SECURITIES AND EXHCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

(Mark One)

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2000

OR

(   ) TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES ACT OF 1934 FOR THE TRANSITION PERIOD FROM TO .

Commission file number 0-8328

DYNAMIC MATERIALS CORPORATION
(Exact name of Registrant as Specified in its Charter)

DELAWARE	84-0608431
(State of Incorporation or Organization)	(I.R.S. Employer Identification No.)

551 ASPEN RIDGE DRIVE, LAFAYETTE, COLORADO 80026
(Address of principal executive offices, including zip code)

(303) 665-5700
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all

reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes X No

The number of shares of Common Stock outstanding was 2,842,429 as of April 30, 2000.

ITEM 1. FINANCIAL STATEMENTS

<TABLE>
<CAPTION>

DYNAMIC MATERIALS CORPORATION

CONDENSED BALANCE SHEETS

(UNAUDITED)

ASSETS	March 31, 2000	December 31, 1999
<S>	<C>	<C>
CURRENT ASSETS:		
Accounts receivable, net of allowance for doubtful accounts of $124,000 and $112,000, respectively	$ 4,306,997	$ 3,816,879
Inventories	4,653,378	3,410,828
Prepaid expenses and other	306,887	310,477
Income tax receivable	1,326,762	1,360,000
Total current assets	10,594,024	8,898,184
PROPERTY, PLANT AND EQUIPMENT	17,132,811	18,867,796
Less-Accumulated depreciation	(3,477,772)	(4,538,838)
Property, plant and equipment-net	13,655,039	14,328,958
CONSTRUCTION IN PROCESS	350,346	389,795
RESTRICTED CASH AND INVESTMENTS	336,819	424,312

RECEIVABLE FROM RELATED PARTY	--	354,588
INTANGIBLE ASSETS, net of accumulated amortization of $866,308 and $786,077, respectively	5,201,312	5,281,543
OTHER ASSETS	613,353	409,938
TOTAL ASSETS	$ 30,750,893	$ 30,087,318

</TABLE>

SEE NOTES TO CONDENSED FINANCIAL STATEMENTS

<TABLE>
<CAPTION>

DYNAMIC MATERIALS CORPORATION

CONDENSED BALANCE SHEETS

(UNAUDITED)

LIABILITIES AND STOCKHOLDERS' EQUITY	March 31, 2000	December 31, 1999
<S>	<C>	<C>
CURRENT LIABILITIES:		
Bank overdraft	$ 734,689	$ 193,471
Accounts payable	2,249,962	1,810,577
Accrued expenses	1,079,301	1,096,796
Current maturities on long-term debt	17,075,000	16,785,000
Current portion of capital lease obligation	29,740	35,230
Total current liabilities	21,168,692	19,921,074
CAPITAL LEASE OBLIGATION	--	3,069
DEFERRED GAIN ON SWAP TERMINATION	124,810	133,192
Total liabilities	21,293,502	20,057,335
STOCKHOLDERS' EQUITY:		
Convertible preferred stock, $.05 par value; 4,000,000 shares authorized: no issued and outstanding shares	--	--
Common stock, $.05 par value; 15,000,000 shares authorized; 2,842,429 shares issued and outstanding as of both dates	142,122	142,122
Additional paid-in capital	7,122,553	7,122,553
Deferred compensation	(33,751)	(37,970)
Retained earnings	2,226,467	2,803,278
	9,457,391	10,029,983
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 30,750,893	$ 30,087,318

</TABLE>

SEE NOTES TO CONDENSED FINANCIAL STATEMENTS

<TABLE>
<CAPTION>

DYNAMIC MATERIALS CORPORATION

CONDENSED STATEMENTS OF OPERATIONS

(UNAUDITED)

For the three months ended March 31,

	2000	1999
<S>	<C>	<C>
NET SALES	$ 6,386,623	$ 9,706,259
COST OF PRODUCTS SOLD	5,551,787	7,844,063
Gross profit	834,836	1,862,196
COSTS AND EXPENSES:		
General and administrative expenses	867,531	954,362
Selling expenses	367,029	394,451
New facility start up costs	--	65,224
	1,234,560	1,414,037
(LOSS) INCOME FROM OPERATIONS	(399,724)	448,159
OTHER INCOME (EXPENSE):		
Gain on sale of property and other income	185,610	6,731
Interest income (expense), net	(362,697)	(208,048)
(Loss) income before income taxes	(576,811)	246,842
INCOME TAX PROVISION	--	(102,000)
NET (LOSS) INCOME	$ (576,811)	$ 144,842
NET (LOSS) INCOME PER SHARE		
Basic	$ (0.20)	$ 0.05
Diluted	$ (0.20)	$ 0.05
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING		
Basic	2,842,429	2,813,455
Diluted	2,842,429	2,839,705

</TABLE>

SEE NOTES TO CONDENSED FINANCIAL STATEMENTS

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<CAPTION>

DYNAMIC MATERIALS CORPORATION

STATEMENT OF STOCKHOLDERS' EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 2000

(UNAUDITED)

	Common Stock		Additional		
	Shares	Amount	Paid-In Capital	Deferred Compensation	Retained Earnings
<S>	<C>	<C>	<C>	<C>	<C>
Balances, December 31, 1999	2,842,429	$ 142,122	$ 7,122,553	$ (37,970)	$ 2,803,278
Amortization of deferred compensation	--	--	--	4,219	--
Net loss	--	--	--	--	(576,811)
Balances, March 31, 2000	2,842,429	$ 142,122	$ 7,122,553	$ (33,751)	$ 2,226,467

</TABLE>

SEE NOTES TO CONDENSED FINANCIAL STATEMENTS

<TABLE>
<CAPTION>

DYNAMIC MATERIALS CORPORATION

STATEMENTS OF CASH FLOWS

(UNAUDITED)

<S>	For the three months ended March 31, 2000 <C>	1999 <C>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss) income	$ (576,811)	$ 144,842
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation	296,339	256,239
Amortization	80,231	83,187
Amortization of deferred gain on swap termination	(8,382)	--
Amortization of deferred compensation	4,219	4,220
Gain on sale of property, plant and equipment	(185,570)	--
Change in (excluding acquisitions)-		
Accounts receivable, net	(490,118)	(795,229)
Inventories	(1,242,550)	639,590
Prepaid expenses and other	(49,976)	(55,175)
Income tax receivable	33,238	95,482
Accounts payable	439,385	(254,679)
Accrued expenses	(17,495)	(539,602)
Net cash flows from operating activities	(1,717,490)	(421,125)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Release of restricted cash and investments	87,493	1,124,290
Cash paid in connection with the construction of the new facility	(228,836)	(1,645,506)
Acquisition of property, plant and equipment	(55,035)	(217,508)
Loan to related party	--	(22,769)
Proceeds from repayment of loan to related party	354,588	--
Change in other non-current assets	(203,415)	27,261
Proceeds from sale of property, plant and equipment	940,036	--
Net cash flows from investing activities	894,831	(734,232)

