructed at the Company's Lucas Heights facility.

b) Financial Result

A summary of consolidated revenue and the financial result is set out below:

	2024 $	2023 $
Revenue from continuing operations	**12,910,491**	9,235,424
Other income	**4,329,429**	2,828,484
(Loss) before tax	**(22,734,108)**	(17,361,292)
Income tax expense	**–**	–
Net (loss) from continuing operations	**(22,734,108)**	(17,361,292)
Net (loss) for the year	**(22,734,108)**	(17,361,292)
Net (loss) is attributable to:		
Owners of Silex Systems Limited	**(22,734,108)**	(17,361,292)

The net loss from ordinary activities was $22.7m compared to $17.4m in the prior year. The increase in net loss from ordinary activities is mainly attributable to the continued increase in GLE's operating budget to support GLE's commercialisation program for the SILEX uranium enrichment technology. Silex's 51% share of the GLE loss increased by $7.1m in the current year to $23.2m (reported as share of net loss of associates and joint ventures accounted for using the equity method).

Revenue from continuing operations increased by $3.7m to $12.9m in the current year, primarily due to the increase in Interest revenue of $3.6m compared to the prior period, due to the increase in average cash and term deposit holdings during the year.

Employee benefits expense and Research and development materials were also higher in the current year, with increases of $1.6m and $1.0m respectively to the prior period, as the Company's headcount and project activities increased.

Further details on the Company's financial result can be found in the Annual financial report that follows.

c) Financial Position

A summary of our consolidated balance sheet is set out below:

	30 JUNE 2024 $	30 JUNE 2023 $
ASSETS		
Total current assets	**126,734,075**	147,527,345
Total non–current assets	**14,827,216**	4,672,199
Total assets	**141,561,291**	152,199,544
LIABILITIES		
Total current liabilities	**8,623,765**	2,880,384
Total non–current liabilities	**999,186**	629,968
Total liabilities	**9,622,951**	3,510,352
Net assets	**131,938,340**	148,689,192
EQUITY		
Total equity	**131,938,340**	148,689,192

The Company's net assets as at 30 June 2024 of $131.9m decreased by 11% compared with the previous year, which is consistent with, and largely attributable to the current year's net loss from ordinary activities. Significant assets include cash holdings of $113.1m (cash and term deposits) and Investment accounted for using the equity method (investment in GLE) of $13.3m. The Company holds no corporate debt.

d) Business Strategy, Future Prospects and Key Business Risks

Silex's Business Strategy

Silex is committed to the commercialisation of its innovative SILEX laser enrichment technology across multiple global markets, with a priority focus on contributing to the reliable and sustainable supply of nuclear fuel for the global nuclear power industry, a vital part of the world's clean energy needs. The execution of our strategy is being pursued through the following activities:

- Pursuit of the 'Triple Opportunity' in the global nuclear fuel supply chain for the SILEX uranium enrichment technology, through our ownership of a 51% interest in exclusive uranium technology licensee, GLE;
- Commercial deployment of the SILEX technology for the production of Q–Si products based on Zero Spin Silicon (ZS–Si) – a key enabling material required for silicon quantum computer chip fabrication; and
- Further leveraging and exploiting Silex's core capabilities, including through the potential production of medical isotopes, initially focusing on enrichment of Yb–176 – a key enabling material for breakthrough nuclear medicine cancer treatment.

SILEX Uranium Enrichment for Nuclear Fuel Production – Overview and Future Prospects

The SILEX technology is the only third–generation laser–based uranium enrichment technology known to be in the advanced stages of commercial development today. Subject to various factors, including the successful completion of TRL–6 pilot demonstration, availability of industry and government support, the successful completion of a feasibility study for the PLEF, and suitable market conditions, the SILEX technology could become a major contributor to nuclear fuel production for the world's current and future nuclear reactor fleet through the 'Triple Opportunity' which could involve the production of three different grades of nuclear fuel, including:

- **Natural Grade Uranium (U_{nat}) as UF_6**: via enrichment of DOE owned inventories of depleted UF_6 tails at the proposed PLEF to produce uranium (in the form of converted UF_6) at natural U^{235} assay of ~0.7%;
- **Low Enriched Uranium (LEU/LEU+)**: for use as fuel in today's conventional large–scale nuclear power reactors – which require fuel with U^{235} assays of up to 5%, and potentially LEU+, a new grade of fuel with U^{235} assays between 5% and 10% being considered by several utilities for use in current and future nuclear reactors to improve economic performance; and
- **High Assay LEU (HALEU)**: a customised fuel for next generation advanced reactors, including Small Modular Reactors (SMRs) currently under development – many of which require fuel with U^{235} assays of between 10% and 20%.

Uranium production, conversion and enrichment are the key value drivers of the nuclear fuel supply chain, accounting for nearly 85% of the value of a reactor fuel bundle. Importantly, commercialisation of the SILEX uranium enrichment technology through exclusive licensee, GLE, could create leverage into all three of these nuclear fuel supply chain sectors and could enable the SILEX technology to become a unique nuclear fuel production platform for existing and emerging nuclear power generation systems.

Status of Nuclear Fuel Markets

With many countries prioritising government policy initiatives to address the compounding issues of climate change, transport electrification, and geopolitical disruptions to energy markets triggering a new focus on sovereign energy security, we expect to see nuclear power form a more meaningful part of the energy mix for a growing number of countries. This is resulting in market conditions and opportunities for nuclear fuel that have not previously been seen before in the nuclear industry.

According to the World Nuclear Association, there are currently 439 operable nuclear reactors globally, with significant growth in nuclear power expected from the additional 64 reactors under construction and the hundreds more that are planned. Notwithstanding large nuclear construction programs in China, India, and the Middle East, the US remains the world's largest producer of nuclear power, with 94 operable reactors. The US currently accounts for more than 30% of worldwide nuclear generation of electricity and is expected to remain the largest nuclear power generator for years to come. In addition, several US states and utilities are undertaking studies to assess the potential restart of shutdown reactors.

Growth in demand for nuclear power is also evident in the granting of life extensions for existing reactors. In the US, nearly all of the operable reactors have been granted operating licence extensions from 40 to 60 years, with some potentially planning to operate for 80 years or more. In addition, the retirement of a number of reactors is being delayed, or in some cases reversed. Furthermore, there is growing interest and significant international investment in the development of next–generation advanced reactor technologies, including SMRs. A number of advanced reactors are being designed to operate with HALEU fuel, while other more near–term designs will use conventional LEU fuel or, in some cases, LEU+ fuel.

For many years, global nuclear fuel markets have been highly dependent on Russian nuclear fuel supply. With Russia currently providing the European Union ~30% and the US ~27% of their enriched nuclear fuel requirements, Western governments and utilities are seeking to establish secure nuclear fuel production capabilities to free themselves of Russian influence. Importantly, the recently enacted US ban on the importation of Russian uranium (LEU) also prohibits the import of unirradiated LEU that has been swapped ('washed') for prohibited Russian uranium (LEU) or otherwise obtained in a manner designed to circumvent the ban's restrictions. As a consequence of the abovementioned compounding issues, the global markets for uranium, conversion services, and enrichment services have continued to tighten, with price increases being witnessed across all components of the fuel cycle. Since February 2022, when the term price of uranium traded at ~US$42 per pound, the term price of uranium has rallied to ~US$80 per pound. Term conversion prices have increased from ~US$18/kg to ~US$39/kg and term enrichment prices from ~US$65/SWU to ~US$163/SWU over the same period.

The global nuclear fuel markets are expected to continue to undergo fundamental realignment and move towards a more resilient and sustainable footing, with the aim of becoming less dependent on Russian and other state–owned nuclear fuel suppliers. Given this and the renewed focus on long–term energy security, and decarbonisation of electricity supply systems, we remain encouraged by the opportunities that are evolving for the SILEX technology and GLE in the global nuclear industry.

Strategic Engagement with Industry and Government Organisations

GLE's strategy includes active engagement with government and industry organisations, aimed at attracting strategic support and developing opportunities to help expedite and de–risk the commercialisation program for the SILEX uranium enrichment technology.

GLE continues to receive support from leading US nuclear generators, with four Letters of Intent (LOIs) now in place between GLE and Constellation Energy Generation, Duke Energy, Dominion Energy Services Inc, and another undisclosed entity. The LOIs reflect the strong support of the US nuclear industry to establish greater diversification in the supply of nuclear fuel. GLE engages extensively and proactively with the US nuclear industry to explore opportunities to partner with stakeholders to obtain support for its commercialisation strategy and the planned PLEF.

In response to evolving geopolitical developments, energy security concerns, and the need for reliable, low–cost, carbon–free baseload electricity generation, the US Congress enacted pivotal legislation with strong bipartisan support through the year to incentivise the establishment of new nuclear fuel production capacity in the US, as well as to reassert America's global nuclear industry leadership. Of most significance to GLE was the March 2024 passing into law of the FY2024 Energy and Water Appropriations Act, which provided authorisation for the release of US$2.7bn for new US domestic LEU and HALEU capacity. In July 2024, the DOE issued its LEU Enrichment Acquisition RFP in respect to the US$2.7bn of available funding. GLE intends to participate in the bidding process for the RFP, with bids due for submission by 9 September 2024.

GLE continues to explore opportunities to participate in US Government programs and industry initiatives as they evolve.

GLE's Commercialisation Activities

Key to progressing GLE's commercialisation activities is the successful TRL–6 demonstration of the SILEX technology. Achievement of TRL–6 demonstration by December 2024 would result in completion of this key milestone up to 12 months ahead of the original schedule.

GLE's CY2024 plan and budget provides for progress in other key commercialisation efforts, including several activities related to the planned PLEF:

- advancing technology maturation (i.e., TRL–7 and 8) and manufacturing activities (i.e., MRL–7 and 8) in preparation for commercial deployment;
- fitout and occupation of GLE's new facility in Wilmington (occupancy taken up in June 2024), which provides significant additional space for continued growth of the GLE team, and in–house manufacturing capability to support GLE's commercialisation program;
- Paducah, KY site acquisition activities, with GLE executing a set of agreements in June 2024 that provide GLE with an option to purchase a ~650–acre parcel of land for the planned PLEF – situated adjacent to the DOE's former first–generation Paducah Gaseous Diffusion Plant, at which the legacy depleted uranium inventories (PLEF feedstock) are located; and
- preparations for the NRC commercial plant licence for the PLEF, including the deployment of a highly experienced regulatory team to support the required safety and environmental assessments and licence application documentation.

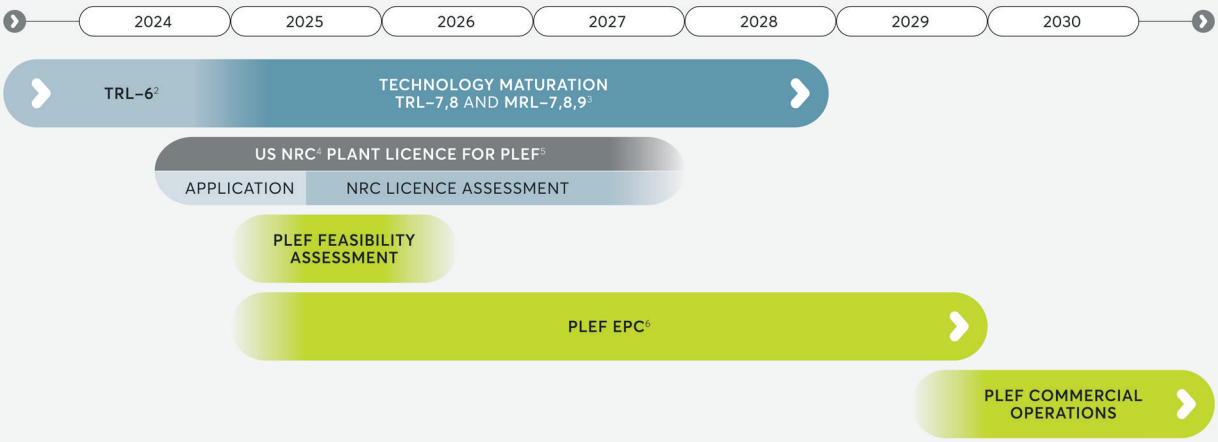
Subject to various factors, including the successful completion of TRL–6 pilot demonstration, industry and government support, a feasibility study for the PLEF, and continued supportive market conditions, GLE will continue to advance these commercialisation activities in order to support the potential commencement of commercial operations at the PLEF ahead of the original plan of 2030.

The PLEF project opportunities are underpinned by the 2016 agreement between GLE and the DOE, which through the acquisition of over 200,000 metric tonnes of depleted tails owned by the DOE, provides the feedstock for the production of natural grade uranium hexafluoride (UF_6) over three decades. The output of the proposed plant would be sold into the global uranium market at an expected production rate equivalent to a uranium mine with an annual output of up to 5 million pounds of uranium oxide, which would rank in the top 10 of today's uranium mines. Preliminary analysis by Silex of PLEF UF_6 production indicates it could rank equal to a 'Tier 1' uranium mine based on current estimates of longevity and its potentially low cost of production.

SILEX Technology Commercialisation and Licence Agreement with GLE

The Technology Commercialisation and Licence Agreement signed between Silex and GLE in 2006 is an exclusive worldwide licence for exploitation of the SILEX technology for uranium enrichment. The Licence Agreement is independent of Silex's 51% equity interest in GLE and related commercial benefits flowing from that equity interest.

GLE Commercialisation Timeline[1]



1. Timeline subject to technology demonstration outcomes, market conditions, licensing, industry and government support, PLEF feasibility assessment and other factors and may vary according to differing scenarios
2. Includes achievement of Technology Readiness Level 6 (TRL–6) as defined by *DOE Technology Readiness Assessment Guide* (G413.3–4A)
3. MRL: Manufacturing Readiness Level
4. NRC: Nuclear Regulatory Commission
5. PLEF: Paducah Laser Enrichment Facility
6. EPC: Engineering, Procurement and Construction of commercial plant

The Licence Agreement includes royalty revenues and milestone payments to Silex as follows:

- Perpetual royalty of a minimum of 7% on GLE's enrichment SWU revenues from use of the SILEX technology
- US$20 million in milestone payments payable to Silex, triggered by commercial development milestones

The first US$5 million milestone payment is due to be received by Silex following achievement of TRL–6 pilot demonstration. Given the various risks related to the commercialisation program, including the business risks outlined below, the receipt of milestone payments and royalties and the associated timing remains uncertain.

The joint owners of GLE continue to take a considered approach to the SILEX technology commercialisation program in line with current market conditions and opportunities. Ultimately, the future of the technology and likelihood of success in the remaining commercialisation program is dependent on the continued growth in the global markets for natural and enriched uranium. Commercialisation of the SILEX uranium enrichment technology therefore remains subject to these and other risks.

Quantum Silicon (Q–Si) for Quantum Computing Processor Chips – Overview and Future Prospects

The 3.5–year Q–Si Production Project was announced in 17 August 2023 and is being undertaken in conjunction with partners, SQC and UNSW. The Project's objective is to establish the first Q–Si Production Plant and to develop the skills and capability to manufacture Q–Si products, produced from Zero–Spin Silicon (ZS–Si) halosilane, in multiple product forms at commercial scale.

In January 2024, Silex announced the expansion of its commercial arrangements with longstanding partner, SQC, in support of the Q–Si Production Project. This included an increase to SQC's product offtake commitment for Q–Si products and additional funding arrangements that will result in a cash contribution of $4.35m to the Q–Si Project. The 3.5–year Project is also supported with $5.1m of funding from the Federal Government's Defence Trailblazer for Concept to Sovereign Capability Program, a strategic partnership between The University of Adelaide and UNSW, via the Department of Education's Trailblazer Universities Program.

The aim of the Project is to design and construct the first module of the Q–Si Production Plant at the Company's Lucas Heights facility. It is anticipated that the Plant will produce up to 20kg annually of ZS–Si, which will be converted to Q–Si product forms (gaseous and solid) required by potential customers in the global silicon–based quantum computing industry.

A key benefit of the SILEX laser isotope separation technology is its modular nature, allowing for the Production Plant to be scaled–up with more production modules over time, based on market demand and other factors.

Australia has been at the forefront of global efforts to develop and commercialise quantum computing and associated quantum technologies, which have the potential to underpin transformational technological advancements in many fields, including AI, robotics, advanced communications, and sensing, and in complex global industries, such as defence and aerospace, finance, biomedical science, chemicals, and logistics. UNSW and its commercial spin out, SQC, are world leaders in developing silicon–based quantum computing technology, which, if successful, will allow Australia to establish sovereign capability in a key strategic technology that will advance the country's future defence, national security, and economic competitiveness in the emerging quantum technology era.

In parallel with the design and construction of the initial commercial module of the Q–Si Production Plant a full economic assessment of the Quantum Silicon business case will be completed. The Q–Si Project remains dependent on the outcomes of the latest development Project and the viability of silicon quantum computing and therefore continues to carry inherent risks.

Medical Isotope Separation Technology (MIST) Project – Overview and Future Prospects

In February 2023, Silex announced the MIST opportunity and the commencement of its MIST Project. The Project is initially focusing on the development and demonstration of a process to economically produce enriched Yb–176, which is the precursor isotope required for Lu–177 production. The Lu–177 radioisotope has enabled a breakthrough development, called targeted beta therapy, for the diagnosis and treatment of a number of types of aggressive metastatic cancers. It has been approved for use in several applications in the US, Europe, and the UK, and is under trial in Australia. Enriched Yb–176 previously was almost entirely sourced from Russia, with supply disrupted by the War in Ukraine and the shift away from Russian nuclear market services.

In December 2023, Stage 1 of the Project (proof–of–concept) was successfully completed. Proof–of–concept was achieved with a Silex custom–built test system in our Lucas Heights facility. The Stage 1 results involved the demonstration of an isotopic enrichment effect for the Yb–176 isotope, and cleared the path to proceed to Stage 2 (Technology Validation).

Silex is currently undertaking Stage 2 of the Project and is completing a series of activities to validate the process at prototype scale, representing a significant level of scale–up. This includes the design and construction of a prototype demonstration system, as well as preliminary enrichment testing. At the time of writing, enrichment testing continue to produce encouraging results.

The MIST platform has potential application to other high–value medical and industrial isotopes, with the technology and all associated IP wholly owned by Silex. However, the MIST Project is dependent on the outcomes of the Stage 2 prototype demonstration project and is therefore subject to various risks. The commercial future of the SILEX technology in application to medical isotopes separation is uncertain and any plans for commercial deployment are speculative.

Silex's Key Business Risks

The key business risks facing the Company include, but are not limited to:

(a) Decreases in the market prices or decreasing demand for nuclear fuel

Decreases in the market prices of the components of nuclear fuel or in the demand for uranium (measured in pounds of uranium oxide or 'yellowcake'), conversion (measured in kilograms of uranium), enrichment (measured in Separative Work Units (SWUs)) or other forms of uranium including LEU, LEU+, HALEU or enriched uranium product (EUP) could affect the ability of GLE and Silex to commercialise the SILEX technology. The prices and demand for the various components of nuclear fuel remain sensitive to a number of factors that are beyond the control of the Company, including economic and political factors, growth in nuclear power generation and the resulting supply and demand of nuclear fuel components. The Company cannot provide assurances with regard to factors that are beyond its control and that may impact the commercialisation plans of Silex and GLE.

(b) Nuclear Industry contractions

If the SILEX laser–based uranium enrichment technology is ultimately commercially deployed, the quantum of income in the form of milestone payments, revenues, and/or royalties could be impacted by any decline in the size of the world nuclear industry. Examples of factors which may constrain growth in the nuclear industry include:

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

(c) Government and Regulatory Risks

The activities of the Company and GLE are subject to extensive laws and regulations. Various permits and licences are required for operations today and into the future. Adherence to legislation and regulations, and obtaining permits and licences, may cause restrictions, additional cost and potential delays to GLE's commercialisation.

