



## Dynetek Industries Ltd. Announces First Quarter 2009 Results

Calgary, Alberta, Canada – May 15, 2009 – Dynetek Industries Ltd. (TSX:DNK), a leader in the design, manufacturing and marketing of proprietary fuel storage cylinders and systems for compressed natural gas and hydrogen, today reported results for the three months ended March 31, 2009. The full unaudited consolidated financial statements and MD&A have been filed on SEDAR at [www.sedar.com](http://www.sedar.com) and on Dynetek's website at [www.dynetek.com](http://www.dynetek.com).

### Financial Highlights

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

	Three months ended March 31	
	2009	2008
Total revenue	<b>6,856</b>	4,449
Net loss	<b>(909)</b>	(1,060)
Net loss per common share (basic and fully diluted)	<b>(0.04)</b>	(0.05)
EBITDA <sup>1</sup>	<b>1</b>	(699)
Cash and cash equivalents	<b>728</b>	5,658
Non-cash working capital <sup>1</sup>	<b>13,972</b>	10,237
Working capital <sup>1</sup>	<b>15,108</b>	16,303
Total assets	<b>42,478</b>	43,181
Long-term debt and capital lease	<b>6,948</b>	7,297
Capital expenditures	<b>98</b>	78
Cash flow deficiency from operations	<b>(2,821)</b>	(646)
Weighted average number of common shares outstanding	<b>20,936,500</b>	20,936,500

<sup>(1)</sup> EBITDA, non-cash working capital and working capital are non-GAAP financial measures. Dynetek defines EBITDA as earnings before interest, taxes, stock based compensation, foreign exchange gain or loss, depreciation, and amortization. Dynetek defines non-cash working capital as current assets less cash, restricted cash and current liabilities and working capital as current assets less current liabilities. Dynetek believes these non-GAAP financial measures provide investors and analysts with useful information so that they can better understand the financial results.

### OPERATIONAL HIGHLIGHTS

Dynetek reported stronger revenue and EBITDA for 2009 compared to the first quarter of 2008. The increases in revenue and EBITDA were primarily achieved from Dynetek's European operations. In the first three months of 2009, Dynetek achieved total revenues of \$6.9 million, an increase of 54%, compared to \$4.4 million for the same period of 2008. Cylinder and system sales for the three months ended March 31, 2009 were \$5.8 million, an increase of 79%, compared to \$3.2 million for the same period of 2008. The Company's EBITDA for the three months ended March 31, 2009, was positive compared to negative EBITDA of (\$0.7) million for the three months ended March 31, 2008.

The increases in revenue and EBITDA resulted in Dynetek recording a smaller loss in the first quarter of 2009, (net loss of \$0.9 million or net loss of \$0.04 per common share), compared to the same quarter of 2008 (net loss of \$1.1 million or net loss of \$0.05 per common share).

In the first quarter of 2009, revenue from the European operations increased 104%, due to stronger sales activities and fewer postponed and cancelled orders, compared to the first quarter of 2008. North American revenue increased 6% in the first quarter of 2009 compared to the same quarter of 2008, inspite of increased competition and customer requests to defer orders to the third quarter of 2009.

For the three months ended March 31, 2009, the Company achieved research and development revenue of \$1.1 million, compared to \$1.2 million for the same period of 2008. In the third quarter of 2009, Dynetek expects to deliver the third and final milestone under its 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 to Magna Steyr in connection with Daimler's fuel cell program.

The Company continues to maintain consistent levels of liquidity as working capital was \$15.1 million at March 31, 2009, compared to \$15.8 million at December 31, 2008.

## OUTLOOK

The Company remains committed to continuing to grow its Compressed Natural Gas ('CNG') and Hydrogen revenue streams through targeted marketing initiatives. The Company will have a stronger short-term focus on its CNG activities due to a persistent economic lull in hydrogen market activities. However, Dynetek believes that the market for compressed hydrogen enabling technologies will continue to develop over the next few years in conjunction with nearer term hydrogen industry energy applications.

In 2009, the Company expects to increase its focus on revenue growth opportunities in the CNG market for bus and heavy-duty truck applications and for bulk hauling of larger quantities of compressed gas. The Company will continue to market and deliver its Mobile Gas Distribution System, a lightweight tube trailer designed for the gas utility industry. Currently, the Company continues to develop and test new products for the CNG market.

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 Company does anticipate new legislation to improve and maintain the North American environment, which could lead to increased sales of its CNG systems. Turbulence in the global financial markets has negatively impacted the financial abilities of certain industries. In response, Dynetek will narrow its focus of its marketing activities to geographical areas that generate revenues for the Company or potential to contribute significant revenue through CNG growth.

Dynetek expects to record increased revenue and EBITDA in Q2 of 2009 due to increases in demand for its products, especially from European customers. The Company has forecasted for Q2 of 2009 to surpass the financial results from Q1 of 2009 and in comparison to Q2 of 2008.

In response to the turbulent economic conditions experienced in North American and Europe during the fourth quarter of 2008 and first quarter of 2009, the Company continues to manage its costs responsibly and improve production efficiencies where possible. For the second quarter, the Company has reduced production and administrative staff to core levels and continues to review supplier alternatives.

## **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, 2008 and quarterly interim financial statements for the first quarter of 2009. 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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