



## News Release

### **AZURE DYNAMICS COMPLETES PREVIOUSLY ANNOUNCED FINANCING**

Toronto, Ontario – July 27, 2004

[Azure Dynamics Corporation \(TSX: AZD\)](#) (“Azure” or the “Company”) a leading developer of hybrid electric powertrains for commercial vehicles is pleased to announce it has completed an equity financing raising gross proceeds of \$3.0 million, secured access to an additional \$8.5 million by way of an underwriting of existing and outstanding warrants, as well as preserved eligibility for up to an additional \$3 million in respect of its facility with Technology Partnerships Canada (“TPC”), subject to TPC conditions.

Mr. D. Campbell Deacon, Deputy Chairman and Chief Executive Officer stated, “The difficulties we experienced trying to close a conventional financing, as first announced in June 2004, and the subsequent effect on our share price presented certain challenges for management and the Board of Directors over the past month and I am sure has caused some concern to our shareholders. Therefore, I am particularly pleased to confirm that the company has completed a financing which achieves the objectives of our previous efforts – to provide the Company with the Working Capital required to roll out its product development and commercialization strategy and to qualify its shares for listing on the Alternative Investment Market (“AIM”) of the London Stock Exchange. I believe we have addressed the concerns of those who considered our previous plan too dilutive to current shareholders while being cognisant of our objective to commence production. We have achieved this through a creative financing arrangement that has been embraced by management, the Board and our key financial advisors. The Company will have approximately 18-months of Working Capital. It will have access to approximately \$27 million over that period as a result of a combination of existing cash, government facilities, and the new financing arrangements. It is now up to the Company to deploy that Working Capital to achieve its stated objective of full-scale production in 2005. The financing arrangement was also designed to satisfy the Working Capital requirements established by the AIM as a condition of obtaining a secondary listing of the Company’s common shares. The Company expects to conclude the listing process in early August 2004.”

In connection with the \$3.0 million equity financing, a total of 3,811,250 new common shares were issued at a price of \$0.80 per share in addition to 1,905,625 warrants being issued. Each warrant entitles the holder to acquire one common share of the Company at a price of \$1.00 until their expiry on July 27, 2005. Senior management subscribed to \$95,000 of the offering. Costs of the equity financing are estimated to be approximately \$350,000. Paradigm Capital Inc. acted as agent for the company in respect of the equity financing. In connection with the \$8.5 million warrant underwriting, the Company issued 1,700,000 obligor warrants, each one of which entitles the holder to acquire one common share of the Company at a price of \$1.00 per share from December 16, 2004 until expiry on July 15, 2005. The Company paid a cash fee of \$510,000 on closing to the obligors underwriting the warrants as well as a \$200,000 fee to Ludgate Investments Limited, the UK agent which assisted in arranging the underwriting arrangement. The balance of the obligor fee (\$255,000) is due on December 15, 2004 and other costs of the transaction are estimated to be \$100,000. A Director of the company undertook an obligation of \$600,000 in respect of the underwriting transaction.

[Azure Dynamics Corporation](#) provides Hybrid Electric Vehicle technology for light and medium duty commercial vehicles in urban areas. Azure is a public company trading on the Canadian TSX Exchange. The company is currently working with various partners and customers worldwide including Purolator Courier, Canada Post, London Taxis International, Leyland Product Development, Renault Trucks UK, and the United States Postal Service. Azure has employees based in Canada, the United States and the United Kingdom.

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**Note:** The foregoing information may contain forward-looking statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results to be materially different from any future results, performance or achievements expressed or implied by such statements. Such factors include, but are not limited to: the ability to raise the capital required for product development and operations, product development delays, changing environmental regulations, the ability to attract and retain business partners, competition from other developers of hybrid electric vehicle control systems, competition from other advanced or existing power technologies, evolving markets for power for transportation vehicles. These factors should be considered carefully and readers should not place undue reliance on Azure's forward-looking statements. Investors are encouraged to review the risks detailed from time to time in the company's filings with regulatory authorities.

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