In January 2021, GLE became 100% non–US owned with Silex holding a 51% ownership interest and Cameco Corporation holding a 49% interest in GLE. 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. These regulations and directives are administered on behalf of the US Government by the US NRC and the US DOE. 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.

(d) Contractual Risks

Silex signed an agreement, effective January 2021, with Cameco as joint venture partner 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 in which Silex and Cameco may not be fully aligned and which may lead to disagreements between Silex and Cameco. 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 DOE which facilitates the future purchase of hundreds of thousands of metric tons of depleted uranium hexafluoride (DUF_6) inventories (also known as depleted 'tails') owned by the US Government. This agreement relates primarily to the inventories which are located at the DOE reserve in Paducah, Kentucky. This agreement, which was amended in 2020 to align it with then current market conditions and US Government priorities, underpins GLE's key commercial project at the planned PLEF. Issues arising with respect to the agreement may compromise GLE's commercialisation program.

(e) Technology commercialisation program execution

The Company is currently undertaking the commercialisation of the SILEX laser–based uranium enrichment technology together with GLE, and additionally the Q–Si Production Project and the MIST Project. Changes in scope or delays to our various technology commercialisation programs may occur due to multiple factors including: resource prioritisation and allocation; interproject dependencies; actions taken by the Company's commercialisation partners and other stakeholders that could adversely affect the programs and commercialisation strategies; macro–economic and geopolitical factors that may impact commercial opportunities and/or the demand for the Company's products; resource availability and cost; competition from alternative technologies; and impacts from potential third party claims against the Company's ownership of intellectual property.

(f) 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. Furthermore, application of the SILEX technology to uranium enrichment has been classified by the Australian and US governments, and as a consequence, the Company is not permitted to apply for patent protection for uranium enrichment technology and any similar variant of the SILEX technology applied to fields beyond uranium, to the extent there is overlap in such intellectual property.

The SILEX technology is therefore protected proactively by government–mandated trade–secret protocols and strict security controls. These include, but are not limited to, high security infrastructure including security fencing and multiple–layered access control, 24/7 CCTV surveillance and armed guard patrols, an extensive cybersecurity program and security clearances required 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.

(g) Reliance on key staff and retention

The ability to retain specialist team members who are integral to the execution and delivery of our technology commercialisation programs is imperative. This includes the CEO/MD and founder of Silex, who is highly experienced in both technology development and company management, and remains fundamental to the success of Silex. Silex may be adversely affected if the CEO/MD is unable to remain actively involved in the business. In addition, Silex relies heavily on the knowledge and expertise of several long–serving senior technology experts and corporate personnel. The loss of any of these specialists may have an impact on progress in the Company's various projects and is a key focus of the Company's succession planning and staff development activities.

(h) Health and Safety

Silex conducts its activities to the highest standards of workplace health and safety (WHS) and has systems in place for the management of WHS risks. Laser technology and operating within the nuclear fuel industry carries inherent risks with little margin for error. The Company also utilises potentially harmful gases, materials and equipment in its operations. Silex executes its WHS strategy and manages its WHS obligations with strong internal controls, including extensive technical controls, process safety, a focus on continuous improvement of our WHS management system, and on the auditing and monitoring of our operations by both internal and external experts.

(i) Climate change and environment

The Company has a responsibility to ensure its operations have the lowest possible impact on the environment. Climate change presents an evolving set of risks and opportunities. This includes risks and opportunities associated with:

- the transition to low carbon–emissions power generating technologies; and
- risks arising from an increase in weather events and adverse weather patterns due to climate change.

Furthermore, the increased regulation of greenhouse gas emissions could adversely affect the Company's and GLE's future cost of operations as a result of increased energy costs and the cost of production at the PLEF. Regulatory change by governments in response to climate change may also result in increased compliance costs.

5. Significant changes in state of affairs

On 19 February 2024, GLE's owners agreed to a plan and budget for CY2024 that enabled the continuation of accelerated activities in the technology demonstration project for the SILEX uranium enrichment technology, and allowed GLE to progress other key commercialisation activities noted above. The CY2024 plan and budget involves an approximate doubling of GLE's project expenditures compared to CY2023.

6. Matters subsequent to the end of the financial year

The consolidated entity is not aware of any matters or circumstances which are not otherwise dealt with in the financial statements that have significantly, or may significantly, affect the operations of the consolidated entity, the results of its operations or the state of the consolidated entity in subsequent years other than those referred to in this Directors' Report.

7. Information on Directors

The following information is current as at the date of this report:

Mr Craig Roy
MBA, MSc, FAICD
Chair – Independent non–executive director

Experience and expertise

- Independent non–executive director and Chair since January 2019
- Former Deputy CEO of the CSIRO
- Extensive experience as a company director and is currently a Non–executive Director of Sydney Water and Australian Composites Manufacturing CRC Limited, and Chair of the Australian Research Data Commons

Other current listed company directorships

- None

Former listed company directorships in last 3 years

- None

Special responsibilities

- Chair of the Board
- Member of Audit Committee
- Chair of Remuneration & Nomination Committee
- Member of Global Laser Enrichment Holdings LLC (Chair until 31/12/2023)

Interests in shares, options and rights

Number of ordinary shares	259,507
Number of options	Nil
Number of rights	Nil

Dr Michael Goldsworthy
BSc (Hons), MSc, PhD, FAIP, GAICD
Chief Executive Officer/ Managing Director

Experience and expertise
- CEO/MD for thirty–two years (since 1992)
- Founder of the Company and co–inventor of the SILEX laser isotope separation technology
- Dr Goldsworthy has been the driving force behind the commercialisation program for the SILEX technology

Other current listed company directorships
- None

Former listed company directorships in last 3 years
- None

Special responsibilities
- Chief Executive Officer/ Managing Director
- Director of Global Laser Enrichment Holdings LLC

Interests in shares, options and rights

Number of ordinary shares	6,314,993
Number of options	900,000
Number of rights	487,500

Ms Helen Cook
LLM, LLB (Hons), BA
Independent non–executive director

Experience and expertise
- Independent non–executive director since October 2021
- Commercial lawyer and international nuclear law specialist
- Principal of GNE Advisory Pty Ltd, a law practice dedicated to the global civil nuclear energy sector

Other current listed company directorships
- None

Former listed company directorships in last 3 years
- None

Special responsibilities
- Member of Audit Committee
- Member of Remuneration & Nomination Committee

Interests in shares, options and rights

Number of ordinary shares	12,000
Number of options	Nil
Number of rights	Nil

Mr Christopher Wilks
BCom, FAICD
Non–executive director

Experience and expertise
- Non–executive director since 1988
- Finance director and CFO of Sonic Healthcare Limited
- Various directorships of public companies held over the years

Other current listed company directorships
- Executive director of Sonic Healthcare Limited since 1989 (Finance director since 1993)

Former listed company directorships in last 3 years
- None

Special responsibilities
- Chair of Audit Committee
- Member of Remuneration & Nomination Committee

Interests in shares, options and rights

Number of ordinary shares	2,833,716
Number of options	Nil
Number of rights	Nil

8. Meetings

The numbers of meetings of the Company's Board of Directors and of each Board Committee held during the financial year, and the numbers of meetings attended by each director were:

	DIRECTORS' MEETINGS		AUDIT COMMITTEE MEETINGS		REMUNERATION & NOMINATION COMMITTEE MEETINGS	
DIRECTOR'S NAME	NUMBER HELD	NUMBER ATTENDED	NUMBER HELD	NUMBER ATTENDED	NUMBER HELD	NUMBER ATTENDED
Mr C A Roy	8	8	3	3	2	2
Mr M P Goldsworthy	8	8	▲	▲	▲	▲
Ms H G Cook	8	8	3	3	2	2
Mr C D Wilks	8	8	3	3	2	2

▲ Not a member of the relevant committee at the time the scheduled meetings were held.

9. Remuneration Report

Letter to Shareholders from the Chair of the Remuneration & Nomination Committee

On behalf of the Remuneration & Nomination Committee and the Board, I am pleased to present the FY2024 Remuneration Report. The Remuneration Report provides information on the remuneration arrangements for our executive Key Management Personnel (KMP) which includes our CEO/MD, CFO/Company Secretary and non–executive directors of the Company.

Company Performance

In FY2024, Silex continued to execute on our strategic priorities, with our executive KMP leading these efforts. This included the ongoing support of activities in the technology commercialisation project for the SILEX uranium enrichment technology together with GLE. Importantly, we have been focussed on the completion of the TRL–6 pilot demonstration project – successful completion of which is a pivotal milestone in the de–risking of the SILEX uranium enrichment technology for commercial deployment. The construction and testing of full–scale technology components in preparation for TRL–6 pilot demonstration has been completed and at the time of writing, preparations continue for the commencement of enrichment testing. Efforts also continue to position GLE in the market for the potential commercial production of nuclear fuel later this decade.

Progress with the commercial deployment of the SILEX technology for the production of Q–Si products based on Silex's Zero–Spin Silicon (ZS–Si) product also continued during the year, together with the securing of third party contributions totalling ~$9.5m, including $5.1m from the Defence Trailblazer program. The design and construction of the first full–scale Q–Si (enriched silicon) commercial production module progressed at the Company's Lucas Heights facility during the year. The Company also continued to further leverage core capabilities through the development of the Medical Isotope Separation Technology (MIST), advancing the MIST project from proof–of–concept through to the current design and construction of a prototype demonstration system.

Our progress and achievements during the year are testament to the leadership of our CEO/MD, Michael Goldsworthy, our executives and the Silex and GLE teams.

Remuneration Outcomes for FY2024

As detailed in the Remuneration Report, a significant proportion of the compensation for our CEO/MD and CFO/Company Secretary is at–risk, equity–based and is intrinsically linked to performance. Multi–year, equity–based incentives for our CEO/MD (as approved by shareholders at the 2021 AGM) and for our CFO/Company Secretary are in place with clear key performance indicators (KPIs) and objectives that are intended to align their interests with those of our shareholders, and to drive positive outcomes in the longer term.

The Committee and the Board assessed the performance of executive KMP against their respective KPIs and objectives. Section d) of the Remuneration Report details the FY2024 Short–term Incentive (STI) payments and includes a summary of the assessment of the KPIs and the final STI payable. The assessment of the STI KPIs and objectives for the CEO/MD and CFO/Company Secretary reflect the strong Company performance for FY2024. Details of the FY2024 Extended Long–term Incentive (LTI) outcome for the CFO/Company Secretary can also be found in Section d). We believe that our executive remuneration programs have been appropriately set and create alignment between our executive KMP and the long–term success of the Company and our shareholders.

Independent Remuneration Review

The Committee and the Board is committed to regularly evaluating the Company's remuneration strategy, objectives and programs to ensure the alignment of remuneration to the achievement of strategic and business objectives and to the interests of Silex shareholders and other stakeholders. We endeavour to ensure that at all times our remuneration practices reflect strong governance, and are aligned to market and incorporate best practice guidelines to ensure our decisions with respect to KMP remuneration are appropriate in relation to the Company's performance.

The Company recently commenced an engagement to complete an independent remuneration benchmarking and design review of the remuneration framework for Company executives and of non–executive directors' fees. As this review is ongoing, the remuneration for our CEO/MD and CFO/Company Secretary, and our non–executive directors has been frozen pending completion of the assessment. The outcomes of the remuneration review engagement will be considered for implementation from 1 July 2024 and will be reported in our FY2025 Remuneration Report.

We invite you to review the full Remuneration Report and we look forward to answering any questions you may have at our AGM later this year.

Mr C A Roy
Chair,
Remuneration & Nomination Committee

Remuneration Report

The directors present the Remuneration Report for the year ended 30 June 2024, outlining key aspects of our remuneration policy and framework, and remuneration awarded for the Company's non–executive directors, executive directors and other executive Key Management Personnel (KMP). The report contains the following sections:

a) Directors and KMP disclosed in this report
b) Remuneration governance
c) Linking remuneration structure to Company performance
d) Elements of executive KMP remuneration
e) Link between FY2024 remuneration and performance
f) Contractual arrangements with executive KMPs
g) Non–executive directors' remuneration arrangements
h) Directors' and KMP remuneration
i) Performance–based remuneration granted and forfeited during the year
j) Terms and conditions of the equity–based payment arrangements
k) Reconciliation of options, rights and ordinary shares held by executive KMP
l) Voting at the Company's 2023 Annual General Meeting

a) Directors and KMP disclosed in this report

The 2024 Remuneration Report forms part of the Directors' Report and has been prepared and audited in accordance with the requirements of section 300A of the *Corporations Act 2001* (Cth). The Remuneration Report has been prepared in respect of the KMP of the Company. KMP are defined as those persons who have authority and responsibility for planning, directing and controlling the activities of the Company.

The KMP covered in this report are as follows:

NAME	POSITION
Non–executive and executive directors	
Mr C A Roy	Chair and Non–executive director
Dr M P Goldsworthy	CEO/Managing Director – Executive director
Ms H G Cook	Non–executive director
Mr C D Wilks	Non–executive director
Other executive KMP	
Ms J E Russell	CFO/Company Secretary

b) Remuneration governance

Board oversight

The Silex Board is ultimately responsible for ensuring that the Company's remuneration structure is fit for purpose and reflects the Company's values, strategic objectives and risk appetite, and aligned with the long–term interests of shareholders. The Board and its advisors are independent of Management when making decisions affecting employee remuneration.

Remuneration & Nomination Committee structure

The Remuneration & Nomination Committee is a committee of the Board comprised of a majority of independent non–executive directors. The Chair of the Committee is also an independent non–executive director. Its role is to make recommendations to the Board regarding the Company's remuneration policies and practices, including those applicable to the Company's KMP and to perform a range of nomination responsibilities including addressing the selection, appointment and review of Directors. Members of the Remuneration & Nomination Committee as at 30 June 2024 were as follows:

Committee members	Mr C A Roy | Chair Ms H G Cook Mr C D Wilks
Committee secretary	Ms E J Wells (from 19 February 2024) Ms J E Russell (to 19 February 2024)
Number of meetings in FY2024	2
Other individuals who regularly attended meetings	Dr M P Goldsworthy CEO/MD

The role of the Remuneration & Nomination Committee with respect to remuneration is as follows:

- Review and recommend to the Board appropriate remuneration policies and practices that are competitive and reasonable for the Company, and that will attract and retain key talent;
- To make specific recommendations in relation to executive KMP compensation and senior executives, as well as the general application to all employees;
- Determine and recommend remuneration levels of non–executive directors, the CEO/MD, and the CFO/Company Secretary for Board approval; and
- Manage the incentive plans which apply to executive KMP and senior executives and management, including performance objectives and the assessment of those objectives.

The role and responsibilities of the Remuneration & Nomination Committee are set out in the Committee's Charter, which is available on the Company's website at: www.silex.com.au/corporate/corporate–governance/.

The Company recently commenced an engagement to complete an independent remuneration benchmarking and design review of the remuneration framework for Company executives and of non–executive directors' fees. Once completed, the outcomes of the engagement will be considered for implementation during FY2025.

c) Linking remuneration structure to Company performance

Remuneration strategy, policy and framework

In determining executive KMP remuneration, the Board's policy is based on the principle of aligning remuneration outcomes with the successful delivery of strategy whilst ensuring our remuneration practices are designed to attract, motivate and retain highly qualified and specialised personnel. High regard for contemporary market practice, good governance and alignment to changing business circumstances is maintained at all times. The Company aims to reward executive KMP with a level and mix of remuneration commensurate with their position and responsibilities within the Company that is competitive within the market.

Remuneration for executive KMP is reviewed annually and considers market data, insights into remuneration trends, the performance of the Company and the individual, and the broader economic and operating environment.

Following a review of the Company's executive KMP incentive programs during FY2021, a multi–year incentive program was developed, involving the issue of Short–term Incentives (STIs), Long–term Incentives (LTIs) and an Extended LTI using a variety of equity–based awards and therefore aligned with the creation of shareholder value over the long–term. These equity–based incentives for our CEO/MD were approved by shareholders at the 2021 AGM.

The executive KMP remuneration framework comprises of two components:

- Total fixed remuneration; and
- At–risk incentives.

Remuneration structure

ELEMENT	PURPOSE	PERFORMANCE METRICS	STRUCTURE	VALUE
Total Fixed Remuneration (TFR)	Provide competitive market salary, including superannuation and non–monetary benefits	Nil	Base remuneration	Positioned at median market rate and with reference to role experience
		AT–RISK INCENTIVES		
STI*	Reward for in–year performance, retention via 2–year escrow period applied to any equity incentive award	Performance may be linked to financial metrics such as cash flow management and to non–financial measures, such as commercial deliverables, and other specific operational and strategic deliverables for the Company.	**CEO: FY2024 – 75,000 Performance Rights**** (Nb. FY2022 to FY2025 – award of 75,000 Performance Rights per annum. Underlying performance criteria to be set by the Board at the commencement of each financial year)	Potential value: $192,150
			A gross cash performance payment of $75,000 was awarded to the CEO for FY2024 in recognition of Company achievements, sustained efforts and performance, and FY2024 STI assessment.	Value: $75,000
			CFO: FY2024 – 70,000 Performance Rights (Nb. FY2022 to FY2024 – award of 70,000 Performance Rights per annum. Underlying performance criteria to be set by the Board at the commencement of each financial year)	Potential value: $171,570
			A gross cash performance payment of $60,000 was awarded to the CFO for FY2024 in recognition of Company achievements, sustained efforts and performance, and FY2024 STI assessment.	Value: $60,000
LTI*	Alignment to long–term shareholder value, retention via 2–year escrow period applied to any equity incentive award	Performance linked to contribution to the creation of shareholder value over the longer term.	**CEO: FY2024 – 150,000 Options** (Nb. 750,000 options** granted 14 October 2021***, representing 150,000 options per annum for FY2021 through to and including FY2025)	Potential value: $577,470 Expensed over FY2021 to FY2027
			CFO: FY2024 – 100,000 Options (Nb. 300,000 options granted 26 July 2021***, representing 100,000 options per annum for FY2022 through to and including FY2024)	Potential value: $139,390 Expensed over FY2022 to FY2026
Extended LTI*	Alignment to long–term shareholder value, retention via 2–year escrow period applied to any equity incentive award	Performance linked to scale–up of the unique SILEX uranium enrichment technology (i.e., TRL–6 pilot demonstration) by no later than 31 December 2025. Performance linked to long–term shareholder value.	**CEO: 412,500 Performance Rights**** (to cover 5.5 performance years commencing 1 July 2020 and ending 31 December 2025)	Potential value: $466,950 Expensed over FY2021 to FY2026
			CFO: 300,000 Performance Rights (to cover 5 performance years commencing 1 July 2021 and ending 30 June 2026)	Potential value: $239,550 Expensed over FY2022 to FY2026

* At risk remuneration. At all times the Board has the discretion to make a final determination based on Company performance or other factors. Incentive awards may be clawed back or cancelled if the relevant executive acts fraudulently or dishonestly or breaches their obligations to the Company

** Approved by shareholders at the 2021 AGM

*** Option exercise price of $0.94, based on the 10–trading day VWAP preceding 25 June 2021

TFR is comprised of base salary and superannuation. TFR is reviewed annually, or on promotion. It is benchmarked against market data for comparable roles in companies in a similar industry and with similar market capitalisation. The Committee aims to position executives at or near the median, with flexibility to take into account capability, experience, and value to the organisation and performance of the individual. The Board approved a TFR increase of 4% effective from 1 July 2023 for our CEO/MD and CFO/Company Secretary following careful consideration of performance, market data and conditions.

