

## **IQE, the world's leading epiwafer supplier, to acquire Translucent's unique 'cREO™' technology**

**16 March 2018**

### **Highlights**

- ***IQE has elected to acquire Silex subsidiary Translucent Inc's cREO™ technology;***
- ***A payment of US\$5 million for the sale of the technology is due to be received within six months in either cash or IQE stock;***
- ***IQE is executing a multi-application roadmap for commercialisation of the cREO™ technology with the first product sales expected in the next 2 to 3 years;***
- ***A perpetual royalty of up to 6% will be payable on the sale of IQE products that utilise the cREO™.***

Silex Systems Limited (Silex) (ASX: SLX) (OTCQX: SILXY) is pleased to announce that IQE Plc (AIM: IQE) has elected to purchase the Company's cREO™ technology. The election has been made at the conclusion of the 30-month license period in accordance with the 2015 agreement between Silex subsidiary Translucent Inc and UK-based IQE, for the license and assignment of Translucent's innovative 'Rare Earth Oxide' (cREO™) semiconductor technology.

A payment of US\$5 million for the sale of the cREO™ technology is due to be paid within six months in either cash or IQE stock. In addition, a perpetual royalty will be payable to Translucent on the sale of any IQE products that utilise Translucent's cREO™ technology. In the case of bare cREO™ template products, a royalty of 6% on sales will be payable. In the case of finished epiwafers fabricated on top of cREO™ templates, a royalty of 3% of sales will be payable. It is expected that the cREO™ template will account for around 40% to 50% of the value of any finished epiwafer product. IQE has a roadmap to commercialisation within a 2 to 3-year timeframe with minimum agreed royalties due to commence to be paid at the end of 2019.

Silex CEO Dr Michael Goldsworthy said today: “We are extremely pleased that IQE has elected to proceed with the acquisition of the Translucent technology following the completion of a 30-month product development program. IQE is the world’s leading epiwafer supplier and is well positioned to introduce this unique high-performance semiconductor materials technology to the market.”

The cREO™ technology was successfully transferred in late 2015 to IQE’s Greensboro, North Carolina manufacturing facility for the completion of product development and commercialisation activities during the 30-month license period. During this time, IQE have been developing cREO™ for potential application in several next generation devices in the semiconductor, digital communications and power electronics industries.

During the license period, IQE successfully produced prototype templates on silicon wafers using two of Translucent’s production reactors, for trialling and qualification within the IQE Group and select commercial partners. IQE also continued to support Translucent’s extensive patent portfolio and filed several new patent applications.

Further information on the Company’s activities can be found on the Silex website: [www.silex.com.au](http://www.silex.com.au) or by calling +61 2 9704 8888.

**Forward Looking Statements and Business Risks:**

*Silex Systems Limited (Silex) is a research and development company whose primary asset is the SILEX laser uranium enrichment technology, originally developed at the Company’s technology facility in Sydney, Australia. The SILEX technology, licensed exclusively to GE-Hitachi Global Laser Enrichment LLC (GLE) in the USA, is currently in the engineering development stage and plans for commercial deployment remain speculative and uncertain.*

*Silex also has an interest in a unique semiconductor technology known as ‘cREO™’ through its ownership of subsidiary Translucent Inc. The cREO™ technology developed by Translucent has been acquired by IQE Plc based in the UK. IQE is progressing the cREO™ technology towards commercial deployment in various advanced semiconductor products. The outcome of IQE’s commercialisation program also remains subject to technology and market risks.*

*The commercial potential of these two technologies is currently unknown. Accordingly, the statements in this announcement regarding the future of the SILEX technology, the cREO™ technology and any associated commercial prospects are forward looking and actual results could be materially different from those expressed or implied by such forward looking statements as a result of various risk factors.*

*Risk factors that could affect future results and commercial prospects include, but are not limited to: the outcome of the GLE restructure; results from the SILEX uranium enrichment engineering development program being conducted jointly by Silex and GLE; the demand for natural uranium and enriched uranium; the time taken to develop the SILEX technology; the potential development of competing technologies; the potential for third party claims against the Company’s ownership of Intellectual Property; the potential impact of prevailing laws or government regulations or policies in the USA, Australia or elsewhere; results from IQE’s commercialisation program and the demand for cREO™ products; and the outcomes of various commercialisation strategies undertaken by the Company and/or GLE and IQE.*