



Dynetek Industries Ltd. Announces Second Quarter 2008 Results

Calgary, Alberta, Canada – August 14, 2008 – Dynetek Industries Ltd. (TSX:DNK), a leader in the design, manufacturing and marketing of proprietary fuel storage cylinders and systems for compressed natural gas (CNG) and hydrogen, today reported results for the three months and six months ended June 30, 2008. The full unaudited consolidated financial statements and MD&A have been filed on SEDAR at www.sedar.com and on Dynetek's website at www.dynetek.com.

Financial Highlights

(tabular amounts in thousands of Canadian dollars, except share capital and per share data)
(unaudited)

	Three months ended June 30		Six months ended June 30	
	2008	2007	2008	2007
Total Revenue	5,015	8,135	9,464	18,645
Net income (loss) before taxes	(1,480)	(34)	(2,540)	213
Net income (loss) before taxes per common share (basic and fully diluted)	(0.07)	nil	(0.12)	0.01
Net income (loss)	(1,480)	(2,309)	(2,540)	(2,142)
Net income (loss) per common share (basic and fully diluted)	(0.07)	(0.11)	(0.12)	(0.10)
EBITDA ¹	(795)	784	(1,494)	1,694
Capital expenditures	70	443	148	731
Cash and cash equivalents	4,154	1,600	4,154	1,600
Non-cash working capital ¹	11,146	11,003	11,146	11,003
Working capital ¹	15,300	12,603	15,300	12,603
Cash flow (deficiency) from operations	(1,713)	(1,126)	(2,365)	993
Total assets	41,417	44,500	41,417	44,500
Long-term debt and capital leases	7,259	1,544	7,259	1,544
Common shares outstanding	20,936,500	20,940,576	20,936,500	20,940,576
Weighted average common shares outstanding	20,936,500	20,940,576	20,936,500	20,940,576

(1) EBITDA, non-cash working capital and working capital are non-GAAP financial measures. Dynetek defines EBITDA as earnings before interest, taxes, stock based compensation, non-cash foreign exchange, depreciation, and amortization. Dynetek defines non-cash working capital as current assets less cash and current liabilities. Dynetek defines working capital as current assets less current liabilities. Dynetek believes that these non-GAAP financial measures provide investors and analysts with useful information so that they can better understand the financial results and perform a better analysis of Dynetek's growth and profitability potential.

OPERATIONAL HIGHLIGHTS

In the Outlook section of the MD&A for the year ended December 31, 2007, Dynetek indicated that it expected to incur a loss and negative EBITDA¹ in Q1 and Q2 2008, due to the slowdown in the demand for its products resulting from the postponement of public bus manufacturing in Europe.

In the first six months of 2008, Dynetek achieved total revenues of \$9.5 million, a decrease of 49% compared to \$18.6 million for the same period of 2007. Cylinder and system sales for the six months ended June 30, 2008 were \$6.8 million, a decrease of 55% compared to \$15.2 million for the same period of 2007. For the six months ended June 30, 2008 the Company achieved research and development revenue of \$2.6 million, a decrease of 19% compared to \$3.2 million for the same period of 2007. In the second quarter of 2008, Dynetek achieved total revenues of \$5.0 million (2007 - \$8.1 million) with cylinder and system sales of \$3.5 million (2007 - \$5.8 million) and research and development revenue of \$1.4 million (2007 - \$2.3 million). The Company recorded cash flow deficiency from operations of (\$2.4) million for the six months ended June 30, 2008, compared to cash flow from operations of \$1.0 million for the same period of 2007. Cash flow deficiency from operations for the three months ended June 30, 2008 was (\$1.7) million compared to cash flow deficiency of (\$1.1) million for the same period of 2007. The Company had negative EBITDA¹ of (\$1.5) million for the six months ended June 30, 2008, compared to positive EBITDA¹ of \$1.7 million for the six months ended June 30, 2007. The Company had negative EBITDA¹ of (\$0.8) million for the second quarter ended June 30, 2008, compared to positive EBITDA¹ of \$0.8 million for same period of 2007. Dynetek reported a loss of (\$2.6) million for the six months ended June 30, 2008, compared to a net loss of (\$2.1) million for the comparable period of 2007. The Company had a loss of (\$1.5) million for the second quarter ended June 30, 2008 compared to a loss of (\$2.3) million for the same period of 2007. As at July 30, 2008 the Company had a confirmed

revenue backlog of \$21.2 CAD for cylinder and system sales and research and development projects for delivery within the next twelve months.

The Company continues to focus its compressed natural gas cylinder and system sales in areas such as California and Europe. Dynetek's proprietary technology provides advantages such as less weight, more compressed natural gas on board and less operating costs, being the value proposition we offer our customers that our competitors cannot provide. In the first six months of 2008, Dynetek's European operations achieved cylinder and system sales of \$4.5 million (2007 - \$9.1 million). In the three months ended June 30, 2008, Dynetek's European operations achieved cylinder and system sales of \$2.1 million (2007 - \$3.3 million). The cylinder and system sales from the Canadian operations for the six months ended June 30, 2008 were \$2.3 million (2007 - \$6.1 million). The cylinder and system sales from the Canadian operations for the three months ended June 30, 2008 were \$1.5 million (2007 - \$2.5 million).

Dynetek's research and development team continues to focus its efforts on compressed hydrogen and related storage requirements. During the first six months of 2008 the Company continued to work with NRCan and 9 different OEMs, including Ford, Hyundai, Volkswagen, Daimler and Nissan, to design, manufacture and deliver the hydrogen storage solution on 13 confidential development programs.

