

DYNAMIC FUEL SYSTEMS INC.

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**PRESS RELEASE
FOR IMMEDIATE RELEASE**

DYNAMIC ANNOUNCES CALIFORNIA INITIATIVES AND SALES

Pickering, Ontario, CANADA.

Dynamic Fuel Systems Inc. (DYA – TSX Venture) ("Dynamic" or the "Corporation") is pleased to provide an update regarding its previously announced initiatives in the State of California. As noted in its press release dated December 4, 2008, the Corporation has engaged a California-based consultant, HydroFuel LLC, for the purposes of assisting the Corporation in penetrating the California marketplace and accessing and educating California government environmental departments and agencies. Further to this objective, the Corporation has shipped and installed three Jetstar™ units on a private fleet for the purposes of testing and demonstrating compliance with the State of California's emission reduction targets. Initial baseline emission testing of these units (prior to installation of the Jetstar™) has been conducted by the Air Pollution Control District of the San Joaquin Valley. It is expected that the three units will be operated for a period of roughly two to three months, following which the District will be asked to re-evaluate the emissions of these three vehicles. Although the Corporation has recently completed its own independent third party testing (see the Corporation's news release dated December 2, 2008), it is recognized and understood that additional testing will need to be conducted by recognized, accredited, California-based agencies in order to gain market and governmental acceptance in the State of California. Once the results of the foregoing evaluation are completed, it is expected that the Corporation, with the assistance of HydroFuel LLC, will submit those results to the California Environmental Protection Agency Air Resources Board. The Corporation is unable to provide a reliable estimate on the timing for completion of this testing and evaluation, but will provide further updates as they become available.

The Corporation also announces that it has completed the final sale of 80 Jetstar™ units, which are expected to be resold in the State of California.

Mr. Jerry Solensky Jr., newly appointed President and CEO of Dynamic, stated, "the State of California is the undisputed leader in the fight against greenhouse gases in North America. It has enacted a series of legislation and policies targeted at the reduction of such emissions and it is the natural place for Dynamic to embark on initiatives to demonstrate the emission reduction capabilities of the Jetstar. It is our hope and expectation that the initiatives that we are announcing today are just the first step in the process of penetrating the California marketplace and using this as a springboard to even greater opportunities and market acceptance across North America and beyond."

About Dynamic Fuel Systems Inc.

Dynamic Fuel Systems Inc. is a Pickering, Ontario based energy sector company engaged in the manufacture, distribution, installation and marketing of a transportable hydrogen generator retrofit targeted for use in the heavy tractor trailer industry. Its flagship product, the Jetstar™, is a patent-pending aftermarket retrofit solution that provides combustion enhancement by mixing hydrogen and oxygen into a vehicle's intake air to provide the engine with a more complete burn of the fuel in its internal combustion engine. Its business was founded in 2001 and more information about its products can be viewed at its website at www.dynamicfuel.com

This release includes forward looking statements, which are based on certain assumptions and reflects management's current expectations. These forward looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations. Some of these factors include: general global economic conditions; general industry and market conditions and growth rates; uncertainty as to whether our strategies and business plans will yield the expected benefits; increasing competition; availability and cost of capital; the ability to identify and develop and achieve commercial success for new products and technologies; the level of expenditures necessary to maintain and improve the quality of products and services; changes in technology; changes in laws and regulations, includes codes and standards, intellectual property rights, and tax matters; the uncertainty of the emerging hydrogen economy; including the hydrogen economy moving at a pace not anticipated; our ability to secure and maintain strategic relationships and distribution agreements. The Corporation disclaims any intention or obligation to update or revise any forward looking statements, whether as a result of new information, future events or otherwise.

The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this release.

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