Commentary and Update – 4th Quarter FY2011
DSC – The Renewable Energy of Choice

The positive impact of worldwide initiatives to address climate change on the uptake of our DSC technology begs comment from us in this quarterly commentary, in which we also provide as appropriate an update on Dyesol's own activities.

When Dyesol listed on the Australian Stock Exchange in 2005 the climate change debate was newly emerging and the Federal Government somewhat reactionary in its treatment of a particularly "hot" topic. Rather than explore the climate change hypothesis from a scientific perspective, self-interest quickly surfaced to prevent proactive initiatives by those best positioned to act, government. Sadly, this was in the context of numerous supportive polls and clearly did not reflect the concerns of the electorate.

The 2009 Copenhagen Climate Conference provided even the most cynical with substantial hope for international co-operation in tackling the challenge. Again, the outcome was disappointing - lame emissions targets and failure to reach a common and binding agreement, except for our benefit commitments in Europe. Yet, the optimistic delegates recounted that the debate had significantly progressed - less scaremongering, more reasoned, scientific argument, only failure to agree on whose responsibility it was to clean up the mess (and the Chinese went away with an industrial agenda).

In 2011, we again witness significant progress. The introduction of a carbon tax is a bold initiative by the Federal Government in a hostile political environment where negativism and engendering fear is the order of the day. Pricing carbon, however, is only the beginning. A policy platform that supports emerging industries is critical in achieving sustainable economic growth. It is these new industries that create employment growth. This is especially relevant during periods of economic uncertainty, where there is evidence that the Australian economy is becoming increasingly skewed towards the cyclical mining industry. At Dyesol, as the world leader in DSC technology, we therefore warmly welcome the actions of the Federal Government and look forward to working with it in creating the platform to promote more balanced economic and responsible environmental behaviour.

The Merkel government in Germany has also taken action which puts its political mandate at risk. In light of the Fukushima nuclear accident, it has accepted the considerable challenge of nuclear-free energy by 2022 and commensurately expanded its renewable energy targets. In her words, the German Chancellor sees this not as a threat, but as an opportunity. In Wales, Japan and Italy similar actions are emerging and they too reflect the same irrefutable trends: (1) there is a mandate for strong government action and (2) the renewable energy solutions will not necessarily come at unacceptable economic sacrifice.

This is Dyesol's view and a view clearly shared by the world's leading corporations. Both Tata and Pilkington are industry leaders - recognised for innovation and the longevity of their brands. Yet, they are challenged by the emergence of the carbon economy. They see it not as a threat, however, but as an opportunity to work with multiple partners - innovators, government and industry - to meet common objectives, including the financial expectations of their shareholders. Hence, we take enormous confidence in being so closely aligned to their future economic success.

In March 2011, Tata made known its intention to progress from pilot line to large-scale manufacture in its collaboration with Dyesol. In June 2011, it presented its outlook - Buildings as Power Stations, a visionary, commercial objective for 2013, capable of transforming the global solar landscape and delivering the promise of grid competitive electricity. Dyesol and its partners are jointly committed to these objectives and are currently adding the necessary financial and human resources to make this happen. Civil work has also commenced at Shotton, Wales to accommodate the significantly expanding manufacturing capacity.

Elsewhere, the Japanese METI (Ministry of Economy, Trade and Industry) sponsored establishment of a materials research and development facility to allow close co-operation with Japan's world-class materials companies is taking shape. This will underpin our commitment to next generation technology and improved DSC efficiency and durability.

Dyesol, thus, took the opportunity to strengthen its balance sheet during the quarter. It announced an institutional placement of A$5.5 million, a share purchase plan (SPP) and the establishment of a structured equity line of credit of up to A$22 million. This funding mix provides certainty, financial flexibility and the prospect of minimal dilution whilst Dyesol navigates the less chartered waters leading it to global commercialisation and ultimate profitability. The challenge is great, but the technology is game-changing and the potential is to rank alongside the great international solar companies.

In relation to the SPP, the board considers that shareholders will be better positioned to assess the investment opportunity should international markets calm and positive price trends re-establish themselves. Certainly, Dyesol appreciates the importance of its domestic and international retail shareholders, especially as their number and percentage ownership swells in recent months.

In terms of spend, Dyesol also reports that the reduction and stabilisation predicted in recent quarterly reports is now confirmed. Nett monthly cash burn is now established in a range between A$800,000 and A$900,000. Short-term revenue has also reduced. However, this is a deliberate outcome as the Company becomes more partnership focused and confidently applies its limited resources to projects with the greatest financial potential. As they say, we "have a tiger by the tail" and our risk management practices are ever alert to any threat to our long-term commercialisation objectives.

We look forward to keeping you updated with each important and exciting step we take.