</TABLE>

SEE NOTES TO CONDENSED FINANCIAL STATEMENTS

<TABLE>
<CAPTION>

DYNAMIC MATERIALS CORPORATION

STATEMENTS OF CASH FLOWS

(UNAUDITED)

<S>	For the three months ended March 31, 2000 <C>	1999 <C>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings on line of credit, net	455,000	1,250,000
Payment on industrial development revenue bonds	(165,000)	--
Payments on long-term debt	--	(5,742)
Payments on capital lease obligation	(8,559)	(7,864)
Net proceeds from issuance of common stock	--	53,125
Bank overdraft	541,218	--
Repayment of bank overdraft	--	(134,162)

Net cash flows from financing activities	822,659	1,155,357
NET DECREASE IN CASH AND CASH EQUIVALENTS	--	--
CASH AND CASH EQUIVALENTS, beginning of the period	--	--
CASH AND CASH EQUIVALENTS, end of the period	$ --	$ --
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the period for-		
Interest, net of amounts capitalized	$ 305,657	$ 283,191
Income taxes	$ --	$ 6,518

</TABLE>

SEE NOTES TO CONDENSED FINANCIAL STATEMENTS

DYNAMIC MATERIALS CORPORATION

NOTES TO CONDENSED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

The information included in the Condensed Financial Statements is unaudited but includes all normal and recurring adjustments which, in the opinion of management, are necessary for a fair presentation of the interim periods presented. These Condensed Financial Statements should be read in conjunction with the financial statements that are included in the Company's Annual Report filed on Form 10-K for the year ended December 31, 1999.

Certain prior period amounts have been reclassified to conform to the current period presentation.

2. GOING CONCERN ISSUES

The Company has suffered losses from operations during 1999 and through the first quarter of 2000 and is in default of its debt obligations. Consequently, the accompanying condensed balance sheet reflects a net working capital deficiency that raises substantial doubt about the Company's ability to continue as a going concern. In order to meet its financial needs during 2000, the Company must obtain some form of debt or equity financing or combination thereof, or complete a sale of assets, a merger or other transaction. Presently, management is attempting to raise funds to pay down its bank debt which is currently due on June 30, 2000. In connection with the Company's efforts to re-capitalize its balance sheet, the Company entered into a Stock Purchase Agreement with SNPE, Inc. (SNPE) on January 20, 2000 under which SNPE will invest $7.0 million in the Company. The agreement provides for a $5.8 million cash payment to the Company in exchange for 2,109,091 shares of the Company's common stock at a price of $2.75 per share and an additional $1.2 million in cash borrowed under a convertible subordinated note that is due five years from the issue date and convertible into common stock of the Company at a conversion price of $6.00 per share. SNPE currently owns 14.3% of the Company's outstanding common stock and will acquire a controlling interest in the Company as a result of the proposed transaction. The proposed transaction is subject to approval by the Company's stockholders and satisfaction of certain other conditions. Company management believes that the necessary stockholder approval will be received at the special meeting of stockholders to be held on June 14, 2000 and expects to close the transaction late in the second quarter of 2000.

Assuming that the proposed transaction with SNPE closes as expected, the Company expects to utilize the $7.0 million cash infusion to repay bank debt, finance working capital requirements and make selective capital investments. Company management believes that this cash infusion would enable the Company to restructure its current credit facility and financial covenants relating to its bank credit agreement and the bonds to ensure compliance with underlying covenants or obtain replacement financing. Additionally, the Company believes that proceeds from this contemplated equity sale, cash flow from its operations and funds expected to be available under a restructured or new credit facility will be sufficient to fund working capital and capital expenditure requirements of its current business operations for the foreseeable future. However, if this contemplated equity sale transaction does not close and the Company is unsuccessful in restructuring its currently outstanding debt or obtaining replacement financing, the Company may be required to liquidate certain assets outside of the normal course of business which could result in a loss on the disposition of those assets. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might result should the Company be unable to continue as a going concern.

3. NEW ACCOUNTING PRINCIPLE

The FASB recently issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133"), which requires that companies recognize all derivatives as either assets or liabilities in the balance sheet at fair value. Under SFAS 133, accounting for changes in fair value of a derivative depends on its intended use and designation. SFAS 133 is effective for fiscal years beginning after June 15, 2000. The Company is currently assessing the effect of this new standard.

In December 1999, the staff of the Securities and Exchange Commission issued Staff Accounting Bulletin No. 101 ("SAB 101") "Views on Selected Revenue Recognition Issues" which provides the staff's views in applying generally accepted accounting principles to selected revenue recognition issues. The Company is required to implement SAB 101 during the second quarter of 2000. The Company is currently assessing the effect of implementing SAB 101.

4. INVENTORIES

This caption on the Condensed Balance Sheet includes the following:

<TABLE>
<CAPTION>

<S>	<C>	March 31, 2000 <C>	December 31, 1999 <C>
	Raw Materials	$1,449,036	$1,311,345
	Work-in-Process	3,130,410	2,001,784
	Supplies	73,932	97,699
		$4,653,378	$3,410,828

</TABLE>

5. CONSTRUCTION IN PROCESS

The construction in process balance of $350,346 as of March 31, 2000, represents costs incurred on the remaining manufacturing equipment not yet in service at the Company's new manufacturing facility in Pennsylvania. This remaining manufacturing equipment is expected to be ready for service during the second quarter of 2000. Building and equipment costs of $268,285 related to the Company's new manufacturing facility were transferred from construction in process to property, plant and equipment during the three months ended March 31, 2000.

Construction began in September 1998 and was largely completed during the third quarter of 1999. The project is being financed using proceeds from the issuance of industrial development revenue bonds. The portion of the borrowings on the bonds not yet expended for construction was $336,819 (which includes accrued interest) as of March 31, 2000 and is classified as restricted cash and investments (non-current) in the accompanying balance sheet. The proceeds are being held by a trustee until qualified expenditures are made and reimbursed to the Company.

6. LONG-TERM DEBT

Long-term debt consists of the following at March 31, 2000 and December 31, 1999:

<TABLE>
<CAPTION>

	March 31, 2000	December 31, 1999

<S>

	<C>	<C>
Lines of credit	$10,555,000	$10,100,000
Industrial development revenue bonds	6,520,000	6,685,000
Total long-term debt (classified as current)	$17,075,000	$16,785,000

</TABLE>

LOAN COVENANTS AND RESTRICTIONS

The Company's loan agreements include various covenants and restrictions, certain of which relate to the payment of dividends or other distributions to stockholders, redemption of capital stock, incurrence of additional indebtedness, mortgaging, pledging or disposition of major assets and maintenance of specified financial ratios.

Due largely to the operating losses the Company incurred during 1999 and the first quarter of 2000, the Company violated certain financial covenants under both its amended and restated credit facility with its bank and its reimbursement agreement relating to the letter of credit with its bank that supports payment of the principal and interest under the bonds.