At–risk incentives are equity–based and structured to drive performance over the longer–term. A multi–year equity–based incentive program remained in place for FY2024, comprising Short–term Incentives (STIs), Long–term Incentives (LTIs) and Extended LTIs for the CEO/MD and CFO/Company Secretary. Annual STIs and LTIs were set through to the end of FY2024 for the CFO and to FY2025 for the CEO, in order to drive performance and talent retention. STIs have a 12–month performance period and the underlying performance objectives are set annually. LTIs are assessed over a 3–year period and are designed to promote long–term stability in share price appreciation.

The CEO's Extended LTI has performance criteria specifically tailored to outcomes relating to the scale–up of the unique SILEX uranium enrichment technology and will be assessed over a performance period ending no later than 31 December 2025. Achievement of the CEO's Extended LTI will be subject to independent Board verification. The Extended LTI for the CFO has performance criteria tailored to growth in long–term shareholder value and will be assessed over a performance period ending 30 June 2026.

Assessing performance and claw–back of remuneration

The Remuneration & Nomination Committee is responsible for assessing performance against KPIs and determining the incentive awards to be paid to all senior executives and management. To assist in this assessment, the Committee receives detailed reports on performance from Management which are based on independently verifiable data such as financial measures, market information and data from independently run surveys. At all times, the Board has the discretion to make a final determination.

In the unlikely event of serious misconduct or a material misstatement in the Company's financial statements the Board can cancel or defer performance–based remuneration and may also claw back performance–based remuneration paid in previous financial years.

d) Elements of executive KMP remuneration

The executive KMP remuneration for FY2024 comprised the following elements:

	CEO/MD	CFO/COMPANY SECRETARY
Total Fixed Remuneration (TFR)		
Composition	Base salary and superannuation	Base salary and superannuation
Assessment	Based on responsibilities, performance and market data	Based on responsibilities, performance and market data
At risk	No	No
Short–Term Incentives		
Composition	An equity–based STI may be granted annually at the discretion of the Board. As per shareholder approval at the 2021 AGM, the current STI comprises an annual grant of 75,000 Performance Rights through to FY2025.	An equity–based STI may be granted annually at the discretion of the Board. The STI is intended to comprise an annual grant of 70,000 Performance Rights through to FY2024.
Opportunity	75,000 Performance Rights	70,000 Performance Rights
Assessment	KPIs were stretch targets and focussed on delivering priorities associated with increasing shareholder value, including: – Commercial deliverables related to GLE: 65% – Q–Si/MIST commercial and technical deliverables: 20% – Corporate and individual performance: 15% **Assessment**: 93.5% of the Performance Rights will vest subject to completion of an underlying service–condition ending 31 July 2024. 70,125 shares are pending for issue to the CEO. The shares to be issued are subject to a 2–year trading restriction from the date of issue.	KPIs were stretch targets and focussed on delivering priorities associated with increasing shareholder value, including: – Commercial deliverables related to GLE: 40% – Q–Si/MIST commercial and technical deliverables: 15% – Company organisation design and resourcing: 15% – Corporate and individual performance: 30% **Assessment**: 98% of the Performance Rights will vest subject to completion of an underlying service–condition ending 31 July 2024. 68,600 shares are pending for issue to the CFO. The shares to be issued will be subject to a 2–year trading restriction from the date of issue.
Cash STI	A gross cash performance payment of $75,000 was awarded in recognition of individual and Company achievements, sustained efforts and performance, and in accordance with strong FY2024 STI assessment as outlined above.	A gross cash performance payment of $60,000 was awarded in recognition of individual and Company achievements, sustained efforts and performance, and in accordance with strong FY2024 STI assessment as outlined above.
Board discretion	The Board has discretion to adjust remuneration outcomes up or down to prevent any inappropriate reward outcomes, including reducing (down to zero, if appropriate) any STI award.	The Board has discretion to adjust remuneration outcomes up or down to prevent any inappropriate reward outcomes, including reducing (down to zero, if appropriate) any STI award.
Long–Term Incentives		
Composition	As per shareholder approval at the 2021 AGM, an equity–based LTI to cover five performance years (i.e., FY2021 through to and including FY2025) was granted. The multi–year incentive, equivalent to an annual grant of 150,000 options, was granted on 14 October 2021 for the five years ending 30 June 2025.	An equity–based LTI to cover three performance years has been granted (i.e., FY2022 through to and including FY2024). The multi–year incentive, equivalent to an annual grant of 100,000 options, was granted on 26 July 2021 for three years ending 30 June 2024.
Opportunity	Issue of 750,000 options (i.e., 150,000 options attributable to each year from FY2021 to FY2025)	Issue of 300,000 options (i.e., 100,000 options attributable to each year from FY2022 to FY2024)
Assessment	The equity–based LTI have vesting periods that end from 25 June 2024 to 30 June 2027. In the event the options are eligible to be exercised, any resulting allotment of Silex Systems Limited shares will be subject to a further escrow period of 2 years.	The equity–based LTI have vesting periods that end from 30 June 2024 to 30 June 2026. In the event the options are eligible to be exercised, any resulting allotment of Silex Systems Limited shares will be subject to a further escrow period of 2 years.

	CEO/MD	CFO/COMPANY SECRETARY
Exercise price	In accordance with shareholder approval, the options' exercise price is $0.94. This exercise price was determined based on the volume weighted average price at which the Company's shares were traded on the Australian Stock Exchange for the 10–trading days preceding 25 June 2021.	The options' exercise price of $0.94 was determined based on the volume weighted average price at which the Company's shares are traded on the Australian Stock Exchange for the 10–trading days preceding the 25 June 2021.
Forfeiture and termination	Options will lapse if vesting conditions are not met. Options will be forfeited on cessation of employment unless the Board determines otherwise.	Options will lapse if vesting conditions are not met. Options will be forfeited on cessation of employment unless the Board determines otherwise.
Board discretion	The Board has discretion to adjust remuneration outcomes up or down to prevent any inappropriate reward outcomes, including reducing (down to zero, if appropriate) any LTI award.	The Board has discretion to adjust remuneration outcomes up or down to prevent any inappropriate reward outcomes, including reducing (down to zero, if appropriate) any LTI award.
Extended Long–Term Incentives		
Composition	As per shareholder approval at the 2021 AGM, the equity–based Extended LTI is a multi–year incentive equivalent to 412,500 Performance Rights for a 5.5 year performance period ending 31 December 2025.	An equity–based Extended LTI is a multi–year incentive equivalent to 300,000 Performance Rights for a 5–year performance period ending 30 June 2026.
Opportunity	Issue of 412,500 Performance Rights	Issue of 300,000 Performance Rights
Assessment	The performance period of the Extended LTI commenced on 1 July 2020 and ends 31 December 2025. The performance criteria are linked to specifically tailored outcomes relating to the scale–up of the unique SILEX uranium enrichment technology (i.e., TRL–6 pilot demonstration) and will be assessed over a performance period ending no later than 31 December 2025. Achievement will be subject to independent Board verification and the Extended LTI may be subject to early–vesting. In the event the performance and vesting criteria are achieved, any resulting allotment of Silex Systems Limited shares will be subject to a further escrow period of 2 years. **Assessment**: N/A	The performance period of the Extended LTI commenced on 1 July 2021 and ends 30 June 2026. The Extended LTI is subject to service–based and performance–based criteria linked to increased shareholder value. In the event the performance and vesting criteria are achieved, any resulting allotment of Silex Systems Limited shares will be subject to a further escrow period of 2 years. **Assessment**: With respect to performance–based and service–based criteria for the 3–year period ending 30 June 2024, it was assessed that 75,000 Performance Rights have vested. 75,000 shares are pending for issue to the CFO. The shares to be issued are subject to a 2–year trading restriction from the date of issue.
Forfeiture and termination	Performance Rights will lapse if performance conditions are not met. Rights will be forfeited on cessation of employment unless the Board determines otherwise.	Performance Rights will lapse if performance conditions are not met. Rights will be forfeited on cessation of employment unless the Board determines otherwise.
Board discretion	The Board has discretion to adjust remuneration outcomes up or down to prevent any inappropriate reward outcomes, including reducing (down to zero, if appropriate) any Extended LTI award.	The Board has discretion to adjust remuneration outcomes up or down to prevent any inappropriate reward outcomes, including reducing (down to zero, if appropriate) any Extended LTI award.

e) Link between FY2024 remuneration and performance

FY2024 performance and impact on remuneration

In FY2024, the Company continued to execute on its strategic priorities. This included the ongoing support of activities in the technology commercialisation project for the SILEX uranium enrichment technology together with GLE. A key focus has been on the completion of the TRL–6 pilot demonstration project – a pivotal milestone in the de–risking of the SILEX uranium enrichment technology for commercial deployment. The construction, integration and commissioning of full–scale technology components in preparation for TRL–6 pilot demonstration has been completed and preparations continue for the commencement of the TRL–6 testing program. Efforts also continued to position GLE in the market for potential commercial production later this decade. Other SILEX technology commercialisation activities progressed in parallel with the Q–Si Production Project advanced during the year together with the securing of third party contributions totalling ~$9.5m, including $5.1m from the Defence Trailblazer program. The Company also continued to further leverage core capabilities through the development of the Medical Isotope Separation Technology (MIST), advancing the MIST project from proof–of–concept through to the current design and construction of a prototype demonstration system.

The remuneration framework has been designed to reward executive KMP for their contribution to the performance of the Company, and to support alignment between the remuneration of our CEO/MD and CFO/Company Secretary and shareholder returns. The Company's performance for FY2024 was reflected in the continued appreciation of the Silex share price, which increased ~35% during the year ended 30 June 2024, and ~600% over the 4–years ended 30 June 2024.

For further information on the Company's performance during the year, refer to the Operating and Financial Review in Section 4 of this Directors' Report.

As a result of these positive achievements, the Board assessed the CEO/MD at 93.5% achievement and the CFO/Company Secretary at 98% achievement of the FY2024 STI (via Performance Rights – subject to completion of the service–condition ending 31 July 2024) and the award of a cash performance payment of $75,000 and $60,000 to the CEO/MD and CFO/Company Secretary respectively. In addition, the Board's implementation of multi–year equity–based incentives for the Company's executive KMP is intended to retain KMP and to provide longer term benefits if key service and performance criteria are met together with sustained appreciation in shareholder value.

Statutory performance indicators

We aim to align executive KMP remuneration to our strategic and business objectives and the creation of shareholder wealth. The below table shows measures of the Company's financial performance over the last five years as required by the *Corporations Act 2001*. However, as a pre–revenue company, the below measures are generally not the measures used in determining the variable amounts of remuneration to be awarded to KMPs. As a consequence, there is only a partial correlation between the statutory key performance measures and the variable remuneration awarded.

YEAR ENDED 30 JUNE	EARNINGS PER SHARE CENTS	TOTAL STI AWARDS TO KMP $	SHARE PRICE AT 30 JUNE $
2020	(4.5)	61,600	0.78
2021	(4.0)	62,935	0.90
2022	(4.8)	228,601	2.10
2023	(8.1)	466,751	3.94
2024	(9.6)	482,192	5.33

f) Contractual arrangements with executive KMPs

COMPONENT	CEO/MD	CFO/COMPANY SECRETARY
Total Fixed Remuneration	$624,000	$364,000
Contract duration	Ongoing Common Law Contract	Ongoing Common Law Contract
Notice by the individual or Company	6 months	6 months
Termination of employment (without cause)	Partial payment for pro–rata STI, if applicable, may be at Board discretion Unvested LTI and Extended LTI may remain on foot subject to achievement of the performance criteria at the original date of testing Payment of Long Service Leave accrued prior to 31 December 2014 at pre–1 January 2015 TFR of $800,000. Long Service Leave accrued after 1 January 2015 will be payable as per statutory requirements	Partial payment for pro–rata STI, if applicable, may be at Board discretion Unvested LTI and Extended LTI may remain on foot subject to achievement of the performance criteria at the original date of testing
Termination of employment (with cause) or by the individual	STI is not awarded and all unvested LTI and Extended LTI will lapse. Vested and unexercised LTI may be exercised following termination at Board discretion	STI is not awarded, and all unvested LTI and Extended LTI will lapse. Vested and unexercised LTI may be exercised following termination at Board discretion

g) Non–executive directors' remuneration arrangements

The remuneration of Non–executive directors is set to ensure that the Company can attract and retain the services of highly qualified and experienced non–executive directors. Non–executive directors receive a directors' fee and a fee for chairing or participating on Board committees. They do not receive performance–based pay or retirement allowances. The fees are exclusive of superannuation.

Directors' fees are reviewed annually by the Board. The current base fees were reviewed with effect from 1 July 2023 taking into account a range of factors including, market data for similar sized companies and the complexity of our operations. It was resolved that base directors' fees be increased with effect from 1 July 2023, as per the table below. A review of directors' fees for FY2025 is on hold pending the completion of the remuneration consultant assessment that is currently underway.

Additional fees may be payable to non–executive directors should they undertake specific consulting projects for the Company in the areas of their expertise. No additional fees were paid for additional services and consulting rendered during FY2024.

The maximum annual aggregate directors' fee pool limit is $750,000 and was approved by shareholders at the 2011 AGM.

All non–executive directors enter into a written agreement with the Company in the form of a letter appointment.

Annual directors' fees:

	YEAR ENDED 30 JUNE 2024
Base fees	
Chair	140,000
Other Non–executive directors	90,000
Committee fees	
Audit Committee – Chair	10,000
Audit Committee – Member	8,000
Remuneration & Nomination Committee – Chair	10,000
Remuneration & Nomination Committee – Member	8,000
Other	
Global Laser Enrichment Holdings LLC – Chair[1]	20,000
Global Laser Enrichment Holdings LLC – Director[2]	10,000

1. Payable from 1 January 2021 for the 3 years ending 31 December 2023. Payable 50% in cash and 50% via the issue of Silex shares, as approved by shareholders at the 2021 AGM.
2. Fee of $20,000 p.a. payable from 1 January 2024, in cash.

h) Directors' and KMP remuneration

The table below has been prepared in accordance with the requirements of the *Corporations Act 2001* and relevant accounting standards in Australia. This table details the remuneration for the Company's KMP for the current and previous financial year.

		FIXED REMUNERATION				VARIABLE REMUNERATION				
NAME	YEAR	CASH SALARY AND FEES[1] $	NON–MONETARY BENEFITS – SHARES[2] $	ANNUAL AND LONG SERVICE LEAVE[3] $	POST–EMPLOY–MENT BENEFITS $	PERF. PAYMENTS (CASH)[1] $	PERF. RIGHTS (DEFERRED SHARES)[4] $	OPTIONS $	TOTAL $	PERFORMANCE RELATED %
Executive directors										
Dr M P Goldsworthy	**2024**	**596,601**	**–**	**16,848**	**27,399**	**75,000**	**370,824**	**147,932**	**1,234,604**	**48%**
	2023	572,516	–	8,057	27,484	75,000	257,728	156,646	1,097,431	45%
Non–executive directors										
Mr C A Roy	**2024**	**197,580**	**18,803**	**–**	**–**	**–**	**–**	**–**	**216,383**	**–**
	2023	174,590	37,606	–	–	–	–	–	212,196	–
Ms H G Cook	**2024**	**106,000**	**–**	**–**	**11,660**	**–**	**–**	**–**	**117,660**	**–**
	2023	96,000	–	–	10,080	–	–	–	106,080	–
Mr C D Wilks	**2024**	**116,910**	**–**	**–**	**2,970**	**–**	**–**	**–**	**119,880**	**–**
	2023	98,000	–	–	10,290	–	–	–	108,290	–
Other key management personnel and group executives										
Ms J E Russell	**2024**	**336,601**	**–**	**(20,406)**	**27,399**	**60,000**	**216,132**	**73,682**	**693,408**	**50%**
	2023	324,716	–	(2,275)	25,284	60,000	237,507	81,378	726,610	52%
Total executive directors and other KMP	**2024**	**933,202**	**–**	**(3,558)**	**54,798**	**135,000**	**586,956**	**221,614**	**1,928,012**	
	2023	897,232	–	5,782	52,768	135,000	495,235	238,024	1,824,041	
Total NED remuneration	**2024**	**420,490**	**18,803**	**–**	**14,630**	**–**	**–**	**–**	**453,923**	
	2023	368,590	37,606	–	20,370	–	–	–	426,566	
Total KMP remuneration expensed	**2024**	**1,353,692**	**18,803**	**(3,558)**	**69,428**	**135,000**	**586,956**	**221,614**	**2,381,935**	
	2023	1,265,822	37,606	5,782	73,138	135,000	495,235	238,024	2,250,607	

1. Short–term benefits as per *Corporations Regulations 2M 3.03(1) Item 6*.
2. The Company commenced payment of directors' fees for to Mr C A Roy for Global Laser Enrichment Holdings LLC directorships from 1 January 2021. Refer to Section g) for further details.
3. Other long–term benefits as per *Corporations Regulations 2M 3.03(1) Item 8*. The amounts disclosed in this column represent the increase/(decrease) in the associated provisions.
4. Equity–settled share–based payments as per *Corporations Regulations 2M.3.03(1) Item 11*. With regard to the group's executives, this includes STI (via Performance Rights), LTI (via Options) and Extended LTI (via Performance Rights).

i) Performance–based remuneration granted and forfeited during the year

A summary of the performance–based remuneration granted and forfeited to executive KMP during FY2024:

	STI (RIGHTS)			STI (CASH)			LTI (OPTIONS)		EXTENDED LTI (RIGHTS)		
NAME	TOTAL OPPORTUNITY $	AWARDED[1] %	FORFEITED %	TOTAL OPPORTUNITY $	AWARDED %	FORFEITED %	VALUE GRANTED $	VALUE EXERCISED $	VALUE GRANTED $	AWARDED[2] %	FORFEITED %
Dr M P Goldsworthy	192,150	93.50%	6.50%	75,000	100%	0%	–	–	–	–	–
Ms J E Russell	171,570	98.00%	2.00%	60,000	100%	0%	–	180,850	–	25.00%	–

1. STI (Rights) Awards subject to completion of service–based condition ending 31 July 2024.
2. For the CFO/Company Secretary, the Extended LTI comprises 300,000 Performance Rights to cover 5 performance years commencing 1 July 2021 and ending 30 June 2026. The Award for FY2024 of 75,000 rights is with respect to the 3–year performance and service period ending 30 June 2024. Shares are pending for issue. The Extended LTI was granted on 21 June 2022. The value at grant date is calculated in accordance with AASB 2 Share–based Payment.

j) Terms and conditions of the equity–based payment arrangements

STI – Performance Rights

Commencing FY2021, an annual STI in the form of Performance Rights is to be granted to executive KMP. The rights vest at the end of a 12–month performance period subject to the achievement of individually tailored KPIs. Each right that vests is converted into one ordinary share. The rights carry no dividend or voting rights.

The fair value of the rights is determined based on the market price of the Company's shares at the grant date or for those rights which are subject to a market condition, with reference to a Monte Carlo simulation taking into account the volatility of the Company's shares and other factors.

GRANT DATE	VESTING DATE	VALUE PER RIGHT AT GRANT DATE $	PERFORMANCE ACHIEVED %	VESTED %
30/08/2022	31/07/2023	$1.770	100%	100%
30/08/2022	31/07/2023	$2.764	91%	91%
21/08/2023	31/07/2024	$1.193	100%[1]	–
21/08/2023	31/07/2024	$2.673	95%[1]	–

1. Award subject to completion of service–based condition ending 31 July 2024.

LTI – Options

The number of options over ordinary shares in the Company provided as remuneration to executive KMP is shown below. The options carry no dividend or voting rights. The options are subject to a service–based condition which must be satisfied for the options to vest.

