



Azure Dynamics Announces Bought-Deal Financing For Proceeds of \$15 Million

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Oak Park, Michigan – January 24, 2011 – Azure Dynamics Corporation (TSX: AZD)(PINK SHEETS: AZDDF), a world leader in the development and production of hybrid electric and electric components and powertrain systems for commercial vehicles, today announced that it has entered into an agreement with Raymond James Ltd., as a lead underwriter on behalf of a syndicate of underwriters (the “Underwriters”) to sell to the Underwriters, on a bought deal basis, 45,454,545 common shares (the “Shares”) of the Company at a price of CDN\$0.33 per Share for aggregate gross proceeds of CDN\$15,000,000 (the “Offering”).

The Company has also granted the Underwriters the option (the “Over-Allotment Option”) to purchase up to an additional 6,818,182 Shares at the Offering price for additional gross proceeds to the Company under the Offering of up to \$2,250,000. The Over-Allotment Option is exercisable, in whole or in part, until noon (EST) on the 30th day following the closing of the Offering for purposes of satisfying over-allotments, if any, and for market stabilization purposes.

Azure Dynamics plans to use the net proceeds of this financing to fund its ongoing product development and commercialization efforts as well as general corporate purposes. “Among commercial fleet operators, we continue to see increased interest, acceptance and adoption of hybrid and electric vehicles, such as Azure’s Ford Transit Connect Electric, to substantially reduce tailpipe emissions, operating costs and improve overall efficiency of their fleet,” said Scott Harrison, Chief Executive Officer of Azure Dynamics. “This transaction provides Azure Dynamics with a stronger balance sheet and the added financial flexibility to capitalize on future opportunities to integrate its technology onto additional market leading commercial vehicles.”

The Offering is scheduled to close on or about February 10, 2011 and is subject to certain conditions including, but not limited to, the receipt of all necessary approvals including the approval of the Toronto Stock Exchange.

The Shares will be offered by way of a short form prospectus to be filed in all provinces of Canada, pursuant to National Instrument 44-101 Short Form Prospectus Distributions, and in the United States on a private placement basis.

This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities of Azure in the United States. The securities have not been and will

not be registered under the United States Securities Act of 1933, as amended or any state securities laws and may not be offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or unless an exemption from such registration is available.

About Azure Dynamics

Azure Dynamics Corporation (TSX:[AZD](#))(OTC:[AZDDF.PK](#)) 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 a variety of 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.azureynamics.com.

The TSX does 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 the Offering of Shares, the exercise of the Over-Allotment Option by the Underwriters, the anticipated proceeds of the Offering and 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 the expected closing date of the offering, use of proceeds from the offering, the receipt of all required regulatory approvals in connection with the offering, achievement of current timetables for development programs, target market acceptance of Azure's products, current and new product performance, availability and cost of labor 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 risk that one or more regulatory approvals required in connection with the offering may not be obtained, the risk that closing of the offering may be delayed or may not occur at all, the risk that changing commercial realities may cause Azure to allocate the use of proceeds of the offering in a manner that is different from the manner indicated in this press release, 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.

FOR MORE INFORMATION ON AZURE, CONTACT:

Juris Pagrabs, Vice President, Investor Relations (248) 658-7570
Email: jpagrabs@azuredynamics.com