As a first step in the restructuring of its bank credit facility and the reimbursement agreement relating to the bonds, the Company entered into a Deferral and Waiver Agreement with its bank that (i) defers certain principal payments that were due on September 30, 1999, December 31, 1999 and March 31, 2000 ($777,273 under the Company's acquisition line and $690,000 under its accommodation line), (ii) waives covenant defaults until June 30, 2000, (iii) revises interest rates and (iv) decreases maximum borrowings under the working capital line from $6,000,000 to $5,000,000. Since the bank deferral and waiver agreement extends only through June 30, 2000 and the Company does not expect to restructure its existing credit facility until the proposed transaction with SNPE closes, the subject debt is classified as a current liability in the March 31, 2000 financial statements.

7. BUSINESS SEGMENTS

The Company is organized in the following two segments: the Explosive Metalworking Group and the Aerospace Group. The Explosive Metalworking Group uses explosives to perform metal cladding, metal forming and shock synthesis. The most significant product of this group is clad metal which is used in the fabrication of pressure vessels, heat exchangers and transition joints used in the hydrocarbon processing, chemical processing, power generation, petrochemical, pulp and paper, mining, shipbuilding and heat, ventilation and air conditioning industries. The Aerospace Group machines, forms and welds parts for the commercial aircraft, aerospace and defense industries.

The accounting policies of both segments are the same as those described in the summary of significant accounting policies.

The Company's reportable segments are strategic business units that offer different products and services and are separately managed. Each segment is marketed to different customer types and requires different manufacturing processes and technologies. Segment information is presented for the three months ended March 31, 2000 and 1999 as follows:

<TABLE>
<CAPTION>

<S>	Explosive Manufacturing <C>	Aerospace <C>	Total <C>
For the three months ended March 31, 2000:			
Net sales	$ 3,305,345	$ 3,081,278	$ 6,386,623
Depreciation and amortization	$ 163,539	$ 213,031	$ 376,570
Loss from operations	$ (388,437)	$ (11,287)	$ (399,724)
Unallocated amounts:			
Other income			185,610
Interest expense, net			(362,697)
Consolidated income before income taxes			$ (576,811)

</TABLE>

<TABLE>
<CAPTION>

	Explosive Manufacturing	Aerospace	Total
<S>	<C>	<C>	<C>
For the three months ended March 31, 1999:			
Net sales	$ 6,365,486	$ 3,340,773	$ 9,706,259
Depreciation and amortization	$ 165,527	$ 173,897	$ 339,424
Income from operations	$ 34,984	$ 413,175	$ 448,159
Unallocated amounts:			
Other income			6,731
Interest expense			(209,577)
Interest income			1,529
Consolidated income before income taxes			$ 246,842

</TABLE>

All of the Company's sales are shipped from domestic locations and all of the Company's assets are located within the United States. The following represents the Company's net sales based on the geographic location of the customer:

<TABLE>
<CAPTION>

		For the three months ended March 31,	
		2000	1999
<S>	<C>	<C>	<C>
	United States	$5,624,234	$8,725,273
	Canada	202,957	679,750
	Australia	--	112,826
	Korea	380,244	1,000
	Other foreign countries	179,188	187,410
	Total consolidated net sales	$6,386,623	$9,706,259

</TABLE>

During the three months ended March 31,2000, sales to no one customer accounted for more than 10% of total net sales. During the three months ended March 31, 1999, sales to one customer represented approximately $1,320,000 (14%) of total net sales.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GOING CONCERN CONSIDERATIONS

The Company has suffered losses from operations during 1999 and through the first quarter of 2000 and is in default of its debt obligations. Consequently the Company's March 31, 2000 balance sheet reflects a net working capital deficiency that raises substantial doubt about the Company's ability to continue as a going concern. In order to meet its financial needs during 2000, the Company must obtain some form of debt or equity financing or combination thereof, or complete a sale of assets, a merger or other transaction. Presently, management is attempting to raise funds to pay down its bank debt. The overdue principal payments totaling approximately $1,467,000 are currently due on the earlier of June 30, 2000 or the closing of the transaction contemplated by the Stock Purchase Agreement with SNPE, Inc., discussed below under the heading "Liquidity and Capital Resources." The Company is actively pursuing a common stock sale through the form of a definitive stock purchase agreement. However, there are no assurances that the Company will be successful in its fund raising efforts or, if successful, that it will be able to successfully restructure or refinance its existing debt obligations. In conjunction with attempts to secure financing, the Company may need to initiate further reductions in its workforce and other areas of costs to reduce future financial obligations.

GENERAL

Dynamic Materials Corporation ("DMC" or the "Company") is a worldwide leader in explosive metalworking and, through its new Aerospace Group, is involved in a variety of metal forming, machining, welding, and assembly activities. The explosive metalworking business includes the use of explosives to perform metallurgical bonding, or "metal cladding" and shock synthesis of synthetic diamonds. The Company performs metal cladding using its proprietary Dynaclad(TM) and Detaclad(R) technologies. The Company's revenues from its explosive metalworking businesses, as a proportion of total Company revenues, have declined as a result a significant slowdown in global market demand for explosion bonded clad metal plate and the 1998 acquisitions of AMK Welding, Spin Forge and Precision Machined Products. The Company's Aerospace Group was formed from these three acquisitions and accounted for 22% and 42% of the Company's 1998 revenues and 1999 revenues, respectively. The proportion of revenues accounted for by the Aerospace Group for the quarter ended March 31, 2000 was 48%, compared to 34% in the first quarter of 1999.

EXPLOSIVE METALWORKING. Clad metal products are used in manufacturing processes or environments that involve highly corrosive chemicals, high temperatures and/or high pressure conditions. For example, the Company fabricates clad metal tube sheets for heat exchangers. Heat exchangers are used in a variety of high temperature, high pressure, highly corrosive chemical processes, such as processing crude oil in the petrochemical industry and processing chemicals used in the manufacture of synthetic fibers. In addition, the Company has produced titanium clad plates used in the fabrication of metal autoclaves to replace autoclaves made of brick

and lead for two customers in the mining industry. The Company believes that its clad metal products are an economical, high-performance alternative to the use of solid corrosion-resistant alloys. In addition to clad metal products, the explosive metalworking business includes shock synthesis of synthetic diamonds.

AEROSPACE MANUFACTURING. Formed metal products are made from sheet metal and forgings that are subsequently formed into precise, three-dimensional shapes that are held to tight tolerances. Metal forming is accomplished through the use of traditional forming technologies, including spinning, machining, rolling and hydraulic expansion. DMC also performs welding services utilizing a variety of manual and automatic welding techniques that include electron beam and gas tungsten arc welding processes. The Company's forming and welding operations are often performed to support the manufacture of completed assemblies and sub-assemblies required by its customers. Fabrication and assembly services are performed utilizing the Company's close-tolerance machining, forming, welding, inspection and other special service capabilities. The Company's forming, machining, welding and assembly operations serve a variety of product applications in the commercial aircraft, aerospace, defense and power generation industries. Product applications include tactical missile motor cases, titanium pressure tanks for launch vehicles, and complex, high precision component parts for satellites.

