



DYNETEK REPORTS 2005 FOURTH QUARTER AND YEAR END RESULTS

Calgary, Alberta, Canada – March 16, 2006 – 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 the twelve months ended December 31, 2005. Conference call information is provided below.

Financial Highlights

- Cash flow from operations for the year ended December 31, 2005 was \$2.0 million compared to a cash flow deficiency from operations of (\$3.3) million for the year ended December 31, 2004.
- Cash flow from operations for the fourth quarter ended December 31, 2005 was \$1.3 million compared to \$1.5 million for the same period of 2004.
- Total revenue for the twelve months ended December 31, 2005 of \$26.8 million compared to \$26.6 million for the same period of 2004.
- Cylinder and systems revenues for the twelve months ended December 31, 2005 of \$23.5 million increased \$1.3 million or 6% compared with the twelve months ended December 31, 2004.
- Total revenues for the three months ended December 31, 2005 of \$6.8 million, which is \$2.0 million or 23% less compared to the same period of 2004.
- Cylinder and system revenues for the three months ended December 31, 2005 of \$5.9 million decreased \$2.3 million or 28% from the comparative fourth quarter of 2004.
- Confirmed order book in excess of \$20.0 million as at December 31, 2005 to be delivered in 2006.
- Eighth consecutive quarter of positive EBITDA¹
- Revenues for the European operations for the twelve months ended December 31, 2005 were \$14.8 million representing an increase of \$3.6 million or 32% compared to 2004.
- Contribution margins decreased from 26% in fourth quarter of 2004 to 23% in the comparative fourth quarter for 2005 and from 26% for the year ended December 31, 2004 to 25% for the year ended December 31, 2005, primarily related to higher raw material costs, specifically carbon fibre which increased approximately 100% over the last twelve months.

Robb Thompson, President and Chief Executive Officer, said the drop in fourth quarter revenues reflects the Company's strategic decision to forgo CNG sales in California due to our inability to pass on raw material price increases to customers as a result of a price sensitive market related to unsettled emissions requirements. In addition our European customers of the Company's European operations experienced less delivery days for the month of December 2005 compared to December 2004, resulting in product being shipped in January 2006 instead of December 2005. Despite these fourth quarter negative effects Dynetek's long-term commitment continues to be the focus on CNG cylinder and system sales to our target markets of buses and trucks to customers predominately in Europe.

"Our most important strategic thrust continues to be our focus on the CNG market place where the opportunities to support revenue growth leading towards profitability are near term," commented Mr. Thompson. "In Europe we experienced a 32% increase in our CNG cylinder and system sales from one year ago. In California our sales dropped almost 32% from the 2004 annual sales due to the very price sensitive market related to the unsettled emission requirements. However, already in 2006 we are starting to see a higher level of sales activity for the heavy duty truck and bus market for California with the new adopted rulings for low emissions and the opportunities CNG provides in meeting these stringent requirements compared to diesel."

(1) Earnings before interest, taxes, non-cash foreign exchange, impairment of other assets, stock based compensation, depreciation and amortization (EBITDA) is a non-GAAP measure and may not be comparable to similar measures used by other companies. Management believes EBITDA is a useful measure to assist in the assessment of Dynetek's ability to generate cash flows from its operations.

“We have now addressed our raw material supply issues experienced in 2005 by securing additional quantities on a timelier basis and at a more reasonable pricing so we can continue to meet the growing CNG storage demand,” said Mr. Thompson. “Our confirmed backlog orders of \$20 million provide momentum into 2006 and reflect that the appropriate measures were taken to overcome the hurdles we experienced during the latter part of 2005.”

Year in Review

January

- Dynetek received a significant CNG system order from a major bus manufacturer in Europe. These systems were delivered during the first six months of 2005, and represented revenue of approximately \$1.3 million (CDN).
- Dynetek supplied on-board hydrogen fuel storage systems for Ford’s new hydrogen powered V-10, E-450 shuttle bus. The shuttle bus was demonstrated at the 2005 North America International Auto Show in Detroit. Dynetek provided its certified 350bar (5000psi) storage solution for these hydrogen fueled internal combustion engines. Ford is currently marketing to potential fleet customers and is poised for the first commercial deliveries in 2006.

February

- Dynetek delivered its newly developed 700bar (10000psi) high-pressure hydrogen storage system to Nissan Motor Co. Ltd. The advanced on-board 700bar hydrogen storage cylinder increases hydrogen storage capacity by approximately 70% when compared with the previous 350bar (5000psi) hydrogen storage cylinder with the same internal storage dimensions.
- Dynetek also supplied its certified 350bar (5000psi) hydrogen storage system to Hydrogenics Corporation for its fuel cell-powered forklift project. Two fuel cell-powered forklifts are currently being trial tested at General Motors of Canada Limited’s car plant in Oshawa.

June

- Dynetek was named by PROFIT: Your Guide to Business Success, as one of the companies in the 17th annual PROFIT 100 ranking of Canada’s Fastest-Growing Companies.
- Appointed Mr. William Kenneth Kovalchuk, the President of Claret Asset Management to the Board of Directors of Dynetek.

