



News for Immediate Release

**ELECTROVAYA REPORTS
THIRD QUARTER 2002 FINANCIAL RESULTS**

Toronto, Ontario – August 12, 2002 – Electrovaya Inc. (TSX: EFL), the producer of the world’s most energy-dense lithium-ion SuperPolymer™ battery products, today announced its financial results for the third quarter ended June 30, 2002. All figures are in U.S. dollars unless otherwise indicated.

Third Quarter Highlights

- Revenue growth of 76% compared with fiscal Q3 2001
- Announced partnership with CAMI Automotive Inc. to develop a zero emission vehicle utilizing Electrovaya’s battery, power and control technology
- Received the Innovation Award from the Province of Ontario at the Ontario Global Traders Award Ceremony

In thousands of US\$ except per share amounts	Three months ended	
	June 30, 2002	June 30, 2001
Revenue	\$ 640	\$ 364
Expenses	4,397	2,565
Loss from operations	3,757	2,201
Loss for the quarter	3,924	2,168
Loss per share	\$0.06	\$0.03
Cash & investments	23,028	34,997
Total assets	43,616	53,971

“While revenue increased from the level reported in the third quarter of last year, it is less than the revenue generated in the second quarter of 2002,” said Paul Van Damme, Vice-President, Finance and CFO of Electrovaya. “While customer satisfaction with the Company’s PowerPad products is strong, the products are still in the early adoption phase and we expect to see quarter-to-quarter variability in sales over the next few quarters. Electrovaya is supplementing its distribution channel sales with the addition of a direct sales force. We are also undertaking initiatives in retail sales and will begin selling our PowerPad line of products from our website www.electrovaya.com later this month. These initiatives will help reduce our quarter-to-quarter variability.”

Third Quarter Results

In the third quarter of fiscal 2002, Electrovaya reported revenue of \$640,000. This year over year increase reflects the commercialization of the Company’s PowerPad products which began in April 2001. As part of its drive towards overall profitability, the Company also generated revenue of \$130,000 in the third quarter from sales of machinery built by its manufacturing facility in Concord, Ontario.

The net loss for the third quarter was \$3.9 million, or \$0.06 per share, compared with a net loss of \$2.2 million or \$0.03 per share in the third quarter of last year.

The loss before interest, taxes and amortization increased to \$3.1 million in the quarter from a loss of \$2.1 million last year, as a result of higher research and development expenses and the cost of goods sold.

The cost of goods sold during the quarter totalled \$1.2 million and included materials, labour and overhead costs associated with the production of commercial PowerPad units. There is no comparable data from the previous year as cost of goods sold was not recorded in 2001. However, start-up and manufacturing expenses, which include raw materials costs and labour, constituted \$0.5 million in the third quarter of last year.

Research and development (R&D) expenses increased to \$1.2 million from \$627,000 in the prior year. This increase reflects the R&D focus on the development of a zero emission electric vehicle and high rate cells. Research also continued on extending the energy density of the Company's products by utilizing the latest generation of advanced materials including the production of PowerPads using lithium iron phosphate as the positive electrode.

Sales and marketing expenses increased to \$643,000 in the quarter from \$394,000 a year ago. This increase results from greater participation at trade shows and higher advertising and other marketing costs associated with sales of our PowerPad product line. The Company also increased its marketing and sales staff during the year.

General and administrative expenses decreased to \$754,000 from \$914,000 a year ago, due to reductions in legal, recruiting and consulting fees as well as the allocation of plant overheads to cost of goods sold in the current year.

Interest income decreased to \$120,000 from \$406,000 a year ago. The Company derived interest in both quarters from cash and short-term investments. The decrease reflects lower short-term interest rates on lower investment levels.

Nine-Month Review

For the first nine months of the 2002 fiscal year, revenue was \$2.3 million, compared with \$635,000 in the same period of fiscal 2001. The loss from operations increased to \$7.7 million from \$6.4 million in 2001. The Company reported a net loss of \$7.5 million, or \$0.11 per share, compared with a net loss of \$4.8 million, or \$0.07 per share, in the same period a year ago.

Liquidity and Capital Resources

Cash and short-term investments remained strong at \$23 million, as the Company continued reducing its cash consumption rate to \$1.6 million from \$2.6 million for the second quarter and \$3.5 million in the first quarter of fiscal 2002. Cash consumed in the third quarter of fiscal 2001 totalled \$3.4 million. The level of cash consumed in this quarter was the lowest in the last two years. Capital expenditures, primarily for production equipment, were \$189,000 in the third quarter of fiscal 2002.

