

# **AZURE DYNAMICS CLOSES \$10.7 MILLION FINANCING – TRIGGERS POTENTIAL ACCESS TO \$5 MILLION OF TPC FUNDING**

Toronto, Ontario — December 1, 2003

[Azure Dynamics Corporation](#) (“Azure” or the “Company”) ([TSX Venture Exchange: AZD](#)), a leading developer of hybrid electric powertrains for commercial vehicles is pleased to announce that today it closed a private placement financing led by Kingsdale Capital Markets Inc. for gross proceeds of \$10.7 million.

Mr. D. Campbell Deacon, Chairman and CEO of Azure stated, “The closing today of our \$10.7 million private placement allows Azure to access up to \$5 million of previously announced Technology Partnership Canada (“TPC”) funding, subject to TPC conditions. This should lead to \$15.7 million in total available funding.” Mr. Deacon went on to say, “I am very pleased with this result as it allows Azure to focus on development and customer delivery issues as we proceed through this final phase to commercialization.”

The private placement consisted of 25,382,126 units of the Company (“Units”) at a price of \$0.42 per Unit. Each Unit consists of one common share (“Common Share”) of the Company and one-half of one Common Share purchase warrant (“Warrant”). Each whole Warrant entitles the holder to purchase one Common Share at a price of \$0.62 per share for up to one year after the closing of the offering. The purpose of the financing is to provide the Company with funds needed for immediate liquidity and working capital requirements and to redeem, if necessary, up to \$2,216,000 principal amount of the Company’s issued and outstanding convertible debentures (the “Debentures”). The closing of the offering triggers an obligation of the Company to offer to redeem the Debentures. Debenture holders can elect to be repaid in cash or can exercise their right to convert the principal amount of their Debentures into Common Shares at a conversion rate of \$0.30 per share. The Company has today issued formal notice calling on the Debenture holders to make their election regarding redemption or conversion of their debentures, which redemption or conversion is scheduled to occur on December 19, 2003.

The Company will receive gross proceeds of \$10.7 million from which it will deduct agent commission of approximately \$0.7 million. Azure will issue a total of 2,325,508 compensation options to the selling agents, which options are exercisable for a period of 12 months after closing and entitle the holders thereof to purchase Common Shares at a price of \$0.495 per share. Immediately after closing of the private placement, the Company has 70,533,168 issued and outstanding common shares on a non-fully diluted basis or 83,224,231 issued and outstanding common shares assuming the exercise of the warrants comprising the Units (not including, in each case, common shares issuable upon the exercise of selling agents’ compensation options).

All dollar amounts referred to in this press release represent Canadian dollars.

[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).

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*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.

**FOR MORE INFORMATION, CONTACT:**

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