Due largely to the operating loss the Company incurred during 1999, the Company violated certain financial covenants under its debt agreements. Once it became apparent that financial covenant violations under its debt agreements would continue, the Company began to evaluate various business strategies and financing alternatives in connection with the need to restructure its debt agreements and/or re-capitalize the Company's balance sheet. These efforts culminated in the Company entering into a Stock Purchase Agreement (the "Agreement") with SNPE, Inc. ("SNPE") that was signed on January 20, 2000. Under the Agreement, SNPE would make a $5.8 million cash payment to the Company in exchange for 2,109,091 shares of the Company's common stock at a price of $2.75 per share and would lend the Company an additional $1.2 million under a convertible subordinated note that carries a 5% interest rate, is due five years from date of issuance and is convertible into common stock of the Company at a conversion price of $6.00 per share. SNPE currently owns 14.3% of the Company's outstanding common stock and would acquire a controlling interest in the Company as a result of the proposed transaction. The proposed transaction is subject to approval by the Company's stockholders and satisfaction of certain other conditions. Company management believes that the necessary stockholder approval will be received at the special meeting of stockholders to be held on June 14, 2000 and expects to close the transaction late in the second quarter of 2000.

In 1999, the Company experienced significant operating losses as a result of a significant slowdown in global market demand for explosion bonded clad metal plate and non-recurring charges associated with plant closing costs, new facility start-up costs, asset impairment write-downs and expenses incurred in connection with efforts to sell the Explosive Metalworking Group. In the first quarter of 2000, the Company again experienced an operating loss due principally to the continued slowdown in global market demand for explosion bonded clad metal plate. The Company expects the reduced demand for these products to continue at least through the end of 2000. The Company also experienced, and expects to continue to experience, quarterly fluctuations in operating results caused by various factors, including the timing and size

of orders from major customers, customer inventory levels, shifts in product mix, the occurrence of acquisition and divestiture-related costs, and general economic conditions. The Company typically does not obtain long-term volume purchase contracts from its customers. Quarterly sales and operating results therefore depend on the volume and timing of backlog as well as bookings received during the quarter. A significant portion of the Company's operating expenses is fixed, and planned expenditures are based primarily on sales forecasts and product development programs. If sales do not meet the Company's expectations in any given period, the adverse impact on operating results may be magnified by the Company's inability to adjust operating expenses sufficiently or quickly enough to compensate for such a shortfall. In addition, the Company uses numerous suppliers of alloys, steels and other materials for its operations. The Company typically bears a short-term risk of alloy, steel and other component price increases, which could adversely affect the Company's gross profit margins. Although the Company will work with customers and suppliers to minimize the impact of any component shortages, component shortages have had, and are expected from time to time to have, short-term adverse effects on the Company's business. Results of operations in any period should not be considered indicative of the results to be expected for any future period. Fluctuations in operating results may also result in fluctuations in the price of the Company's common stock.

QUARTER ENDED MARCH 31, 2000 COMPARED TO MARCH 31, 1999

The following table sets forth for the periods indicated the percentage relationship to net sales of certain income statement data:

	PERCENTAGE OF NET SALES THREE MONTHS ENDED MARCH 31, 2000	1999
Net Sales	100.0%	100.0%
Cost of Products Sold Manufactured	86.9%	80.8%
Gross Margin	13.1%	19.2%
General & Administrative	13.6%	9.8%
Selling Expenses	5.7%	4.1%
Start up Costs	0.0%	0.7%
(Loss) Income from Operations	(6.3)%	4.6%
Interest Expense	5.7%	2.1%
Income Tax Provision	0.0%	1.1%
Net (Loss) Income	(9.0)%	1.5%

NET SALES. Net sales for the quarter ended March 31, 2000 decreased 34.2% to $6,386,623 from $9,706,259 in the first quarter of 1999. The Company's Aerospace Group, which was formed in 1998 as a result of the acquisitions of AMK, Spin Forge and PMP, contributed $3,081,278 (48.2% of total sales) to 2000 first quarter sales versus sales of $3,340,773 (34.4% of total sales) in the first quarter of 1999. Sales by the Company's Explosive

Metalworking Group, which includes explosion bonding of clad metal and shock synthesis of synthetic diamonds, decreased 48.1% from $6,365,486 in the first quarter of 1999 to $3,305,345 in the first quarter of 2000. The large decrease in Explosive Metalworking Group sales reflects a significant slowdown in global market demand for clad metal plate that is expected to continue for at least the remainder of the year 2000.

GROSS PROFIT. The Company's gross profit for the quarter ended March 31, 2000 decreased by 55.2% to $834,836 from $1,862,196 in the first quarter of

1999. The gross profit margin for the quarter ended March 31, 2000 was 13.1%, representing a 31.8% decline from the gross profit margin of 19.2% for the first quarter of 1999. The gross profit margin for the Company's Explosive Metalworking Group decreased from 13.5% in the first quarter of 1999 to 7.8% in the first quarter of 2000. The decrease in the gross profit margin for the Explosive Metalworking Group is due to unfavorable absorption of fixed manufacturing overhead cost into cost of products sold as a result of the 48.1% decline in Explosive Metalworking Group net sales. The Explosive Metalworking Group's low sales level more than offset the positive impact of the significant reduction in fixed manufacturing overhead costs that resulted from the July 1999 closing of the Group's Colorado manufacturing facility and consolidation of all of the Group's manufacturing activities in its new Mount Braddock, Pennsylvania plant. The gross profit margin for the Aerospace Group was 18.8% for the quarter ended March 31, 2000 as compared to 29.9% in the first quarter of 1999. This decrease relates principally to product mix differences between the two quarters and unfavorable absorption of fixed manufacturing expenses into cost of products sold at Spin Forge due to year-to-year sales decreases at this location.

GENERAL AND ADMINISTRATIVE. General and administrative expenses for the quarter ended March 31, 2000 decreased 9.1% to $867,531 from $954,362 in the first quarter of 1999. The decrease in general and administrative expenses is largely due to reductions in salaries, payroll taxes and benefits as well as reductions in legal expenses. General and administrative expenses as a percentage of net sales increased from 9.8% in the first quarter of 1999 to 13.6% for the quarter ended March 31, 2000. This increased percentage is largely attributable to the significant decrease in sales by the Company's Explosive Metalworking Group.

SELLING EXPENSES. Selling expenses decreased by 7.5% to $367,029 for the quarter ended March 31, 2000 from $394,451 in the first quarter of 1999. This decrease is principally due to continued reductions in salaries, payroll taxes and benefits associated with Explosive Metalworking Group sales staff reductions. Due to the 34.2% decrease in sales, selling expenses as a percentage of net sales increased from 4.1% in the first quarter of 1999 to 5.7% for the quarter ended March 31, 2000.

START-UP COSTS. In 1998, the Company began to separately report the start-up costs associated with the construction of the new facility in Pennsylvania for the manufacture of clad metal plates. Start-up costs for the quarter ended March 31, 1999 totaled $65,224 and included salaries, benefits and travel expenses for Company employees assigned to this project, field office expenses and other operating expenses directly associated with this project. The new facility commenced operations in August 1999 at which time all operating costs associated with this new

facility began to be recorded as manufacturing overhead that is included in the computation of cost of products sold.

