

Attention Business Editors:
Azure Dynamics update on financing

VANCOUVER, July 28 /CNW/ - Azure Dynamics Corporation (TSX Venture - AZD) ("Azure") a leading developer of hybrid electric powertrains for commercial vehicles is pleased to provide this update of its proposed financing of secured convertible debt instruments ("Debentures") of up to \$2.5 million, as announced July 18, 2003. Closing on \$2.21 million is anticipated to be completed by the end of this week at which time \$1.0 million of the proceeds will be immediately available to the Company. Of the balance of the proceeds, \$0.25 million will be held in escrow until the Company obtains reporting issuer status in the jurisdiction of Quebec, and \$0.96 million will be subject to escrow release on September 15, 2003, pending the satisfaction of certain conditions including the receipt of a third party consent in respect of the security package, verbal consent for which has already been received. The financing arrangements will provide Azure with access to sufficient funds needed for immediate liquidity and working capital requirements, thereby enabling it to continue ongoing operations and to progress its current commercialization activities.

Azure Dynamics Corporation is an innovative company that has developed proprietary hybrid electric vehicle technology for the light and medium duty commercial vehicle category. Azure was the recipient of the Canadian Energy Efficiency Award 2003 from Natural Resources Canada in the category of transportation (light duty commercial vehicles) and also received the 2002 Applied Energy Innovation Award from the Canadian Institute of Energy (BC).

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

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.

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CNW 14:12e 28-JUL-03