News for Immediate Release

ELECTROVAYA ANNOUNCES THIRD QUARTER FISCAL 2004 FINANCIAL RESULTS

Revenue up 100.4% from the same quarter in Fiscal 2003

Toronto, Ontario – **August 11, 2004** – Electrovaya Inc. (TSX: EFL) today announced financial results for the third quarter ended June 30, 2004. All figures are in US dollars.

Third Quarter Highlights

- Revenues increased by 100.4% to $1.6 million, from $0.8 million in the third quarter ended June 30, 2003.
- Gross profit was $ 139,000 or 9% of revenue, compared to ($376,000) for the same quarter in the prior year.
- Overall cash burn was $2.2 million compared to a positive cash-flow of $0.3 million in the same quarter in Fiscal 2003.
- Cash & investments were $13.4 million as at June 30, 2004, compared to $17.1 million as at June 30, 2003

Summary of Financial Results

In thousands of US$ except per share amounts	3 months ended June 30 2004	2003	9 months ended June 30 2004	2003
Revenue	$1,559	$778	$4,733	$3,025
Loss from operations before interest, taxes, foreign exchange and amortization*	$(1,590)	$(2,063)	$(4,281)	$(5,993)
Loss for the period*	$(2,085)	$(3,121)	$(6,348)	$(8,401)
Loss per share	$0.03	$0.04	$0.09	$0.12
Cash & investments	$ 13,437	$ 17,057	$ 13,437	$ 17,057

**** Net of Government assistance of $146 and $517 for the quarter and nine months ending June 30, 2004. (Quarter and six months ending June 30, 2003: NIL)***

"During the quarter we made good progress with our NASA project, positioning us for additional opportunities with both the Canadian Space Agency and NASA over the coming months." said Sankar Das Gupta, President and CEO of Electrovaya. "In addition, we focused on efforts to improve customer service, identify new opportunities for our Scribbler and PowerPad lines and develop new technology."

Third Quarter

For the three months ending June 30, 2004, revenue increased by 100.4% to $1.6 million from $0.8 million for the quarter ended June 30, 2003. The year over year increase in revenue primarily resulted from increased Scribbler Tablet PC sales, as well as revenues from NASA. The loss from operations, before amortization, interest income and foreign exchange losses decreased to $1.6 million from $2.1 million in the same quarter last year. The loss per share for the quarter improved from $0.04 for the quarter ending June 30, 2003 to $0.03 for the quarter ending June 30, 2004.

The Company reported a positive gross profit of $0.14 million for the quarter ending June 30, 2004 compared to a negative gross profit of $0.4 million for the quarter ending June 30, 2003 due to improved margins from R&D services and machine building.

Expenses

Research and development expenses, net of investment tax credits, remained relatively unchanged at $0.7 million for the quarters ending June 30, 2004 and June 30, 2003. During the third quarter of 2004, the company received funding of $0.1 million from Technology Partnerships Canada.

Sales and marketing expenses increased by 16.7% to $0.6 million for the third quarter of fiscal 2004 from $0.5 million in the third quarter of fiscal 2003 primarily due to increased travel expenses and an increase in the number of sales and marketing staff.

General and administrative expenses increased by approximately $0.1 million compared to the same quarter in 2003 primarily due to an increased provisions for bad debt expense.

Liquidity and Capital Resources

As at June 30, 2004, the Company had $13.4 million in cash, cash equivalents and short-term investments, a decrease of $2.2 million from the quarter ending March 31, 2004. Cash used in operating activities was $1.7 million for the quarter ended June 30, 2004 versus $1.4 million for the quarter ended June 30, 2003

Conference Call Notice
Electrovaya will host a conference call on August 12, 2004 at 10AM Eastern time. The call can be accessed by dialling 416-913-8746 or 800-814-4941or through a replay available at 416-640-1917 passcode 21090852#. The call will be web cast live on the Internet at ***www.electrovaya.com*** and **www.newswire.ca/en/webcast.**

About Electrovaya Inc.

Electrovaya's goal is to become the leading provider of tablet PC's, portable power for the notebook computer, aerospace and wireless sectors, and to apply its technology to a broad spectrum of alternative energy applications including UPS, stand-by power and zero-emission vehicles. It develops, manufactures and sells high value products globally using award winning patented proprietary lithium ion SuperPolymer® rechargeable battery technology, which delivers the highest energy density of any battery technology on the market today. Electrovaya has designed, developed and markets the Scribbler™ Tablet PC which offers longer run time than any other Tablet PC currently available. The Company's shares 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.

For more information, please contact:

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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 Annual Report for the year ending September 30, 2003 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.

ELECTROVAYA INC.

