

dynaCERT Announces Voting Results from Annual Meeting and Completion of Review

written by Raj Shah | June 30, 2022

June 29, 2022 ([Source](#)) – *dynaCERT* Inc. (TSX: DYA) (OTCQB: DYFSF) (FRA: DMJ) (“*dynaCERT*” or the “Company”) is pleased to announce the results of the annual and special meeting of its shareholders, which was completed today (the “Meeting”). The Meeting was held virtually via TSX Trust Company’s virtual meeting platform. A total of 107,783,677 common shares of the Company (each, a “Common Share”), representing 28.25% of the total Common Shares outstanding, were represented in person or by proxy at the Meeting. *dynaCERT*’s shareholders voted in favor of all items of business put forward at the Meeting, being the election of all nominated directors and the re-appointment of BDO Canada LLP as the auditors of the Company.

The votes in respect of each of these items were held via ballot, the results of which were as follows:

Description of Matter Voted Upon	Result of Vote	Votes by Ballot	
		Votes For # (%)	Votes Against/Withheld # (%)
1. Amendment to resolution fixing the number of directors from seven (7) to five (5)	Passed	101,865,187 (100.0%)	Nil

2. Ordinary resolution fixing the number of directors at five (5)	Passed	98,961,567 (97.15%)	2,903,620 (2.85%)
3. Ordinary resolution approving the election of the following nominees as directors of the Corporation	Elected	98,680,420 (96.87%)	3,192,971 (3.13%)
• James Payne	Elected	68,725,492 (67.46%)	33,147,899 (32.54%)
• Jean-Pierre Colin	Elected	98,059,560 (96.26%)	3,813,831 (3.74%)
• Wayne Hoffman	Elected	87,492,015 (85.88%)	14,381,376 (14.12%)
• Richard Lu	Elected	83,395,133 (81.86%)	18,478,258 (18.14%)
• Amir Farahi			
4. Ordinary resolution approving the appointment of BDO Canada LLP as auditors of the Corporation	Passed	95,126,793 (88.26%)	12,648,780 (11.74%)

Completion of Review

On April 4, 2022, the Company announced that the Company's audit committee had engaged independent legal counsel to assist them in examining the validity, legal standing, enforceability, and potential future recoverability of certain related party and other transactions as disclosed in note 24 of the Company's audited financial statements in respect of the financial year ended December 31, 2021. The review by the Audit Committee is now complete and the following is a summary of some of the findings and conclusions of the review. The Audit Committee, in consultation with its independent counsel, conducted a detailed

review of each of the items referenced in the aforementioned note 24. This process included reviews of all documents, communications, correspondence, resolutions and supporting materials relating to each item, in addition to conversations between the Audit Committee's counsel and members of the Company's management. The Company is reporting on the following salient points from the Audit Committee's findings:

(a) Related Party Transactions

- Regarding loans granted to assist in the exercise of options and warrants, it was determined that such loans are unsecured and repayable on demand following provision of reasonable notice. As each of the option plan participants and warrant holders whose payments are outstanding have acknowledged their debt to the Company, it is anticipated that payment would be forthcoming following the issuance of a demand. Demands have now been issued and enforcement should not be necessary. One of the option loans was repaid during the course of the review being completed.
- Regarding the Company's \$250,000 equity investment in Galaxy Power Inc., it was confirmed that the Company continues to hold 500,000 shares in the capital of Galaxy Power. In the absence of any further agreements entered into around this investment, the Company's rights in respect of its investment are limited to the rights of a common shareholder. Though there are no written restrictions on the Company's interest in Galaxy Power being diluted, management of Galaxy Power has confirmed that the Company's 20% interest will not be diluted in connection with any of its preliminary financing activities. The Company's shares in Galaxy Power are also subject to restrictions on transfer. Regarding the Company's \$150,000 loan to Galaxy Placements, it was

confirmed that such loan is subordinate, unsecured, bearing interest at 10% per year (prorated and calculated monthly) and maturing on December 31, 2023. All interest payments owing to date have been made. Repayment of this loan and interest is subordinate to the claims of all other creditors of Galaxy Placements and cannot result in a capital deficiency for Galaxy Placements.

(b) Other Transactions

- The Company continues to hold 20% of the outstanding voting shares of KarbonKleen and its \$725,000 loan to KarbonKleen matured on December 31, 2021. There have been no units rented under the rental program with KarbonKleen to date and KarbonKleen no longer has exclusivity in the United States. KarbonKleen's financial position is disclosed in the Company's financial statements, with no revenues having been recognized in the quarter ended March 31, 2022.
- Regarding the royalty agreement among DISH (the Company's wholly-owned subsidiary), Corsario Ltd. and GP Logix Inc., it was noted that the agreement contemplated that a Joint Development and Commercialization Committee consisting of representatives of DISH, Corsario and the Company was to be established to oversee the development of the FreightTech platform.

