



News for Immediate Release

ELECTROVAYA COMPLETES CDN \$5 MILLION FINANCING Forms an Office of the Chairman with

***DIRECTORS TOM LASORDA, CLARENCE CHANDRAN AND BEJOY DAS GUPTA, TO STRENGTHEN
GROWTH, LICENSING OPPORTUNITIES, STRATEGIC INVESTORS AND PARTNERSHIPS***

Toronto, Ontario – December 22, 2010 – Electrovaya Inc. (TSX: EFL) today announced that it has completed a financing for Cdn \$5 million. The funding is in consideration of a 6% secured promissory note in the aggregate principal amount of Cdn \$5 million and 500,000 common share purchase warrants issued to the lender. The promissory note matures in; and the warrants are exercisable until, December 2013. Each share purchase warrant is convertible into one common share of the corporation.

“This financing provides valuable working capital for future growth, including certain strategic initiatives and enables us to further expand our existing manufacturing capabilities through increased automation” says Dr. Sankar Das Gupta, Chairman and CEO. “The increase in manufacturing capacity is important as we continue to grow and address new opportunities in the clean transportation and stationary energy-storage markets.”

Electrovaya also announced that the Company’s Board of Directors has approved the formation of an Office of the Chairman. Lead directors Thomas W. LaSorda, Clarence J. Chandran, and Dr. Bejoy Das Gupta join Dr. Sankar Das Gupta, Chairman of the Board and Chief Executive Officer, in the newly created office.

“As the global growth in lithium ion batteries for transportation and energy storage applications accelerates, the Office of the Chairman will focus and build on the opportunities for Electrovaya through joint ventures, licensing, strategic investors and partnerships across the industries of electric transportation, utility scale grid energy storage and consumer electronics,” commented Dr. Sankar Das Gupta. “Electrovaya’s highly differentiated and proprietary Lithium Ion SuperPolymer^(R) battery technology, with its clean manufacturing technology, is receiving increasing attention from corporations across the globe. We are delighted that our three directors, in their expanded roles, have joined this Office to focus Electrovaya’s efforts.”

A co-founder of the company, Electrovaya’s CEO, Dr. Sankar Das Gupta, has served as Chairman of the Board of Directors since April 1999. Mr. Thomas W. LaSorda, formerly the Chief Executive Officer and Board member of Chrysler Group, joined Electrovaya in March 2010 as a member of the Board Directors and Special Advisor to the CEO. Mr. Clarence J. Chandran, formerly the Chief Operating Officer of

Nortel, joined Electrovaya's Board of Directors in August 2010. Dr. Bejoy Das Gupta, joined Electrovaya's Board of Directors in March, 1999, and is Deputy Director of the AsiaPacific Department of the Institute of International Finance, a global association of financial institutions based in Washington, DC.

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 transportation, 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. 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*

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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.