



Company Update and Cancellation of Equity Line of Credit

This announcement addresses the following issues:

1. **Cancellation of Equity Line of Credit**
2. **DSC Outperforms in Competitor Testing**
3. **\$3 million underwritten Share Purchase Plan**
4. **Organisational Restructure and Cost Reduction Initiatives**

1. Cancellation of Equity Line of Credit

Given the significant progress made recently in the planning for commercialisation of the company's technology with its major project partners, the Board is pleased to announce that it has resolved to cancel the Equity Line of Credit (ELC) that was established in 2011. The cancellation of this ELC and the associated monthly share draw-downs have been achieved at zero cost to the Company. Moreover, we expect this will relieve the downwards pressure on the Company's share price and allow it to be positively re-rated in coming months.

2. DSC Outperforms in Competitor Testing

Recent testing in real solar conditions in partner projects in the UK and Korea have confirmed the effectiveness of DSC in the built environment, where the results showed DSC consistently outperformed a range of competing PV technologies. Specifically, in U.K. conditions outperformance was typically in the vicinity of 30%. The Company has realised that we need to get this compelling and unambiguous message out more effectively and we have commenced by publishing technology papers in our new e-Newsletter and will continue doing this in forthcoming editions. These papers also allow more effective marketing to a range of stakeholders.

3. \$3 million underwritten Share Purchase Plan

Many Dyesol shareholders have contacted the Company in recent months and indicated their interest in financially supporting the Company. In response to this interest, the Board has agreed to offer an underwritten share purchase plan to all eligible shareholders, the key terms of which will include:

- The Company will offer AUD \$3 million of new shares to all eligible shareholders at a price of 18 cents per share;
- The SPP offer will be underwritten to \$3 million by Austock Securities Limited, which will provide for receipt of \$3 million in new funds;
- The Company will also accept additional share subscriptions to a maximum capital raise of \$6 million under the SPP Offer.
- The Record Date for the SPP Offer is 28 February 2012.

A letter of invitation to participate in the offer will be sent to all eligible Dyesol shareholders shortly.

4. Organisational Restructure and Cost Reduction Initiatives

While the potential opportunities for the commercialisation of Dyesol's technology are enormous, the Company must balance the pursuit of these opportunities with careful management of our financial

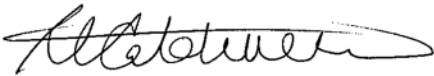
resources. In recent investor updates there has been increasing focus on cost containment and this has resulted in a number of initiatives that will reduce monthly "cash burn" by approximately 30%.

One area with potential for significant reductions is the cost minimisation that occurs when staff and activities are relocated from headquarters to overseas joint-ventures and collaborations where government support and funding heavily subsidises project development spend. Some of the Company's best scientists and engineers are now captured in these projects. We will continue to nurture a socially responsible and collaborative corporate culture and ensure our staff are kept informed and treated fairly during the organisational transition.

Generally, areas for close attention and reduction are corporate overhead and business development. To ensure that these targets are achieved, the Company's independent directors have agreed to defer all directors fees until we see these reductions materialise. As part of our measures we are also seeking to move from a fixed cash remuneration structure for senior management to alternative, long-term, non-monetary compensation.

Lastly, the Chairman and independent directors, after much consideration, have concluded that in order to progress the proposed transformation of the Company, the executive and board roles of the Company founders must be changed. Discussions are underway and further details on this important issue will be announced in the coming days. The Chairman and independent directors have maintained a close relationship with the Company's major commercialisation partners and believe all decisions announced today are in the long-term best interests of all Dyesol's valued shareholders.

Yours sincerely,



Richard Caldwell
Chairman

The Company – DYESOL Limited

Dyesol is a global supplier of Dye Solar Cell (DSC) materials, technology and know-how. DSC is a photovoltaic technology enabling metal, glass and polymeric based products in the building, transport and electronics sectors to generate energy and improve energy efficiency. Dyesol partners with leading multinational companies who possess significant market share and established routes-to-market. The company is listed on the Australian Stock Exchange ([DYE](#)), the German Open Market ([D5I](#)), and is trading on the OTCQX ([DYSOY](#)) through its depository BNY Mellon. Learn more: www.dyesol.com Subscribe to Mailing List and eNewsletter [here](#).

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. 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.

– Ends –

Media & Investor Relations Contacts:

Australia
Germany & Europe
USA & the Americas
Dyesol Headquarters

Viv Hardy, Callidus PR Tel: +61 (0)2 9283 4113 or +61 (0)411 208 951
Eva Reuter, DR Reuter Investor Relations Tel: +49 177 605 8804
Josh Seidenfeld, Antenna Group Tel: +1 415 977 1953, dyesol@antennagroup.com
Angela Geary, Dyesol Brand Manager Tel: +61 (0)2 6299 1592, ageary@dyesol.com