



## Dynetek Industries Ltd. Announces Third Quarter 2008 Results

Calgary, Alberta, Canada – November 14, 2008 – 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 nine months ended September 30, 2008. 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		Nine months ended	
	September 30		September 30	
	2008	2007	2008	2007
Total Revenue	<b>7,005</b>	9,836	<b>16,469</b>	28,481
Net loss before taxes	<b>(36)</b>	(412)	<b>(2,576)</b>	(199)
Net loss	<b>(36)</b>	(412)	<b>(2,576)</b>	(2,554)
Net loss per common share (basic and fully diluted)	<b>(0.00)</b>	(0.02)	<b>(0.12)</b>	(0.12)
EBITDA <sup>1</sup>	<b>656</b>	375	<b>(838)</b>	2,069
Cash and cash equivalents	<b>2,898</b>	861	<b>2,898</b>	861
Non-cash working capital <sup>1</sup>	<b>12,782</b>	11,649	<b>12,782</b>	11,649
Working capital <sup>1</sup>	<b>15,680</b>	12,510	<b>15,680</b>	12,510
Total assets	<b>43,368</b>	42,065	<b>43,368</b>	42,065
Long-term debt and capital leases	<b>7,168</b>	1,518	<b>7,168</b>	1,518
Capital expenditures	<b>56</b>	86	<b>204</b>	817
Cash flow (deficiency) from operations	<b>(1,066)</b>	(12)	<b>(3,431)</b>	981
Weighted average common shares outstanding	<b>20,936,500</b>	20,940,451	<b>20,936,500</b>	20,940,451

(1) EBITDA, non-cash working capital and working capital are non-GAAP financial measures. Dynetek defines EBITDA as earnings before interest, taxes, stock based compensation, net foreign exchange, depreciation, and amortization. Dynetek defines non-cash working capital as current assets less cash and current liabilities and working capital as current assets less current liabilities. Dynetek believes that 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 reported positive EBITDA of \$0.7 million for the third quarter of 2008, reversing the trend from the previous three quarters, which reported negative EBITDA. The positive EBITDA was attributable to increased revenues, cost saving strategies implemented during the second quarter of 2008 and improvements in production which resulted in increased productivity. These improvements allowed Dynetek to record an insignificant net loss for the third quarter.

Revenue continues to rebound and grow quarter over quarter in 2008. Q1 revenue was \$4.5 million, increasing to \$5.0 million for the second quarter and increasing again to \$7.0 million for the third quarter. In the Outlook section of the MD&A for the year ended December 31, 2007, Dynetek indicated that it expected to incur a loss and negative EBITDA<sup>1</sup> in Q1 and Q2 2008, due to the slowdown in the demand for its products resulting from the postponement of public bus manufacturing in Europe.

In the first nine months of 2008, Dynetek achieved total revenues of \$16.5 million, a decrease of 42% compared to \$28.5 million for the same period of 2007, primarily due to cylinder and system sales decreasing 48% compared to the same period of 2007. For the nine months ended September 30, 2008 the Company achieved research and development revenue of \$4.0 million, a decrease of 10% compared to \$4.5 million for the same period of 2007. The net loss of \$2.6 million for the first nine months of 2008 approximated the net loss for the same period in 2007 with net loss per common share of \$0.12 (basic and diluted) for each of 2008 and 2007. Cash flow deficiency from operations for the nine months ended September 30, 2008 was (\$3.4) million compared to cash flow from operations of \$1.0 million for the same period of 2007.

The Company continues to focus its compressed natural gas (“CNG”) cylinder and system sales in areas such as California, Europe and new markets where the use of CNG is a commercial driver for transit authorities as well as other fleet operators. Dynetek’s proprietary technology provides advantages such as less weight, more compressed natural gas on board and less operating costs, being the value proposition we offer our customers that our competitors cannot provide.

Dynetek’s research and development team continues to focus its efforts on compressed hydrogen and related storage requirements. During 2008, the Company continued to work with NRCan and 9 different OEMs, including Ford, Hyundai, Volkswagen, Daimler and Nissan, to design, manufacture and deliver the hydrogen storage solution on 13 confidential development programs. In addition, Dynetek previously announced on September 10, 2008 that it is working with two large international vehicle OEMs in developing a new and innovative light weight hydrogen storage system for Fuel Cell Vehicles which will improve the cylinder weight, performance and costs. The two OEMs are contributing 50% of the project costs. The project is scheduled to be completed in the fourth quarter of 2009.

On June 18, 2008, Dynetek Europe GmbH received a CNG complete system order from a major bus manufacturer in Europe. Dynetek will provide a complete system solution offering a lower overall system weight with increased fuel on board the vehicle. These systems, which had deliveries beginning in June and will continue through to the second quarter of 2009, represent revenue of approximately CDN \$10 million. Previously, completion of deliveries was estimated to have been February 2009. Approximately 20% of the deliveries have been completed by the end of the third quarter of 2008.

In the first nine months of 2008 Dynetek continued to provide deliverables under the milestones for the 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, including related engineering, to Magna Steyr in connection with Daimler’s fuel cell program. Two of three major contract milestones are expected to be completed by December 31, 2008.

Dynetek also announces that Robb Thompson has resigned as a Director. Heinz Portmann, on behalf of the Board of Directors of Dynetek, thanks Robb Thompson for his years of service and his valuable contributions to Dynetek.

## **OUTLOOK**

The Company remains committed to continuing to grow its CNG and Hydrogen revenue streams globally through targeted marketing initiatives.

The Company expects to increase its focus on revenue growth opportunities worldwide in the CNG market for bus and heavy-duty truck applications and for bulk hauling of larger quantities of compressed gas. 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 largest demand for CNG vehicles is in countries where low cost solutions are required. The Company is currently reviewing strategies to grow the compressed gas system revenue and is evaluating additional product development and sales in order to penetrate price sensitive markets that are actively developing CNG as a transportation fuel. To accomplish this product development and market penetration, the Company will also be evaluating strategic alliances, new joint ventures, new partners and customers, licensing arrangements, new manufacturing techniques and additional product offerings. The Company is committed to change where appropriate to attain its goals of revenue growth and net income.

In the area of bulk hauling, the Company's prime focus will be in markets with access to an abundance of natural gas, where storage technology and pipeline infrastructure are lacking. The Company has previously obtained US Department of Transportation (DOT) and Transport Canada (TC) certification for its 223bar bulk hauling system and in May 2008, the Company received DOT approval to sell its 450 bar bulk systems in the US.

Dynetek currently expects revenue in the fourth quarter to be comparable to the third quarter of 2008. Dynetek continues to monitor the impact from the postponement of public transit bus manufacturing in Europe, which began at the end of the third quarter of 2007. It is anticipated that the ongoing cost savings strategies implemented during the second quarter of 2008 will reduce the negative impact from the postponement of public bus manufacturing in Europe. The Company will continue to manage its costs responsibly and improve production efficiencies where possible. The Company reduced production and research and development staff to core levels, reduced executive compensation and continued to review supplier alternatives as part of its cost savings strategies in the second quarter. In addition, Dynetek's Board of Directors recently suspended the payment of all Board fees.

The Company will continue to develop its hydrogen storage technologies to assist in commercializing the hydrogen economy. This includes working with OEMs to implement their hydrogen vehicle strategies and sales to energy-related companies that require mobile refueling units, stationary storage for refueling, and bulk hauling of hydrogen.

## **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, 2007 and quarterly interim financial statements for 2008. 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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