



News Release

AZURE DYNAMICS ANNOUNCES ARRANGEMENT TO GUARANTEE \$3.6 MILLION WARRANT FINANCING

Toronto, Ontario – June 21, 2005

[Azure Dynamics Corporation](#) (TSX – AZD & LSE - ADC) (“Azure Dynamics” or the “Company”) a leading developer of hybrid electric powertrains for commercial and military vehicles is pleased to announce that the Company has successfully negotiated an arrangement that is intended to ensure that all of the \$3.6 million worth of issued and outstanding share purchase warrants, exercisable at CDN\$1.00, will be exercised on or before their July 27, 2005 expiry date. A small number of third party guarantors have collectively agreed to accept a transfer of any and all of the currently outstanding warrants that are not duly exercised prior to their expiry on July 27 (the “Underwriting”). All warrants so transferred to the guarantors will be immediately exercised, ensuring that the Company will be in receipt of the proceeds from the exercise of all the outstanding warrants by the end of July.

The Underwriting arrangement is subject to receipt of all necessary approvals and finalization of the related legal mechanics. The Company hopes to be communicating the definitive details of the arrangement to warrant holders by the end of this week. Azure will pay the guarantors a fee equivalent to 4% of the total commitment amount. In addition, Azure will pay a fee amounting to \$72,000 to Ludgate Investments Limited, the UK agent who is assisting in arranging the underwriting.

[Azure Dynamics Corporation](#) is a world leader in the development and production of hybrid electric and electric commercial and military vehicles and systems. The group estimates it has over 25 million miles of vehicle experience. Azure Dynamics’ operations are based in North America and Europe.

Azure Dynamics is currently working internationally with various partners and customers including Purolator Courier Ltd., Canada Post, DHL, the US Department of Defense, United States Postal Service, SEV Group Limited, Leyland Product Development, Renault Trucks UK, and London Taxis International. Azure Dynamics Corporation is a public company trading on the TSX (AZD) in Canada and on AIM (ADC) in the UK. For more company information please visit www.azuredynamics.com.

The TSX Exchange does not accept responsibility for the adequacy or accuracy of this release.

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