



News Release

AZURE DYNAMICS ANNOUNCES \$13.4 MILLION PRIVATE PLACEMENT WITH MAJOR BOSTON INSTITUTIONAL INVESTMENT ADVISER

Toronto, Ontario – August 24, 2005

[Azure Dynamics Corporation](#) ([TSX – AZD](#) & [LSE - ADC](#)) (“Azure Dynamics” or the “Company”) a leading developer of hybrid electric and electric powertrains for commercial and military vehicles, is pleased to announce that it has entered into an agreement with a large Boston-based institutional investment manager to sell 13,431,500 common shares of the Company from treasury at a price of CDN\$1.00 per share for gross proceeds of CDN\$13,431,500. The issue will be placed directly with their clients in the United States and Bermuda and is fully-subscribed. No commissions are payable and issue costs are not expected to exceed CDN\$100,000. The offering is anticipated to close on or about August 31, 2005 and is subject to approval by the Toronto Stock Exchange.

The private placement financing will significantly strengthen the company’s cash reserves; proceeds will be applied towards execution of the Company’s commercialization strategy.

Campbell Deacon, Azure Dynamics CEO said, “We are very pleased to secure this funding as it allows us to totally focus on two significant initiatives: ramping up production of our commercial vehicles and establishing a meaningful relationship with a strategic industry partner. The company is pleased with the pace of development of our targeted commercial vehicle market and we are now exploring how best to exploit our extensive hybrid electric Intellectual Property in the automotive sector”.

[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, US Department of Defense, United States Postal Service, SEV Group Limited, Leyland Product Development 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. These securities have not been registered under the United States Securities Act of 1933 and may not be offered or sold in the United States unless registered under the Act and or unless an exemption from registration is available. Not for distribution to US newswire services or for dissemination in the United States.

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