Having reviewed the Audit Committee's findings at the Board level, the Company has noted certain procedural errors in connection with some of the transactions reviewed and has concluded that certain weaknesses in the Company's internal controls have become apparent. These include the following:

1. In connection with option and warrant exercises by officers/ directors/employees of the Company), certain Treasury Orders were signed and issued without full

payment for underlying shares, as payment was evidenced by loans.

2. Certain loans were extended to optionees/warrant holders (who are officers/ directors/employees of the Company) without prompt reporting to the Board and CFO at the time of such loans and without adequate loan / security documentation, though such loans were subsequently ratified by the Board.
3. Reporting of such share issuances and loans and related party transactions to the CFO and Audit Committee was only after such transactions were given effect to.
4. The Board had adopted a resolution in respect of related party transactions that was weak insofar as it delegated approval for transactions that are not material (below \$250,000 (which is the threshold for materiality used in the Company's financial statements)) to the Investment Committee.
5. Certain select transactions were entered into based upon discussions among Board members where Board approval could have been better documented.

Having reviewed the findings of the Audit Committee and considering the internal control weaknesses noted thereby, the Company has adopted the following remedial measures:

1. The Company has ceased the process of allowing option exercises without full payment of the exercise price in cash.
2. The Company has requested repayment of all option and warrant loans based upon either:
 1. negotiated repayment schedules; or
 2. the return of shares for cancellation.
3. The Company is communicating with applicable regulatory authorities regarding the administration of the Company's stock option plan.

4. The Company is reviewing and refining its process for the issuance of securities in consultation with its corporate legal counsel in connection with all future issuances of securities, which includes a prohibition on the issuance of shares without full payment in cash.
5. The Board and the CFO will be provided with notification of all issuances and proposed issuance of securities (including confirmation of full (cash) payment of exercise/issuance prices).
6. Board approval will be required for all related party transactions and other transactions that are not within the ordinary course of the Company's business and the prior resolution allowing for Investment Committee approval below a certain materiality threshold has been amended and replaced accordingly.
7. Any material impairments of related party transactions require approval from the Audit Committee and the Board of Directors.
8. The Company is reviewing its internal control documentation with its internal control consultant and will take such additional actions as are necessary or desirable to remedy the identified weaknesses.
9. Galaxy Power and the Company will be entering into an agreement to provide an anti-dilution covenant, whereby Galaxy Power will confirm its verbal commitment that the Company's 20% interest shall not be diluted through any preliminary financing activities of Galaxy Power.

About *dynaCERT* Inc.

dynaCERT Inc. manufactures and distributes Carbon Emission Reduction Technology for use with internal combustion engines. As part of the growing global hydrogen economy, our patented technology creates hydrogen and oxygen on-demand through a unique electrolysis system and supplies these gases through the

air intake to enhance combustion, resulting in lower carbon emissions and greater fuel efficiency. Our technology is designed for use with many types and sizes of diesel engines used in on-road vehicles, refrigerated trailers, off-road construction, power generation, mining and forestry equipment, marine vessels and railroad locomotives. Website: www.dynaCERT.com.

READER ADVISORY

Except for statements of historical fact, this news release contains certain "forward-looking information" within the meaning of applicable securities law. Forward-looking information is frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. In particular, forward-looking information in this press release includes, but is not limited to the remedial steps outlined following the review of certain transactions by the Company's audit committee. Although we believe that the expectations reflected in the forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct. We cannot guarantee future results, performance of achievements. Consequently, there is no representation that the actual results achieved will be the same, in whole or in part, as those set out in the forward-looking information.

Forward-looking information is based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking information. Some of the risks and other factors that could cause the results to differ materially from those expressed in

the forward-looking information include, but are not limited to: uncertainty as to whether our strategies and business plans will yield the expected benefits; 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 and changes in laws and regulations; 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; and the other risk factors disclosed under our profile on SEDAR at www.sedar.com. Readers are cautioned that this list of risk factors should not be construed as exhaustive.

The forward-looking information contained in this news release is expressly qualified by this cautionary statement. We undertake no duty to update any of the forward-looking information to conform such information to actual results or to changes in our expectations except as otherwise required by applicable securities legislation. Readers are cautioned not to place undue reliance on forward-looking information.

Neither The Toronto Stock Exchange nor its Regulation Services Provider (as that term is defined in the policies of the The Toronto Stock Exchange) accepts responsibility for the adequacy or accuracy of the release.

On Behalf of the Board

Murray James Payne, CEO

Contacts

Jim Payne, CEO & President
dynaCERT Inc.

#101 – 501 Alliance Avenue
Toronto, Ontario M6N 2J1
+1 (416) 766-9691 x 2
jpayne@dynaCERT.com

Investor Relations
dynaCERT Inc.
Nancy Massicotte
+1 (416) 766-9691 x 1
nmassicotte@dynaCERT.com