Consolidated Balance Sheets
(Expressed in thousands of U.S. dollars)

	June 30, 2004 (Unaudited)	September 30, 2003 (Audited)
Assets		
Current assets		
Cash and cash equivalents	$ 3,015	$ 6,178
Short-term investments	10,422	11,415
Accounts receivable	1,622	1,047
Investment tax credits recoverable	228	427
Goods and Services Tax receivable	61	55
Inventories (Note 2)	3,086	2,852
Prepaid expenses and other	147	138
	18,581	22,112
Capital assets	10,003	12,024
	$ 28,584	$ 34,136
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	$ 2,334	$ 1,760
Income taxes payable	-	6
	2,334	1,766
Shareholders' equity		
Share capital (Note 3)	63,745	63,729
Contributed Surplus	13	-
Cumulative translation adjustment	1,153	954
Deficit	(38,661)	(32,313)
	26,250	32,370
	$ 28,584	$ 34,136

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, 2003.

ELECTROVAYA 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, 2004	Three months ended June 30, 2003	Nine months ended June 30, 2004	Nine months ended June 30, 2003
Revenue	$ 1,559	$ 778	$ 4,733	$3,025
Cost of goods sold	1,420	1,154	4,311	3,432
Gross margin	139	(376)	422	(407)
Expenses				
Research and development	730	728	1,884	2,192
Government assistance (Note 4)	(146)	-	(517)	-
Sales and marketing	608	521	1,419	1,917
General and administrative	537	438	1,917	1,477
	1,729	1,687	4,703	5,586
Loss before the undernoted	(1,590)	(2,063)	(4,281)	(5,993)
Amortization	(689)	(719)	(2,210)	(2,014)
Loss from operations	(2,279)	(2,782)	(6,491)	(8,007)
Interest income	57	140	218	325
Loss from foreign exchange	137	(479)	(75)	(719)
	194	(339)	143	(394)
Loss before income taxes	(2,085)	(3,121)	(6,348)	(8,401)
Income tax expense	-	-	-	-
Net loss for the period	(2,085)	(3,121)	(6,348)	(8,401)
Deficit, beginning of period	(36,576)	(27,717)	(32,313)	(22,437)
Deficit, end of period	$ (38,661)	$ (30,838)	$ (38,661)	$ (30,838)
Basic and diluted loss per common share	$ (0.03)	$ (0.04)	$ (0.09)	$ (0.12)
Weighted average number of shares outstanding, basic and fully diluted	69,561,754	69,539,109	69,546,657	69,539,109

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, 2003.

ELECTROVAYA INC.

Consolidated Statements of Cash Flows
(Expressed in thousands of U.S. dollars)
(Unaudited)

	Three months ended June 30, 2004	Three months ended June 30, 2003	Nine months ended June 30, 2004	Nine months ended June 30, 2003
Cash provided by (used in)				
Operating activities				
Loss for the period	$ (2,085)	$ (3,121)	$ (6,348)	$ (8,401)
Amortization which does not involve cash	689	719	2,210	2,014
Change in non-cash operating working capital	(345)	1,041	(60)	(488)
	(1,741)	(1,361)	(4,198)	(6,875)
Investing activities				
Additions to capital assets	(58)	(46)	(188)	(181)
(Increase) decrease in short-term investments	(7,778)	(11,609)	993	6,480
	(7,836)	(11,655)	805	6,299
Increase (decrease) in cash and cash equivalents	(9,577)	(13,016)	(3,393)	(576)
Effect of currency translation adjustments on cash and cash equivalents	(433)	1,714	230	3,495
Cash and cash equivalents, beginning of period	13,025	16,750	6,178	2,529
Cash and cash equivalents, end of period	$ 3,015	$ 5,488	$ 3,015	$ 5,448
Supplemental disclosure of cash flow information				
Income taxes paid	$ 4	$ -	$ 47	$ 68
Interest received	51	89	237	445

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, 2003.

Electrovaya Inc. (the "Company"), incorporated in 1996 under the Business Corporations Act (Ontario), develops, manufactures and markets portable power technology products using its patented lithium ion SuperPolymer® technology.

1. Significant Accounting Policies

(a) Basis of presentation

The Company prepares its financial statements in accordance with Canadian generally accepted accounting principles. These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated upon consolidation.

The disclosures contained in these unaudited interim consolidated financial statements do not include all disclosures required under Canadian generally accepted accounting principles (GAAP) for annual financial statements. The unaudited interim consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended September 30, 2003.

The unaudited interim consolidated financial statements are based upon accounting policies consistent with those used and described in the annual consolidated financial statements, except as noted herein. The interim financial statements are not considered to be materially affected by seasonal or cyclical factors.

Management believes these unaudited interim consolidated financial statements include all adjustments, including normal recurring adjustments, necessary to present fairly the financial position of the Company as at June 30, 2004 and the results of its operations and its cash flows for the nine and three months ended June 30, 2004. Results for the three months ended June 30, 2004 are not necessarily indicative of the results to be expected for the entire year.

(b) Change in Accounting Policy

Prior to January 1, 2004, the Company applied the fair value based method of accounting prescribed by CICA Handbook Section 3870, *Stock-based Compensation and Other Stock-based Payments,* only to employee stock appreciation rights, and applied the settlement method of accounting to employee stock options. Under the settlement method, any consideration paid by employees on the exercise of stock options or purchase of stock is credited to share capital and no compensation expense was recognized.

