

Dynetek Industries Ltd. Reports First Quarter 2011 Results

Calgary, Alberta, Canada – June 9, 2011 – Dynetek Industries Ltd. (“Dynetek”), reported today its results for the three months ended March 31, 2011. The full unaudited condensed consolidated financial statements and MD&A have been filed on SEDAR at www.sedar.com and on Dynetek’s website at www.dynetek.com.

OPERATIONAL HIGHLIGHTS

- Best first quarter cylinder and system revenue for North American operations since 2007. North American operations continue to establish new strategic alliances with major North American customers.
- Increased research and development project revenue including record sales of hydrogen valves during the first quarter.

Financial Highlights

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

	Three months ended March 31	
	2011	2010
Cylinder and system sales	3,084	3,949
Research and development income	1,251	380
Interest and other income	543	1
Total revenue	4,878	4,330
EBITDA ¹	(452)	(436)
Net loss	(878)	(1,627)
Net loss per common share (basic and fully diluted)	(0.04)	(0.08)
Cash	451	265
Non-cash working capital ¹	8,455	11,043
Working capital ¹	9,314	11,716
Total assets	32,713	34,785
Long-term borrowings and finance leases	4,463	6,396
P,P&E and intangible expenditures	213	254
Cash flow deficiency from operations	(1,190)	(608)
Weighted average number of common shares outstanding	20,959,500	20,956,500

⁽¹⁾ EBITDA, non-cash working capital and working capital are non-GAAP financial measures and defined on page 11 and 12 in the section “Reconciliation of non-GAAP Financial Measures” of the MD&A.

Cylinder and system sales for the three months ended March 31, 2011 were \$3.1 million, a decrease of 22%, from \$3.9 million for the first quarter of 2010. The decrease was the result of

lower cylinder and system orders from European bus manufacturers, major customers of the European operations. Since the fourth quarter of 2010, the European bus manufacturers have experienced lower capital expenditures from European customers including European municipalities.

(thousands of Canadian dollars)
(unaudited)

	Three months ended March 31	
	<u>2011</u>	<u>2010</u>
Cylinder and system sales		
European operations	1,237	3,262
North American operations	1,847	687
	<u>3,084</u>	<u>3,949</u>

The North American operations increased its first quarter sales from \$0.7 million in 2010, to \$1.9 million in 2011, an increase of \$1.2 million. The North American operations continue to implement its revised sales focus that was developed in 2010 which has resulted in establishing new strategic alliances with major customers and increased revenue since the start of 2010.

Research and development income for the three months ended March 31, 2011 was \$1.3 million, an increase of 229%, from \$0.4 million for the same period in 2010. The 2011 first quarter increase in research and development income, which includes a record for quarterly sales of its hydrogen valves, reflects the milestone billings for research contracts that began during the fourth quarter of 2010 and which will continue through 2011.

Dynetek's research and development team continues to attract significant new hydrogen projects. Projects include agreements to develop and certify a new hydrogen cylinder to be used in pre-production passenger vehicles for both a European based Original Equipment Manufacturer ("OEM") and an Asian OEM. With the increased activity and demand for hydrogen products and services, it is forecasted that Dynetek's research and development revenue for fiscal 2011 will exceed that of 2010 and 2009.

Interest and other income for the period ended March 31, 2011 includes a \$0.5 million settlement of the remaining government contribution agreement. Certain conditions were met by the Company, constituting settlement of long-term borrowing, which was then recognized as other income.

Gross profit was \$0.6 million for the quarter which was comparable to the first quarter of 2010. Corresponding gross profit percentage for the quarter was 2% of sales compared to 14% of sales for the same period of 2010. The decrease was the result of lower margins associated with research and development projects in progress, increased pricing for major raw materials and lower recovery of fixed costs which were partially offset by the settlement of \$0.5 million from the government contribution agreement.

EBITDA for the first quarter of 2011, (\$0.4 million) was comparable to EBITDA for the first quarter of 2010. Net loss for the three months ended March 31, 2011 improved to (\$0.9) million or (\$0.04) per common share compared to the net loss of (\$1.6) million or (\$0.08) per common share from the first quarter of 2010, due to recording a foreign exchange gain in the first quarter of 2011 compared to the a foreign exchange loss in the same quarter of 2010.