When exercisable, each option is convertible into one ordinary share of Silex Systems Limited. The exercise price of options is based on the volume weighted average price at which the Company's shares are traded on the Australian Stock Exchange for the 10–trading days before the options are granted or for the 10–trading days preceding a Board resolution to grant options. Details of options vested during the year are shown below.

The terms and conditions of each grant of options affecting remuneration in the current or a future reporting period are as follows:

GRANT DATE	VESTING DATE	EXPIRY DATE	EXERCISE PRICE	VALUE PER OPTION AT GRANT DATE	PERFORMANCE ACHIEVED %	VESTED %
24/03/2021	24/03/2024	23/03/2026	$1.20	$0.6709	100%	100%
26/07/2021	30/06/2024	28/10/2026	$0.94	$0.4321	100%	100%
26/07/2021	30/06/2025	30/06/2027	$0.94	$0.4714	To be determined	To be determined
26/07/2021	30/06/2026	30/06/2028	$0.94	$0.4904	To be determined	To be determined
14/10/2021	25/06/2024	28/10/2026	$0.94	$0.7249	100%	100%
14/10/2021	30/06/2024	28/10/2026	$0.94	$0.7249	100%	100%
14/10/2021	30/06/2025	28/10/2027	$0.94	$0.7727	To be determined	To be determined
14/10/2021	30/06/2026	28/10/2028	$0.94	$0.7965	To be determined	To be determined
14/10/2021	30/06/2027	28/10/2029	$0.94	$0.8308	To be determined	To be determined

Extended LTI – Performance Rights

Extended LTIs in the form of Performance Rights have been granted to executive KMP. The rights vest at the end of multi–year performance periods subject to the achievement of individually tailored objectives. Each right that vests is converted into one ordinary share. The rights carry no dividend or voting rights.

The fair value of the rights is determined based on the market price of the Company's shares at the grant date or for those rights which are subject to a market condition, with reference to a Monte Carlo simulation taking into account the volatility of the Company's shares and other factors.

GRANT DATE	VESTING DATE	VALUE PER RIGHT AT GRANT DATE	PERFORMANCE ACHIEVED %	VESTED %
14/10/2021	No later than 31/12/2025	$1.132	To be determined	To be determined
21/06/2022	30/06/2024	$0.808	100%	100%
21/06/2022	30/06/2025	$0.809	To be determined	To be determined
21/06/2022	30/06/2026	$0.835	To be determined	To be determined

k) Reconciliation of options, rights and ordinary shares held by executive KMP

Options held by KMP

The table below shows a reconciliation of options held by each executive KMP from the beginning to the end of FY2024.

			VESTED				BALANCE AT END OF YEAR	
NAME AND GRANT DATE	BALANCE AT THE START OF THE YEAR	GRANTED AS COMPENSATION	NUMBER	%	EXERCISED	OTHER CHARGES	VESTED AND EXERCISED	UNVESTED
Dr M P Goldsworthy								
23/11/2020	150,000	–	150,000	100%	–	–	150,000	–
14/10/2021	750,000	–	300,000	40%	–	–	300,000	450,000
	900,000	**–**	**450,000**		**–**	**–**	**450,000**	**450,000**
Ms J E Russell								
24/03/2021	200,000	–	200,000	100%	45,000	–	155,000	–
26/07/2021	300,000	–	100,000	33%	–	–	100,000	200,000
	500,000	**–**	**300,000**		**45,000**	**–**	**255,000**	**200,000**

Rights held by KMP

The table below shows a reconciliation of rights held by each KMP from the beginning to the end of FY2024.

NAME AND GRANT DATE	BALANCE AT THE START OF THE YEAR	GRANTED AS COMPENSATION	VESTED		FORFEITED		BALANCE AT END OF YEAR UNVESTED
			NUMBER	%	NUMBER	%	
Dr M P Goldsworthy							
14/10/2021	412,500	–	–	–	–	–	412,500
30/08/2022	75,000	–	67,688	90%	7,312	10%	–
21/08/2023[1]	–	75,000	–	–	–	–	75,000
	487,500	**75,000**	**67,688**		**7,312**		**487,500**
Ms J E Russell							
21/06/2022[2]	225,000	–	75,000	33%	–	–	150,000
30/08/2022	70,000		65,800	94%	4,200	6%	–
21/08/2023[3]	–	70,000	–	–	–	–	70,000
	295,000	**70,000**	**140,800**		**4,200**		**220,000**

1. 93.5% of the Performance Rights will vest subject to completion of an underlying service–condition on 31 July 2024.
2. 75,000 rights vested with respect to the 3–year performance and service period ending 30 June 2024. Shares are pending for issue.
3. 98% of the Performance Rights will vest subject to completion of an underlying service–condition on 31 July 2024.

Shares held by KMP

The below table shows the number of ordinary shares in the Company that were held during the financial year by KMP of the Company, including by entities related to them:

NAME	BALANCE AT THE START OF THE YEAR	RECEIVED DURING THE YEAR ON THE EXERCISE OF OPTIONS	RECEIVED ON VESTING OF RIGHTS TO SHARES	OTHER CHANGES DURING THE YEAR	BALANCE AT THE END OF THE YEAR
Directors of Silex Systems Limited					
Mr C A Roy	259,507	–	–	–	259,507
Dr M P Goldsworthy	6,247,305	–	67,688	–	6,314,993
Ms H G Cook	12,000	–	–	–	12,000
Mr C D Wilks	2,833,716	–	–	–	2,833,716
Total	**9,352,528**	**–**	**67,688**	**–**	**9,420,216**
Other executive KMP					
Ms J E Russell	311,166	45,000	140,800	(142,500)	354,466
Total	**311,166**	**45,000**	**140,800**	**(142,500)**	**354,466**

Securities Trading Policy

The Silex Securities Trading Policy applies to all staff including KMP. It prohibits staff from buying or selling Silex securities at times when they are in possession of inside information. In addition, staff are only permitted to trade in Silex securities during certain open periods. The Silex Securities Trading Policy is available on the Company's website at https://www.silex.com.au/corporate/corporate–governance/.

I) Voting at the Company's 2023 Annual General Meeting

Silex Systems Limited received more than 99% of "yes" votes on its Remuneration Report for the 2023 financial year.

10. Shares under option

Unissued ordinary shares of Silex Systems Limited under option at the date of this report are as follows:

DATE OPTIONS GRANTED[1]	EXPIRY DATE	ISSUE PRICE OF SHARES	NUMBER UNDER OPTION
01/04/2020	31/03/2025	$0.21	148,000
23/11/2020	22/11/2025	$0.57	150,000
24/03/2021	23/03/2026	$1.20	515,750
26/07/2021	Various	$0.94	300,000
14/10/2021	Various	$0.94	750,000
18/03/2022	17/03/2027	$1.19	600,000
25/08/2022	25/08/2025	$3.19	50,000
17/04/2023	16/04/2028	$3.77	650,000
19/12/2023	18/12/2026	$3.47	50,000
23/04/2024	22/04/2029	$5.00	650,000

1. The options granted include issues to eligible employees in accordance with the Silex Systems Limited Employee Incentive Plan and includes options granted as remuneration to KMP.

No option holder has any right under the options to participate in any other share issue of the Company or any other entity. No options were granted since the end of the financial year.

11. Indemnification and insurance of directors

The Company has entered into Deeds to indemnify the directors and executive officers of the Company against all liabilities to persons (other than the Company or related body corporate) which arise out of the performance of their normal duties as directors or executive officers unless the liability relates to conduct involving lack of good faith. The Company has agreed to indemnify the directors and executive officers against all costs and expenses incurred in defending an action that falls within the scope of the indemnity.

The Directors' & Officers' Liability Insurance provides cover against all costs and expenses involved in defending legal actions and any resulting payments arising from a liability to persons (other than the Company) incurred in their position as a director or executive officer unless the conduct involves a wilful breach of duty or an improper use of inside information or position to gain advantage. The insurance policy does not allow specific disclosure of the nature of the liabilities insured against or the premium paid under the policy.

12. Indemnity of auditors

To the extent permitted by law, Silex has agreed to indemnify its auditors, PricewaterhouseCoopers, to the extent permitted by law, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to PricewaterhouseCoopers Australia (PwC) by the Company pursuant to this indemnify, either during or since the end of the financial year.

13. Environmental regulation

Silex seeks to be compliant with all environmental laws and regulations relevant to its operations. The Company monitors compliance on a regular basis. The Audit Committee has oversight of environmental risks and compliance.

The Company is subject to the environmental and health and safety regulations applicable to tenants of the Lucas Heights Science and Technology Centre. The Company is also bound by the rules and regulations set out in the *Australian Radiation Protection and Nuclear Safety Act, 1998*, and is a licensee under the Act.

To the best of the Directors' knowledge, all environmental and health and safety regulatory requirements have been met and there have been no claims made, prosecutions commenced or fines incurred during the financial year.

14. Audit and non–audit services

Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers Australia) for audit and non–audit services during the year are disclosed in note 20 Remuneration of auditors.

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the consolidated entity are important.

The Board of Directors, in accordance with advice provided by the Audit Committee, is satisfied that the provision of non–audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non–audit services by the auditor did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non–audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

15. Auditors' independence declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 47.

16. Rounding of amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of the Directors.

Dr M P Goldsworthy
CEO/MD

Mr C A Roy
Chair

Sydney, 29 August 2024

Auditor's Independence Declaration

As lead auditor for the audit of Silex Systems Limited for the year ended 30 June 2024, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Silex Systems Limited and the entities it controlled during the period.

Aishwarya Chandran
Partner
PricewaterhouseCoopers

Sydney
29 August 2024

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Liability limited by a scheme approved under Professional Standards Legislation.

Corporate governance statement

Silex Systems Limited (the Company) and the Board are committed to achieving and demonstrating the highest standards of corporate governance. The Company has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (4th Edition) published by the ASX Corporate Governance Council.

The 2024 Corporate Governance Statement reflects the corporate governance practices in place throughout the 2024 financial year. The 2024 Corporate Governance Statement was approved by the Board and lodged with the ASX Appendix 4G on 29 August 2024. A description of the Company's current corporate governance practices is set out in the Company's Corporate Governance Statement which can be viewed at www.silex.com.au/corporate/corporate–governance.

Silex Systems Limited

ABN 69 003 372 067

Annual Financial Report

for the year ended 30 June 2024

This financial report covers the consolidated entity consisting of Silex Systems Limited and its subsidiaries. A list of subsidiaries in included in note 15. The financial report is presented in the Australian currency.

Silex Systems Limited is a company limited by its shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Silex Systems Limited
Building 64
Lucas Heights Science & Technology Centre
New Illawarra Road
Lucas Heights NSW 2234
Australia

The financial report was authorised for issue by the Directors on 29 August 2024. The Directors have the power to amend and reissue the financial report.

All announcements, financial reports and other information are available on our website: www.silex.com.au

Consolidated income statement

for the year ended 30 June 2024

	NOTES	2024 $	2023 $
Revenue from contracts with customers	3	**6,868,445**	6,838,804
Interest revenue	3	**6,042,046**	2,396,620
Revenue from continuing operations		**12,910,491**	9,235,424
Other income	4	**4,329,429**	2,828,484
Research and development materials		**(3,733,967)**	(2,783,000)
Finance costs	5	**(40,602)**	(50,632)
Depreciation and amortisation expense	5	**(428,997)**	(382,104)
Employee benefits expense		**(9,177,288)**	(7,612,483)
Consultants and professional fees		**(1,051,272)**	(1,015,091)
Printing, postage, freight, stationery and communications		**(69,405)**	(54,305)
Property outgoings		**(163,637)**	(79,419)
Net foreign exchange losses		**(492,008)**	(447,701)
Share of net loss of associates and joint ventures accounted for using the equity method	15(b)	**(23,224,478)**	(16,147,128)
Other expenses from continuing activities		**(1,592,374)**	(853,337)
(Loss) before income tax expense		**(22,734,108)**	(17,361,292)
Income tax expense	6	**–**	–
Net (loss) from continuing operations		**(22,734,108)**	(17,361,292)
Net (loss) for the year		**(22,734,108)**	(17,361,292)
Net (loss) is attributable to:			
Owners of Silex Systems Limited		**(22,734,108)**	(17,361,292)

	NOTES	2024 CENTS	2023 CENTS
Earnings per share (loss) from continuing operations attributable to the ordinary equity holders of the Company:			
Basic earnings per share	21	**(9.6)**	(8.1)
Diluted earnings per share	21	**(9.6)**	(8.1)
Earnings per share (loss) attributable to the ordinary equity holders of the Company:			
Basic earnings per share	21	**(9.6)**	(8.1)
Diluted earnings per share	21	**(9.6)**	(8.1)

The above consolidated income statement should be read in conjunction with the accompanying notes.

Consolidated statement of comprehensive income

for the year ended 30 June 2024

	NOTES	2024 $	2023 $
Net (loss) for the year		**(22,734,108)**	(17,361,292)
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		**(228,076)**	378,837
Items that will not be reclassified to profit or loss:			
Changes in the fair value of equity investments at fair value through other comprehensive income	7(e)	**1,242,068**	(1,473,684)
Other comprehensive income for the year, net of tax		**1,013,992**	(1,094,847)
Total comprehensive income for the year		**(21,720,116)**	(18,456,139)
Attributable to:			
Owners of Silex Systems Limited		**(21,720,116)**	(18,456,139)
Total comprehensive income for the year		**(21,720,116)**	(18,456,139)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated balance sheet

as at 30 June 2024

	NOTES	2024 $	2023 $
Assets			
Current assets			
Cash and cash equivalents	7(a)	**18,889,379**	2,859,572
Other financial assets at amortised cost – term deposits	7(b)	**94,200,000**	135,200,000
Trade and other receivables	7(c)	**8,608,979**	5,964,296
Other current assets	7(d)	**1,129,775**	827,096
Financial assets at fair value through other comprehensive income	7(e)	**3,905,942**	2,676,381
Total current assets		**126,734,075**	147,527,345
Non–current assets			
Investments accounted for using the equity method	15(b)	**13,269,215**	3,630,471
Right–of–use assets	9(a)	**1,131,403**	755,489
Property, plant and equipment	7(f)	**426,598**	286,239
Total non–current assets		**14,827,216**	4,672,199
Total assets		**141,561,291**	152,199,544
Liabilities			
Current liabilities			
Trade and other payables	8(a)	**7,468,970**	1,813,167
Lease liabilities	9(a)	**267,499**	233,011
Provisions	8(b)	**887,296**	834,206
Total current liabilities		**8,623,765**	2,880,384
Non–current liabilities			
Lease liabilities	9(a)	**914,475**	539,127
Provisions	8(b)	**84,711**	90,841
Total non–current liabilities		**999,186**	629,968
Total liabilities		**9,622,951**	3,510,352
Net assets		**131,938,340**	148,689,192
Equity			
Contributed equity	10(a)	**390,665,622**	386,753,717
Reserves	10(b)	**13,408,671**	11,337,320
Accumulated losses	10(c)	**(272,135,953)**	(249,401,845)
Total equity		**131,938,340**	148,689,192

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

for the year ended 30 June 2024

	ATTRIBUTABLE TO OWNERS OF SILEX SYSTEMS LIMITED			
	CONTRIBUTED EQUITY $	RESERVES $	ACCUMULATED LOSSES $	TOTAL $
Balance at 30 June 2022	271,543,434	11,043,273	(232,040,553)	50,546,154
Net (loss) for the year	–	–	(17,361,292)	(17,361,292)
Other comprehensive income	–	(1,094,847)	–	(1,094,847)
Total comprehensive income for the year	–	(1,094,847)	(17,361,292)	(18,456,139)
Transactions with owners in their capacity as owners				
Contributions of equity net of transaction costs	114,779,236	–	–	114,779,236
Share–based payments – value of services		1,819,941	–	1,819,941
Transfer from share–based payments reserve	431,047	(431,047)	–	–
	115,210,283	1,388,894	–	116,599,177
Balance at 30 June 2023	**386,753,717**	**11,337,320**	**(249,401,845)**	**148,689,192**
Net (loss) for the year	**–**	**–**	**(22,734,108)**	**(22,734,108)**
Other comprehensive income	**–**	**1,013,992**	**–**	**1,013,992**
Total comprehensive income for the year	**–**	**1,013,992**	**(22,734,108)**	**(21,720,116)**
Transactions with owners in their capacity as owners				
Contributions of equity net of transaction costs	**2,590,247**	**–**	**–**	**2,590,247**
Share–based payments – value of services	**–**	**2,379,017**	**–**	**2,379,017**
Transfer from share–based payments reserve	**1,321,658**	**(1,321,658)**	**–**	**–**
	3,911,905	**1,057,359**	**–**	**4,969,264**
Balance at 30 June 2024	**390,665,622**	**13,408,671**	**(272,135,953)**	**131,938,340**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

for the year ended 30 June 2024

	NOTES	2024 $	2023 $
Cash flows from operating activities			
Receipts from customers and government grants (inclusive of GST)		**19,502,308**	8,247,014
Payments to suppliers and employees (inclusive of GST)		**(18,614,474)**	(11,288,581)
Interest received		**5,291,483**	751,328
Interest paid		**(40,602)**	(50,632)
Net cash inflows/(outflows) from operating activities	11(a)	**6,138,715**	(2,340,871)
Cash flows from investing activities			
Payment for investments accounted for using the equity method		**(33,170,953)**	(16,601,924)
Payments for financial assets at amortised cost – term deposits		**(73,000,000)**	(131,003,993)
Proceeds from other financial assets at amortised cost – term deposits		**114,000,000**	33,303,993
Payments for property, plant and equipment	7(f)	**(285,395)**	(94,071)
Proceeds from sale of property, plant and equipment		**15,036**	–
Net cash inflows/(outflows) from investing activities		**7,558,688**	(114,395,995)
Cash flows from financing activities			
Proceeds from issue of shares, net of transaction costs	10(a)	**2,590,247**	114,779,236
Repayment of principal elements of leases		**(249,974)**	(228,834)
Net cash inflows from financing activities		**2,340,273**	114,550,402
Net increase/(decrease) in cash and cash equivalents		**16,037,676**	(2,186,464)
Cash and cash equivalents at the beginning of the financial year		**2,859,572**	5,036,333
Effects of exchange rate changes on cash		**(7,869)**	9,703
Cash and cash equivalents at end of year[1]		**18,889,379**	2,859,572
Non–cash financing and investing activities	11(b)		
1. Term deposits excluded from Cash and cash equivalents		**94,200,000**	135,200,000

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Note 1
Significant changes in the current reporting period

On 19 February 2024, GLE's owners agreed to a plan and budget for CY2024 that enabled the continuation of accelerated activities in the technology demonstration project for the SILEX uranium enrichment technology, and allowed GLE to progress other key commercialisation activities. The CY2024 plan and budget involves an approximate doubling of GLE's project expenditures compared to CY2023.

Note 2
Segment information

(a) Description of segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors. Management has determined that there are three operating segments based on the reports reviewed by Management and the Board of Directors to make strategic decisions. These segments are Silex Systems, Translucent and Silex USA. Silex Systems is based in New South Wales and Translucent and Silex USA are based in North Carolina. The Silex USA segment includes the share of loss from GLE.