Outlook

“Over the coming months, we will actively pursue additional distribution and OEM agreements,” said Dr. Das Gupta. “Furthermore there is a pipeline of new products which should enhance the Company's revenues. While ElectroVaya continues to manage cash effectively and reported a strong cash balance at June 30, 2002, we are also taking additional measures to reduce our burn rate.” The Company will focus on cost control, reducing general and administrative costs significantly. The combination of increasing revenues and controlling expenses should help achieve the Company's primary goal of becoming profitable.

The Company's financial statements and notes to its financial statements for the third quarter ended June 30, 2002 are attached.

Conference Call Notice

Electrovaya will host a conference call on Tuesday, August 13, 2002 at 10:00 am EDT. The call can be accessed by dialling (888) 881-4892 (inside North America) or 416-640-4127 (outside North America) or through a replay available at (877)-289-8525 (call # 203385). The call will be webcast live on the Internet at www.electrovaya.com and www.newswire.ca/webcast.

Forward-Looking Statements

This news release may contain forward-looking statements that involve a number of risks and uncertainties, including statements regarding the outlook for the Company's business and results of operations. Risks are outlined in the Company's MD&A for the three months ended June 30, 2002 and are set forth in public disclosure documents filed with Canadian regulatory authorities. By nature, these risks and uncertainties could cause actual results to differ materially from those indicated. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

About Electrovaya Inc.

The Company develops, manufactures and sells products using its proprietary lithium ion SuperPolymer™ rechargeable battery technology, which delivers the highest energy density level of any battery technology on the market today. The Company's goal is to become the leading provider of portable power for the notebook computer and wireless sectors and to apply its technology to a broad spectrum of alternative energy applications over the long term. Shares of Electrovaya Inc. trade on the Toronto Stock Exchange under the symbol EFL. For more information about the Company and its products, please visit our website at www.electrovaya.com.

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ELECTROVAYA INC.

(Formerly Electrofuel Inc.)

Consolidated Balance Sheets

(Expressed in thousands of U.S. dollars)

	June 30, 2002 (Unaudited)	September 30, 2001 (Audited)
Assets		
Current assets		
Cash and cash equivalents	\$ 3,360	\$ 2,436
Short-term investments	19,668	28,269
Accounts receivable	838	301
Investment tax credits recoverable	674	652
Goods and Services Tax receivable	87	167
Inventories (note 3)	3,291	1,836
Prepaid expenses and other	264	476
	<u>28,182</u>	<u>34,137</u>
Capital assets	15,434	15,501
	<u>\$ 43,616</u>	<u>\$ 49,638</u>
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 1,002	\$ 1,110
Income taxes payable	-	37
	<u>1,002</u>	<u>1,147</u>
Shareholders' equity		
Share capital (note 4)	63,729	63,729
Cumulative translation adjustment	(1,127)	(2,792)
Deficit	(19,988)	(12,446)
	<u>42,748</u>	<u>48,491</u>
	<u>\$ 43,616</u>	<u>\$ 49,638</u>

See accompanying notes to consolidated financial statements.

These interim financial statements should be read in conjunction with the annual audited consolidated financial statements for the year ended September 30, 2001.

ELECTROVAYA INC.

(Formerly Electrofuel Inc.)

Consolidated Statements of Operations and Deficit

(Expressed in thousands of U.S. dollars
except share and per share amounts)

(Unaudited)

	Three months ended June 30,		Nine months ended June 30,	
	2002	2001	2002	2001
Revenue	\$ 640	\$ 364	\$ 2,315	\$ 635
Cost of goods sold	1,190	-	3,239	-
Gross margin	(550)	364	(924)	635
Operating expenses				
Start-up and manufacturing	-	489	-	799
Research and development	1,195	627	1,702	1,639
Sales and marketing	643	394	1,600	1,089
General and administrative	754	914	1,644	3,116
	2,592	2,423	4,946	6,643
Loss before the undernoted	(3,142)	(2,059)	(5,870)	(6,008)
Amortization	(615)	(142)	(1,874)	(398)
Loss from operations	(3,757)	(2,201)	(7,744)	(6,406)
Interest income	120	406	452	1,489
Gain (loss) from foreign exchange	(288)	(373)	(250)	135
	(168)	33	202	1,624
Net loss for the period	(3,924)	(2,168)	(7,542)	(4,782)
Deficit, beginning of period	(16,064)	(7,891)	(12,446)	(5,277)
Deficit, end of period	\$ (19,988)	\$ (10,059)	\$ (19,988)	\$ (10,059)
Loss per common share, basic and diluted	\$ (0.06)	\$ (0.03)	\$ (0.11)	\$ (0.07)
Weighted average number of shares outstanding, basic and fully diluted	69,539,109	69,446,566	69,539,109	67,170,297

See accompanying notes to consolidated financial statements.