For media queries in Australia contact Viv Hardy, Callidus PR on +61 (0)2 9283 4113 or +61 (0)411 208 951.
In Europe contact Eva Reuter, Investor Relations, Dyesol Europe on +49 177 6058804.
In the Americas contact Josh Seidenfeld, Antenna Group, Dyesol@antennagroup.com,+1 415 9771953.

The Technology – DYE SOLAR CELLS
DSC technology can best be described as 'artificial photosynthesis' using an electrolyte, a layer of titania (a pigment used in white paints and tooth paste) and ruthenium dye deposited on glass, metal or polymer substrates. Light striking the dye excites electrons which are absorbed by the titania to become an electric current many times stronger than that found in natural photosynthesis in plants. Compared to conventional silicon based photovoltaic technology, Dyesol's technology has lower cost and embodied energy in manufacture, it produces electricity more efficiently even in low light conditions and can be directly incorporated into buildings by replacing conventional glass panels or metal sheets rather than taking up roof or extra land area.

The Company – DYESOL Limited
Dyesol, a global company headquartered in Australia, was founded to commercialize and supply 3rd generation solar technology - Dye Solar Cells (DSC). DSC uses a form of artificial photosynthesis to capture energy like a leaf, using a dye analogous to chlorophyll. Dyesol provides photovoltaic functionality to mainstream products, by developing and supplying materials and technology to global partners which have routes to market for solar enabled components, including building products such as glass and steel for facades and roofs. The company is listed on the Australian Stock Exchange (DYE), the German Open Market, and is trading on the OTCBB (DYSOY) through its depositary BNY Mellon.

More details about the company and the technology can be found at: http://www.dyesol.com

Appendix 4C

Quarterly report
for entities admitted
on the basis of commitments

Name of entity

DYESOL LIMITED

ABN	Quarter ended ("current quarter")
92 111 723 883	**30 JUNE 2011**

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter $A'000	Year to date (12 months) $A'000
1.1	Receipts from customers	198	1,897
1.2	Payments for		
	(a) staff costs	(1,426)	(6,288)
	(b) advertising and marketing	(448)	(2,045)
	(c) research & development & other working capital	(1,997)	(7,844)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	26	160
1.5	Interest and other costs of finance paid	-	(1)
1.6	Income taxes received/(paid) (R&D Tax rebate)	679	1,030
1.7	Other (R&D grant received)	447	2,122
	Net operating cash flows	**(2,521)**	**(10,969)**

		Current quarter $A'000	Year to date (12 months) $A'000
1.8	Net operating cash flows (carried forward)	**(2,521)**	**(10,969)**
	Cash flows related to investing activities		
1.9	Payment for acquisition of:		
	(a) businesses (item 5)		
	(b) equity investments		
	(c) intellectual property	-	(50)
	(d) physical non-current assets	(250)	(886)
	(e) other non-current assets		
1.10	Proceeds from disposal of:		
	(a) businesses (item 5)		
	(b) equity investments		
	(c) intellectual property		
	(d) physical non-current assets		
	(e) other non-current assets		
1.11	Loans to other entities	(300)	(320)
1.12	Loans repaid by other entities	20	20
1.13	Other (payment for product development cost)	(231)	(1,089)
	Net investing cash flows	**(761)**	**(2,325)**
1.14	**Total operating and investing cash flows**	**(3,282)**	**(13,294)**
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc (net)	5,186	5,175
1.16	Proceeds from sale of forfeited shares		
1.17	Proceeds from borrowings	1,200	1,544
1.18	Repayment of borrowings	(3)	(12)
1.19	Dividends paid		
1.20	Other		
	Net financing cash flows	**6,383**	**6,707**
	Net increase/ (decrease) in cash held	**3,101**	**(6,587)**
1.21	Cash at beginning of quarter/year to date	3,219	13,137
1.22	Exchange rate adjustments to item 1.21	(27)	(257)
1.23	**Cash at end of quarter**	**6,293**	**6,293**

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter $A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	308
1.25	Aggregate amount of loans to the parties included in item 1.11	300

1.26 Explanation necessary for an understanding of the transactions

1.24

- Directors' and associates' remuneration 150
- Marketing services provided by directors and related entities 74
- Technical services provided by directors and related entities 84

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	NIL	NIL
3.2	Credit standby arrangements	NIL	NIL

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
4.1	Cash on hand and at bank	6,228	3,131
4.2	Deposits at call	65	88
4.3	Bank overdraft		
4.4	Other (provide details)		
	Total: cash at end of quarter (item 1.23)	**6,293**	**3,219**

Acquisitions and disposals of business entities

		Acquisitions *(Item 1.9(a))*	Disposals *(Item 1.10(a))*
5.1	Name of entity		
5.2	Place of incorporation or registration		
5.3	Consideration for acquisition or disposal		
5.4	Total net assets		
5.5	Nature of business		

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.

2 This statement does give a true and fair view of the matters disclosed.

Sign here:
Executive Chairman Date **29 July 2011**

Print name: **Richard Caldwell**