

News Release

FOR IMMEDIATE RELEASE

January 24, 2001

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The Chromaline Corporation Announces End to Patent Suit

Duluth, MN—The Chromaline Corporation [Nasdaq CMLH], a leading developer, manufacturer and global supplier of photochemical imaging systems, announced today that it has entered into an exclusive license agreement with Aicello Chemical Co. Ltd. of Japan and Aicello North America Inc., ending the long-running patent litigation among the parties.

The exclusive arrangement makes Aicello North America and Chromaline's PhotoBrasive division the sole legal North American distributors of the photo resist technology patented by Aicello Chemical Company. Under the agreement, Aicello will receive undisclosed royalties and end its lawsuit against Chromaline.

Chromaline CEO, Bill Ulland, expressed complete satisfaction with the settlement. "This represents the end of our legal expenses related to the suit of over \$600,000 and to the distraction that it has caused our management. More importantly, the agreement allows us to grow sales and profits by re-introducing of our top-selling ImagePro Super product that we had withdrawn from the market because of the Aicello patents."

"This agreement cements our North American legal rights to exclusively practice the core technology of the sandblast photo resist market," Ulland said, adding: "We will aggressively defend this intellectual property right."

Additionally, the parties will actively investigate opportunities for Aicello distribution of Chromaline products outside North America.

"Aicello's interest in distributing Chromaline products into foreign markets, including Japan, is representative of the mutual opportunities this agreement has actualized," Ulland said. "We look forward to working with Aicello in capitalizing on our mutual interests."

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This press release contains forward-looking statements regarding sales, earnings and market opportunities that involve risk and uncertainty. The company's actual results could differ materially as a result of domestic and global economic conditions, competitive market conditions, and acceptance of new products, as well as the factors described in the company's Form 10-KSB on file with the SEC.