(b) Segment information provided to Management and the Board of Directors

The segment information provided to Management and the Board of Directors for the reportable segments for the year ended 30 June 2024 is as follows:

2024	SILEX SYSTEMS $	TRANSLUCENT $	SILEX USA $	TOTAL $
Total segment revenue	6,155,128	2,250,248	–	8,405,376
Inter–segment revenue	(48,799)	(1,488,132)	–	(1,536,931)
Revenue from external customers	**6,106,329**	**762,116**	**–**	**6,868,445**
Interest revenue	**6,042,046**	**–**	**–**	**6,042,046**
Revenue from continuing operations	**12,148,375**	**762,116**	**–**	**12,910,491**
Segment result	**(210,446)**	**462,167**	**(22,985,829)**	**(22,734,108)**
Other profit and loss disclosures				
Depreciation and amortisation	428,997	–	–	428,997
Interest expense	40,602	–	–	40,602
Income tax expense	–	–	–	–
Share of net loss of joint venture using the equity method	–	–	23,224,478	23,224,478
Total segment assets	**121,362,832**	**6,880,403**	**13,318,056**	**141,561,291**
Total assets include:				
Additions to non–current assets (other than deferred tax and investments in joint ventures)	945,205	–	–	945,205
Amount invested in joint ventures accounted for using the equity method	–	–	33,170,953	33,170,953
Total segment liabilities	**9,577,685**	**14,837**	**30,429**	**9,622,951**

Note 2
Segment information (continued)

2023	SILEX SYSTEMS $	TRANSLUCENT $	SILEX USA $	TOTAL $
Total segment revenue	6,158,978	1,953,028	–	8,112,006
Inter–segment revenue	(38,357)	(1,234,845)	–	(1,273,202)
Revenue from external customers	**6,120,621**	**718,183**	**–**	**6,838,804**
Interest revenue	**2,396,620**	**–**	**–**	**2,396,620**
Revenue from continuing operations	**8,517,241**	**718,183**	**–**	**9,235,424**
Segment result	**(1,876,145)**	**712,370**	**(16,197,517)**	**(17,361,292)**
Other profit and loss disclosures				
Depreciation and amortisation	382,104	–	–	382,104
Interest expense	50,632	–	–	50,632
Income tax expense	–	–	–	–
Share of net loss of joint venture using the equity method	–	–	16,147,128	16,147,128
Total segment assets	**143,305,162**	**5,043,047**	**3,851,335**	**152,199,544**
Total assets include:				
Additions to non–current assets (other than deferred tax and investments in joint ventures)	112,541	–	–	112,541
Amount invested in joint ventures accounted for using the equity method	–	–	16,601,924	16,601,924
Total segment liabilities	**3,495,406**	**14,946**	**–**	**3,510,352**

(c) Other segment information

(i) Segment revenue

Sales between Silex entities are carried out at arm's length and are eliminated on consolidation.

Silex is domiciled in Australia. Translucent and Silex USA are domiciled in the United States. Segment revenues are allocated based on the country in which the customer is located. The amount of the Company's revenue from external customers in the United States is $6,106,329 (2023: $6,120,621) and the total segment revenue from external customers in Wales, United Kingdom is $762,116 (2023: $718,183).

(ii) Segment result

The Board of Directors assess the performance of the operating segments based on results that excludes exchange gains and losses on intercompany loans which eliminate on consolidation. The segment result agrees to the Net (loss) from continuing operations in both years.

(iii) Segment assets

Assets which eliminate on consolidation such as investments in controlled entities and intercompany receivables are excluded from segment assets. Segment assets agree to the consolidated balance sheet for both periods.

The total of non–current assets located in Australia is $1,469,370 (2023: $1,041,728) and the total of these non–current assets located in the United States is $13,357,846 (2023: $3,630,471).

(iv) Segment liabilities

Reportable segment liabilities exclude intercompany loans, income tax payable and deferred tax liabilities. Segment liabilities agree to the consolidated balance sheet for both periods.

Note 3
Revenue from continuing operations

	2024 $	2023 $
Recoverable project costs	**6,106,329**	6,120,621
Royalty revenue – sale of cREO® technology	**762,116**	718,183
	6,868,445	6,838,804
Interest revenue	**6,042,046**	2,396,620
	12,910,491	9,235,424

Revenue is measured at the fair value of the consideration received or receivable.

(a) Revenue is recognised for the following business activities:

(i) Recoverable project costs

Project costs recoverable from GLE for the Company's costs incurred for the SILEX uranium enrichment development program is recorded as Revenue when the related costs are incurred. Revenues of $6,106,329 (2023: $6,120,621) were derived from GLE for Recoverable project costs on the uranium enrichment project. GLE is based in the United States. Revenue recognised in advance is recognised as accrued income. Revenue is recognised at a point in time.

(ii) Royalty revenue – sale of intellectual property – cREO® technology – accounting policy and significant judgements

Variable consideration from the sale of Translucent's cREO® technology is required to be estimated in accordance with AASB 15 *Revenue from Contracts with Customers*. The variable consideration in the form of royalties relating to the sale of the cREO® technology is calculated using the most likely amount method. Royalty revenue of $762,116 was recognised during the year (2023: $718,183). IQE Plc is based in Wales, United Kingdom. The revenue is currently recognised at a point in time and estimated at each reporting date.

(iii) Interest revenue

Interest revenue is recognised on a time proportion basis using the effective interest method. Interest revenue was derived from the investment of the Company's cash reserves in Australia.

Note 4
Other income

	2024 $	2023 $
Research and development tax incentive	**2,803,950**	2,338,667
Government grants	**1,006,143**	249,360
Other income – project subsidies	**504,300**	240,457
Profit on sale of property, plant and equipment	**15,036**	–
	4,329,429	2,828,484

With respect to the Research and development tax incentive and Government grants, Other income is recognised when there is reasonable assurance that the incentive/grant will be received and the amount can be reliably calculated.

(i) Research and development tax incentive

Research and development tax incentive income of $2,803,950 (2023: $2,338,667) was recognised as Other income by the Company during the year. There are no unfulfilled conditions or other contingencies attaching to the incentive.

(ii) Government Grants

Defence Trailblazer for Concept to Sovereign Capability Program income of $1,006,143 was recognised during the year. The Company has met the conditions of the grant. The prior year income recognised was $249,360 and relates to the Cooperative Research Centres Project Grant that is now complete. The Company had met the conditions of the grant.

Note 5
Expenses

	2024 $	2023 $
Net (loss) from continuing operations before income tax includes the following expenses:		
Depreciation of plant and equipment – refer note 7(f)	**145,101**	128,634
Depreciation on right–of–use assets – refer note 9(b)	**283,896**	253,470
Total depreciation and amortisation	**428,997**	382,104
Finance costs		
Interest and finance charges paid/payable	**40,602**	50,632
Finance costs expensed	**40,602**	50,632
Defined contribution superannuation expense	**417,148**	332,228
Foreign exchange losses (net)	**492,008**	447,701

Note 6
Income tax expense

(a) Numerical reconciliation of income tax expense to prima facie tax payable

	2024 $	2023 $
(Loss) before income tax expense	**(22,734,108)**	(17,361,292)
Income tax calculated @ 25.0%	**(5,683,527)**	(4,340,323)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share based payments	**599,455**	464,387
Research and development tax incentive	**966,448**	739,471
Sundry items	**3,250**	2,500
	(4,114,374)	(3,133,965)
Net deferred tax asset not recognised	**3,776,520**	2,901,688
Difference in overseas tax rates	**337,854**	232,277
Income tax expense	**–**	–

(b) Tax losses

	2024 $	2023 $
Unused tax losses for which no deferred tax asset has been recognised	**206,321,241**	210,911,358
Potential tax benefit at tax rate	**48,991,112**	50,205,724

A deferred tax asset has not been recognised as the consolidated entity has a history of tax losses.

The benefit of a deferred tax asset will only be obtained if:

(i) the consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;
(ii) the consolidated entity continues to comply with the conditions for deductibility imposed by tax legislation; and
(iii) no changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deductions for the losses.

Note 7
Assets

This note provides information about the Company's assets.

Note 7(a) Current assets – Cash and cash equivalents

	2024 $	2023 $
Cash at bank	**18,889,379**	2,859,572

Cash and cash equivalents include deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

Additional information on the Company's exposure to interest rate risk is discussed in note 13.

Note 7(b) Current assets – Other financial assets at amortised cost – Term deposits

	2024 $	2023 $
Bank deposits	**94,200,000**	135,200,000

Other financial assets at amortised cost are assets held to collect the contractual cash flows and the contractual terms give rise to cash flows that are solely payments of principal and interest. Other financial assets at amortised cost are included in current assets as all have maturities less than 12 months from the end of the reporting period.

The bank deposits at 30 June 2024 earn interest at between 4.81% and 5.55% (2023: between 3.7% and 5.5%).

Note 7(c) Trade and other receivables

	2024 $	2023 $
Trade receivables from contracts with customers	**2,890,220**	1,028,345
Accrued income – other	**5,709,311**	4,872,300
Other receivables	**9,448**	63,651
Bank deposits	**8,608,979**	5,964,296

(i) Accrued income – other

Accrued income includes accrued research and development tax incentive, accrued interest and accrued project subsidy income.

(ii) Impairment of receivables

Information about the impairment of receivables can be found in note 13(c).

(iii) Foreign exchange and interest rate risk

Information concerning the Company's exposure to foreign currency in relation to trade and other receivables is provided in note 13.

(iv) Fair value and credit risk

Due to the short–term nature of these receivables, their carrying value is assumed to approximate their fair value. Refer to note 13 for information on credit risk.

Note 7
Assets (continued)

Note 7(d) Current assets – Other current assets

	2024 $	2023 $
Prepayments	**1,129,775**	827,096

Note 7(e) Current assets – Financial assets at fair value through other comprehensive income

	2024 $	2023 $
Level 1[1]		
Listed securities		
Equity securities – shares in IQE Plc	**3,905,942**	2,676,381

1. Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price.

(i) Classification and measurement of financial assets at fair value through other comprehensive income

The Company irrevocably elected to value its shares in IQE at 30 June 2019 as financial assets at fair value through other comprehensive income. This election was made so that large movements in the value of the shares do not significantly impact the consolidated income statement. The shares are classified as Level 1 in the fair value hierarchy. There were no dividends received during the current or prior years.

For an analysis of the sensitivity of financial assets at fair value through other comprehensive income to foreign exchange rate and price risk, refer to note 13(b).

(ii) Amounts recognised in Other comprehensive income

During the year, the following losses were recognised in Other comprehensive income:

	2024 $	2023 $
Profits/(losses) recognised in Other comprehensive income (refer note 10(b))	**1,242,068**	(1,473,684)

Note 7
Assets (continued)

Note 7(f) Non–current assets – Property, plant and equipment

	PLANT AND EQUIPMENT $	MOTOR VEHICLES $	TOTAL $
At 30 June 2022			
Cost	1,456,166	58,087	1,514,253
Accumulated depreciation	(1,142,886)	(50,565)	(1,193,451)
Net book amount	313,280	7,522	320,802
Year ended 30 June 2023			
Opening net book amount	313,280	7,522	320,802
Additions	94,071	–	94,071
Disposals	–	–	–
Depreciation charge	(125,700)	(2,934)	(128,634)
Closing net book value	281,651	4,588	286,239
At 30 June 2023			
Cost	1,550,237	59,737	1,609,974
Accumulated depreciation	(1,268,586)	(55,149)	(1,323,735)
Net book amount	281,651	4,588	286,239
Year ended 30 June 2024			
Opening net book amount	281,651	4,588	286,239
Additions	197,167	88,228	285,395
Disposals	–	–	–
Depreciation charge	(125,883)	(19,218)	(145,101)
Exchange differences	–	65	65
Closing net book value	352,935	73,663	426,598
At 30 June 2024			
Cost	1,545,988	102,844	1,648,832
Accumulated depreciation	(1,193,053)	(29,181)	(1,222,234)
Net book amount	352,935	73,663	426,598

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight–line method to allocate their cost or revalued amounts of the assets, net of their residual values, over their estimated useful lives, as follows:

- Plant and equipment 1–10 years
- Motor Vehicles 3–5 years

The asset's residual value and useful life are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (refer note 23(g)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the consolidated income statement. When revalued assets are sold, it is Company policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

Note 7
Assets (continued)

Note 7(g) Deferred tax assets

	2024 $	2023 $
The balance comprises temporary differences attributable to:		
Amounts recognised in profit or loss		
Provision for employee entitlements, warranties, restructuring and decommissioning	**243,002**	231,262
Payables and other provisions	**1,289,554**	1,621,015
Financial assets at fair value through other comprehensive income	**185,019**	479,144
Lease liabilities	**295,494**	193,035
Depreciation and amortisation	**204,487**	–
Credit losses	**88,082**	7,965
Tax losses	**48,991,112**	50,205,724
	51,296,750	52,738,145
Set–off deferred tax liabilities pursuant to set–off provisions	**(4,573,973)**	(4,602,668)
Net deferred tax assets not recognised	**(46,722,777)**	(48,135,477)
Net deferred tax assets	**–**	–

A deferred tax asset has not been recognised as the consolidated entity has a history of tax losses.

Note 8
Liabilities

This note provides information about the Company's liabilities.

Note 8(a) Trade and other payables

	2024 $	2023 $
Trade creditors	**2,350,887**	502,891
Unearned income	**4,446,036**	900,000
Derivative financial instruments – forward exchange contracts	**218,618**	8,589
Other payables	**453,429**	401,687
	7,468,970	1,813,167

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured. Trade creditors are usually paid within 45 days of recognition. Trade creditors, derivative financial instruments and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

(i) Amounts not expected to be settled within the next 12 months

Other payables include accruals for annual leave. The entire annual leave obligation is presented as current, since the Company does not have an unconditional right to defer settlement. However, based on past experience, the Company does not expect all employees to take the full amount of accrued annual leave or require payment within the next 12 months. The following amounts reflect leave that is not to be expected to be taken or paid within the next 12 months:

	2024 $	2023 $
Current annual leave obligations expected to be settled after 12 months	**55,119**	36,232

(ii) Risk exposure

Information about the Company's exposure to foreign exchange risk is provided in note 13.

Note 8
Liabilities (continued)

Note 8(b) Provisions

	2024			2023		
	CURRENT $	NON–CURRENT $	TOTAL $	CURRENT $	NON–CURRENT $	TOTAL $
Employee benefits – long service leave	**741,215**	**44,711**	**785,926**	688,125	50,841	738,966
Other	**146,081**	**40,000**	**186,081**	146,081	40,000	186,081
	887,296	**84,711**	**972,007**	834,206	90,841	925,047

(i) Amounts not expected to be settled within the next 12 months

The current provision for long service leave includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro–rata payments in certain circumstances. The entire amount is presented as current, since the Company does not have an unconditional right to defer settlement. However, based on past experience, the Company does not expect all employees to take the full amount of accrued long service leave or require payment within the next 12 months. The following amounts reflect leave that is not to be expected to be taken or paid within the next 12 months.

	2024 $	2023 $
Current long service leave obligations expected to be settled after 12 months	**684,338**	634,144

Movements in each class of provision during the financial year, other than long service leave, are set out below:

	OTHER $
Carrying amount at start of the year	**186,081**
Carrying amount at end of the year	**186,081**

Provision is made for the estimated warranty claims in respect of solar panels that were previously sold by the Company. The claims may be settled in the next financial year and this may be extended into future years. The Company is also required to restore its leased premises under the terms of the lease contract. A provision has been recognised for the present value of the estimated expenditure required to meet these obligations.

Note 8(c) Non–current liabilities – Deferred tax liabilities

	2024 $	2023 $
The balance comprising temporary differences attributable to:		
Foreign currency cash balances and loans	**3,509,044**	3,778,347
Depreciation and amortisation	**–**	48,590
Right–of–use assets	**282,851**	188,872
Accrued income	**782,078**	586,859
	4,573,973	4,602,668
Set off deferred tax liabilities pursuant to set–off provisions	**(4,573,973)**	(4,602,668)
Net deferred tax liabilities	**–**	–

Note 9
Leases

This note provides information for leases where the Company is a lessee.

Note 9(a) Amounts recognised in the consolidated balance sheet

The consolidated balance sheet shows the following amounts relating to leases:

	2024 $	2023 $
Right–of–use assets		
Buildings	**1,131,403**	755,489
Lease liabilities		
Current	**267,499**	233,011
Non–current	**914,475**	539,127
	1,181,974	772,138

Additions to the right–of–use assets during the current year were $66,987 (2023: $18,470). Increases to right–of–use assets as a result of lease modifications were $592,823 (2023: $nil).

Note 9(b) Amounts recognised in the consolidated income statement

The consolidated balance sheet shows the following amounts relating to leases:

	2024 $	2023 $
Depreciation charge on right–of–use assets		
Buildings	**283,896**	251,829
Equipment	**–**	1,641
Current	**283,896**	253,470
Interest expense (included in finance costs)	**40,602**	50,632

The total cash outflow for leases during the current year was $290,576 (2023: $279,466).

Note 9
Leases (continued)

Note 9(c) The Company's leasing activities and how these are accounted for

The Company leases buildings and equipment. Rental contracts are generally for fixed periods of 1 year to 5 years but may have extension options. Leases are recognised as a right–of–use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

» fixed payments less any lease incentive receivable;
» variable lease payments that are based on an index or rate, initially measured using the index or rate as at the commencement date;
» amounts expected to be payable by the Company under residual value guarantees;
» the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
» payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right–of–use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance costs are charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right–of–use assets are measured at cost comprising the following:

» the amount of the initial measurement of lease liability;
» any lease payments made before the commencement date less any lease incentives received; and
» any initial direct costs.

Right–of–use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight–line basis. If the Company is reasonably certain to exercise a purchase option, the right–of–use asset is depreciated over the underlying asset's useful life.

Note 10
Equity

The note provides information about the Company's equity.

Note 10(a) Contributed equity
(i) Share capital

	PARENT ENTITY		PARENT ENTITY	
	2024 SHARES	2023 SHARES	2024 $	2023 $
Ordinary shares				
Fully paid	**236,875,501**	235,423,937	**390,665,622**	386,753,717

(ii) Movements in ordinary share capital

DATE	DETAILS	NUMBER OF SHARES	$
30 June 2022	Balance	**204,974,961**	**271,543,434**
26 August 2022	Issue of shares – performance rights	331,897	376,884
7 March 2023	Issue of shares – capital raise	29,629,630	120,000,021
21 April 2023	Issue of shares – share purchase plan	116,468	471,608
Various	Issue of shares – options exercise	370,981	78,490
Various	Transfer from share–based payments reserve – options	–	54,163
		235,423,937	392,524,600
Less: Transaction costs arising on share issues		–	(5,770,883)
30 June 2023	Balance	**235,423,937**	**386,753,717**
23 August 2023	Issue of shares – performance rights	395,138	980,710
29 February 2024	Issue of shares	395,507	2,000,000
Various	Issue of shares – options exercise	660,919	612,893
Various	Transfer from share–based payments reserve – options	–	340,948
		236,875,501	390,688,268
Less: Transaction costs arising on share issues		–	(22,646)
30 June 2024	**Balance**	**236,875,501**	**390,665,622**

(iii) Ordinary shares

Ordinary shares are classified as equity. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are not included in the cost of the acquisition as part of the purchase consideration.

The ordinary shares have no par value. In order to maintain or adjust the capital structure, the Company may issue new shares. The Company's objectives when managing capital are to safeguard their ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital.

(iv) Options

Information relating to the Silex Systems Limited Employee Incentive Plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, is set out in note 19(b).

(v) Performance Rights

Information relating to the Silex Systems Limited Employee Incentive Plan, including details of Performance Rights issued, vested, forfeited and lapsed during the financial year and rights outstanding at the end of the financial year, is set out in note 19(c).

