



## News Release

### **AZURE DYNAMICS ANNOUNCES FILING OF FINAL SHORT FORM PROSPECTUS FOR PREVIOUSLY ANNOUNCED OFFERING OF COMMON SHARES**

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**Oak Park, Michigan – October 16, 2007** – Azure Dynamics Corporation (TSX: AZD & LSE: ADC) (“Azure” or the “Company”) a leading developer of hybrid electric and electric powertrains for commercial vehicles today announced the filing of a final short form prospectus in each of the Provinces in Canada in connection with the previously announced marketed short form prospectus offering of the Company (the “Offering”).

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. Pursuant to the Offering, the Company has agreed to issue and sell up to 81,100,000 common shares at a price of CDN\$0.37 per common share, for aggregate gross proceeds of up to CDN\$30,007,000.

The Offering is expected to close on or about October 23, 2007. 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 (“TSX”). Application has been made for the shares to be admitted to trading on AIM and admission is expected on or about October 24, 2007.

The Company plans to use the proceeds of the Offering to fund ongoing and future engineering and product development programs and for 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](http://www.azuredynamics.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](http://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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