

## Board and Management Changes

Dyesol is pleased to announce the following changes to its Board and Senior Management. These changes take immediate effect.

Mr Richard Caldwell has been fulfilling the roles of Executive Chairman and Chief Executive since February 2013 and has done an outstanding job in both roles. The Board has decided that it is now the appropriate time to separate the Chairman and Executive Management activities by establishing Non-Executive chairman and Managing Director roles. Mr Caldwell has elected to accept the Managing Director role. The Board supports this decision given the excellent levels of discipline, control and performance that Mr Caldwell has brought to the Company since taking the Chief Executive role, and looks forward to a continuation of the excellent progress that the Company has shown under his leadership.

Attached to this announcement is the summary of material terms of his new contract as Managing Director.

Mr Ian Neal has been appointed as Non-Executive Chairman. He has been a Non-Executive Director since 2006 and has been working closely with Richard over the past few years. Mr Neal's particular expertise is in leadership development and strategy. These skills will be particularly required as the Company moves through the various stages of commercialisation of its breakthrough Solid State DSC technology.

As a result of these changes the composition of the various Board committees have changed and each of the three committees (Audit, Risk and Remuneration) has a different Non-Executive Chair.

The Board looks forward to these changes adding to the positive momentum that the Company's activities are enjoying and will materially assist navigating the path ahead to successful commercialisation.

In accordance with ASX listing rule 3.16.4, the material terms of Mr Caldwell's employment as Managing Director of Dyesol Limited are provided below.

**Appointment.**

Mr Caldwell's employment as Managing Director of Dyesol Limited commenced on May 5<sup>th</sup> 2014.

Mr Caldwell's employment is ongoing, subject to 6 months notice of termination by either party. The Company can pay out the notice period.

**Base Remuneration**

The Managing Director's annual remuneration consists of a Total Fixed Remuneration of \$350,000.00 on a Gross Cost to Company Basis comprising base salary, superannuation and other benefits as agreed. The Total Fixed Remuneration may be reviewed by the Remuneration Committee on an annual basis.

**Short-Term Performance Incentive**

The STI provides the Managing Director with the opportunity to receive an additional cash payment in each financial year, subject to meeting specific key performance indicators (KPIs) and various conditions over the 12 month financial period from 1 July to 30 June each year. The maximum amount of STI is 30% of Total Fixed Remuneration

**Long-Term Performance Incentive**

On invitation, the LTI will provide the Managing Director, with the opportunity to receive performance rights, or such other equity or cash alternative considered appropriate, subject to meeting specified performance hurdles set at the date of grant in the "LTI Terms of Offer" document to be provided each year.

The annual LTI opportunity or grant value is subject to shareholder approval under the Listing Rules of the ASX. In future years, subject to such approval, the LTI opportunity or grant value determined for the position is expected to be a maximum of 70% of Total Fixed Remuneration unless otherwise agreed.

At the next AGM the Board of Directors will seek shareholder approval for a grant of 2 million Performance Rights to Mr Caldwell under The Dyesol Performance Rights Plan, additionally recognising his outstanding service as CEO since Feb 2013, subject to the following terms and conditions.

Up to 1,200,000 Performance Rights will vest on 5 May 2017 if Dyesol's Total Shareholder Return achieves the following percentile ranking against the companies within the S&P /ASX Small Ordinaries Index over the measurement period of 5 May 2014 to 5 May 2017.

DYE TSR Ranking	Number of Performance Rights
Below the 55 <sup>th</sup> Percentile	Zero
At or above the 55 <sup>th</sup> percentile	600,000 plus 30,000 for every percentile ranking above the 55 <sup>th</sup>
At or above the 75 <sup>th</sup> percentile	1,200,000 (maximum number)

Up to 800,000 Performance Rights will vest on 5 May 2017 if Dyesol's Total Shareholder Return doubles over the measurement period 5 May 2014 to 5 May 2017.

If Mr Caldwell ceases to be an employee of Dyesol his ability to retain the Performance Rights is subject to the terms of The Dyesol Performance Rights Plan and is dependent on the circumstances in which his employment ceases. If a change of control event occurs all unvested Performance Rights will automatically vest unless the Board determines otherwise.