LOSS/INCOME FROM OPERATIONS. Income from operations decreased by 189.2% to a loss of $399,724 for the quarter ended March 31, 2000 from income from operations of $448,159 in the first quarter of 1999. This decrease reflects a gross profit decrease of $1,027,360 primarily associated with lower sales by the Company's Explosive Metalworking Group and lower gross margins by the Aerospace Group, partly offset by a decrease in total operating expenses of $179,477. Income from operations for the Explosive Metalworking Group declined by $423,421 from $34,984 for the first quarter of 1999 to a loss from operations of $388,437 for the first quarter of 2000. The decrease in income from operations for the Explosive Metalworking Group is due primarily to the unfavorable absorption of fixed manufacturing overhead costs in to costs of products sold that resulted from the 48.1% decline in Explosive Metalworking Group net sales. Income from operations for the Aerospace Group declined by $424,462 from $413,175 for the first quarter of 1999 to a loss from operations of $11,287 for the first quarter of 2000. This decrease relates principally to product mix differences between the two quarters and unfavorable absorption of fixed manufacturing expenses into cost of products sold at Spin Forge due to the year-to-year sales decrease at this location.

INTEREST EXPENSE. Interest expense increased to $362,697 for the quarter ended March 31, 2000 from $209,577 in the first quarter of 1999. This increase is due to increases in interest rates and average borrowings outstanding under the Company's revolving credit facility. In addition the increase reflects the interest on the industrial development revenue bonds being recorded in interest expense for the quarter ended March 31, 2000 versus being capitalized during the quarter ended March 31, 1999. The Company began to record interest on the industrial development revenue bonds as expense once the new facility commenced operations in August 1999. Prior to the commencement of operations, interest on the industrial development revenue bonds was being capitalized.

INCOME TAX PROVISION. No tax benefit has been recorded for the quarter ended March 31, 2000 since the Company utilized all of its tax loss carry-backs in 1999 and the Company's current financial position and near-term operations outlook make the future realization of tax benefits associated with tax loss carry-forwards uncertain. The income tax provision for the quarter ended March 31, 1999 was $102,000, representing an effective tax rate of 41.3%

LIQUIDITY AND CAPITAL RESOURCES

Historically, the Company has obtained most of its operational financing from a combination of operating activities and an asset-backed revolving credit facility. Due primarily to the operating losses the Company incurred during 1999 and the first quarter of 2000, the Company violated certain financial covenants under both its revolving credit facility and the reimbursement agreement related to the letter of credit supporting payment of principal and interest under the Company's industrial revenue development bonds (the "Bonds"), used to finance the construction of its manufacturing facilities in Pennsylvania. The Company has entered

into an agreement with its bank under which (i) certain principal payments due September 30, 1999, December 31, 1999 and March 31, 2000 totaling approximately $1,467,000 have been deferred until the earlier of June 30, 2000 or the closing date of the transaction with SNPE, Inc. described below; (ii) covenant defaults under both the revolving credit facility and reimbursement agreement are waived until June 30, 2000; (iii) interest rates on the revolving credit facility have been increased to prime plus 1% on the acquisition and working capital lines and prime plus 2.25% on the accommodation line; and (iv) maximum borrowings permitted under the working capital line have been decreased to from $6 million to $5 million. The working capital line expires by its terms on November 30, 2000.

As of March 31, 2000, borrowings outstanding under the $13 million revolving credit line totaled $4.93 million on the acquisition line, $2.3 million on the accommodation line and $3.325 million on the working capital line, and borrowings outstanding on the Bonds totaled $6.52 million. In April 2000, the Company received approximately $1.35 million in loss carrybacks related to federal income taxes. These proceeds were used to partially pay down the working capital line. The Company expects the outstanding working capital line balance to be in the $1.5 to $2.5 million range until such time that the Company is able to close the proposed transaction with SNPE, Inc. Since the current bank deferral and waiver extends only through June 30, 2000 and certain financial covenant violations are likely to continue beyond this date, all of the foregoing debt has been classified as a current liability in the Company's March 31, 2000 financial statements.

On January 20, 2000, the Company entered into the Agreement with SNPE under which SNPE would acquire 2,109,091 shares of the Company's common stock for a $5.8 million cash payment and would lend the Company an additional $1.2 million pursuant to a convertible subordinated note due five years from the issue date. Completion of the transaction is subject to certain regulatory approvals and approval by the stockholders of the Company at a special to be held on June 14, 2000. SNPE currently owns 14.3% of the Company's common stock and would acquire a controlling interest in the Company as a result of this transaction. The Company expects to complete the transaction late in the second quarter of 2000. In anticipation of closing the SNPE transaction, the Company is in current discussions with its bank to amend both the revolving credit facility and reimbursement agreement with the bank. Amendment to both agreements would contain new financial covenants that reflect the Company's current financial position and projected results for the year 2000 and 2001. The Company expects the amended revolving credit facility to have a term of twelve to eighteen months and consist of a working capital component and a term component with fixed quarterly principal payments. The current maturity schedule for the Bonds is expected to remain unchanged. There can be no assurance that the waivers and deferrals currently in effect will be extended, that the Company will be successful in closing the transaction with SNPE, or that it will be able to successfully restructure or refinance its existing debt obligations.

The Company believes that its cash flow from operations and funds the Company expects to be available under its revolving credit facility will be sufficient to fund working capital and capital expenditure requirements of its current operations at least until the SNPE transaction is completed late in the second quarter of 2000. If the bank were to refuse to amend the agreement as described above, or to make further funds available to the Company as permitted under that agreement, the Company's ability to meet its cash requirements would be adversely affected.

Assuming that the proposed SNPE transaction closes as expected, the Company expects to utilize the $7.0 million cash infusion to repay bank debt, finance working capital requirements and make selective capital investments. Company management believes that this cash infusion would enable the Company to restructure its current credit facility and financial covenants relating to its bank credit agreement and the bonds to ensure compliance with underlying covenants or obtain replacement financing. Additionally, the Company believes that proceeds from this contemplated equity sale, cash flow from its operations and funds expected to be available under a restructured or new credit facility will be sufficient to fund working capital and capital expenditure requirements of its current business operations for the foreseeable future. However, if this contemplated equity sale transaction does not close and the Company is unsuccessful in restructuring its currently outstanding debt or obtaining replacement financing, the Company may be required to liquidate certain assets outside of the normal course of business which could result in a loss on the disposition of those assets. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might result should the Company be unable to continue as a going concern.

