

Dynetek Industries Ltd. Reports Third Quarter 2011 Results

Calgary, Alberta, Canada – November 10, 2011 – Dynetek Industries Ltd. (“Dynetek” or “Company”) reported today its results for the three and nine months ended September 30, 2011. The full unaudited condensed consolidated financial statements and Management’s Discussion and Analysis have been filed on SEDAR at www.sedar.com and on Dynetek’s website at www.dynetek.com.

FINANCIAL

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

	Three months ended September 30		Nine months ended September 30	
	2011	2010	2011	2010
Cylinder and system sales	2,792	4,899	10,021	18,016
Research and development income	895	705	3,725	1,781
Investment and other income	80	5	637	6
Total revenue	3,767	5,609	14,383	19,803
EBITDA ¹	(2,134)	(9)	(3,270)	438
Net (loss) income	1,108	(551)	(1,000)	(2,163)
Net (loss) income per common share (basic and fully diluted)	0.05	(0.03)	(0.05)	(0.10)
Cash	484	1,062	484	1,062
Non-cash working capital ¹	7,629	10,461	7,629	10,461
Working capital ¹	8,113	11,931	8,113	11,931
Total assets	28,298	35,287	28,298	35,287
Long-term borrowings and finance leases	231	7,032	231	7,032
Property, plant and equipment and intangible expenditures	133	152	517	637
Cash flow (deficiency) from operations	(1,645)	621	(3,282)	614
Weighted average common shares outstanding	20,960,735	20,958,412	20,960,735	20,958,412

OPERATIONAL

Cylinder and system sales for the nine months ended September 30, 2011 were \$10.0 million, a decrease of 44% from \$18.0 million for the same period of 2010. North American operations experienced a decrease of \$0.7 million in cylinder and system sales comparing the nine months ending September 30, 2011 against 2010. The European operations experienced decreased cylinder and system sales of \$7.3 million comparing nine month of sales from 2011 against the same period of 2010. The overall decrease was the result of lower levels of spending from both American and European customers, the majority whom rely on government funding in their operations.

(thousands of Canadian dollars)
(unaudited)

Cylinder and system sales	Three months ended September 30		Nine months ended September 30	
	2011	2010	2011	2010
European operations	1,325	1,976	4,998	12,254
North American operations	1,467	2,923	5,023	5,762
	2,792	4,899	10,021	18,016

¹ EBITDA, Normalized EBITDA, non-cash working capital and working capital are non-GAAP financial measures. Dynetek defines EBITDA as earnings before finance costs, taxes, share based compensation, gain or loss on non-current asset disposal, foreign exchange gain or loss, depreciation and amortization. Dynetek defines Normalized EBITDA as EBITDA adjusted for excess shareholder compensation and non-recurring items. 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. Since non-GAAP financial measures do not have a standardized definition, they may differ from the non-GAAP financial measures used by other companies. Dynetek strongly encourages investors to review its financial statements and other publicly filed reports in their entirety and not rely on a single non-GAAP financial measure.

Cylinder and system sales for the three months ended September 30, 2011 were \$2.8 million, a decrease of \$2.1 from \$4.9 million in the third quarter of 2010. The decrease in cylinder and system sales in the third quarter of 2011 was a continuation of economic factors that reduced cylinder and system sales for the first nine months of 2011. With European financial markets experiencing a high degree of volatility and American markets influenced by near-recessionary factors, government spending has significantly decreased throughout 2011.

Research and development (“R&D”) income for the nine months ended September 30, 2011 increased 109%, to \$3.7 million compared \$1.8 million from the same period in 2010. R&D income for the three months ended September 30, 2011 increased 27%, to \$0.9 million from \$0.7 million in the third quarter of 2010. The 2011 year-to-date and third quarter increases reflect greater levels of R&D activities and a 13% increase in hydrogen valve revenue in 2011. The significant R&D contracts that began in the fourth quarter of 2010 will continue through 2012.

Gross profit was \$0.2 million for the first nine months of 2011, which was \$3.4 million lower compared to the same period of 2010. The decrease was the result of decreased cylinder and system sales, lower margins associated with research and development projects in progress, increased pricing for major raw materials which were partially offset by the settlement of \$0.5 million from the government contribution agreement in the first quarter of 2011.

EBITDA for the three and nine months ended 2011 was (\$2.1 million) and (\$3.3 million) respectively, compared to EBITDA of \$0.0 million and \$0.4 million for the same respective periods of 2010. The quarterly and year-to-date decreases to EBITDA were the result of reduced cylinder and system sales. Net income (loss) for the three and nine months ended September 30, 2011 was \$1.1 million or \$0.05 per common share and (\$1.0 million) or (\$0.05) per common share respectively, compared to net loss of (\$0.6) million or (\$0.03) per common share and (\$2.2 million) or (\$0.10) per common share for the same respective periods of 2010. Net income for the third quarter of 2011 was the result of the gain on sale of the Calgary facilities on August 1, 2011.

At September 30, 2011, working capital was \$8.1 million compared to \$10.3 million at December 31, 2010 and all financial covenants in the Company’s credit agreement were in compliance.

OUTLOOK

Dynetek continues to focus on generating increased worldwide sales from its commercialized CNG products through geographic expansion. While Europe and North America continue to provide the majority of near term sales, Dynetek is seeking to expand its presence in the Asia-Pacific market through joint venture relationships in Korea, India and China.

The global economic slowdown in 2011 has had a negative impact on Dynetek’s current markets. However, interest has increased significantly in new products that Dynetek is currently launching. These products include container systems for bulk transportation of CNG and other industrial gases and a Type 4 cylinder.

Although Dynetek continues to look for opportunities to expand its clean technology footprint, the Letter of Intent to acquire Control Systems Inc., which was disclosed in the second quarter results press release and MD&A, has expired without Dynetek making a formal offer.

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, statements regarding: management's growth and development strategies; expectations as to 2011 revenue and cylinder units sales compared to 2010; future activity levels of government funding; expected increases in demand for cylinders; continuation of R&D contracts; and Dynetek's expansion into the Asia Pacific market.

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 exchange rates; and (v) 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.

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