

**SILEX SOLAR TO INCREASE PV PANEL
PRODUCTION CAPACITY**

Strong Demand for Australian-made Panels

Lucas Heights
Science & Technology Centre
New Illawarra Road
Lucas Heights NSW 2234 Australia
PO Box 75
Menai Central NSW 2234
Tel: (02) 9532 1331
Fax: (02) 9532 1332
www.silex.com.au

5 July 2010

SilexSolar Pty Ltd, a wholly owned subsidiary of Silex Systems Ltd, has announced a significant expansion in PV Panel production capacity at its Sydney Olympic Park (SOP) manufacturing facility, in response to strong demand for its high quality, high efficiency Australian-made panels from the domestic rooftop solar panel market.

The increase in panel production capacity will be implemented in two stages, the first of which is planned for the fourth quarter of 2010 with the scheduled installation of state-of-the-art automated assembly equipment which will take the capacity from ~13MW p.a. currently to ~20MW p.a. by early 2011 (calendar). Depending on continuing demand, the second stage of equipment upgrades will occur in the middle of 2011 (calendar) to further increase the annual panel production capacity to approximately 35MW. The total capital expenditure for the two-stage upgrade will be in the order of A\$2 million.

“This is good news for SilexSolar” Dr Michael Goldsworthy, Silex CEO said today. “With the Australian residential rooftop panel market growing strongly from 80MW in 2009 to a forecast 130MW in 2010, we have seen very strong demand for our Australian-made PV panels across the country. With margins in the global PV market tight, it is important that we increase our production capacity and improve solar cell efficiency in order to remain competitive” he added.

In parallel with the panel assembly line expansion, SilexSolar is also developing higher efficiency solar cell technology at the SOP plant in collaboration with the University of NSW and Suntech Power under a research program which was recently awarded \$5 million funding from the Australian Solar Institute (refer ASX release dated 12 May, 2010). This project aims to increase solar cell efficiency from around 17% currently to approximately 20% by 2012, which would potentially increase the plant panel production capacity from 35MW p.a. to approximately 40MW p.a.

The SilexSolar plant is also planning to ramp up cell production towards the maximum existing capacity of up to 50MW p.a. Overseas sales of this excess cell capacity are anticipated to commence in the first half of 2011. If this is the case, the SOP plant will potentially generate revenues in the order of \$100 million p.a. in 2011/12 FY.

“We are also actively pursuing larger commercial scale projects – in the range of 20kW to 200kW or more,” Rod Seares, SilexSolar General Manager said. “This market is relatively untapped in Australia to date, but presents significant opportunities for us and our prospective commercial project partners going forward. With State and Federal Government renewable energy policies continuing to strengthen, the prospects for Solar Power in Australia’s energy mix looks increasingly positive,” he explained.

SilexSolar is the only Australian manufacturer of crystalline silicon solar cells and panels, and has a strong commitment to Australian solar technology innovation, Australian-based manufacturing and green-job creation. SilexSolar’s plant in Sydney Olympic Park is the largest silicon solar cell manufacturing facility in the Southern Hemisphere. With increasing cell efficiency and modest capital expenditure, the plant is estimated to have the capacity to eventually expand to approximately 200MW in cells and 50MW in panels annually.

Solar Systems Pty Ltd, another wholly owned subsidiary of Silex, is developing a unique concentrating photovoltaic (CPV) technology which is suitable for larger utility-scale solar power station projects. The first such project, a solar power station of 100~150MW planned for Mildura, Victoria, will potentially be the largest and most efficient solar power station in the world. More information on Solar Systems can be found on the website: www.solarsystems.com.au.

Further information of SilexSolar’s plans and activities can be found on the company’s website: www.silexsolar.com. Additional information on the Silex Group’s activities can be found on the Silex website: www.silex.com.au, or by contacting Dr Michael Goldsworthy on (02) 9532 1331 or Mr. Chris Wilks on (02) 9855 5404.

Forward Looking Statements and Business Risks:

Silex Systems is a research and development Company whose assets are its proprietary rights in various technologies, including, but not limited to, the SILEX technology, the SilexSolar technology and business, Solar Systems technology and business, Translucent technology and ChronoLogic technology. Several of the Company’s technologies are in the development stage and have not been commercially deployed, and therefore are high-risk. Accordingly, the statements in this announcement regarding the future of the Company’s technologies and 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.

Some risk factors that could affect future results and commercial prospects include, but are not limited to: results from the SILEX uranium enrichment development program and the stable isotopes program; the demand for enriched materials including uranium, silicon, oxygen, carbon and others; the business risks associated with SilexSolar’s manufacturing and marketing activities; the risks associated with the development of Solar Systems technology and related marketing activities; the outcomes of the Company’s interests in the development of various semiconductor, photonics and alternative energy technologies; the time taken to develop various technologies; the development of competing technologies; the potential for third party claims against the Company’s ownership of Intellectual Property associated with its numerous technologies; the potential impact of government regulations or policies; and the outcomes of various commercialisation strategies undertaken by the Company.