September

- Dynetek was named one of Canada’s Fastest growing technology companies in 2005 Deloitte Canadian Technology Fast 50 Program

October

- Dynetek received significant compressed natural gas cylinder orders from major bus manufacturers with deliveries for the United States. These cylinders were delivered before the end of 2005, and represented revenue of approximately \$2.0 million (US).
- Dynetek delivered three hydrogen storage systems to Tsinghua University located in Beijing, the Peoples Republic of China in response to clean air initiative for the 2008 Summer Olympic Games.
- Dynetek announced its participation in the Integrated Waste Hydrogen Utilization Project (IWHUP) a Government of Canada and Sustainable Development Technology Canada (SDTC) funded project in Vancouver BC. This Hydrogen Early Adopters (h2ES) program and the SDTC contributions are part of an \$18.3 million hydrogen, and hydrogen compatible technologies demonstration project.

November

- Dynetek received a contract to supply bulk transportation modules to John Thompson Engineering PTY Ltd., a division of Burns and Roe Worley, located in Sydney, Australia. Dynetek’s BT modules will be used to transport compressed natural gas (CNG) to a power plant located in Western Australia. The \$4.6 million (CDN) ordered is scheduled for delivery in the first half of 2006.

December

- Dynetek delivered two 350bar (5000psi) Hydrogen Fuel Storage Systems to TUG Technologies to be used in tow tractors at the Orlando International Airport.

Company Announces Review of Strategic Alternatives

The Company announced today that its Board of Directors has formed a Special Committee of four independent Directors to review and advise the Board of strategic alternatives available to the Company for enhancing shareholder value, including, but not limited to, a capital structure review, strategic partnerships or business combinations. The Company has retained Sprott Securities Inc. as financial advisors in the process.

In making the announcement, Dynetek stated there can be no assurance that the exploration of strategic alternatives will result in a transaction. The Company does not intend to disclose developments with respect to the exploration of strategic alternatives unless and until the Board of Directors has approved a specific transaction. The Company anticipates that this process will take several months.

“The Company needs to review all options to deal with our growth profile and global prospects and how best we meet these challenges,” said Mr. Thompson. “The future is starting is becoming more visible and we need to determine how best we position Dynetek to manage the growth and the future.”

Conference call

On Thursday, March 16, 2006 at 8:00 a.m. MST (10:00 a.m. EST) management will hold a conference call and webcast to discuss its Fourth Quarter and Full Year 2005 financial and operating results and to provide an update on developments at the company.

Participants in the continental United States and Canada can access the conference call at 1-800-837-5468. Participants calling from the UK geographic area can access the call at 1-800-528-0643 or 44-870-001-3143.

Digital replay of the call will be available approximately one hour after the call is completed and until March 31, 2006. To access the replay in the continental United States or Canada call 1-800-558-5253 or from outside this geographic area, call 1-416-626-4100. To access the replay in the UK geographic area call 1-800-692-0831 or 44-870-000-3081. The confirmation number for the replay is 21285301. The audio webcast can be accessed on Dynetek's web site at www.dynetek.com and it will be archived for replay for 30 days.

Additional information relating to Dynetek

Additional information concerning Dynetek is available on SEDAR at www.sedar.com.

Dynetek Industries Ltd. is a leading international company engaged in the design, manufacturing and marketing of fueling systems and high-pressure components including valves and regulators. The key component of the storage system is the DyneCell[®] cylinder, capable of storing high pressure gases including compressed natural gas (CNG), hydrogen, and various industrial gases. Dynetek's cylinder and fuel storage systems applications include but are not limited to: the transportation industry, including passenger automobiles, light and heavy-duty trucks, transit and school buses; the bulk hauling of compressed gases; and stationary storage or ground storage refueling applications.

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, 2005. 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.

For further information, please contact:

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Dynetek Industries Ltd.
Consolidated Balance Sheets

(thousands of Canadian dollars)
(unaudited)

	December 31 2005	December 31 2004
ASSETS		
Current assets		
Cash and cash equivalents	2,809	4,139
Accounts receivable	6,516	8,410
Inventory	10,392	9,491
Prepaid expenses	719	615
	20,436	22,655
Other asset	-	554
Intangible assets and deferred costs	5,054	4,202
Capital assets	16,216	15,851
Future income tax	2,505	2,505
	44,211	45,767
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	5,145	4,387
Current portion of long-term debt	137	109
	5,282	4,496
Long-term debt	1,341	1,667
SHAREHOLDERS' EQUITY		
Share capital	52,432	52,589
Contributed surplus	2,182	1,596
Deficit	(17,026)	(14,581)
	37,588	39,604
	44,211	45,767

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

(thousands of Canadian dollars except share capital and per share amounts)
(unaudited)