Note 10
Equity (continued)

Note 10(b) Reserves

	2024 $	2023 $
Foreign currency translation reserve	**110,672**	338,748
Revaluation – Fair value through other comprehensive income	**(1,995,182)**	(3,237,250)
Transactions with non–controlling interests	**(2,906,913)**	(2,906,913)
Share–based payments reserve	**18,200,094**	17,142,735
	13,408,671	11,337,320

Movements in reserves:

	2024 $	2023 $
Foreign currency translation reserve		
Balance at the beginning of the financial year	**338,748**	(40,089)
Net exchange differences on translation of foreign controlled entity	**(228,076)**	378,837
Balance at the end of the financial year	**110,672**	338,748
Revaluation – Fair value through other comprehensive income		
Balance at the beginning of the financial year	**(3,237,250)**	(1,763,566)
Differences on revaluation	**1,242,068**	(1,473,684)
Balance at the end of the financial year	**(1,995,182)**	(3,237,250)
Transactions with non–controlling interests		
Balance at the beginning of the financial year	**(2,906,913)**	(2,906,913)
Balance at the end of the financial year	**(2,906,913)**	(2,906,913)
Share–based payments reserve		
Balance at the beginning of the financial year	**17,142,735**	15,753,841
Share–based payment expense	**2,379,017**	1,819,941
Transfer to share capital	**(1,321,658)**	(431,047)
Balance at the end of the financial year	**18,200,094**	17,142,735

Nature and purpose of reserves:

(i) Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve, as described in note 23(c). The reserve is recognised in profit and loss when the net investment is disposed of.

(ii) Revaluation – Fair value through other comprehensive income

Changes in the fair value of investments that are classified as fair value through other comprehensive income are recognised in Other comprehensive income and accumulated in a separate reserve within equity. Amounts are not reclassified to profit or loss when the associated assets are sold or impaired.

(iii) Transactions with non–controlling interests

This reserve is used to record the differences described in note 23(b) which may arise as a result of transactions with non–controlling interests that do not result in a loss of control.

(iv) Share–based payments reserve

The Share–based payments reserve is used to recognise:

» the grant date fair value of options issued to employees and consultants but, not exercised;
» the grant date fair value of deferred shares (i.e., Performance Rights) granted to employees but, not yet vested; and
» the grant date fair value of shares to be issued.

Note 10
Equity (continued)

Note 10(c) Accumulated losses

	2024 $	2023 $
Accumulated losses at the beginning of the financial year	**(249,401,845)**	(232,040,553)
Net (loss) attributable to members of Silex Systems Limited	**(22,734,108)**	(17,361,292)
Accumulated losses at the end of the financial year	**(272,135,593)**	(249,401,845)

Note 11
Cash flow information

(a) Reconciliation of net (loss) after income tax to net cash inflows/(outflows) from operating activities

	2024 $	2023 $
Net (loss) after income tax	**(22,734,108)**	(17,361,292)
Adjustments for:		
Depreciation and amortisation	**428,997**	382,104
Non cash benefits expense – share–based payments	**2,397,820**	1,857,547
Net exchange differences	**66,127**	125,565
Share of net losses of joint ventures	**23,224,478**	16,147,128
(Increase) in prepayments and other current assets	**(302,679)**	(494,877)
(Increase) in trade and other debtors	**(1,807,672)**	(419,161)
(Increase) in accrued income – other	**(837,011)**	(2,727,896)
Increase in trade and other creditors	**5,655,803**	95,401
Increase in provisions	**46,960**	54,610
Net cash inflows/(outflows) from operating activities	**6,138,715**	(2,340,871)

(b) Non–cash investing and financing activities

Details regarding Non–cash investing and financing activities are disclosed in other notes. The acquisition of right–of–use assets is detailed in note 9 and options and rights issued under the Silex Systems Limited Employee Incentive Plan in note 19.

Note 12
Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

An area involving significant estimates or judgements is the recognition of variable consideration (in the form of revenue royalties) from the sale of the cREO® technology (note 3).

Note 13
Financial risk management

The Company's activities expose it to a variety of financial risks; market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. The Company uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and foreign exchange risk.

Risk management is carried out by senior management under policies approved by the Board of Directors. Senior management identifies, evaluates and manages financial risks. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk and credit risk and investing excess liquidity.

(a) Derivatives

Foreign exchange contracts are used to manage foreign exchange risk. The Company may enter into forward exchange contracts which are economic hedges for foreign currencies to be traded at a future date but do not satisfy the requirements for hedge accounting. These contracts are fair valued by comparing the contracted rate to the current market rate for a contract with the same remaining period to maturity. Any changes in fair values are taken to the income statement immediately.

The Company's policy is to hedge a proportion of its anticipated cash flows in USD. At year end, the Company held US$4,900,000 forward exchange contracts with contractual dates up to December 2024 (2023: US$4,100,000 of forward exchange up to December 2023) to purchase USD as part of its strategy to minimise the financial effects of foreign currency fluctuations. The Board monitors the Company's hedging strategy on a continuing basis. The fair value of derivative contracts outstanding at year end totals $216,618 and is recorded in Trade and other payables (2023: $8,589 in Trade and other payables).

(b) Market risk

(i) Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from currency exposures, primarily with respect to the USD.

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The Company's exposure to USD foreign currency risk at the reporting date, expressed in Australian dollars, was as follows:

	2024 AUD	2023 AUD
Cash and cash equivalents	**787,791**	512,686
Trade and other receivables	**1,179,851**	916,734
Forward exchange contracts – buy foreign currency	**7,565,055**	6,184,469

Profit or loss is sensitive to the value of the AUD compared to the USD.

	IMPACT ON POST–TAX PROFIT		IMPACT ON OTHER COMPONENTS OF EQUITY	
	2024 $	2023 $	2024 $	2023 $
AUD/USD – increase by 15%	**(1,214,880)**	(991,996)	**(1,214,880)**	(991,996)
AUD/USD – decrease by 15%	**1,643,661**	1,342,112	**1,643,661**	1,342,112

The Company also owns shares in IQE Plc, a UK based company, resulting from the 2015 Option, License and Assignment Agreement. IQE's shares are listed on the London Stock Exchange (GBP currency) (AIM: IQE). The impact of an increase or decrease in the AUD/GBP would not impact post–tax profits as it is accounted for in Other comprehensive income. The impact of a 15% increase in the AUD/GBP would decrease other components of equity by $509,471 (2023: $349,093) and a 15% decrease in the AUD/GBP would increase other components of equity by $689,284 (2023: $472,303).

Note 13
Financial risk management (continued)

(ii) Cash flow and fair value interest rate risk

As the Company has interest–bearing assets, the Company's income and operating cash flows are influenced by changes in market interest rates. Company policy is to maintain the majority of cash and cash equivalents at fixed rates by the use of term deposits.

The Company manages its cash flow interest rate risk by having a spread of maturity dates with different institutions.

As at the reporting date, the Company had the following variable interest rate cash and cash equivalents:

	30 JUNE 2024		30 JUNE 2023	
	WEIGHTED AVERAGE INTEREST RATE %	BALANCE $	WEIGHTED AVERAGE INTEREST RATE %	BALANCE $
Cash and cash equivalents	**4.57%**	**7,914,918**	4.39%	1,175,722

Profit or loss is sensitive to higher / lower interest income from cash and cash equivalents as a result of changes in interest rates.

	IMPACT ON POST–TAX PROFIT		IMPACT ON OTHER COMPONENTS OF EQUITY	
	2024 $	2023 $	2024 $	2023 $
Interest rates – increase by 1.00%	**56,592**	88,832	**56,592**	88,832
Interest rates – decrease by 1.00%	**(56,592)**	(88,832)	**(56,592)**	(88,832)

(iii) Price risk

The Company's exposure to equity securities price risk arises from the Company's shares in IQE Plc, which are classified in the consolidated balance sheet as financial assets at fair value through other comprehensive income.

The impact of an increase or decrease in the IQE share price would not impact post–tax profits as it is accounted for in Other comprehensive income. The impact of a 10% increase in IQE's share price would increase other components of equity by $390,594 (2023: $267,638) and a 10% decrease in IQE's share price would reduce other components of equity by $390,594 (2023: $267,638). The impact of a 20% increase in IQE's share price would increase other components of equity by $781,188 (2023: $535,276) and a 20% decrease in IQE's share price would reduce other components of equity by $781,188 (2023: $535,276).

(c) Credit risk

Credit risk arises from cash and cash equivalents, term deposits and receivables. The Company has a concentration of credit risk with its main receipts coming from GLE for Recoverable project costs, banks (interest income), government (Research and development tax incentive and Defence Trailblazer Grant), and IQE Plc (in relation to the sale of the cREO® technology).

The Company has policies in place to ensure that transactions are with entities with an appropriate credit history. For banks and financial institutions, only independently rated parties with a minimum rating as approved by the Board are accepted. Cash transactions are limited to high credit quality financial institutions. The Company has policies that limit the amount of credit exposure to any one financial institution.

The credit quality of customers, banks and governments can be assessed by reference to external credit ratings (if available). If they are independently rated, these ratings are used. Otherwise, if there is no independent rating, the Company assesses the credit quality by taking into account the financial position, past experience and other factors.

As the Company holds a 51% interest in GLE, the credit risk with respect to Recoverable project costs is mitigated.

Note 13
Financial risk management (continued)

Impairment of financial assets

While cash and cash equivalents are subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial. All of the Company's term deposits (disclosed under AASB 9 as Other financial assets at amortised cost) are considered to have low credit risk given the credit ratings of the bank where the deposits are held. The Company has reviewed the credit ratings and corporate default rates of the various banks by credit rating agencies. Applying the expected credit loss model, the identified impairment loss was immaterial at 30 June 2024 (and at 30 June 2023).

	2024 $	2023 $
Cash and cash equivalents and other financial assets at amortised cost – term deposits		
ANZ Banking Group Limited	**33,114,918**	45,375,722
Westpac Banking Corporation	**50,000,000**	42,000,000
National Australia Bank	**27,000,000**	49,000,000
Bank of America	**2,974,461**	1,683,850
	113,089,379	138,059,572

Trade and other receivables are also subject to the expected credit loss model. Trade receivables include $374,818 (2023: $677,840) for royalties from the sale of the Company's cREO® technology. Impairment losses for Trade and other receivables were immaterial at 30 June 2024 (and at 30 June 2023).

(d) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Company manages liquidity by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements

The Company had access to the following undrawn borrowing facilities at the reporting date:

	2024 $	2023 $
Floating rate		
Expiring within one year (documentary credit facility and visa facility)	**200,000**	200,000
	200,000	200,000

The borrowing facilities are a documentary credit facility and visa facility that may be drawn at any time and is subject to annual review.

Note 13
Financial risk management (continued)
Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the tables are the contractual undiscounted cash flows.

	LESS THAN 6 MONTHS $	6–12 MONTHS $	BETWEEN 1 AND 2 YEARS $	BETWEEN 2 AND 5 YEARS $	OVER 5 YEARS $	TOTAL CONTRACTUAL CASH FLOW $	CARRYING AMOUNTS (ASSETS)/ LIABILITIES $
At 30 June 2024							
Non–derivatives							
Non–interest bearing	2,372,887	–	–	–	–	**2,372,887**	**2,372,887**
Lease liabilities	178,927	179,079	337,595	711,019	–	**1,406,620**	**1,181,974**
Total non–derivatives	2,551,814	179,079	337,595	711,019	–	**3,779,507**	**3,554,861**
At 30 June 2023							
Non–derivatives							
Non–interest bearing	524,891	–	–	–	–	**524,891**	**524,891**
Lease liabilities	117,449	140,939	288,925	296,148	–	**843,461**	**772,138**
Total non–derivatives	642,340	140,939	288,925	296,148	–	**1,368,352**	**1,297,029**

(e) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short–term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual values at the current market interest rates that is available to the Company for similar instruments.

Note 14
Climate Change

In preparing these consolidated financial statements the group has considered the impact of climate change risks on the assets and liabilities recognised and presented within the consolidated financial statements. There is no material impact on the value of assets and liabilities at 30 June 2024 as a result of climate change risks. The Company is continuing to develop its assessment of the impact of climate change in line with emerging industry and regulatory guidance.

Note 15
Interests in other entities

(a) Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 23(b).

NAME OF ENTITY	PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	CLASS OF SHARES	2024 %	2023 %
Translucent Inc	US	Ordinary	**100%**	100%
		Total	**100%**	100%
Silex USA LLC	US	Interest	**100%**	100%
		Total	**100%**	100%

(b) Interests in joint ventures

Set out below are details of the Global Laser Enrichment Holdings LLC (GLE Holdco) joint venture as at 30 June 2024, which is material to the Company:

NAME OF ENTITY	PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	% OF OWNERSHIP INTEREST 2024	% OF OWNERSHIP INTEREST 2023	NATURE OF RELATIONSHIP	MEASURE-MENT METHOD	CARRYING AMOUNT 2024	CARRYING AMOUNT 2023
Global Laser Enrichment Holdings LLC	US	**51%**	51%	Joint venture	Equity method	**13,269,215**	3,630,471

GLE Holdco acquired Global Laser Enrichment LLC (GLE) on 31 January 2021. GLE holds the exclusive worldwide licence to commercialise the SILEX technology for uranium enrichment. Cameco Corporation indirectly owns the remaining 49% of GLE Holdco.

(i) Significant judgement: existence of joint control

In accordance with the Amended and Restated Limited Liability Company Agreement of GLE Holdco, decisions of the Governing Board are based on the voting of percentage of interests held by the GLE Holdco Governing Board Members. Silex's Governing Board Members hold a 51% interest and the Cameco Governing Board Members hold a 49% interest. The affirmative vote of Governing Board members representing greater than 51% of the total percentage interests is required for an affirmative vote. Therefore, Silex has joint control of GLE Holdco with Cameco.

(ii) Commitments and contingent liabilities in respect of the GLE Holdco joint venture

	2024 $	2023 $
Commitments – joint ventures		
Commitment to provide funding for joint venture's capital commitments, if called	**18,351,100**	9,986,850
Contingent liabilities – joint venture		
Share of joint venture's contingent liabilities	**4,576,836**	–

On 28 July 2023, GLE entered into a lease for a new facility in Wilmington, NC. A parent company guarantee was required to be provided by the Company and Cameco Corporation in relation to the rent and other lease related obligations associated with the premises tenanted by GLE. The guarantee will reduce over the term of the lease.

Note 15
Interests in other entities (continued)

(iii) Summarised financial information for GLE Holdco joint venture

The tables below provide summarised financial information for the GLE Holdco joint venture. The information disclosed reflects the amounts presented in the financial statements of GLE Holdco and not Silex's share of those amounts. The information has been amended to reflect adjustments made by the Company when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

Summarised balance sheet

	2024 $	2023 $
Current assets		
Cash and cash equivalents	**23,910,812**	11,021,801
Other current assets	**3,582,704**	2,267,678
Total current assets	**27,493,516**	13,289,479
Non–current assets	**20,875,288**	7,010,303
Total assets	**48,368,804**	20,299,782
Current liabilities		
Lease liabilities	**1,127,366**	953,423
Other current liabilities	**9,395,711**	4,561,577
Total current liabilities	**10,523,077**	5,515,000
Non–current liabilities		
Lease liabilities	**5,933,810**	2,741,832
Other non–current liabilities	**5,893,848**	4,924,380
Total non–current liabilities	**11,827,658**	7,666,212
Total liabilities	**22,350,735**	13,181,212
Net assets	**26,018,069**	7,118,570

	2024 $	2023 $
Reconciliation to carrying amounts		
Opening net assets	**7,118,570**	6,121,171
Additional capital contributed	**65,041,084**	32,552,792
(Loss) for the period	**(45,538,193)**	(31,662,507)
Other comprehensive income	**(603,392)**	107,114
Closing net assets	**26,018,069**	7,118,570
Company's share in %	**51%**	51%
Company's share in $	**13,269,215**	3,630,471
Carrying amount	**13,269,215**	3,630,471

Note 15
Interests in other entities (continued)
Summarised statement of comprehensive income

	2024 $	2023 $
Revenue	**–**	–
Interest income	**662,477**	63,839
Depreciation and amortisation	**(1,934,794)**	(1,398,774)
Interest expense	**(474,605)**	(134,876)
Income tax expense	**–**	–
(Loss) from continuing operations	**(45,538,193)**	(31,662,507)
(Loss) for the period	**(45,538,193)**	(31,662,507)
Other comprehensive income	**(603,392)**	107,114
Total comprehensive income	**(46,141,585)**	(31,555,393)

Note 16
Commitments for expenditure and guarantees

The Company did not have any Capital expenditure contracted at the reporting date that was not recognised as a liability (2023: $nil).

On 28 July 2023, GLE entered into a lease for a new facility in Wilmington, NC. A parent company guarantee was required to be provided by the Company and Cameco Corporation in relation to the rent and other lease related obligations associated with the premises tenanted by GLE. As at 30 June 2024, the Company's 51% share of the parent company guarantee was $4,576,836 (2023: $nil), The guarantee will reduce over the term of the lease.

Note 17
Events occurring after the reporting date

The consolidated entity is not aware of any matters or circumstances which are not otherwise dealt with in the financial statements that have significantly or may significantly, affect the operations of the consolidated entity, the results of its operations or the state of the consolidated entity in subsequent years other than those referred to in this report.

Note 18
Related party transactions

(a) Subsidiaries

Interests in subsidiaries are set out in note 15(a).

(b) Key management personnel compensation

	2024 $	2023 $
Short–term employee benefits	**1,488,692**	1,400,822
Post–employment benefits	**69,428**	73,138
Long–term benefits	**(3,558)**	5,782
Share–based payments	**827,373**	770,865
	2,381,935	2,250,607

(c) Transactions with other related parties

The following transactions occurred with related parties:

	2024 $	2023 $
Contributions to superannuation funds on behalf of employees	**440,948**	349,558

Note 19
Share–based payments

(a) Silex Systems Limited Employee Incentive Plan

The Silex Systems Limited Employee Incentive Plan (the Plan) was established in May 2019 by a resolution of the Silex Board. Shareholder approval of the Plan was renewed at the 2022 Annual General Meeting. All full–time and part–time staff and executive directors of the consolidated entity are eligible to participate in the Plan. The Company established the Plan to encourage employees to share in the ownership of the Company and to promote the long–term success of the Company as a goal shared by all employees. In accordance with the Plan, an award of options, performance rights or exempt share awards may be granted.

Participation in the Plan is at the Board's discretion and no individual has a contractual right to participate in the Plan or to receive any guaranteed benefits.

(b) Options

Under the Plan, options issued were granted for no consideration. The options granted to staff are for a five–year period and become exercisable after three years of the date of the grant. The options granted to executive KMP in the year ended 30 June 2022 are with respect to multi–year performance periods that end between 25 June 2024 and 30 June 2027 for the CEO/MD, and between 30 June 2024 and 30 June 2026 for the CFO/Company Secretary. The options expire approximately two years following expiry of the various performance periods. The options lapse if the holder ceases to be an eligible employee other than by reason of death or permanent disablement, unless the Board determines otherwise in its absolute discretion. Options granted under the plan carry no dividend or voting rights.

When exercisable, each option is convertible into one ordinary share. The exercise price of options is based on the volume weighted average price at which the Company's shares are traded on the Australian Stock Exchange for the 10–trading days before the options are granted or for the 10–trading days preceding a Board resolution to grant options. Amounts received on the exercise of options are recognised as share capital.