FORWARD-LOOKING STATEMENTS

Statements which are not historical facts contained in this report are forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from projected results. Factors that could cause actual results to differ materially include, but are not limited to the following: the ability to obtain new contracts at attractive prices; the size and timing of customer orders; fluctuations in customer demand; competitive factors; the timely completion of contracts; whether and when the contemplated transaction with SNPE is completed; any actions which may be taken by SNPE as the controlling shareholder of the Company with respect to the Company and its businesses; the ability of the Company to successfully restructure or refinance its existing debt obligations; the ability of the Company to continue to obtain payment deferrals and covenant waivers from its lenders; the timing and size of expenditures; the timely receipt of government approvals and permits; the adequacy of local labor supplies at the Company's facilities; the availability and cost of funds; and general economic conditions, both domestically and abroad. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's analysis only as of the date hereof. The Company undertakes no obligation to publicly release the results of any revision to these forward-looking statements which may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In October 1999, the Company was named as a third party defendant in a civil action brought in the United States District Court, District of Wyoming by The Industrial Company of Wyoming, Inc., plaintiff, and Process Partners, Inc., d/b/a International Alliance Group, defendant and third party plaintiff. Additional information regarding this litigation was included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1999. The Company reached a settlement in May pursuant to which the Company made a payment of $10,000 to the third party plaintiff in exchange for dismissal of the litigation with prejudice and a general release of claims.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6.

(a) Reports on Form 8-K

None.

(b) Exhibits

10.1 Amendment No. 1 to Stock Purchase Agreement dated as of April 20, 2000 between Dynamic Materials Corporation and SNPE, Inc.

10.2 Third Amendment to Deferral and Waiver Agreement dated as of May 2, 2000 between the Company and Key Bank National Association.

27 Financial Data Schedule

SIGNATURES

In accordance with the requirements of the Exchange Act, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DYNAMIC MATERIALS CORPORATION
(Registrant)

Date: May 12, 2000

/s/ RICHARD A. SANTA

Richard A. Santa, Vice President of Finance and Chief Financial Officer
(Duly Authorized Officer and Principal Financial and Accounting Officer)

EXECUTION COPY

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AMENDMENT NO. 1

DATED APRIL 20, 2000

TO

STOCK PURCHASE AGREEMENT

DATED AS OF JANUARY 20, 2000

BETWEEN

DYNAMIC MATERIALS CORPORATION

AND

SNPE, INC.

==

THIS AMENDMENT NO. 1 (this "Amendment") to the Stock Purchase Agreement dated as of January 20, 2000 (the "Agreement") between Dynamic Materials Corporation (the "Company") and SNPE, Inc. ("Buyer") is entered into by the parties thereto as of April 20, 2000. Capitalized terms used herein have the same meanings ascribed to them in the Agreement.

RECITALS

WHEREAS, the Company and Buyer are parties to the Agreement; and

WHEREAS, to facilitate the Closing and provide adequate time for the satisfaction of all of the conditions thereto set forth in the Agreement, the Company and Buyer wish to amend the Agreement;

NOW THEREFORE, in consideration of the premises and the agreements set forth herein, and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. AMENDMENTS TO THE AGREEMENT.

(a) AMENDMENT TO SECTION 2.1.

SECTION 2.1 IS AMENDED AND RESTATED IN ITS ENTIRELY AS FOLLOWS:

"Section 2.1 DATE OF CLOSING. The consummation of the purchase and sale of the Shares contemplated hereby (the "CLOSING") shall take place on the earlier of June 30, 2000 (or such other date as the parties may mutually agree upon) or the fifth business day following the date upon which the last remaining condition set forth in Articles VI and VII has been satisfied or waived by the party entitled to waive that condition, at the offices of ____ at ____________ local time, or on such other date or at such other place designated by the parties in writing. The date on which the Closing is effected is referred to in this Agreement as the "CLOSING DATE." At the Closing, the parties shall execute and deliver the documents referred to in Articles VI and VII."

(b) AMENDMENT TO SECTION 8.1(B).

SECTION 8.1 (B) IS AMENDED AND RESTATED IN ITS ENTIRETY AS FOLLOWS:

"Section 8.1(b) By either Buyer or the Company, if the Closing shall not have occurred on or before June 30, 2000 or such other date as the parties may mutually agree upon, (the "TERMINATION DATE") or any closing condition set forth in Articles VI or VII has not been satisfied by the date required for such satisfaction by the party of whom performance is required; PROVIDED, HOWEVER, that the right to terminate this Agreement pursuant to this SECTION 8.1(B) shall not be available to any party that is in material breach of this Agreement at the time the notice of termination is delivered or whose delay or failure to fulfill any obligation under this Agreement has been the cause of, or resulted in, the failure of the Closing to occur on or before such date nor to Buyer if not available to Buyer under Section 8.1(d)(ii);"

2. CONTINUED EFFECT. Except as expressly set forth herein, the terms of the Agreement remain in full force and effect. Each of the parties expressly affirms its obligations in the Agreement notwithstanding the amendments effected by this Amendment. No waiver of any provisions of the Agreement effected by this Amendment shall entitle either party to any other or further waiver in the same, similar or other circumstances. The parties agree that all references to the Agreement shall mean the Agreement as amended by this Amendment.

3. EFFECTIVENESS. This Amendment shall become effective immediately upon the execution hereof by the

parties hereto.

4. GOVERNING LAW. THIS AGREEMENT AND THE RESPECTIVE RIGHTS, DUTIES AND OBLIGATIONS OF THE PARTIES HEREUNDER, SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF DELAWARE, WITHOUT GIVING EFFECT TO THE CONFLICTS OF LAW PROVISIONS THEREOF.

5. COUNTERPARTS. This Amendment may be executed in two or more counterparts, each of which shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Amendment No. 1 as of the date first above written.

DYNAMIC MATERIALS CORPORATION

By: /s/ JOSEPH P. ALLWEIN
Name: Joseph P. Allwein
Title: President

Witness:

SNPE S.A.	SNPE, INC.
By: /s/ JEAN FAURE	By: /s/ BERNARD FONTANA
Name: Jean Faure	Name: Bernard Fontana
Title: Chairman	Title: President

THIRD AMENDMENT TO DEFERRAL AND WAIVER AGREEMENT

THIS THIRD AMENDMENT TO DEFERRAL AND WAIVER AGREEMENT is made and entered into this 2ND day of MAY, 2000, by and between KEYBANK NATIONAL ASSOCIATION, a national banking association ("LENDER") and DYNAMIC MATERIALS CORPORATION, a Delaware corporation (the "COMPANY").

RECITALS

A. On December 31, 1998, the Company and Lender entered into a First Amendment to Amended and Restated Credit Facility and Security Agreement ("FIRST AMENDMENT"), which amended the terms of a November 30, 1998 Amended and Restated Credit Facility and Security Agreement (the First Amendment and the Amended and Restated Credit Facility and Security Agreement shall be hereinafter collectively referred to as the "CREDIT AGREEMENT"). Pursuant to the terms of the First Amendment, Lender agreed to provide credit facilities to the Company in an aggregate principal amount of up to $14,000,000, consisting of an Acquisition Line with a maximum credit limit of $5,700,000, an Accommodation Line with a maximum credit limit of $2,300,000, and a Working Capital Credit Line with a maximum credit limit of $6,000,000.

