

AZURE DYNAMICS ANNOUNCES APPOINTMENT OF THOMAS N. DAVIDSON, SR. AS CHAIRMAN

Toronto, Ontario — December 17, 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 the appointment of Thomas N. Davidson, Sr. as non-executive Chairman. Mr. D. Campbell Deacon, the outgoing Chairman, will become Deputy Chairman and continue in his current role of Chief Executive Officer.

Mr. Deacon stated, “We are delighted that Mr. Davidson has accepted our invitation to become Chairman of the Board”. Mr. Deacon added, “Separating the roles of the Chairman and of the Chief Executive Officer is a logical step in our Company’s evolution. Azure’s future is now clearly focussed on implementing our technology and establishing first class operations. Tom Davidson is highly qualified to guide our Company through this next phase of our commercialization strategy. This action strengthens our corporate governance and management practices to more accurately reflect the maturation of Azure Dynamics from an R and D company to one that is focused on the commercialization of our award winning technology.”

Thomas N. Davidson has been Chairman of Quarry Hill Group, a private investment holding partnership, since 1989, and Chairman of NuTech Precision Metals since 1987. During Mr. Davidson’s career, he has been a principal owner of several U.S., Canadian, and European enterprises and a director of numerous Canadian and U.S. companies. He is currently a director of HMI Industries Inc. (HMII), MDC Corporation Inc. (MDZ.A: TSX) and TLC Laser Eye Centres Inc. (TLC: TSX) (TLCV: NASDAQ). He has served as International President of the Young Presidents Organization, and International President of the World Presidents Organization. Mr. Davidson was recognized as Canadian Entrepreneur of the Year in 1979, and Plastic Industry Man of the Year in 1985.

Mr. Davidson commented, “The company has carefully positioned itself with the right technology, the right personnel, and, most recently, the financing necessary to achieve successful commercial launch of its unique hybrid electric vehicle technology. I am pleased and honoured to have an opportunity to be part of the Azure team and this exciting enterprise.”

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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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