

AZURE DYNAMICS ANNOUNCES CONVERSION OF SECURED CONVERTIBLE DEBENTURES

Vancouver, British Columbia—December 22, 2003

[Azure Dynamics Corporation](#) (“Azure” or the “Company”) ([TSX Venture – AZD](#)), a leading developer of hybrid electric powertrains for commercial vehicles is pleased to announce the redemption, by way of conversion, of all its issued and outstanding secured convertible debentures (“Debentures”).

In accordance with the terms of the Debenture trust indenture, all of the Debenture holder’s have elected to convert their Debentures into shares of the Corporation at the conversion price of \$0.30 and hence the Company has issued 7,386,667 common shares in full satisfaction of the \$2,216,000 Debenture principal. After taking into consideration the issue of the common shares to satisfy the Debenture redemption, the Company has 78,138,835 common shares issued and outstanding.

[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.

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