

Selling carbon credit futures by way of a convertible note, dynaCERT offers an innovative way to raise capital

written by Tracy Weslosky | December 6, 2022

We all know that companies can sell our data and how valuable data has become. Now a company is aiming to sell 'emissions reductions data in the form of carbon credit futures'.

[dynaCERT Inc.](#) (TSX: DYA | OTCQX: DYFSF) recently [announced](#) a unique way to raise capital by selling up to CAD\$10M of Carbon Credit Convertible Notes. The concept is quite simple. dynaCERT's will issue a convertible note that is convertible into carbon credit 'futures' after 5 years, so is effectively raising capital from the future carbon credit proceeds to come from the carbon credits potentially earned by dynaCERT's emission reduction product, HydraGEN™.

dynaCERT's HydraGEN™ system and HydraLytics™ software creates hydrogen and oxygen on-demand through a unique patented electrolysis system and supplies these gases through the air intake of internal combustion engines to enhance combustion, resulting in lower carbon emissions and greater fuel efficiency. The main target market is heavily polluting diesel engines. HydraLytics™ is able to create the data to show the carbon reduction/credit. (see [video](#) 3 minute 50 second mark)

dynaCERT's HydraGEN™ hydrolysis unit reduces emissions and improves fuel efficiency



Reducing Greenhouse Gases

Our Green Initiative focuses on reducing the amount of Greenhouse gases (GHG) emitted by the combustion of carbon based fuels. Our technology works with internal combustion engines used for industrial production processes, such as power generation, and for transportation, which includes tractor-trailers, rail, marine and off-road construction equipment. As more opportunities open for us to validate our technology, the more impact we will have in these areas.

Reducing the amount of GHGs provides benefits to the environment, to communities, to businesses and to our shareholders.

Source: [dynaCERT website](#)

The dynaCERT announcement [stated](#): “The offering is not convertible into the Company’s common shares and is non-dilutive to shareholders of the Company. Each Carbon Credit Convertible Note is priced at \$1,000 (Canadian) with a maturity date of ten (10) years after the date of issue. Commencing at the fifth (5th) anniversary after the date of issue, the Carbon Credit Convertible Notes will be convertible, at any time thereafter, at the option of the holder, into Carbon Credits generated by *dynaCERT*’s proprietary HydraGEN™ Technology. The Carbon Credit Convertible Notes are currently designed to be offered as a non-brokered private placement to institutional investors that wish to be the first to gain long term exposure to Carbon Credits.....”

The ‘methodology’ of the Carbon Credit Convertible Notes has been approved by [VERRA](#); however full approval is still in the final stages as you can read [here](#). VERRA certify and manage the world’s leading voluntary carbon markets program, the Verified Carbon Standard (VCS) Program. VERRA [state](#): “The Verified Carbon Standard (VCS) Program is the world’s most widely used greenhouse gas (GHG) crediting program. **It drives finance toward activities that reduce and remove emissions,** improve

livelihoods, and protect nature.....”

Jim Payne, President, CEO, and Director of dynaCERT, [stated](#):
“Carbon Credit Convertible Notes are an innovative structure offering premium Carbon Credit futures **derived from measured and verified emission reductions from the data received from internal combustion engines.**”

Note: Bold emphasis by the author.

Quite amazing that the ‘data showing emissions reductions’ nowadays potentially qualifies for carbon credits.

dynaCERT obtained VERRA Verified Carbon Standard ‘methodology’ approval in 2021



Verra Carbon Credits



Source: [dynaCERT company presentation](#)

dynaCERT plan to use the raised funds towards “working capital of its currently available HydraGEN™ Technology business and fulfill timely delivery of sales of its products and to expedite current and new potential deliveries globally.”

dynaCERT is making inroads with sales into the mining industry

dynaCERT's emission reduction HydraGEN™ product continues to gain traction in terms of sales into the mining industry. The mining industry is under significant ESG pressure to reduce emissions. As [announced](#) on November 15, 2022, dynaCERT's distributor has reported sales and/or pilot trials with multiple leading global mining companies including Vale, Codelco, Nexa Resources, Arauco, Antamina, and a Mexican multinational food processing and distribution company Sigma Alimentos.

dynaCERT is also working on technology to develop Green Hydrogen (5:30 mark in the [video](#)), but we will leave that story for another day.

Closing remarks

Selling carbon credit futures by way of a convertible note is certainly an innovative way to raise capital. It potentially indicates a very strong demand by carbon emitting companies to be able to buy carbon credits (in this case carbon credit futures) to help offset their carbon emissions, otherwise face hefty fines.

InvestorIntel will circle back and keep investors updated on this one and see how dynaCERT goes with their offering.

You can learn more by watching the recent dynaCERT CEO video interview moderated by Byron W King [here](#).

dynaCERT trades on a market cap of C\$69 million.