

22 May 2017

ASX Compliance Pty Ltd
Level 40
Central Park
152-158 St George's Terrace
PERTH WA 6000

Attn: Ms Elizabeth Harris

by email: Elizabeth.Harris@ASX.com.au

Dear Elizabeth

RE: APPENDIX 4C QUERY

We acknowledge receipt of your letter dated 18 May 2017 regarding the Company's Appendix 4C quarterly report for the period ended 31 March 2017.

In response to each of your questions, we advise as follows:

1. Yes, the Company presently does expect to continue to have negative operating cash flows for a period of time based on its current operating expenditure. The Company remains committed to its commercialisation objectives and the timeline outlined in the latest Appendix 4C, which will see operating cash outflows continuing in the near term.
2. The Board is very mindful of the need to fund the Company's operations and is taking a number of steps to achieve this. As outlined in the Appendix 4C, Dyesol is in discussion with state government(s) departments to determine what assistance may be available to support the Company's activities, including the establishment of the organisational structure and infrastructure required to build and operate a purpose built, dedicated prototyping facility. The Company has also made considerable progress on other opportunities for significant federal government financial assistance, particularly in relation to technology diligence, and is currently evaluating the best options to minimise shareholder dilution and maximise its commercial progress. High-quality strategic investment opportunities exist from both local and international investors, and discussions are continuing with these parties.
3. The Company fully expects to be able to continue its operations and to meet its business objectives on the basis of the success of one or several of the abovementioned fundraising initiatives.
4. The Company confirms that, to its best knowledge and belief, it is in compliance with ASX Listing Rule 3.1. and that there is no information that should be given to ASX about its financial condition in accordance with that Rule that has not already been released to the market.
5. This response has been approved by the Board.

Yours sincerely



Ian Neal
Chairman



18 May 2017

Mr Kim Hogg
Dyesol Limited
3 Dominion Place
Queanbeyan NSW 2620

By email: kim@anthonyho.com.au

Dear Mr Hogg

DYESOL LIMITED (“COMPANY”): APPENDIX 4C QUERY

I refer to the Company’s Appendix 4C quarterly report for the period ended 31 March 2017 lodged on the ASX Market Announcements Platform and released on 28 April 2017 (the “Appendix 4C”).

ASX notes that the Company reported:

- receipts from customers of \$233,000
- negative net operating cash flows for the quarter of \$2,963,000;
- undrawn loan facilities of \$750,000;
- cash at the end of the quarter of \$1,773,000; and
- estimated cash outflows for the next quarter of \$3,224,000.

It is possible to conclude, based on the information in the Appendix 4C, that if the Company were to continue to expend cash at the rate indicated by the Appendix 4C and the amount estimated for the next quarter, the Company may not have sufficient cash to continue funding its operations. In view of that, ASX asks the Company to answer separately each of the following questions and provide the following confirmations in a format suitable for release to the market in accordance with Listing Rule 18.7A.

1. Does the Company expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has the Company taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does the Company expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that the Company is in compliance with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that Rule that has not already been released to the market.

5. Please confirm that the Company's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of the Company with delegated authority from the board to respond to ASX on disclosure matters.

Please also provide any other information that the Company considers may be relevant to ASX forming an opinion on whether the Company is in compliance with Listing Rule 12.2 (a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing).

When and where to send your response

This request is made under, and in accordance with Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, **by not later than 3.00pm AWST on Monday, 22 May 2017**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Company's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Company's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be **sent to me by e-mail at Elizabeth.Harris@ASX.com.au with a copy to tradinghaltspert@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

In responding to this letter, you should have regard to the Company's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that the Company's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in the Company's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;

- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

[sent electronically without signature]

Elizabeth Harris
Principal Adviser, ASX Listings Compliance (Perth)