B. By letter dated July 21, 1999, Lender waived for the period ended September 30, 1999 certain of the Company's covenant defaults under the Credit Agreement and under that certain Reimbursement Agreement between the parties dated as of September 1, 1998, executed in connection with Lender's issuance of a letter of credit to support principal and interest payments under certain industrial development revenue bonds (the Credit Agreement and the Reimbursement Agreement are sometimes hereinafter collectively referred to as the "LOAN DOCUMENTS"). In addition, by letter dated September 30, 1999, Lender deferred until October 15, 1999 certain principal payments that were required to be made by the Company on September 30, 1999.

C. On or about October 15, 1999, Company and Lender executed a Deferral and Waiver Agreement, pursuant to which Lender agreed, conditioned upon certain undertakings and covenants of Company, to forbear from declaring any further defaults under the Loan Documents, to accelerate amounts due thereunder, or to otherwise exercise its rights and remedies under the Loan Documents for the period from October 16, 1999 to December 30, 1999 (the "INITIAL DEFERRAL PERIOD").

D. On or about December 30, 1999, Company and Lender executed a First Amendment to Deferral and Waiver Agreement pursuant to which Lender agreed, conditioned upon certain undertakings and covenants of Company, to forbear from declaring any further defaults under the Loan Documents, to accelerate amounts due thereunder, or to otherwise exercise its rights and remedies under the loan documents for the period from December 30, 1999 to March 30, 2000 (the "SECOND DEFERRAL PERIOD").

E. On or about March 27, 2000, Company and Lender executed a Second Amendment to Deferral and Waiver Agreement pursuant to which Lender agreed, conditioned upon certain undertakings and covenants of Company, to forbear from declaring any further defaults under the Loan Documents, to accelerate amounts due thereunder or to otherwise exercise its rights and remedies under the Loan Documents for the period from March 30, 2000 to May 15, 2000.

F. Company has requested that Lender enter into this Third Amendment to Deferral and Waiver Agreement in order to give the Company additional time to close that certain Stock Purchase Agreement dated January 20, 2000, as amended, between Company and SNPE, Inc..

G. Lender is willing to enter into this Third Amendment to Deferral and Waiver Agreement, but only upon the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the above Recitals and for other good and valuable consideration, the receipt and adequacy of which are hereby mutually acknowledged, the parties do hereby agree as follows:

1. AFFIRMATION OF RECITALS. The Recitals set forth above are true and correct and are incorporated herein by this reference.

2. ACKNOWLEDGMENT OF INDEBTEDNESS. Company acknowledges that as of the date hereof, the following loan balances are outstanding from Company to Lender:

Principal amount outstanding under Acquisition Line	$4,930,000.00

Principal amount outstanding under Accommodation Line	$2,300,000.00

Of the foregoing amounts, Company further acknowledges that the following amounts are due and owing to Lender as of the date hereof (the "Current Principal Loan Payments"):

Current Principal Loan Payment due under Acquisition Line	$777,272.73
Current Principal Loan Payment due under Accommodation Line	$690,000.00

3. LENDER'S FORBEARANCE. Provided that Company is not in default under the terms of this Third Amendment to Deferral and Waiver Agreement, Lender agrees not to declare any further defaults under the Loan Documents, to accelerate the amounts due under the Loan Documents, or to otherwise exercise its other rights and remedies under the Loan Documents for the period from May 15, 2000 to June 30, 2000 (the "THIRD AMENDED DEFERRAL Period"). The Current Principal Loan Payments referred to in paragraph 2 above, together with accrued interest shall be due and payable on the earlier of (i) June 30, 2000, or (ii) the closing date of the transaction referred to in Recital F above.

4. WAIVER OF COVENANT VIOLATIONS. Provided that the Company is not in default hereunder, Lender agrees, during the Third Amended Deferral Period, to waive the Company's Covenant Defaults under the Loan Documents.

5. NO DEFENSES, WAIVERS. As of the date of this Third Amendment to Deferral and Waiver Agreement, the Principal Loan Payments set forth in paragraph 2 above are due and payable by the Company to Lender, and the Company acknowledges that it has no defense, offset, or counterclaims to any of Company's obligations under the Loan Documents. To the extent that any such defenses, claims or offsets exist as of the date hereof, they are hereby waived and released in consideration of Lender's execution of this Third Amendment to Deferral and Waiver Agreement. Company has duly authorized, executed and delivered this Third Amendment to Deferral and Waiver Agreement to Lender, and the Company acknowledges that the Loan Documents are valid and enforceable in accordance with their terms against the Company.

6. DEFAULTS. The occurrence of any one or more of the following shall constitute a default under this Third Amendment to Deferral and Waiver Agreement:

(i) the untruth of any representation or warranty contained in this Third Amendment to Deferral and Waiver Agreement, or the existence of a misrepresentation of fact or fraud contained in any document or information heretofore or hereafter submitted or communicated to Lender in support of this Third Amendment to Deferral and Waiver Agreement;

(ii) breach or violation of any terms, covenant or condition contained in this Third Amendment to Deferral and Waiver Agreement;

(iii) any other default (other than non-payment of principal acknowledged in paragraph 2 above and the Company's Covenant Defaults referred to in paragraph 4 above) under any of the Loan Documents;

(iv) any variation by Two Hundred and Fifty Thousand Dollars ($250,000) or more (on a cumulative basis) between (i) the proforma cash flow summary (September 21, 1999 update) and monthly income statement summary (September 21, 1999 update) which have been submitted by the Company to Lender in accordance with the Loan Documents and (ii) the actual cash flow and operating income of the Company calculated and submitted to Lender within twenty (20) days following the end of each calender month during the Third Amended Deferral Period; or

(v) termination of the January 20, 2000 Stock Purchase Agreement, as amended, between the Company and SNPE, Inc.

7. TERMINATION; REMEDIES. Immediately following the occurrence of any default under this Third Amendment to Deferral and Waiver Agreement, Lender may, at its option, (i) terminate its obligations to waive Covenant Defaults and defer payments as contained herein without notice or

demand to the Company and (ii) pursue any other remedies available to it under the Loan Documents or otherwise. If not sooner terminated, Lender's obligation to waive Covenant Defaults and defer payments as set forth herein shall terminate automatically and without notice to or action by Company on June 30, 2000.

8. NO WAIVER OF REMEDIES. Lender expressly reserves any and all rights and remedies available to it under this Third Amendment to Deferral and Waiver Agreement and the Loan Documents, at law or in equity in the event the Company defaults under this Third Amendment to Deferral and Waiver Agreement. No failure to exercise, or delay by Lender in exercising, any right, power or privilege hereunder shall preclude any other or further exercise thereof, or the exercise of any other right, power or privilege. The rights and remedies provided in this Third Amendment to Deferral and Waiver Agreement and the Loan Documents are cumulative and not exclusive of each other or of any right or remedy provided by law or in equity. Except as expressly provided in the Loan Documents, no notice to or demand upon the Company in any instance shall, in itself, entitle the Company to any other or further notice or demand in similar or other circumstances or constitute a waiver of the right of Lender to any other or further action in any circumstances without notice or demand.