Set out below are summaries of options granted under the Plan including the options outstanding at the end of the year:

Consolidated and parent entity – 2024

GRANT DATE	EXPIRY DATE	EXERCISE PRICE (CENTS)	BALANCE AT START OF YEAR (NUMBER)	ISSUED DURING THE YEAR (NUMBER)	LAPSED/ FORFEITED DURING THE YEAR (NUMBER)	EXERCISED DURING THE YEAR (NUMBER)	BALANCE AT THE END OF THE YEAR (NUMBER)	EXERCISED AT THE END OF THE YEAR (NUMBER)
21/05/2019	20/05/2024	35	120,000	–	–	(120,000)	–	–
01/04/2020	31/03/2025	21	227,000	–	–	(79,000)	148,000	148,000
23/11/2020	22/11/2025	57	150,000	–	–	–	150,000	150,000
24/03/2021	23/03/2026	120	1,000,000	–	(22,331)	(461,919)	515,750	515,750
26/07/2021	28/10/2026	94	100,000	–	–	–	100,000	100,000
26/07/2021	30/06/2027	94	100,000	–	–	–	100,000	–
26/07/2021	30/06/2028	94	100,000	–	–	–	100,000	–
14/10/2021	28/10/2026	94	150,000	–	–	–	150,000	150,000
14/10/2021	28/10/2026	94	150,000	–	–	–	150,000	150,000
14/10/2021	28/10/2027	94	150,000	–	–	–	150,000	–
14/10/2021	28/10/2028	94	150,000	–	–	–	150,000	–
14/10/2021	28/10/2029	94	150,000	–	–	–	150,000	–
18/03/2022	17/03/2027	119	600,000	–	–	–	600,000	–
17/04/2023	16/04/2028	377	650,000	–	–	–	650,000	–
23/04/2024	22/04/2029	500	–	650,000	–	–	650,000	–
			3,797,000	**650,000**	**(22,331)**	**(660,919)**	**3,763,750**	**1,213,750**
Weighted average exercise price			$1.46	$5.00	$1.20	$0.93	$2.16	$0.92

Note 19
Share–based payments (continued)

Consolidated and parent entity – 2023

GRANT DATE	EXPIRY DATE	EXERCISE PRICE (CENTS)	BALANCE AT START OF YEAR (NUMBER)	ISSUED DURING THE YEAR (NUMBER)	LAPSED/ FORFEITED DURING THE YEAR (NUMBER)	EXERCISED DURING THE YEAR (NUMBER)	BALANCE AT THE END OF THE YEAR (NUMBER)	EXERCISED AT THE END OF THE YEAR (NUMBER)
21/05/2019	20/05/2024	35	140,000	–	(15,831)	(4,169)	120,000	120,000
01/04/2020	31/03/2025	21	660,000	–	(66,188)	(366,812)	227,000	227,000
23/11/2020	22/11/2025	57	150,000	–	–	–	150,000	150,000
24/03/2021	23/03/2026	120	1,000,000	–	–	–	1,000,000	–
26/07/2021	28/10/2026	94	100,000	–	–	–	100,000	–
26/07/2021	30/06/2027	94	100,000	–	–	–	100,000	–
26/07/2021	30/06/2028	94	100,000	–	–	–	100,000	–
14/10/2021	28/10/2026	94	150,000	–	–	–	150,000	–
14/10/2021	28/10/2026	94	150,000	–	–	–	150,000	–
14/10/2021	28/10/2027	94	150,000	–	–	–	150,000	–
14/10/2021	28/10/2028	94	150,000	–	–	–	150,000	–
14/10/2021	28/10/2029	94	150,000	–	–	–	150,000	–
18/03/2022	17/03/2027	119	600,000	–	–	–	600,000	–
17/04/2023	16/04/2028	377	–	650,000	–	–	650,000	–
			3,600,000	**650,000**	**(82,019)**	**(370,981)**	**3,797,000**	**497,000**
Weighted average exercise price			$0.88	$3.77	$0.24	$0.21	$1.46	$0.35

The market price of shares under option at 30 June 2024 was $5.33 (2023: $3.94). The weighted average remaining contractual life of share options outstanding at the end of the period was 3.2 years (2023: 3.6 years).

Fair value of options granted

The assessed fair value at grant date of options granted during the year ended 30 June 2024 was determined using a Binomial option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk–free interest rate for the term of the options.

Set out below is a summary of options granted under the Plan, together with the model inputs applied to assess the fair value of options at grant date:

FAIR VALUE (CENTS)	GRANT DATE	VESTING DATE	EXERCISE PRICE (CENTS)	EXPIRY DATE	SHARE PRICE AT GRANT DATE (CENTS)	EXPECTED VOLATILITY	EXPECTED DIVIDEND YIELD	RISK–FREE INTEREST RATE	DAYS TO EXPIRATION
248.47	23/04/2024	23/04/2027	500	22/04/2029	483	72%	–	3.92%	1,280

The assessed fair value of options at grant date and the model inputs for options issued in the prior year included the following:

FAIR VALUE (CENTS)	GRANT DATE	VESTING DATE	EXERCISE PRICE (CENTS)	EXPIRY DATE	SHARE PRICE AT GRANT DATE (CENTS)	EXPECTED VOLATILITY	EXPECTED DIVIDEND YIELD	RISK–FREE INTEREST RATE	DAYS TO EXPIRATION
192.85	17/04/2023	17/04/2026	377	16/04/2028	345	77%	–	3.20%	1,460
148.49[1]	17/04/2023	17/04/2026	377	16/04/2028	345	77%	–	3.20%	1,460

1. A discount of 23.0% for lack of marketability was applied to these options granted 17 April 2023, as these options have a 2–year restriction on trading from the date of exercise.

The expected price volatility is based on the historical volatility adjusted for any expected changes to future volatility due to publicly available information.

Note 19
Share–based payments (continued)

(c) Performance Rights

The rights issued under the Plan were subject to performance–based and service–based vesting conditions. Rights convert into one ordinary share each on vesting at an exercise price of $nil, subject to the satisfaction of vesting conditions. If an employee ceases to be employed by the Company during the vesting period, the rights will be forfeited, except in limited circumstances that are at the discretion of the Board.

Set out below is a summary of Performance Rights granted under the Plan:

Consolidated and parent entity – 2024

GRANT DATE	EXERCISE PRICE	BALANCE AT START OF YEAR (NUMBER)	ISSUED DURING THE YEAR (NUMBER)	LAPSED/ FORFEITED DURING THE YEAR (NUMBER)	EXERCISED DURING THE YEAR (NUMBER)	BALANCE AT THE END OF THE YEAR (NUMBER)
14/10/2021	nil	412,500	–	–	–	412,500
21/06/2022	nil	300,000	–	–	(75,000)	225,000
26/08/2022	nil	200,000	–	(36,163)	(163,837)	–
30/08/2022	nil	145,000	–	(11,512)	(133,488)	–
21/11/2022	nil	25,000	–	(2,187)	(22,813)	–
21/08/2023	nil	–	185,000	–	–	185,000
29/09/2023	nil	–	300,000	–	–	300,000
		1,082,500	**485,000**	**(49,862)**	**(395,138)**	**1,122,500**

Consolidated and parent entity – 2023

GRANT DATE	EXERCISE PRICE	BALANCE AT START OF YEAR (NUMBER)	ISSUED DURING THE YEAR (NUMBER)	LAPSED/ FORFEITED DURING THE YEAR (NUMBER)	EXERCISED DURING THE YEAR (NUMBER)	BALANCE AT THE END OF THE YEAR (NUMBER)
26/07/2021	nil	70,000	–	(3,500)	(66,500)	–
14/10/2021	nil	487,500	–	(3,750)	(71,250)	412,500
25/10/2021	nil	250,000	–	(55,853)	(194,147)	–
21/06/2022	nil	–	300,000	–	–	300,000
26/08/2022	nil	–	200,000	–	–	200,000
30/08/2022	nil	–	145,000	–	–	145,000
21/11/2022	nil	–	25,000	–	–	25,000
		807,500	**670,000**	**(63,103)**	**(331,897)**	**1,082,500**

The model inputs for the rights granted during the year ended 30 June 2024 (with the 21 August 2023 issue listed first and the 29 September 2023 next – unless advised otherwise) included the following, and for those rights that had market conditions, additional inputs were applied to the Monte Carlo simulation that used to value these rights:

(i) Rights granted for no consideration
(ii) Exercise price: $nil
(iii) Grant date: 21 August 2023 and 29 September 2023 (2023: 26 August 2022, 30 August 2022 and 21 November 2022)
(iv) Vesting date: 31 July 2024 for all issues (2023: 31 July 2023 for all issues)
(v) Share price at grant date: $3.26 and $3.50 (2023: $3.58, $3.59, and $3.13)
(vi) Expected dividend yield: nil for all issues in the current and prior year

The fair value of rights granted on 21 August 2023 that did not have market conditions was $2.673, and the fair value of rights granted on 29 September 2023 was $3.185. An 18% discount for lack of marketability was applied to the rights granted on 21 August 2023, as the rights have a 2–year restriction on trading following conversion of vested rights to ordinary shares. A 9% discount for lack of marketability was applied to the rights granted on 29 September 2023 as the rights have a 1–year restriction on trading following conversion of the vested rights to ordinary shares.

Some of the rights granted on 21 August 2023 had market conditions and a Monte Carlo simulation approach was used to value these rights. Additional inputs included: expected volatility of 60%; a risk–free rate of 4.0%; and a discount for lack of marketability of 18%. The fair value of rights granted on 21 August 2023 that have market conditions was $1.193. The fair values were estimated taking the market price of the Company's shares on the grant date and noting that no dividends were expected to be received during the vesting period.

Note 19
Share–based payments (continued)

With respect to rights issued in the prior year, the fair value of rights granted on 26 August 2022 was $3.177 and the fair value of rights granted on 21 November 2022 was $2.426. An 11.25% discount for lack of marketability was applied to the rights granted on 26 August 2022, as the rights have a 1–year restriction on trading following conversion of vested rights to ordinary shares. A 22.5% discount for lack of marketability was applied to the rights granted on 21 November 2022 as the rights have a 2–year restriction on trading following conversion of the vested rights to ordinary shares.

Some of the rights granted on 30 August 2022 had market conditions and a Monte Carlo simulation approach was used to value these rights. Additional inputs included: expected volatility of 80%; a risk–free rate of 1.55%; and a discount for lack of marketability of 23%. The fair value of rights granted on 30 August 2022 that have market conditions was $1.770 and the fair value of rights granted on 30 August 2022 that do not have market conditions was $2.764. The fair values were estimated taking the market price of the Company's shares on the grant date and noting that no dividends were expected to be received during the vesting period.

With respect to the fair value of the 300,000 Extended LTI rights that were granted to the CFO/Company Secretary on 21 June 2022, a Monte Carlo simulation approach was used to value the rights. 300,000 rights with market conditions (i.e., 4 tranches of 75,000 rights with vesting dates of 30 June 2023, 30 June 2024, 30 June 2025 and 30 June 2026) were granted to the CFO/Company Secretary for no consideration and have an exercise price of $nil. Additional inputs include: share price at grant date of $1.865; expected volatility of 75%; and expected risk–free interest rates between 2.87% and 3.69%. A 22.5% discount for lack of marketability was applied. The fair value has been calculated at $0.742, $0.808, $0.809 and $0.835.

(d) Shares granted to the Chair (as approved at the 2021 AGM)

The Silex Chair also serves as the Chair of the GLE Holdco Governing Board until 31 December 2023. In view of the additional work load and responsibility associated with the role of GLE Chair, it was resolved to pay additional directors' fees from 1 January 2021. As per shareholder approval granted at the 2021 AGM, 50% of the annual fees for the 3–year tenure have been paid via the issue of Silex shares. 84,507 shares at the 10–trading day volume weighted average price at which the Company's shares traded on the Australian Stock Exchange preceding 17 December 2020, being $0.71, were issued on 8 November 2021. A proportion of the shares vested annually in line with the completion of each year of service through to 31 December 2023. 28,169 shares vested on 31 December 2021, a further 28,169 shares vested on 31 December 2022, and the final 28,169 shares vested on 31 December 2023. The assessed fair value of the shares was based on the share price on 8 November 2021 of $1.335.

(e) Options issued to consultants

A total of 100,000 options are currently on issue to a consultant of the Company.

50,000 options were granted to a consultant on 19 December 2023. The assessed fair value at grant date of 178.14 cents was determined using a Binomial option pricing model. Inputs included: an exercise price of 347 cents; share price at grant date of 419 cents; volatility of 60%; a risk–free interest rate of 3.87%; and 730 days to expiration. 37,500 options were exercisable at 30 June 2024. No options were exercised during the year and therefore the balance of options as at 30 June 2024 was 50,000.

In the prior year, 50,000 options were granted to a consultant on 25 August 2022. The assessed fair value at grant date of 182 cents was determined using a Binomial option pricing model. Inputs included: an exercise price of 319 cents; share price at grant date of 371 cents; volatility of 80%; a risk–free interest rate of 3.15%; and 730 days to expiration. The 50,000 options were exercisable at 30 June 2024. No options were exercised during the year and therefore the balance of options as at 30 June 2024 was 50,000.

(f) Expenses arising from share–based transactions

Total expenses arising from share–based payment transactions recognised during the period as part of remuneration expense were as follows:

	2024 $	2023 $
Options granted and to be granted	**1,076,788**	732,986
Performance rights granted and to be granted	**1,302,229**	1,086,955
Shares granted in lieu of directors' fees	**18,803**	37,606
	2,397,820	1,857,547

Note 20
Remuneration of auditors

During the year the following fees were paid or payable for services provided by PricewaterhouseCoopers Australia (PwC) as auditor of the parent entity, Silex Systems Limited, its related practices and non–audit firms:

	2024 $	2023 $
(a) Auditors of the Company – PwC		
Audit and review of financial reports		
Company	**113,420**	124,000
Total remuneration for audit services	**113,420**	124,000
Other assurance services		
Audit of CRC–P Grant	**–**	32,400
Total remuneration for other assurance services	**–**	32,400
Total remuneration for audit and assurance services	**113,420**	156,400
(b) Other services		
Consulting services	**62,500**	277,578
Total services provided by PwC	**175,920**	433,978

Note 21
Earnings per share

(a) Basic earnings per share

	2024 CENTS	2023 CENTS
Total basic earnings per share attributable to the ordinary equity holders of the Company	**(9.6)**	(8.1)

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after–income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(c) Reconciliation of earnings used in calculating earnings per share

	2024 $	2023 $
Basic earnings per share		
(Loss) attributable to the ordinary equity holders of the Company used in calculating basic earnings per share	**(22,734,108)**	(17,361,292)
Diluted earnings per share		
(Loss) attributable to the ordinary equity holders of the Company used in calculating diluted earnings per share	**(22,734,108)**	(17,361,292)

(d) Weighted average number of shares used in the denominator

	2024 NUMBER	2023 NUMBER
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	**236,105,418**	214,689,478
Weighted average number of ordinary shares on issue used in the calculation of diluted earnings per share	**236,105,418**	214,689,478

(e) Information concerning the classification of securities

Options and performance rights granted in the current and prior years were not included in the calculation of diluted earnings per share as they are anti–dilutive for the year ended 30 June 2024. The options and performance rights could potentially dilute basic earnings per share in the future.

Further information about options and performance rights is included in note 19.

Note 22
Parent entity financial information

(a) Summary financial information
The individual financial statements for the parent entity show the following aggregate amounts:

	2024 $	2023 $
Balance Sheet		
Current assets	**119,805,033**	142,264,690
Total assets	**121,322,550**	143,307,488
Current liabilities	**8,578,499**	2,865,438
Total liabilities	**9,577,685**	3,495,406
Net assets	**111,744,865**	139,812,082
Shareholders' equity		
Issued capital	**390,665,622**	386,753,717
Reserves		
Share based payments	**18,005,220**	16,947,861
Accumulated losses	**(296,925,977)**	(263,889,496)
Total equity	**111,744,865**	139,812,082
Net (loss) for the period	**(33,036,481)**	(19,852,816)
Total comprehensive income	**(33,036,481)**	(19,852,816)

The Net (loss) for the period above differs from the segment result disclosed in note 2 as the segment result excludes exchange gains and losses on intercompany loans (which eliminate on consolidation), write–downs of intercompany loans (which eliminate on consolidation) and impairment charges for investments in subsidiaries (which eliminate on consolidation).

(b) Guarantees entered into by the parent company
On 28 July 2023, GLE entered into a lease for a new facility in Wilmington, NC. A parent company guarantee was required to be provided by the Company and Cameco Corporation in relation to the rent and other lease related obligations associated with the premises tenanted by GLE. As at 30 June 2024, the Company's 51% share of the parent company guarantee was $4,576,836 (2023: $nil). The guarantee will reduce over the term of the lease.

(c) Contractual commitments for the acquisition of property, plant or equipment
As at 30 June 2024 (and 30 June 2023), the parent entity did not have any contractual commitments for the acquisition of property, plant or equipment.

(d) Basis of preparation
This parent entity financial information has been prepared on the same basis as the consolidated financial statements except as set out below:

Investments in subsidiaries, associates and joint venture entities
Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Silex Systems Limited. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

Note 23
Summary of other potentially material accounting policies

This note provides a list of the other potentially material accounting policies adopted in the preparation of these consolidated financial statements to the extent that they have not already been disclosed in the other notes above. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the group consisting of Silex Systems Limited and its subsidiaries.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Silex Systems Limited is a for–profit entity for the purposes of preparing the financial statements.

(i) Compliance with IFRS

The consolidated financial statements of the Silex Systems Limited group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) Historical cost convention

These financial statements have been prepared on a historical cost basis, except for Financial assets at fair value through other comprehensive income which are measured at fair value.

(iii) New and amended standards adopted by the Company

The Company has applied the following standard and amendment for the first time for its annual reporting period commencing 1 July 2023:

» AASB 2021–2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies Definitions of Accounting Estimates (AASB 7, AASB 108, AASB 1034 and AASB Practice Statement 2)*;

The amendment did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(iv) New standards and interpretations not yet adopted by the Company

Certain amendments to accounting standards have been published that are not mandatory for 30 June 2024 reporting periods and have not been adopted early by the Company. These amendments are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(b) Principles of consolidation and equity accounting

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Silex Systems Limited (the parent entity) as at 30 June 2024 and the results of all subsidiaries for the year then ended. Silex Systems Limited and its subsidiaries together are referred to in this financial report as the Company, Silex, the consolidated entity or the group.

Subsidiaries are all those entities over which the Company has control, being the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the Company.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

Non–controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated balance sheet respectively.

(ii) Joint arrangements

Under AASB 11 *Joint Arrangements* investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Company's investment in GLE Holdco is a joint venture. Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet.

(iii) Equity method of accounting for joint ventures

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Company's share of the post–acquisition profits or losses of the investee in profit or loss, and the Company's share of movements in Other comprehensive income of the investee in Other comprehensive income. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Company's share of losses in an equity–accounted investment equals or exceeds its interest in the entity, including any other unsecured long–term receivables, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Note 23
Summary of other potentially material accounting policies (continued)

Unrealised gains on transactions between the Company and its joint ventures are eliminated to the extent of the Company's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity–accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Company.

The carrying amount of equity–accounted investments is tested for impairment in accordance with the policy described in note 23(g).

(iv) Changes in ownership interests

The Company treats transactions with non–controlling interests that do not result in a loss of control, as transactions with equity owners of the Company. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non–controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non–controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Silex Systems Limited.

When the Company ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in Other comprehensive income in respect of that entity are accounted for as if the Company had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in Other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in Other comprehensive income are reclassified to profit or loss where appropriate.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Australian dollars, which is Silex Systems Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in Other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings, are recognised in Other comprehensive income. The Company's funding of its investment in its subsidiaries has been deemed part of its net investment. When a foreign operation is sold or borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the consolidated income statement as part of the gain or loss on sale.

(d) Revenue recognition

The accounting policies for the Company's revenue from contracts with customers are explained in note 3.

(e) Government grants and Research and development tax incentive income

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Note 4 provides further information on how the Company accounts for government grants. Research and development tax incentive income is based on eligible activities in the period.