	Three months ended		Year ended	
	December 31		December 31	
	2005	2004	2005	2004
REVENUE				
Sales	5,858	8,177	23,521	22,214
Research and development	603	576	2,841	4,249
Investment and other income	317	29	397	128
	6,778	8,782	26,759	26,591
EXPENSES				
Cost of goods sold	4,538	6,090	17,648	16,521
General and administrative	1,002	886	3,464	3,347
Research and product development	461	860	2,773	3,570
Marketing	546	593	1,703	1,966
Depreciation	328	349	1,223	1,321
Amortization of intangible assets and deferred costs	139	98	476	394
Foreign exchange loss	258	71	983	261
Stock based compensation	105	144	399	411
Impairment of other assets	-	-	535	-
	7,377	9,091	29,204	27,791
Loss before income taxes	(599)	(309)	(2,445)	(1,200)
PROVISION FOR TAXES				
Large corporations tax	-	4	-	39
	-	4	-	39
NET LOSS	(599)	(313)	(2,445)	(1,239)
Deficit, beginning of period	(16,427)	(14,268)	(14,581)	(12,111)
Conversion of share purchase warrants	-	-	-	(45)
Deficit, beginning of period	(16,427)	(14,268)	(14,581)	(13,297)
DEFICIT, END OF PERIOD	(17,026)	(14,581)	(17,026)	(14,581)
Per Share Information				
Net loss per share (basic and diluted)	(0.03)	(0.02)	(0.12)	(0.06)
Weighted average number of common shares outstanding	20,793,601	20,248,579	20,793,601	20,248,579



CONSOLIDATED STATEMENT OF CASH FLOWS

(thousands of Canadian dollars)
(unaudited)

	Three months ended		Year ended	
	December 31		December 31	
	2005	2004	2005	2004
Cash flows provided by (used for) operating activities				
NET LOSS	(599)	(313)	(2,445)	(1,239)
Items not involving cash				
Depreciation	328	349	1,223	1,321
Amortization of intangible assets and deferred costs	139	98	476	394
Stock based compensation	105	144	399	411
Impairment of other assets	-	-	535	-
Unrealized foreign exchange loss	44	27	597	255
	17	305	785	1,142
Changes in non-cash working capital				
Accounts receivable	644	166	1,894	(2,435)
Inventory	(209)	1,533	(901)	(2,915)
Prepaid expenses	(382)	(301)	(104)	71
Accounts payable and accrued liabilities	1,307	(168)	758	979
Unrealized foreign exchange (loss) in non-cash working capital	(36)	(18)	(392)	(165)
Cash flow from operations (deficiency)	1,340	1,517	2,040	(3,323)
INVESTING ACTIVITIES				
Other assets	-	28	-	43
Additions to intangible assets and deferred costs	(426)	(740)	(1,328)	(794)
Additions to capital assets	(355)	(474)	(1,588)	(1,737)
Unrealized foreign exchange gain (loss) in investing activities	-	(28)	19	(43)
	(781)	(1,214)	(2,897)	(2,531)
FINANCING ACTIVITIES				
Exercise of options	-	294	30	294
Settlement of long-term debt	(298)	-	(298)	-
Repayment, long-term debt	-	-	-	(85)
	(298)	294	(268)	209
Foreign exchange gain (loss) on cash held in a foreign currency	(7)	20	(205)	(47)
Increase (decrease) in cash and cash equivalents	254	617	(1,330)	(5,692)
Cash and cash equivalents, beginning of year	2,555	3,522	4,139	9,831
Cash and cash equivalents, end of year	2,809	4,139	2,809	4,139

Corporate Information

Board of Directors

Heinz O. Portmann
Chairman of the Board
Dynetek Industries Ltd.
Calgary, Alberta

Andrew T.B. Stuart †
Chairman
Sustainability Shift Inc
Toronto, Ontario

Peter A. Leust †√
Director
Starlaw Holdings Ltd.
Montreal, Quebec

Michael J. Lang* †
Chairman
Stonebridge Merchant Capital Corp.
Calgary, Alberta

Larry A. Wright* †√
Executive Vice President
Multimatic Inc
Markham, Ontario

William K. Kovalchuk*
President
Claret Asset Management Corp.
Montreal, Quebec

Robb D. Thompson
President and Chief Executive Officer
Dynetek Industries Ltd.
Calgary, Alberta

* Audit Committee member
† Compensation Committee member
√ Corporate Governance Committee member

Officers and Management

Heinz O. Portmann
Chairman of the Board

Robb D. Thompson
President and Chief Executive Officer

Michael D. Portmann
Vice President and General Manager

Ulrich Imhof
Vice President, Engineering

Dr. Christian Rasche
Managing Director
Dynetek Europe GmbH

Karen Y. Minton
Vice President, Finance and
Administration

Norman E. Hall
Corporate Secretary

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Legal Counsel
Gowling Lafleur Henderson LLP
Calgary, Alberta

Transfer Agent and Registrar
CIBC Mellon Trust Company
with offices in Toronto,
Montreal and Calgary

Stock Listing
Toronto Stock Exchange
Trading Symbol: DNK

Investor Relations
To obtain additional
information about Dynetek
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