1. Significant accounting policies (continued)

(b) Change in Accounting Policy

Effective January 1, 2004, in accordance with one of the transitional options permitted under amended Section 3870, the Company has prospectively applied the fair value based method to all employee stock options granted on or after October 1, 2003. Under the fair value based method, compensation cost is measured at fair value at the date of grant and is expensed over the award's vesting period. During the current quarter, due to the effect of prospectively adopting the fair value based method, there was an increase in stock based compensation expense of $13, with no resulting impact on loss per share.

(c) Use of estimates

In preparing the financial statements in conformity with generally accepted accounting principles, management makes estimates and assumptions that affect the reported amounts of bad debt reserves and warranty accruals at the date of the financial statements. Sales returns and bad debts are determined based on past experience for the prior year applied against sales for the quarter. Bad debts are determined based the ageing of accounts receivable where such amounts are not insured and considered uncollectible. Warranty accruals are based on the actual warranty experience rate for the past year and sales during the most recent warranty period. Actual results could differ from the estimates.

(d) Segmented Information

The Company has no distinct operating segments and has no operating assets located outside of Canada.

(f) Cash and cash equivalents

Cash and cash equivalents consist of investments with maturities of less than 90 days.

(Expressed in thousands of U.S. dollars)

2. Inventories

Inventories consist of:

	June 30, 2004 (Unaudited)	September 30, 2003 (Audited)
Raw materials	$ 1,194	$ 1,095
Work in progress	1,689	1,703
Finished goods	203	54
	$ 3,086	$ 2,852

As at June 30, 2004 the Company had provided a provision of $235 for obsolete inventory, including $164 in the current quarter.

3. Share capital

As at June 30, 2004, the Company had outstanding 69,575,442 common shares (69,539,109 at September 30, 2003) outstanding and 1,997,667 (1,599,000 as at September 30, 2003), options to acquire common shares under the Company's employee incentive plan.

4. Government Assistance

The Company has been approved for funding under the Technology Partnerships Canada initiative of Industry Canada. The funding is to support the Company's research and development efforts in fast batteries and electric vehicles. The Company will receive contributions of up to 29.7% of the specified costs of the development project, to a maximum amount of $6.7 million. Under the terms of the agreement, an amount up to a maximum of $31,075 is to be repaid by royalties, commencing in 2007 through to 2013, with payment to be deferred or reduced if certain revenue thresholds are not achieved. The Company received $1,140 during fiscal 2003; $244 during the first quarter, $127 in the second quarter and $146 in the third quarter of fiscal 2004.

5. Related Party Transactions

The Company leased its Hanna Avenue premises in Toronto, Ontario, from a company owned by its controlling shareholders for $209 per year plus GST and business tax. The lease was renewed from January 1, 2003 to December 31, 2003. In June 2003, the Company secured an additional 11,800 square feet at $80 per year plus GST and business tax until December, 2003, with one rent-free month. Beginning in January 2004, the Company occupied these

5. Related Party Transactions (continued)

premises on a monthly basis. In April 2004, the premises were sold by the controlling shareholders to an independent third party for consideration that included a vendor-take back mortgage.

Electrovaya has invested $115 in a private company engaged in the business of producing and evaluating new materials in return for 6% of its Class A and 21% of its Class B shares, subsequently providing research and development services totaling $153 in consideration of 30% of additional non-voting, participating Class B shares. The Class B shares are convertible into Class A voting, participating shares in the event the company becomes registered on a stock exchange. During the second quarter, Electrovaya provided a $38 loan to the company to assist with the operation of a pilot plant. The original investment, additional shares and loan have been valued at Nil as at the end of June 30, 2004.

6. Stock Compensation

The Company employs a fair value based method of accounting for all options issued to employees, consultants or directors on or after January 1, 2004. The Company recognizes compensation cost for all stock options granted to employees, consultants and directors under its stock option plan. In May, 2004, the Company granted 435,000 options.

The fair value of options issued in the quarter was estimated at the date of grant, using a Black-Scholes Option Pricing Model with the following assumptions for 2004: risk free interest rate of 5.0%; a volatility of 120%; and a weighted-average expected life of the options of 10 years. The weighted average fair value of stock options granted during the three months ended June 30, 2004 was $0.79 per option.

The estimated fair value of the options is amortized to expense over the vesting period of the options. The Company's net income was reduced by $13 for the three months ended June 30, 2004. The amortization is recorded in General and administrative expenses.

Pro forma information

Pro forma information regarding net income is required and has been determined as if the Company had accounted for its employee stock options granted after December 31, 2001 and prior to September 30, 2003, under the fair value method. The fair value of these options was estimated at the date of the grant using a Black-Scholes Option Pricing Model. For purposes of pro forma disclosures, the estimated fair value of the options is amortized to expense over the vesting period of the options. The weighted average fair value of stock options granted during the year ending September 30, 2003 was $0.50 per share. The proforma impact, on net loss for the nine months and quarter ending June 30, 2003 were $14 respectively. There was no material impact on loss per share for either period.