



## Dynetek Reports Fourth Consecutive Quarter of Positive EBITDA

**Calgary, Alberta, Canada – August 13, 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 and six months ended June 30, 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 capital and per share data)  
(unaudited)

	Three months ended		Six months ended	
	2009	June 30 2008	2009	June 30 2008
Total revenue	<b>9,183</b>	5,015	<b>16,039</b>	9,464
Net loss	<b>(214)</b>	(1,480)	<b>(1,123)</b>	(2,540)
Net loss per common share (basic and fully diluted)	<b>(0.01)</b>	(0.07)	<b>(0.05)</b>	(0.12)
EBITDA <sup>(1)</sup>	<b>407</b>	(795)	<b>408</b>	(1,494)
Cash	<b>745</b>	3,746	<b>745</b>	3,746
Non-cash working capital <sup>(1)</sup>	<b>14,199</b>	11,146	<b>14,199</b>	11,146
Working capital <sup>(1)</sup>	<b>15,352</b>	15,300	<b>15,352</b>	15,300
Total assets	<b>41,656</b>	41,417	<b>41,656</b>	41,417
Long-term debt and capital lease	<b>6,812</b>	7,259	<b>6,812</b>	7,259
Capital expenditures	<b>(25)</b>	70	<b>31</b>	148
Cash flow deficiency from operations	<b>(626)</b>	(1,713)	<b>(3,447)</b>	(2,365)
Weighted average common shares outstanding	<b>20,936,500</b>	20,936,500	<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 and perform a better analysis of Dynetek's growth and profitability potential.

### OPERATIONAL HIGHLIGHTS

Dynetek reports positive EBITDA for the fourth consecutive quarter and working capital in excess of \$15.0 million for the sixth consecutive quarter. Since the third quarter of 2008, Dynetek has generated EBITDA of \$1.3 million over the last four quarters. The Company's EBITDA for the six months ended June 30, 2009, was \$0.4 million compared to negative EBITDA of (\$1.5) million for the first six months of 2008. For the three months ended June 30 2009, Dynetek generated EBITDA of \$0.4 million that was \$1.2 million higher than the same three months of 2008. The increases in 2009 EBITDA were primarily achieved from Dynetek's European operations, improvements in production which resulted in increased productivity and continuation of cost saving strategies implemented during the second quarter of 2008.

In the first six months of 2009, cylinder and system revenue from the European operations increased 174% compared to the same period of 2008. The period over period increase, from \$4.4 million in the first half of 2008 to \$12.2 million in 2009, was attributed to stronger sales activities with European bus manufacturers. The increase in sales occurred despite recessionary factors present during the period. During the second quarter of 2009, the European operations produced cylinder and system revenue of \$7.3 million compared to \$2.1 million for the same quarter of 2008 and North American cylinder and system revenue was \$1.0 million compared to \$1.5 million for

the same quarter of 2008. Cylinder and system revenue from North American operations decreased from \$2.3 million for the first six months of 2008 to \$1.9 million for the same period of 2009. North American sales in 2009 have been impacted by additional customer requests to defer sales orders to the third quarter of 2009 and increased price competition. Dynetek's consolidated cylinder and system revenue was \$14.1 million for the first six months of 2009 compared to \$6.8 million for the same six months of 2008, an increase of 108%.

For the six months ended June 30, 2009, the Company recognized research and development revenue of \$1.9 million, compared to \$2.6 million for the same period of 2008. The decrease reflects that Dynetek will complete the final milestone of its major hydrogen fuel storage system contract by September 30, 2009. Dynetek continues to source new research and development projects with various Original Equipment Manufacturers but such projects have been smaller scale compared to its current major hydrogen system contract.

The increases in revenue and EBITDA for the first six months of 2009, resulted in Dynetek recording a smaller year-to-date loss in 2009, (net loss of \$1.1 million or net loss of \$0.05 per common share), compared to the same period of 2008 (net loss of \$2.5 million or net loss of \$0.12 per common share). During the second quarter of 2009, Dynetek recorded a net loss of (\$0.2) million (net loss of \$0.01 per common share) compared to a net loss of (\$1.5) million (net loss of \$0.07 per common share) for the second quarter of 2008.

The Company continues to maintain consistent levels of liquidity. At June 30, 2009 working capital was \$15.3 million, compared to \$15.8 million at December 31, 2008. The Company's quarterly working capital has been in excess of \$15.0 million since the start of 2008. Maintaining consistent levels of working capital will allow Dynetek to maintain production levels and increase its ability to fund projects related to sales and research and development.

## **OUTLOOK**

The Company remains committed to growing 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 slowdown 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. Dynetek's non-permeable cylinders makes it a leading storage solution for hydrogen vehicles and Dynetek believes it will be able to enhance its market leader position in hydrogen storage systems when opportunities arise.

Major economic and environmental factors worldwide are contributing to high-growth demand for natural gas vehicles ("NGVs") as follows:

- There is belief that natural gas is the only fuel that can significantly displace the reliance on foreign oil in the United States.
- Worldwide adoption of NGVs continues to be strong.
- Currently, compressed natural gas is up to 60% cheaper than diesel.
- A growing natural gas infrastructure. Continuing investment in infrastructure is adding to the number of compressed natural gas refueling centers.

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 including its own 20 foot container for gas transportation purposes and a CNG Type II cylinder.

Dynetek is exploring new opportunities in Asia and Europe and recently received approvals from several Asian countries to supply cylinders and cylinder systems. In addition, Dynetek's European operations continue to see a recovery within the European market, particularly the European bus market. Dynetek will narrow its focus of its marketing activities to geographical areas that currently generate revenues for the Company or has potential to contribute significant revenue through CNG growth.

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.

Dynetek expects to record positive EBITDA in the third quarter of 2009 due to increases in demand for its products and deferral of North American orders into this quarter. The Company has forecasted operating results for the third quarter of 2009 to be similar to those of the second quarter. With the re-structuring of the North American sales management, Dynetek has implemented a new strategy for North America, allowing the Company to be more competitive. These changes were required as Dynetek believes there will be continued growth in the NGV segment and the Company will pursue such markets.

In response to the recessionary conditions experienced in North American and Europe, the Company continues to manage its costs responsibly and improve production efficiencies where possible. During the second quarter of 2009, the Company 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 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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