News Release

For Immediate Release

AZURE OBTAINS NEW US PATENT FOR ADAPTIVE HYBRID VEHICLE CONTROL

Vancouver—June 14, 2001 -- Azure Dynamics Corp (CDNX - AZD) a leading developer of hybrid electric smart energy management systems for commercial vehicles announced today that it was awarded US Patent 6242873 on June 5th 2001. This patent is in addition to Azure's US Patent 5898282 and further specifies how adaptive management may be implemented in hybrid electric systems.

Entitled " Method and Apparatus for Adaptive Hybrid Vehicle Control," the new patent addresses the adaptive method for energy management in hybrid propulsion systems. The inventors are Azure's Vice President of Technology, Piotr Drozdz and Senior Control Engineer, Andrew Zettel.

The objective of the proposed approach is to minimize the energy use and emissions while improving the durability of both the battery and the engine applicable to both series and parallel hybrid systems. Either an internal or external combustion engine or a fuel cell can be used as a prime mover in a series system. The parallel system may include an IC engine and one or more electric machines coupled via a planetary gearbox and/or a continuously variable transmission (CVT). The patent describes specifically how to implement the adaptive energy management in each of the above system.

Azure Dynamics is publicly traded on the Canadian Venture Exchange (CDNX) under the symbol AZD. On June 7, the company announced that it had entered into a strategic alliance with Grumman Olson of Sturgis, Michigan, one of the largest manufacturers of walk-in medium duty commercial vehicles in North America to equip a current Grumman Olson walk-in vehicle with an advanced hybrid powertrain.

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FOR MORE INFORMATION, CONTACT:

Allan McGirr, Investor Relations (604) 734-7563 Email: amcgirr@azuredynamics.com

D. Campbell Deacon at (416) 350-3333 Email: cdeacon@azuredynamics.com

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