



News Release

AZURE DYNAMICS AND KIDRON SIGN SUPPLY AGREEMENT FOR LOW EMISSION ELECTRIC POWER (“LEEP”) SYSTEMS FOR REFRIGERATED TRUCKS

Oak Park, Michigan – October 10, 2007 – Azure Dynamics Corporation (TSX: AZD & LSE: ADC) (“Azure”) a leading developer of hybrid electric and electric powertrains for commercial vehicles, today announced that it has signed a supply agreement with Kidron, Incorporated (“Kidron”), a division of VT Specialized Vehicles Corporation (“VT SVC”). The supply agreement encompasses branding, marketing and sale of Azure’s Low Emission Electric Power (“LEEP”) systems throughout the North American refrigerated truck body market.

The Agreement structure has Azure providing Kidron with LEEP systems for integration into their cold plate refrigerated truck and truck body units. Kidron will market this product through its direct sales force and distribution channels across North America.

“This formalized agreement represents a significant milestone for Azure, as we now have an industry-leader in the refrigerated truck segment actively marketing the LEEP system to their customers,” said Scott Harrison, Azure’s Chief Executive Officer. “We are excited to partner with an industry leader like Kidron, to help them advance their commitment to customer driven solutions.”

Azure’s LEEP system uses the vehicle powertrain to generate clean electric power for a range of auxiliary and export power applications. The LEEP system delivers significant improvements in fuel utilization and emission levels by allowing the vehicle to power auxiliary loads with the engine off. The LEEP system has a wide range of applications beyond refrigeration including utility and telecomm. Azure believes that the LEEP market available to it is estimated at 160,000 units per year. Refrigeration represents approximately 30% of this market.

The LEEP system developed for Kidron stores energy in the cold plate refrigeration system when the engine is running. When the engine is off, the stored energy is used to maintain refrigeration temperatures. The LEEP system also allows the vehicle to operate in engine off mode while still maintaining the desired temperature in the refrigeration unit. Furthermore, by allowing the system to operate with the engine off, the LEEP system provides a solution for increasing anti-idle regulations across North America. Lastly, the LEEP system has the potential to replace the ancillary motors/generators used in the other method of cooling refrigerated trucks, thereby reducing initial capital cost, fuel consumption, noise and emissions.

Kidron’s cold plate technology provides excellent energy storage capability and quieter operations at delivery sites compared to engine-driven refrigeration systems.

About VT Specialized Vehicles Corporation

VT Specialized Vehicles Corporation (VT SVC), a company of VT Systems (VTS), is the leading manufacturer in North America for specialized truck bodies and trailers that services the multi-stop food and beverage service distributors and municipal emergency rescue departments. Its

two divisions, Hackney and Kidron, specialize in beverage truck bodies and trailers, emergency rescue bodies and trailers, special application truck bodies and multi-temperature refrigerated truck bodies and trailers. Kidron's innovative use of construction techniques and materials that result in the lightest possible weight underscores its strong track record for the production of refrigerated bodies, dry freight truck bodies, cutaway dry freight bodies and service bodies. Headquartered in Kidron, Ohio, Kidron provides fast, efficient service to a nationwide customer base through a network of dedicated distributors and manufacturing facilities in Lakeland, Florida; Tulare, California; and Montgomery, Pennsylvania.

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

About Azure Dynamics

[Azure Dynamics Corporation \(TSX: AZD\) \(LSE: ADC\)](http://www.azure.com) 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.azure.com.

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

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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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