



AZURE DYNAMICS ANNOUNCES PRIVATE PLACEMENT OF UP TO CDN\$25 MILLION

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August 21, 2008 – Azure Dynamics Corporation (TSX: AZD & LSE: ADC) (“Azure” or the “Company”), a leading developer of hybrid electric and electric powertrains for commercial vehicles, is pleased to announce a private placement offering of up to 100,000,000 common shares at a price of CDN\$0.25 per common share (the “Issue Price”) for gross proceeds of up to CDN\$25,000,000 (the “Offering”).

As part of the Offering, the Company will issue up to 74,000,000 common shares at the Issue Price to three pension funds managed by Shell Asset Management Company B.V. (“SAMCo”) (a European pension fund asset manager) for gross proceeds of CDN\$18,500,000.

Concurrent with the private placement to SAMCo, Azure Dynamics will offer up to approximately 26,000,000 common shares at the Issue Price by way of a brokered private placement in Canada and the United Kingdom for gross proceeds of up to CDN\$6,500,000. Raymond James Ltd. is acting as agent to Azure in Canada, and Numis Securities Limited is acting as agent to Azure in the United Kingdom and certain other foreign jurisdictions, in connection with the Offering.

Scott T. Harrison, Chief Executive Officer for Azure Dynamics said, “This financing will allow us to continue execution of the product development and commercialization efforts for the significant market opportunity we are addressing.”

Closing of the Offering is expected on or about August 27, 2008.

In connection with the UK brokered placing, Numis Securities Limited has agreed conditionally to use its reasonable endeavours to place up to 10,000,000 common shares with institutional investors at the Issue Price. The placing agreement is conditional upon, amongst other things, the proposed investment by SAMCo proceeding and admission of the shares to be issued pursuant to the Offering to trading on AIM. The placing agreement is terminable in certain circumstances up until the time of admission, including for a breach by the Company of its obligations under the placing agreement or on the occurrence of either an event force majeure or material adverse change in the condition of the Company.

The Offering is also subject to the receipt of all necessary regulatory approvals, including the approval of the Toronto Stock Exchange and admission of the new common shares to trading on the AIM market of the London Stock Exchange.

The Company has applied for up to 100,000,000 common shares to be admitted to trading on the AIM ("Admission"). Admission of up to 84,000,000 shares, representing the UK portion of the Offering together with the SAMCo shares, is expected to occur on August 27 2008 with the admission of up to 16,000,000 shares, representing the Canadian portion of the Offering expected to occur on August 28 2008.

The subscription for up to 74,000,000 common shares by SAMCo is the subject of certain warranties between SAMCo and the Company and SAMCo has the right prior to Admission to withdraw its investment in the event of a material breach of those warranties. The amount of SAMCo's subscription will be determined by the take up of shares in the brokered private placement such that SAMCo's total holding in Azure Dynamics does not exceed 19.75% of the issued share capital of the Company.

The Company plans to use the net proceeds of the Offering to fund its ongoing product development and commercialization efforts as well as general corporate purposes. The net proceeds of the Offering, in combination with anticipated cash flows contemplated by the Company's current business plan, are expected, by the Directors, to satisfy the Company's current working capital needs

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 Dynamics 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.

Numis Securities Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for the Company and for no one else in relation to the Offering and will not be responsible to anyone other than the Company for providing the protections afforded to their clients or for providing advice in relation to the Offering or any other matter referred to in this announcement.

Forward Looking Statements

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

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

Although Azure Dynamics 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 Dynamics 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 Dynamics' 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 Dynamics' products and unproven acceptance of Azure Dynamics' 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 Dynamics' 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 Dynamics 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.

FOR MORE INFORMATION ON AZURE DYNAMICS, CONTACT:

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