



Azure Dynamics Closes Over-Allotment Option

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Toronto, Ontario - November 15, 2006 - Azure Dynamics Corporation (TSX: AZD & LSE: ADC) ("Azure" or the "Company") today announced the closing of the over-allotment option, which was granted to Clarus Securities Inc. and Paradigm Capital Inc. (together, the "Underwriters") in connection with the Company's recent common share offering. The Underwriters have exercised in full the over-allotment option and as a result, the Company today issued and sold an additional 3,117,647 common shares of the Company at a price of CDN\$0.85 per common share for additional aggregate gross proceeds to the Company of CDN\$2.65 million.

The Company plans to use the proceeds of the Offering and the exercise of the Over-Allotment Option to fund its ongoing engineering, project development and strategic initiatives and for general corporate purposes.

Azure Dynamics Corporation is a world leader in the development and production of hybrid electric and electric powertrains for commercial and military vehicles and systems. The Company estimates it has more than 25 million miles of vehicle experience. Azure Dynamics' operations are based in North America and Europe.

Azure is currently working internationally with various partners and customers including Purolator Courier Ltd., Canada Post, United States Postal Service, Smith Electric Vehicles, Workhorse Custom Chassis, Productive Concepts Inc., Ford Motor Company, StarTrans, DRS Sustainment Systems, Inc. and AM General LLC. Azure Dynamics Corporation is a public company trading on the TSX (TSX: AZD) in Canada and on the AIM (LSE: ADC) in the UK.

For more company information please visit www.azuredynamics.com.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

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.

This press release is not an offer of the securities described above for sale in the United States (the "securities"). The securities offered have not been registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or applicable exemption from the registration requirements. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any State in which such offer, solicitation or sale would be unlawful.

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

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