9. EXPENSES; ATTORNEYS' FEES. In addition to all other amounts that are now due or may hereafter become due to Lender under the Loan Documents or this Third Amendment to Deferral and Waiver Agreement, the Company shall reimburse Lender for all amounts reasonably incurred by or on behalf of Lender for attorneys' fees, recording expenses, title insurance fees, UCC searches, and all other reasonable expenses incurred by or on behalf of Lender by reason of the matters specified herein and for the preparation of this Third Amendment to Deferral and Waiver Agreement and all other documents necessary and required to effectuate the provisions hereof including, without limitation, all reasonable costs and expenses with respect to the Company's compliance with the terms and conditions hereof and Lender's enforcement thereof. In the event any dispute shall arise concerning the subject matter of this Third Amendment to Deferral and Waiver Agreement, Lender shall be entitled to recover from the Company its reasonable attorneys' fees and costs incurred in the enforcement of any of the provisions set forth herein. The rights and remedies of Lender contained in this paragraph shall be in addition to, and not in lieu of, the rights and remedies contained in the Loan Documents and as provided by law.

10. GOVERNING LAW. This Third Amendment to Deferral and Waiver Agreement shall be construed in accordance with the laws of the State of Colorado, without regard to its conflict of laws principles.

11. CONSTRUCTION. This Third Amendment to Deferral and Waiver Agreement shall not be construed more strictly against Lender merely by virtue of the fact that the same has been prepared by Lender or its counsel, it being recognized that the Company and Lender have contributed substantially and materially to the preparation of this Third Amendment to Deferral and Waiver Agreement, and the Company and Lender each acknowledge and waive any claim contesting the existence and the adequacy of the consideration given by any of the other parties hereto in entering into this Third Amendment to Deferral and Waiver Agreement.

12. ENTIRE AGREEMENT. Company and Lender each acknowledge that there are no other agreements or representations, either oral or written, express or implied, not embodied in this Third Amendment to Deferral and Waiver Agreement and the Loan Documents, which, together, represent a complete integration of all prior and contemporaneous agreements and understandings of the Company and Lender, and the provisions of the Loan Documents are hereby ratified and confirmed.

13. BENEFIT. Except as provided herein, this Third Amendment to Deferral and Waiver Agreement shall be binding upon and shall inure to the benefit of the Company and Lender, and their respective successors and assigns.

14. RATIFICATION. The Loan Documents shall remain in full force and effect, and all of the terms and provisions of the Loan Documents, as herein modified, are hereby ratified and reaffirmed.

15. CONSENT TO AGREEMENT. Company acknowledges that it has thoroughly read and reviewed the terms and provisions of this Third Amendment to Deferral and Waiver Agreement and is familiar with the same, that the terms and provisions contained herein are clearly understood by it and have been fully and unconditionally consented to by it and that the Company has had the full benefit and advice of counsel of its own selection, or the opportunity to obtain the benefit and advice of counsel of its own selection, in regard to understanding the terms, meaning and effect of this Third Amendment to Deferral and Waiver Agreement and that this Third Amendment to Deferral and Waiver Agreement has been entered into by the Company freely, voluntarily, with full knowledge, and without duress, and that in executing this Third Amendment to Deferral and

Waiver Agreement, the Company is relying on no other representations, either written or oral, express or implied, made to the Company by any other party hereto, and that the consideration received by the Company hereunder has been actual and adequate.

16. RELEASE. As additional consideration for Lender entering into this Third Amendment to Deferral and Waiver Agreement, the Company hereby fully and unconditionally releases and forever discharges Lender, its agents, servants, employees, directors, officers, attorneys, branches, affiliates, subsidiaries, successors and assigns and all persons, firms, corporations, and organizations acting in its behalf of and from all damage, loss, claims, demands, liabilities, obligations, actions and causes of action whatsoever which the Company may now have or claim to have against Lender as of the date of this Third Amendment to Deferral and Waiver Agreement, whether presently known or unknown, and of every nature and extent whatsoever on account of or in any way affecting, concerning, arising out of or founded upon the Loan Documents including, but not limited to, all such loss or damage of any kind heretofore sustained, or that may arise as a consequence of the dealings between the parties up to and including the date of this Third Amendment to Deferral and Waiver Agreement.

17. COUNTERPARTS. It is understood and agreed that this Third Amendment to Deferral and Waiver Agreement may be executed in several counterparts, each of which shall, for all purposes, be deemed an original and all of such counterparts, taken together, shall constitute one and the same

Third Amendment to Deferral and Waiver Agreement, even though all of the parties hereto may not have executed the same counterpart of this Third Amendment to Deferral and Waiver Agreement.

18. LENDER NOT LIABLE FOR EXPENSES. Nothing in this Third Amendment to Deferral and Waiver Agreement shall be intended or construed to hold Lender liable or responsible for any expenses, disbursement, liability or obligation of any kind or nature whatsoever including, but not limited to, wages, salaries, payroll taxes, deposits, withholding, benefits or other amounts payable to or on behalf of the Company.

19. COMPANY REMAINS IN CONTROL. Company and Lender agree that the Company remains in control of the Company, that it determines the business plan for, and employment, management and operating directions and decisions for Company.

20. MISCELLANEOUS. This Third Amendment to Deferral and Waiver Agreement is made for the sole protection of Lender and the Company and their respective successors and assigns. No other person shall have any right whatsoever hereunder. Notices to parties hereunder may be given to them at the addresses and in the manner provided in the Loan Documents. Time shall be of the strictest essence in the performance of each and every one of the Company's obligations hereunder. If any provision of this Third Amendment to Deferral and Waiver Agreement is held to be invalid or unenforceable, the remaining provisions shall remain in effect without impairment.

IN WITNESS WHEREOF, this Third Amendment to Deferral and Waiver Agreement has been executed by the parties hereto in manner and form sufficient to bind them, as of the day and year first above written.

KEYBANK NATIONAL ASSOCIATION
a national banking association

By:
Name: /s/ H. DANIEL WILLETTS

Its: Vice President

DYNAMIC MATERIALS CORPORATION,
a Delaware corporation

By:
Name: /s/ RICHARD A. SANTA

Its: VP-Finance & CFO

STATE OF COLORADO)
) ss.
COUNTY OF DENVER)

The foregoing was acknowledged before me this 2nd day of May, 2000, by H. DANIEL WILLETTS, as VP of KEYBANK NATIONAL ASSOCIATION, a national banking association.

WITNESS my hand and official seal.

My commission expires: 1/22/2002

/s/ M.J. NUMET

Notary Public

STATE OF COLORADO)
) ss.
COUNTY OF BOULDER)

The foregoing was acknowledged before me this 02 day of May, 2000, by RICHARD A. SANTA, as VP Finance & CFO of DYNAMIC MATERIALS CORPORATION, a Delaware corporation.

WITNESS my hand and official seal.

My commission expires: 10/22/2001

/s/ Luetha A. Sweeney

Notary Public

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<DISCONTINUED>                                     0
<EXTRAORDINARY>                                    0
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<EPS-BASIC>                                    (.20)
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