Note 23
Summary of other potentially material accounting policies (continued)

(f) Income tax
The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(g) Impairment of assets
Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non–financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(h) Investments and other financial assets
(i) Classification
The Company classifies its financial assets in the following categories:

» those to be measured subsequently at fair value (either through Other comprehensive income (OCI) or through profit or loss); and
» those to be at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition
Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

(iii) Measurement
At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets at fair value through profit or loss are expensed in profit or loss.

Debt instruments
Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

(a) Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest revenue from these financial assets is included in revenue using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

Note 23
Summary of other potentially material accounting policies (continued)

(b) FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as a separate line item in the statement of profit or loss.

(c) FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's Management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments is recognised in profit or loss as other income when the group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment

The Company assesses on a forward–looking basis, the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Refer note 13(c) for further details.

(i) Measurement and fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available for sale securities) is based on quoted market prices at the balance sheet date.

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

(j) Employee benefits

(i) Wages and salaries, annual leave and personal leave

Liabilities for wages and salaries, including non monetary benefits and annual leave are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non accumulating personal leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Retirement benefit obligations

Employees of the Company are entitled to benefits on retirement, disability or death from the Company's defined contribution retirement plans. The fund receives fixed contributions from the Company and the Company's legal or constructive obligation is limited to these contributions. Contributions to the defined contribution fund are recognised as an expense as they become payable.

(iv) Share based payments

Share based compensation benefits have been provided to employees via the Silex Systems Limited Employee Incentive Plan (the Plan) which was established in May 2019. Information relating to the Plan is set out in note 19.

Note 23
Summary of other potentially material accounting policies (continued)

Options
The fair value of options granted under the Plan are recognised as an employee benefit expense with a corresponding increase in equity in the share–based payments reserve. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is determined using a Binomial option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non–market vesting conditions. Non–market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the Company revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the relevant balance of the share based payments reserve is transferred to share capital.

Performance Rights
Performance Rights granted under the Plan are a right to acquire fully paid ordinary shares in the Company for $nil consideration, subject to meeting certain pre–determined key performance indicators and vesting conditions. These may be used as a short–term or long–term incentive vehicle. For Performance Rights with non–market vesting conditions, the estimated number of rights that will vest are revised at the end of each reporting period and adjustments are recognised in profit or loss and the share–based payments reserve. For Performance Rights with market vesting conditions, the fair value at grant date is calculated using a Monte Carlo simulation and recognised in profit or loss. No adjustment is made for the estimated number of rights that will vest at each reporting date as this has already been factored into the grant date fair value of the rights.

The fair value is recognised over the relevant service period.

Shares in lieu of cash for directors' fees
Shares may be granted to directors in lieu of cash for services performed (subject to shareholder approval). The fair value of the shares is calculated on the grant date. The expense is recognised in the profit or loss over the service period to which the issue of shares relates to. The amount relating to future periods (unearned amount) is included in Trade and other receivables.

(v) Termination benefits
Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or to providing termination benefits as a result of an offer made to encourage voluntary redundancy.

(k) Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(l) Research and development costs
Expenditure on research activities, undertaken with the prospect of obtaining new scientific or technical knowledge and understanding, is recognised in the consolidated income statement as an expense when it is incurred.

Costs incurred on development projects relating to the design and testing of new or improved products are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technical feasibility and its costs can be measured reliably. Other expenditure that does not meet these expenditure criteria are recognised as an expense as incurred. Given the stage of development of the Company's technologies, research and development costs are currently expensed as incurred.

(m) Contributed equity
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Consolidated entity disclosure statement

As at 30 June 2024

AS AT 30 JUNE 2024						
NAME OF ENTITY	TYPE OF ENTITY	TRUSTEE, PARTNER OR PARTICIPANT IN JV	% OF SHARE CAPITAL	PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	AUSTRALIAN RESIDENT OR FOREIGN RESIDENT	FOREIGN JURISDICTION(S) OF FOREIGN RESIDENTS
Sylex Systems Limited	Body corporate	–	n/a	Australia	Australian	n/a
Translucent Inc[1]	Body corporate	–	100	US	Australian	n/a
Silex USA LLC[2]	Body corporate	–	100	US	n/a	n/a

1 Translucent Inc is also a tax resident in its country of incorporation.
2 Silex USA LLC is 100% owned by Translucent Inc and is treated as a disregarded entity for US Federal tax purposes. Therefore, its taxable income and expenses are reflected in Translucent Inc's tax return.

Directors' declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 49 to 87 are in accordance with the *Corporations Act 2001*, including:
   (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
   (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2024 and of its performance for the financial year ended on that date;
(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
(c) the consolidated entity disclosure statement on page 88 is true and correct.

Note 23(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.

Dr M P Goldsworthy
CEO/MD

Mr C A Roy
Chair

Sydney
29 August 2024

Independent auditor's report

To the members of Silex Systems Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Silex Systems Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the consolidated balance sheet as at 30 June 2024
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated income statement for the year then ended
- the notes to the consolidated financial statements, including material accounting policy information and other explanatory information
- the consolidated entity disclosure statement as at 30 June 2024
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

Audit Scope

Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.

The Group's operational and financial processes are managed by a corporate function in Sydney, where all of our audit procedures are performed.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit Committee.

Key audit matter	*How our audit addressed the key audit matter*
Recoverable project costs *Refer to note 3* Costs incurred by Silex Systems Limited in relation to the Uranium Enrichment Project ("UEP") are recharged to Global Laser Enrichment LLC ("GLE"). We considered this matter a key audit matter due to the magnitude of the revenue, and the judgemental nature of determining which expenses can be recharged.	Our audit procedures included: • considering the Group's accounting policy in line with the Australian Accounting Standards • developing an understanding and, evaluating the design and implementation of key controls over the revenue to receivables business process; • for a sample of revenue transactions, obtaining source documents, evidencing cash receipts, assessing that the costs incurred were recognised in the right period and eligible to be recharged; • assessing reasonableness of the related financial statement disclosures for consistency with Australian Accounting Standards

Key audit matter	*How our audit addressed the key audit matter*
Investment accounted for using the equity method *Refer to note 15b* Silex Systems Limited holds a 51% equity interest in Global Laser Enrichment Holdings LLC (GLEH). The share of net loss of GLEH is recognised within the Group's consolidated income statement and the carrying value of investment in GLEH is recognised within the consolidated balance sheet. We considered this matter a key audit matter due to the financial significance of GLEH to the Group's financial report.	Our audit procedures included: • agreeing the loss incurred for GLEH to underlying financial records • agreeing capital contributions to bank statements • assessing the recoverability of the carrying value of the GLEH investment • testing the mathematical accuracy of the Group's share in GLEH and the share of net loss recognised • assessing reasonableness of the related financial statement disclosures for consistency with Australian Accounting Standards

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon through our opinion on the financial report. We have issued a separate opinion on the remuneration report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001*, including giving a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2024.

In our opinion, the remuneration report of Silex Systems Limited for the year ended 30 June 2024 complies with section 300A of the *Corporations Act 2001.*

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

Aishwarya Chandran

Partner

Sydney

29 August 2024

Shareholder information

Information relating to shareholders as at 16 August 2024

(a) Distribution of equity securities

	CLASS OF EQUITY SECURITY: ORDINARY					
	SHARES		OPTIONS		PERFORMANCE RIGHTS	
HOLDING	NO. OF HOLDERS	% OF SHARES	NO. OF HOLDERS	% OF OPTIONS	NO. OF HOLDERS	% OF RIGHTS
1 – 1,000	3,089	0.60%	–	–	–	–
1,001 – 5,000	2,803	3.10%	1	0.13%	–	–
5,001 – 10,000	864	2.81%	–	–	16	11.85%
10,001 – 100,000	675	4.67%	28	33.28%	10	18.44%
100,001 and over	637	88.81%	11	66.59%	2	69.71%
Total number of holders	**8,068**	**100.00%**	**40**	**100.00%**	**28**	**100.00%**

There were 549 holders of less than a marketable parcel of ordinary shares.

(b) Names of twenty largest quoted equity security holders as at 16 August 2024

NAME	NUMBER OF SECURITIES	PERCENTAGE HELD
HSBC Custody Nominees (Australia) Limited	30,721,743	12.97%
Jardvan Pty Ltd	29,801,030	12.58%
JP Morgan Nominees Australia Pty Limited	16,976,422	7.17%
Citicorp Nominees Pty Limited	7,895,945	3.33%
Majenta Holdings Pty Ltd	5,703,923	2.41%
Hillboi Nominees Pty Ltd	4,369,317	1.84%
Pure Gold Pty Ltd	3,951,944	1.67%
UBS Nominees Pty Ltd	3,614,225	1.53%
BNP Paribas Nominees Pty Ltd <IB AU Noms RetailClient>	3,132,177	1.32%
Spar Nominees Pty Ltd	3,050,234	1.29%
Throvena Pty Ltd	2,978,203	1.26%
Mr Christopher David Wilks	2,405,070	1.02%
BNP Paribas Noms Pty Ltd	2,400,928	1.01%
Hamlac Pty Ltd	2,125,937	0.90%
National Nominees Limited	1,988,102	0.84%
HSBC Custody Nominees (Australia) Limited <NT–Comnwlth Super Corp A/C>	1,884,235	0.80%
RD Super Pty Ltd	1,805,082	0.76%
Sporran Lean Pty Ltd	1,705,500	0.72%
BNP Paribas Nominees Pty Ltd <HUB24 Custodial Services Ltd>	1,693,727	0.72%
Quintal Pty Ltd	1,502,952	0.63%
	129,706,696	**54.76%**

(c) Substantial holders

NAME	NUMBER OF SECURITIES	PERCENTAGE HELD
Jardvan Pty Ltd	29,801,030	12.58%

(d) Voting rights

The voting rights attaching to each class of equity securities are set out below:

» Ordinary shares: On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.
» Options: No voting rights.
» Performance rights: No voting rights.

(e) Securities subject to voluntary escrow as at 16 August 2024

As at 16 August 2024, shares subject to voluntary escrow were as follows:

NUMBER OF SHARES	ESCROW PERIOD ENDS
163,837	22/08/2024
137,750	25/08/2024
100,000	14/04/2025
395,507	28/02/2026
231,301	22/08/2025
35,000	23/04/2026
10,000	20/05/2026

(f) Unquoted equity securities as at 16 August 2024

	NUMBER ON ISSUE	NUMBER OF HOLDERS
Options issued under the Silex Systems Limited Employee Incentive Plan	3,763,750	39
Performance rights issued under the Silex Systems Limited Employee Incentive Plan	1,122,500	28
Options issued to Hyde Park Partners	100,000	1

Directors
Mr C A Roy | Chair
Dr M P Goldsworthy | CEO/MD
Ms H G Cook
Mr C D Wilks
Ms J E Russell | Company Secretary

Audit Committee
Mr C D Wilks | Chair
Ms H G Cook
Mr C A Roy
Ms J E Russell | Committee Secretary

Remuneration & Nomination Committee
Mr C A Roy | Chair
Ms H G Cook
Mr C D Wilks
Ms E J Wells | Committee Secretary

Registered Office and Principal Place of Business
Building 64,
Lucas Heights Science & Technology Centre
New Illawarra Road
Lucas Heights NSW 2234
Australia

Postal address:
PO Box 75
Menai Central NSW 2234
Australia
Phone: +61 2 9704 8888
Fax: +61 2 9704 8851
Email: investor.relations@silex.com.au
Website: www.silex.com.au

Share Registry
Computershare Registry Services Pty Limited
Level 5, 115 Grenfell Street, Adelaide,
SA 5000, Australia
GPO Box 1903, Adelaide, SA 5001, Australia

Enquiries: 1300 556 161 (within Australia)
Enquiries: +61 8 8236 2300 (outside Australia)
Email: web.queries@computershare.com.au
Website: www.computershare.com.au

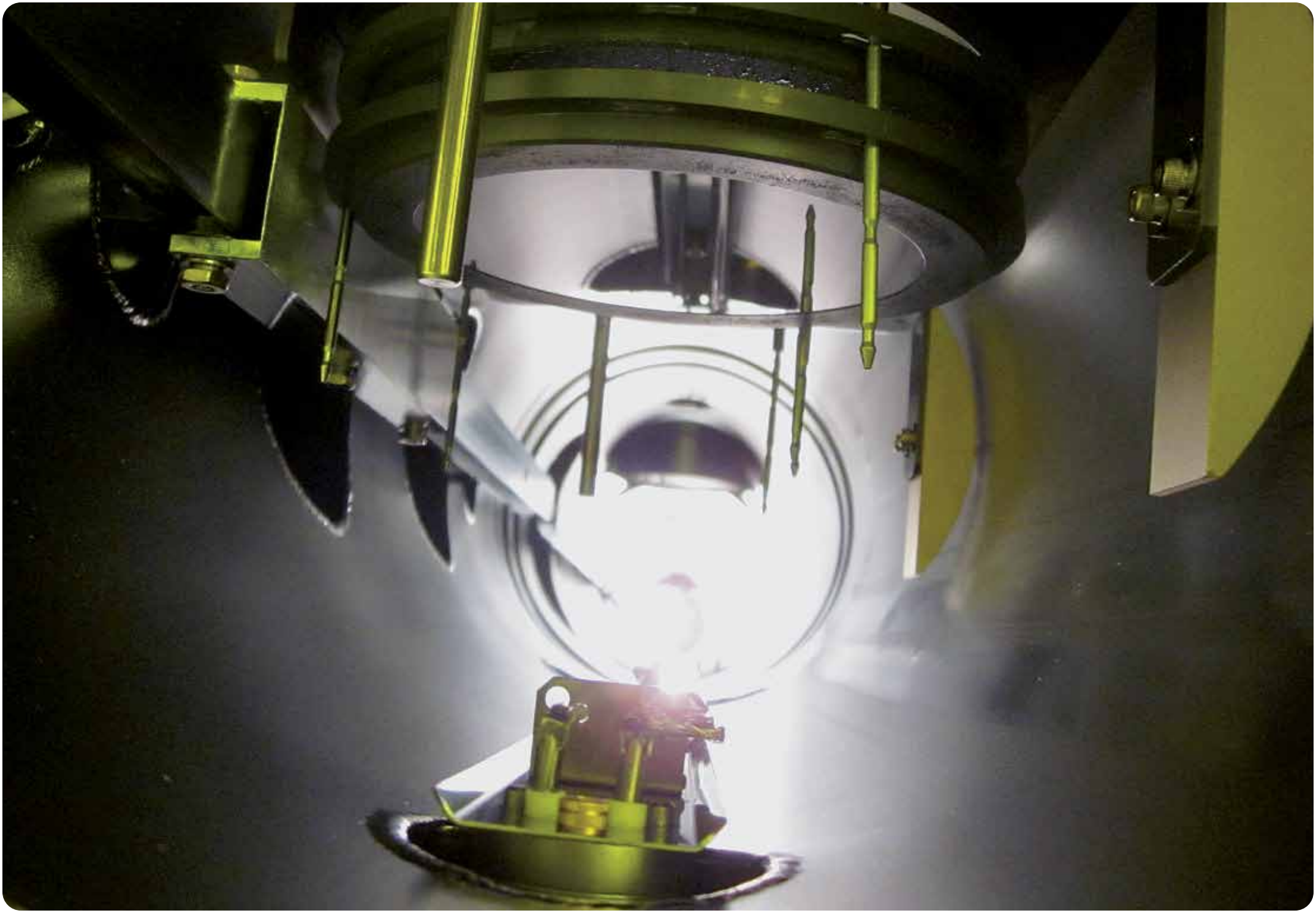
Stock Exchange
Listed on the Australian Stock Exchange,
Ticker: SLX
Listed on the OTCQX International,
Ticker: SILXY

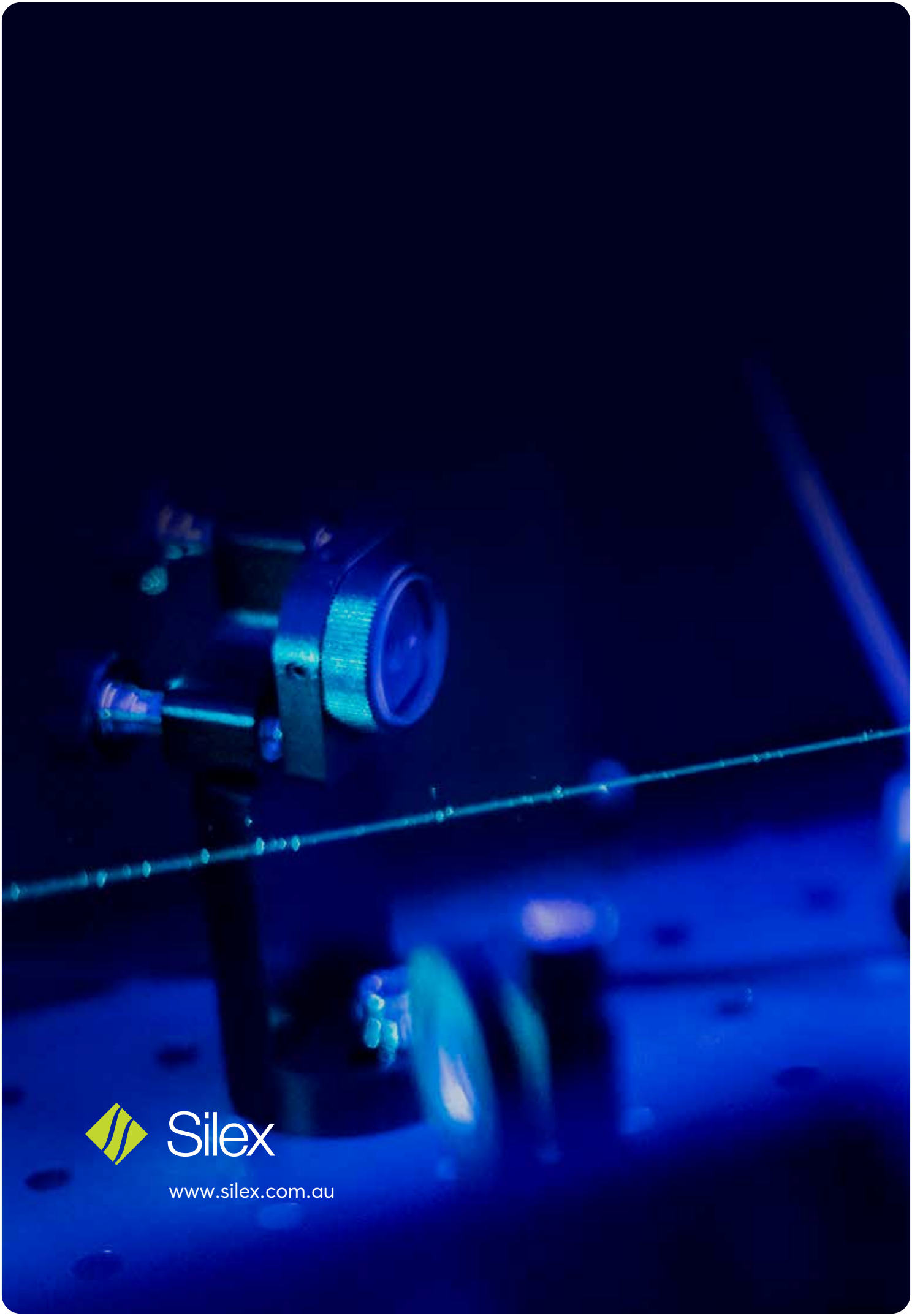
American Depository Receipts (ADR) Information
Silex Systems Limited's ADRs may be purchased on the US OTCQX market.
Details are as follows:
Ratio: 1 ADR = 5 ordinary shares
Symbol: SILXY
CUSIP: 827046 10 3 9414F102
Exchange: OTCQX
Country: Australia

Auditors
PricewaterhouseCoopers

Solicitors
Dentons Australia Limited

Bankers
Australia and New Zealand Banking Group Limited




Silex
www.silex.com.au