



News Release

AZURE DYNAMICS REPORTS RESULTS FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2002

Vancouver, British Columbia—November 29, 2002

[Azure Dynamics Corporation \(TSX Venture – AZD\)](#) a leading developer of hybrid electric systems for commercial vehicles has announced its results for the first quarter of fiscal 2003.

During the quarter the Company's development activities were focused on building a second generation hybrid electric prototype delivery van which was used in service trials by Purolator Courier Ltd. ("Purolator") in October 2002, the successful demonstration of an all-electric powertrain in a delivery vehicle application in England, and preliminary work with London Taxis International ("Lti") regarding advanced hybrid electric powered taxis.

Chairman and CEO, D. Campbell Deacon, commented, "As a result of our efforts on all fronts by our entire team we have recently announced a Memorandum of Understanding with Purolator Courier for the supply of up to 3,000 hybrid electric powertrains for delivery vehicles and a Memorandum of Understanding with Lti for a joint program to develop and produce hybrid electric taxis with projected volumes of up to 3,000 vehicles per annum. These developments are significant, not only to our Company, but our industry as a whole." He added, "We also raised \$750,000 of financing in November 2002 from new and existing shareholders; we thank them for their support."

As the Company is engaged in the development of its core technologies, it mainly expends monies on research and development activities and on the management and infrastructure required to develop and commercialize its products. For the three months ended September 30, 2002, the Company incurred a net loss of \$1,073,532 or \$0.02 per share compared to a net loss for the same quarter of the preceding fiscal year of \$1,148,743 or \$0.05 per share. The Company incurred higher costs in the current quarter compared to the prior year quarter, particularly research and development costs and selling-related costs, yet the overall loss was lower due to \$161,347 of government contributions in the current quarter compared to \$29,775 in the prior year quarter.

Azure Dynamics Corporation is an innovative company that has developed proprietary hybrid electric vehicle technology for retrofit and new vehicle powertrains in the light and medium duty commercial category. Azure's intellectual property combined with interchangeable, off-the-shelf components provides an affordable and effective solution for fleet managers in applications such as the postal and courier delivery fleets.

Azure's series hybrid vehicle technology is also a gateway to fuel cells becoming practical, both economically and operationally. A series hybrid system (battery plus fuel cell) enables a reduction in the size of the required fuel stack and also allows much simpler power electronics thereby lowering the cost of the total fuel cell system and also simplifying many application issues.

Note: The foregoing information may contain forward-looking statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results to be materially different from any future results, performance or achievements expressed or implied by such statements. Such factors include, but are not limited to: the ability to raise the capital required for product development and operations, product development delays, changing environmental regulations, the ability to attract and retain business partners, competition from other developers of hybrid electric vehicle control systems, competition from other advanced or existing power technologies, evolving markets for power for transportation vehicles. These factors should be considered carefully and readers should not place undue reliance on Azure's forward-looking statements. Investors are encouraged to review the risks detailed from time to time in the company's filings with regulatory authorities.

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

FOR MORE INFORMATION, CONTACT:

Greg Francis, Vice-President, Finance and Chief Financial Officer (416) 367-0220 ext 110

Email: gfrancis@azuredynamics.com

Or Steven Glaser, Vice-President, Corporate Affairs (416) 367-0220 ext 105

Email: sglaser@azuredynamics.com

Or visit the company's website at www.azuredynamics.com

Azure Dynamics Corporation
(A Development Stage Enterprise)
Consolidated Balance Sheets

As at	September 30 2002 (Unaudited)	June 30 2002 (Audited)	September 30 2001 (Unaudited)
ASSETS			
Current			
Cash and cash equivalents	\$ 1,047,703	\$ 1,896,248	\$ 1,720,822
Investment tax credits receivable	-	-	15,103
Accounts receivable	37,336	68,327	235,403
Contributions receivable	276,481	567,626	-
Prepaid expenses	26,437	53,961	73,810
	<u>1,387,957</u>	<u>2,586,162</u>	<u>2,045,138</u>
Employee loans	259,214	259,214	273,501
Related party receivable	-	-	5,625
Capital assets	323,669	372,019	468,630
Other assets	100,480	97,005	52,866
	<u>\$ 2,071,320</u>	<u>\$ 3,314,400</u>	<u>\$ 2,845,760</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities	\$ 273,325	\$ 442,625	\$ 556,140
Obligations under capital leases	13,142	13,748	11,753
	<u>286,467</u>	<u>456,373</u>	<u>567,893</u>
Obligations under capital leases	-	2,575	13,081
	<u>286,467</u>	<u>458,948</u>	<u>580,974</u>
Shareholders' equity			
Share capital	11,197,971	11,195,038	2,496,918
Special warrants	-	-	3,500,000
Deficit	(9,413,118)	(8,339,586)	(3,732,132)
	<u>1,784,853</u>	<u>2,855,452</u>	<u>2,264,786</u>
	<u>\$ 2,071,320</u>	<u>\$ 3,314,400</u>	<u>\$ 2,845,760</u>

Azure Dynamics Corporation
(A Development Stage Enterprise)
Unaudited Consolidated Statements of Operations and Deficit

	For the three months ended September 30	
	2002	2001
Revenue		
Other income	\$ 11,799	\$ 30,291
Expenses		
Research and development, net	419,141	581,625
Selling and marketing	176,433	139,238
General and administrative	376,805	369,091
Rent	59,905	53,834
Amortization	53,047	35,246
	1,085,331	1,179,034
Net loss for the period	(1,073,532)	(1,148,743)
Deficit, beginning of period	(8,339,586)	(2,583,389)
Deficit, end of period	\$ (9,413,118)	\$ (3,732,132)
Loss per share *	\$ (0.02)	\$ (0.05)
Weighted average number of shares	43,555,999	24,649,009

** No fully diluted earnings per share have been disclosed, as these would be anti dilutive.*

Azure Dynamics Corporation
(A Development Stage Enterprise)
Unaudited Consolidated Statements of Cash Flows

For the three months ended
September 30

	2002	2001
Cash flows from operating activities		
Operations		
Net loss for the period	\$ (1,073,532)	\$ (1,148,743)
Adjustment for:		
Amortization	53,047	35,246
Changes in non-cash working capital items	179,359	109,359
	(841,126)	(1,004,138)
Cash flows from financing activities		
Issuance of common shares (net of costs)	2,933	-
Reduction in related party advances	-	8,531
Payment of obligations under capital leases	(3,181)	(2,481)
	(248)	6,050
Cash flows from investing activities		
Acquisition of capital assets	(145)	(136,571)
Acquisition of intellectual properties	(7,026)	(3,971)
	(7,171)	(140,542)
Decrease in cash and cash equivalents	(848,545)	(1,138,630)
Cash and cash equivalents, beginning of period	1,896,248	2,859,452
Cash and cash equivalents, end of period	\$ 1,047,703	\$ 1,720,822