In May 2008, the Company received approval from U.S. Department of Transportation (DOT) of their 450 Bar (6527 PSI) cylinder for use in Dynetek "BT450" Tube Trailer Systems. The traditional method of bulk gas hauling is with steel tube trailers with typical operating pressure of 3000psi. Dynetek's new high-pressure cylinders and systems which will operate at 6500psi, will enable direct refueling of Hydrogen vehicles from our specially designed "BT450" modules. Dynetek has received an order from Air Liquide to provide cylinders for the construction of a "BT450" Tube Trailer system, which will be used to refuel the Hydrogen bus fleet being deployed by BC Transit for the 2010 Winter Games in Whistler, British Columbia.

In June 2008, Dynetek Europe GmbH received a CNG complete system order from a major bus manufacturer in Europe. These systems, which are to be delivered from June 2008 until February 2009, represent revenue of approximately \$10 million (CDN). Dynetek will provide a complete system solution offering a lower overall system weight with increased fuel on board the vehicle than our competitors.

In the first six months of 2008 Dynetek continued to provide deliverables under the milestones for the contract with Magna Steyr in connection with Daimler's automotive fuel cell program. The program involves the development, certification and supply of 700bar compressed hydrogen fuel storage systems, including related engineering, to Magna Steyr in connection with Daimler's fuel cell program.

OUTLOOK

The Company remains committed to continuing to grow its CNG and Hydrogen revenue streams globally through targeted marketing initiatives.

In 2008, the Company expects to increase its focus on revenue growth opportunities worldwide in the CNG market for bus and heavy-duty truck applications and for bulk hauling of larger quantities of compressed gas. Major economic and environmental factors worldwide are contributing to high-growth in natural gas demand for vehicles as follows:

- The high growth rate in demand for natural gas stems from the comparative advantages of natural gas compared to diesel, gasoline and bio-fuels;
- Natural gas is cleaner with less toxic emissions than diesel or gasoline and is currently less costly;
- A growing natural gas infrastructure. Continuing investment in infrastructure is adding to the number of compressed natural gas refueling centers; and
- CNG will continue to develop as a transportation fuel as it currently is less costly than oil based fuels which are also becoming supply constrained in developing economies.

The above trends and related market opportunities are expected to create a positive intermediate and longer-term outlook for Dynetek. The largest demand for CNG vehicles is in countries where low cost solutions are required. The Company is currently reviewing strategies to grow the compressed gas system revenue and is evaluating additional product development and sales in order to penetrate price sensitive markets that are actively developing CNG as a transportation fuel. To accomplish this product development and market penetration, the Company will also be evaluating strategic alliances, new joint ventures, new partners and customers, licensing arrangements, new manufacturing techniques and additional product offerings. The Company is committed to change where appropriate to attain its goals of revenue growth and net income.

In the area of bulk hauling, the Company's prime focus will be in markets with access to an abundance of natural gas, where storage technology and pipeline infrastructure are lacking. The Company has already obtained US Department of Transportation (DOT) and Transport Canada (TC) certification for its 223bar bulk hauling system and in 2008, the Company has received DOT approval to sell its 450 bar bulk systems in the US which should help it with penetrating the mobile bulk hauling storage market in 2008 and beyond.

Dynetek expects to incur a loss and negative EBITDA in Q3 of 2008 due to a slowdown in the demand for its products, specifically a postponement of public transit bus manufacturing in Europe. In June 2008 the Company announced Dynetek Europe GmbH has received a CNG complete system order from a major bus manufacturer in Europe and the systems are to be delivered from June 2008 until February 2009, representing revenue of approximately \$10 million (CDN). Currently Dynetek is seeing an increase in customer enquiries and expects to see an increase in bid submissions in Q3 2008. The Company will continue to manage its costs responsibly and improve production efficiencies where possible. During the second quarter, the Company reduced production and research and development staff to core levels, reduced executive compensation and continues to review supplier alternatives.

The Company will continue to develop its hydrogen storage technologies to assist in commercializing the hydrogen economy. This includes working with OEMs to implement their hydrogen vehicle strategies and sales to energy-related companies that require mobile refueling units, stationary storage for refueling, and bulk hauling of hydrogen.

In 2008 Dynetek expects to substantially complete the contract with Magna Steyr in connection with Daimler's automotive fuel cell program. In 2007 Dynetek saw an increase in activity in the hydrogen vehicle market and continues to work with Natural Resources Canada (NRCAN) and 9 different Original Equipment Manufacturers (OEMs), including Ford, Hyundai, Daimler, Volkswagen and Nissan, to design, manufacture and deliver hydrogen storage solutions on 13 different confidential development programs.

ABOUT DYNETEK

Dynetek Industries Ltd. designs, produces and markets one of the lightest and most advanced fuel storage and refueling systems for compressed natural gas, low emission vehicles and compressed hydrogen, zero-emission fuel cell vehicles. Dynetek is recognized around the world for its solutions-of-choice to the alternate fuel vehicle sector, evidenced by strategic relationships with major manufacturers around the globe. Dynetek is listed on the Toronto Stock Exchange, symbol: DNK

FORWARD LOOKING STATEMENTS

In addition to historical information, this news release contains forward-looking statements and should be read in conjunction with the financial statements and related notes for the year ended December 31, 2007 and quarterly interim financial statements for 2008. Forward-looking statements are based upon current assumptions, expectations and estimates that involve a number of risks and uncertainties and actual results could differ materially from those discussed in the forward-looking statements. Readers are encouraged to review the section in the Management's Discussion and Analysis titled 'Principal Risks and Uncertainties' for a discussion of factors that could affect Dynetek's future operations and financial results. Forward-looking statements are based upon management's assumptions, expectations and estimates at the time the statements are made. Dynetek does not update forward-looking statements should circumstances or management's assumptions, expectations or estimates change, except where required by securities laws.

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