Dynetek continues to maintain sufficient levels of liquidity. At March 31, 2011 working capital was \$9.3 million compared to \$11.7 million at March 31, 2010 which allowed Dynetek to increase its operating line of credit availability by \$1.5 million to fund additional working capital requirements for forecasted sales in the third and fourth quarter.

OUTLOOK

Dynetek is focused on generating increased worldwide sales from its commercialized CNG products and continuing to develop opportunities in the long-term hydrogen market through research and development activities with the global OEMs. Dynetek also continues to develop applications for its cylinders in the bulk transportation and stationary storage segments.

Geographic expansion will be the main driver of worldwide sales growth. While Europe and North America continue to provide the majority of near term sales, Dynetek is actively expanding its presence in the Asia-Pacific market through its expanding joint venture relationships.

The Asia-Pacific market represents significant opportunity for revenue growth. Demand for CNG cylinders in Asia-Pacific market is expected to increase materially over the next 5 years. Estimates are by 2015, there will be an additional 7.9 million natural gas vehicle equivalents in Asia-Pacific compared to only 0.8 million additional in Europe and 0.2 million additional in North America.

The Korean joint venture with Sejung Co. Ltd. represents significant progress in accessing this important market. In addition to Korea, Dynetek cylinders are now fully certified in India and a letter of intent with a potential joint venture partner in India has been executed. The Company expects to have the joint venture finalized in 2011 with initial sales coming in the second half of 2011.

Discussions are underway with potential Chinese joint venture partners and it remains the Company's intent to establish a Chinese joint venture by the end of the second half of 2011. Dynetek is continuing to explore additional opportunities to expand its clean technology footprint.

ABOUT DYNETEK

Dynetek Industries Ltd. is a world-leading participant in the global clean technology space and a leader in the design and manufacture of proprietary fuel storage systems. Dynetek 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, 2010 and quarterly interim financial statements for 2011. Readers are encouraged to review the section in the annual 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.

Certain information set forth in this document contains forward-looking statements or information ("forward-looking statements"). Forward-looking statements are not based on historical facts, but rather reflect management's expectations regarding future plans and intentions, growth, results of operations, performance and business prospects and opportunities. The use of any of the words "plan", "expect", "project", "intend", "believe", "should", "anticipate", "estimate" or other similar words, or statements that certain events or conditions "may" or "will" occur are typically intended to identify forward-looking statements. Forward-looking statements contained in this document include, without limitation, expectations as to 2011 revenue and cylinder unit sales compared to 2010, timing of major deliverables under hydrogen contract, timing of finalization of Indian and Korean joint ventures, timing of establishment of a Chinese joint venture and commencement of sales and expected increase in demand for cylinders.

Forward-looking statements are based on a number of factors and assumptions which have been used to develop such statements but which may prove to be incorrect. Although Dynetek believes that the expectations and assumptions reflected in such forward-looking statements are reasonable, undue reliance should not be placed on forward-looking statements because Dynetek can give no assurance that such expectations and assumptions will prove to be correct. With respect to the forward-looking statements contained in this document assumptions have been made regarding, among other things: (i) industry demand; (ii) expectations regarding technology adoption rates for certain countries; (iii) the impact of governmental regulatory regimes and tax, environmental and other laws; (iv) prices of commodities; and the economic condition in certain countries. Forward-looking statements are based on current expectations, estimates and projections that involve a number of risks and uncertainties, which could cause actual results to differ materially from those anticipated and described in the forward looking statements. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements including, without limitation: (i) changes in general economic, market and business conditions of certain countries; (ii) volatility in commodity prices and exchange rates; (iii) access to capital; (iv) competition for, among other things, capital and skilled personnel; and, (v) actions by governmental or regulatory authorities including changes in environmental legislation. The Company cautions that the foregoing list of assumptions, risks and uncertainties is not exhaustive. Additional information on these and other factors that could affect operations or financial results can be found in the Company's Annual Information Form available on SEDAR at www.sedar.com. The Company does not undertake any obligation to publicly update or revise any forward-looking statements except as expressly required by applicable securities law.

For further information, please contact:

Douglas Pigot, Executive Chairman
Dynetek Industries Ltd.
4410 - 46th Avenue SE
Calgary, Alberta T2B 3N7
Tel Calgary: 403-720-0262
Toll free: 1-888-396-3835
Web: www.dynetek.com