These interim financial statements should be read in conjunction with the annual audited consolidated financial statements for the year ended September 30, 2001.

ELECTROVAYA INC.

(Formerly Electrofuel Inc.)

Consolidated Statements of Cash Flows

(Expressed in thousands of U.S. dollars)

(Unaudited)

	Three months ended June 30,		Nine months ended June 30,	
	2002	2001	2002	2001
Cash provided by (used in)				
Operating activities				
Loss for the period	\$ (3,924)	\$ (2,168)	\$ (7,542)	\$ (4,782)
Amortization which does not involve cash	615	142	1,874	398
Change in non-cash operating working capital	521	(712)	(1,868)	(1,368)
	(2,788)	(2,738)	(7,536)	(5,752)
Financing activities				
Proceeds from issue of common shares	-	(2)	-	30,006
Investing activities				
Additions to capital assets	(189)	(2,415)	(1,258)	(8,939)
(Increase) decrease in short-term investments	(19,668)	(29,110)	8,601	(16,200)
	(19,857)	(31,525)	7,343	(25,139)
Decrease in cash and cash equivalents	(22,645)	(34,265)	(193)	(885)
Effect of currency translation adjustments on cash and cash equivalents	1,379	1,805	1,116	435
Cash and cash equivalents, beginning of period	24,626	38,347	2,436	6,337
Cash and cash equivalents, end of period	\$ 3,360	\$ 5,887	\$ 3,360	\$ 5,887
Supplemental disclosure of cash flow information				
Income taxes paid	\$ -	\$ -	\$ 34	\$ -
Interest received	108	536	809	1,474

See accompanying notes to consolidated financial statements.

These interim financial statements should be read in conjunction with the annual audited consolidated financial statements for the year ended September 30, 2001.

ELECTROVAYA INC.

(Formerly Electrofuel Inc.)

Notes to Consolidated Financial Statements

(Expressed in thousands of U.S. dollars)

(Unaudited)

Nine months ended June 30, 2002

1. Nature of operations

Electrovaya Inc. is an early stage manufacturer and marketer of advanced, high energy, rechargeable batteries based on its patented lithium ion SuperPolymer™ technology. During the period the Company increased its production and sales and expects to continue to develop its product lines and explore other potential applications using the developed technology.

The Company has no distinct operating segments and has no operating assets located outside of Canada. The Company has not experienced any seasonal variation in revenue as it has just commenced production and sales in the last fiscal year.

The Company prepares its financial statements in accordance with accounting principles generally accepted in Canada. These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries.

2. Significant accounting policies

The disclosures contained in these unaudited interim consolidated financial statements do not include all requirements of generally accepted accounting principles (GAAP) for annual financial statements. The unaudited interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended September 30, 2001.

The unaudited interim consolidated financial statements are based upon accounting principles consistent with those used and described in the annual consolidated financial statements, except for the following:

- (i) In the first quarter of fiscal 2002, the Company adopted retroactively the new Canadian Institute of Chartered Accountants (CICA) Handbook Section 3500 "Earnings per share," which requires the use of the treasury stock method for calculating diluted earnings per share. Under this method, Electrovaya's basic loss per share is unaffected and its common share purchase options are anti-dilutive.
- (ii) In April 2001, the Company commenced production of commercial units at its new manufacturing facility in Mississauga. All of the materials, labour and overhead costs associated with the production of commercial units are included in Cost of goods sold in 2002. In 2001, comparable costs were shown as Start-up and Manufacturing expenses.

ELECTROVAYA INC.

(Formerly Electrofuel Inc.)

Notes to Consolidated Financial Statements (continued)

(Expressed in thousands of U.S. dollars)

(Unaudited)

Nine months ended June 30, 2002

The unaudited interim consolidated financial statements reflect all adjustments, consisting only of normal recurring accruals, which are, in the opinion of management, necessary to present fairly the financial position of the Company as at June 30, 2002 and the results of operations and cash flows for the nine months ended June 30, 2002 and 2001.

3. Inventories

Inventories consist of

	June 30, 2002	September 30, 2001
Raw materials	\$ 1,453	\$ 924
Work in progress	1,691	767
Finished goods	147	145
	<u>\$ 3,291</u>	<u>\$ 1,836</u>

4. Share capital

As at June 30, 2002, the Company had outstanding 69,539,109 common shares and 1,552,600 options to acquire common shares under the Company's employee incentive plan.

5. Comparative figures

Certain of the comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.