



News Release

AZURE DYNAMICS ANNOUNCES FILING OF A PRELIMINARY SHORT FORM PROSPECTUS FOR AN OFFERING OF COMMON SHARES

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Toronto, Ontario – September 21, 2007 – Azure Dynamics Corporation (TSX: AZD & LSE: ADC) (“Azure” or the “Company”) a leading developer of hybrid electric and electric powertrains for commercial vehicles announced today the filing of a preliminary short form prospectus with the securities regulatory authorities in each of the Provinces of Canada in connection with a proposed public offering of common shares (the “Offering”).

The number of common shares to be offered and the price for the Offering have not yet been determined. The common shares are being offered in each of the provinces of Canada on a best efforts basis, with no minimum number or dollar amount requirement.

Paradigm Capital Inc. and Raymond James Ltd. are acting as co-lead agents in connection with the Offering. The syndicate also includes Clarus Securities Inc. and Desjardins Securities Inc. The agents for the Offering have also been granted an option to purchase that number of additional common shares as is equal to 10% of the size of the Offering for market stabilization and over-allotment purposes. This option may be exercised in whole or in part until 30 days after the closing of the Offering.

The Offering is subject to certain conditions including, but not limited to, the receipt of all necessary approvals, including the approval of the Toronto Stock Exchange and the AIM of the London Stock Exchange.

The Company plans to use the net proceeds of the Offering to fund its ongoing product development as well as general corporate purposes.

About Azure Dynamics

[Azure Dynamics Corporation \(TSX: AZD\) \(LSE: ADC\)](#) is a world leader in the development and production of hybrid electric and electric components and powertrain systems for commercial vehicles. Azure is strategically targeting the commercial delivery vehicle and shuttle bus markets and is currently working internationally with various partners and customers. The Company is committed to providing customers and partners with innovative, cost-efficient, and environmentally friendly energy management solutions.

For more information, please visit www.azuredynamics.com.

The TSX and LSE Exchanges do not accept responsibility for the adequacy or accuracy of this release.

Forward-looking Statements

This press release contains forward-looking statements. More particularly, this press release contains statements concerning Azure's business development strategy, projected commercial revenues and product deliveries.

The forward-looking statements are based on certain key expectations and assumptions made by Azure, including expectations and assumptions concerning achievement of current timetables for development programs, target market acceptance of Azure's products, current and new product performance, availability and cost of labour and expertise, and evolving markets for power for transportation vehicles.

Although Azure believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because Azure can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, the risks associated with Azure's early stage of development, lack of product revenues and history of losses, requirements for additional financing, uncertainty as to commercial viability, uncertainty as to product development and commercialization milestones being met, uncertainty as to the market for Azure's products and unproven acceptance of Azure's technology, competition for capital, product market and personnel, uncertainty as to target markets, dependence upon third parties, changes in environmental laws or policies, uncertainty as to patent and proprietary rights, availability of management and key personnel, and acquisition integration risk. These risks are set out in more detail in Azure's annual information form which can be accessed at www.sedar.com.

The forward-looking statements contained in this press release are made as of the date hereof and Azure undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

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