

Attention Business/Automotive Editors:

Azure Dynamics and Purolator Courier sign ground-breaking agreement for up to 3,000 hybrid electric vehicles

VANCOUVER, Oct. 28 /CNW/ - Azure Dynamics Corporation (TSX Venture Exchange - AZD), a leading developer of hybrid electric powertrains for commercial vehicles and Purolator Courier Ltd., Canada's largest courier company, are pleased to announce the signing of a Memorandum of Understanding for Azure to supply up to 3,000 hybrid electric powertrains to be installed in new vehicles and, in some instances, retrofitted to current vehicles in the Purolator fleet. This agreement follows the recent delivery by Azure of a prototype hybrid electric parcel delivery vehicle to Purolator on October 15, 2002, in Vancouver. Pursuant to the terms of this Memorandum of Understanding and subject to applicable regulatory approval, Purolator has agreed to purchase, for a consideration of \$50,000, an option to acquire up to 2 million shares of Azure Dynamics Corporation at 50 cents per share. The option will expire on February 28, 2003 and will only be exercisable to the extent that Purolator places an order for powertrains prior to February 28, 2003.

Campbell Deacon, Chairman and CEO of Azure Dynamics said, "This is an historic moment in the hybrid electric vehicle business. Purolator's commitment to move to hybrid electric technology is ground-breaking, not just in Canada, but worldwide. Purolator will be the world leader in this category of medium duty delivery vehicles. It will significantly decrease the use of fossil fuels as well as directly reduce greenhouse gases and ground level pollutants (smog)." Mr. Deacon also remarked, "While we have been working with a number of potential customers in the U.S. and Europe we are particularly pleased that a Canadian company has been the first to take such a significant step."

Purolator's Senior Vice-President, Operations, Ray Pedersen stated, "We will examine the drive cycles of our fleet to determine exactly how many of our vehicles will be affected, but if the testing and development proceeds as we anticipate, I can see up to 3,000 vehicles in the Purolator fleet that could be fitted with Azure's hybrid electric powertrains. The timing is right. There is a need for a leadership role today and Purolator wants our customers to understand the significant commitment we are willing to make in contributing to a cleaner and healthier environment."

As Canada's leading overnight courier company, Purolator Courier Ltd. of Mississauga, Ontario is committed to making shipping the easiest part of the day for its customers. From automated solutions to 24 hour pick up and delivery, Purolator provides customers with the services and customized solutions required to get their shipments across town or around the world. Purolator operates Canada's largest dedicated air express fleet. Purolator has an extensive service network, with over 13,000 employees, including more than 4,000 couriers, over 140 operations locations, over 170 Shipping Centres, over 490 Authorized Shipping Agents and more than 480 drop boxes. Purolator processes over 5.5 million pieces (delivery and pick up) each week for destinations across Canada and around the world. For more company information please visit our website at www.purolator.com.

Azure Dynamics Corporation is an innovative company that has developed proprietary hybrid electric vehicle technology for retrofit and new vehicle powertrains in the light to medium duty commercial category. 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 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.
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