



News for Immediate Release

ELECTROVAYA TO PROVIDE REPURPOSED ELECTRIC VEHICLE LITHIUM ION BATTERY ENERGY STORAGE SYSTEM (BESS) TO MANITOBA HYDRO

Toronto, Ontario – Aug 23, 2011 – Electrovaya Inc. (TSX; EFL) today announced that it has signed a contract to develop, construct and demonstrate a utility sized stationary battery system using end of life Electric Vehicle battery packs. The repurposed batteries could be used to store electricity generated by renewable energy systems, such as wind and solar power. The stationary battery system will be implemented at the Manitoba HVDC Research Centre facility, a subsidiary of Manitoba Hydro. The University of Manitoba is also participating in this project. Major funding for this project comes from the Government of Canada’s Clean Energy Fund and Manitoba Hydro. This program is a part of an Electrovaya led \$7.6 million project.

“By investing \$3.36 million in the Electrovaya electricity storage project, our Government is demonstrating its commitment to position Canada at the forefront of clean energy technology,” said the Honourable Joe Oliver, Minister of Natural Resources. “This innovative project supports high quality jobs and encourages new technologies to help protect our environment for future generations.”

“We are delighted to work with Electrovaya on this project.” said Bob Brennan, CEO of Manitoba Hydro. “Using Electrovaya’s refurbished lithium ion batteries in this manner is an innovative and potential low cost energy storage solution. We believe that repurposed lithium ion battery technology has excellent potential for grid storage application. As well, the potential benefits of reducing diesel consumption in our Northern remote communities are very attractive to Manitoba Hydro.”

“This project will give us insight into the complete re-use of lithium ion batteries,” said Dr. Sankar Das Gupta, CEO, Electrovaya. “Our hope is that utilities will be able to take advantage of the significant number of the used batteries that will come into the market after the large scale introduction of plug-in electric vehicles.” “By making the end product reusable by utility companies, we address two problems. First, lithium ion batteries become an even more environmentally sustainable product. And two, we help utility companies make wind and solar energy generation as reliable as hydro, nuclear, and coal”.

About Electrovaya Inc:

Electrovaya Inc. (TSX:EFL) designs, develops and manufactures proprietary Lithium Ion SuperPolymer® batteries, battery systems, and battery-related products for the clean electric transportation, Utility Scale Energy Storage and smart grid power, consumer and healthcare markets. The Company's mission is to accelerate clean transportation as a commercial reality with its advanced power system for all classes of zero-emission electric vehicles and plug-in hybrid electric vehicles. The Company's other mission is to deliver Utility Scale Energy Storage Systems for the highest efficiency in electricity storage, whether the electricity is generated from

intermittent wind and solar power or from other sources. Founded in 1996 and headquartered in Ontario, Canada, Electrovaya has production facilities in Canada as well as in the US, and customers around the globe. To learn more about how Electrovaya is powering mobility, please explore www.electrovaya.com.

About Natural Resources Canada

Natural Resources Canada seeks to enhance the responsible development and use of Canada's natural resources and the competitiveness of the country's natural resource products by developing policies and programs that enhance the contribution of the natural resources sector to the economy and improve the quality of life for all Canadians.

About Manitoba Hydro:

Manitoba Hydro is a Crown Corporation and the province's major energy utility. The company exports electricity to over 30 electric utilities through the participation in four wholesale markets in Canada and the mid-western United States and maintains a position of being among the lowest cost providers of domestic electricity rates in Canada. Manitoba Hydro's customer base includes 532,000 electric customers throughout Manitoba and 264,000 natural gas customers in various communities throughout southern Manitoba and offers a wide range of energy services and programs to their customers, either directly or through subsidiaries. Nearly all electricity generated by the company is from self-renewing water power from 14 hydroelectric generating stations, primarily on the Winnipeg, Saskatchewan and Nelson rivers and Manitoba Hydro is the major distributor of natural gas in the province, delivering natural gas to nearly 100 communities in the province.

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Forward-Looking Statements

This press release contains forward-looking statements that involve a number of risks and uncertainties, including statements that relate to, among other things, the Company's objectives, goals, strategies, intentions, plans, beliefs, expectations and estimates, and can generally be identified by the use of words such as "may", "will", "could", "should", "would", "likely", "expect", "intend", "estimate", "anticipate", "believe", "plan", "objective" and "continue" (or the negative thereof) and words and expressions of similar import. Although the Company believes that the expectations reflected in such forward-looking statements

are reasonable, such statements involve risks and uncertainties, and undue reliance should not be placed on such statements. Certain material factors or assumptions are applied in making forward-looking statements, and actual results may differ materially from those expressed or implied in such statements. Important factors that could cause actual results to differ materially from expectations include but are not limited to: general business and economic conditions (including but not limited to currency rates and creditworthiness of customers); Company liquidity and capital resources, including the availability of additional capital resources to fund its activities; level of competition; changes in laws and regulations; legal and regulatory proceedings; the ability to adapt products and services to the changing market; the ability to attract and retain key executives; and the ability to execute strategic plans. Additional information about material factors that could cause actual results to differ materially from expectations and about material factors or assumptions applied in making forward-looking statements may be found in the Company's most recent annual and interim Management's Discussion and Analysis under "Risk and Uncertainties", as well as in other public disclosure documents filed with Canadian securities regulatory authorities. The Company does not undertake any obligation to update publicly or to revise any of the forward-looking statements contained in this document, whether as a result of new information, future events or otherwise, except as required by law.