



News for Immediate Release

**ELECTROVAYA TO PROVIDE 1.2MWH LITHIUM ION
BATTERY ENERGY STORAGE SYSTEM (BESS)
UNDER THE FEDERAL GOVERNMENT CLEAN ENERGY FUND FOR DEMONSTRATION
PURPOSES IN ONTARIO**

Toronto, Ontario – August 17, 2011 – Electrovaya Inc. (TSX; EFL) today announced that it has signed a contract to provide a lithium ion Battery Energy Storage System (“BESS”) of approximately 1.2MWh for demonstration purposes in support of renewable energy generation in Ontario.

This program is a part of an Electrovaya led \$7.6 million project supported by the Government of Canada’s Clean Energy Fund (CEF) to investigate the potential use of battery energy storage systems in clean energy project, such as wind and solar farms. Partners in the project include Natural Resources, Canada, Hydro One and others. Electrovaya is the prime contractor and system designer and will provide the full energy storage system.

“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 for Ontario and encourages new technologies to help protect our environment for future generations.”

“We are pleased to team up with Electrovaya to explore how Battery Energy Storage Systems can work with our grid and benefit our customers,” said Rick Stevens, Vice President, Asset Management, Hydro One Networks Inc. “We are proud to work with an Ontario company to take a leadership role in the further development of the advanced distribution system.”

Member of Parliament for Mississauga South, Stella Ambler added, "This investment is good news for Ontario and residents of Mississauga South as we are sustaining high quality jobs while also advancing clean technology in Canada.”

“This important project marks Electrovaya’s second major grid storage contract and is in addition to a 1.5MWh capacity lithium ion SuperPolymer® BESS being deployed by a major US utility” said Dr. Sankar Das Gupta, Electrovaya’s CEO. “It clearly demonstrates our leadership and continued success in the grid storage market and the growing market awareness of the advantages of our lithium ion battery system technology, as well as the importance of our clean non-NMP manufacturing process.” continued Dr. DasGupta. Electrovaya has positioned itself to take a leadership role in the emerging market for grid storage applications. Grid Storage is expected to grow to a \$35 billion market by 2020, according to Pike Research. Electrovaya is seeing significant interest globally in its unique approach to utility energy storage systems and it expects its MWh scale products to be a substantial revenue generator.

Electrovaya's proprietary lithium ion SuperPolymer® cell technology is produced using ElectroVaya's unique non toxic NMP-free process. ElectroVaya's energy storage system consists of its large format lithium ion SuperPolymer® cells, proprietary thermal and battery management systems and all necessary subsystems.

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 (NRCan)

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 Hydro One:

Hydro One is the largest electricity transmission and distribution company in Ontario, valued at \$17.3 billion as measured by total assets. It owns and operates substantially all of Ontario's electricity transmission system, accounting for about 96% of Ontario's transmission capacity as measured by revenues for the year 2010. Its distribution system is the largest in Ontario and spans approximately 75% of 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.