



ELECTROVAYA ANNOUNCES SETTLEMENT AGREEMENT WITH ONTARIO SECURITIES COMMISSION

No Financial Penalty for Company

Toronto, June 30, 2017 – Electrovaya Inc. (TSX:EFL) (OTCQX: EFLVF) (the “Company”), a lithium ion battery supplier, today announced that the Company and Sankar Das Gupta, Chairman and CEO, have entered a Settlement Agreement (the “Agreement”) with Staff of the Ontario Securities Commission (“OSC”).

The Agreement resolves issues relating to the Company’s continuous disclosure between December 2015 and September 2016 (the “Time Period”) and specifically resolved (i) five news releases issued by the Company during the Time Period that did not contain adequate disclosure about the nature and risks of newly-announced business arrangements, (ii) that the Company did not update previously announced forward-looking information in its Management Discussion and Analysis during the Time Period and (iii) that the Company did not provide an accurate description of its business in its Annual Information Form filed during the Time Period.

Electrovaya and Dr. Das Gupta are committed to meeting corporate disclosure standards and regret that they did not satisfy such standards during the Time Period. As a result of the inquiry by OSC Staff, the Company has already taken steps to improve its continuous disclosure. Under the terms of the Agreement, the Company will take several additional steps to comply with its continuous disclosure requirements.

Electrovaya will not face a financial penalty in relation to the Agreement. Dr. Das Gupta has agreed to pay an administrative penalty and upgrade his personal knowledge of continuous disclosure standards.

Below is a summary of actions Electrovaya and Dr. Das Gupta have already taken in response to the inquiry by OSC Staff, as well as actions that will be taken under the terms of the Settlement Agreement.

In connection with OSC Staff’s 2016 review of Electrovaya’s continuous disclosure, the Company:

- Issued two clarifying news releases;
- Filed an amended and restated 2015 Annual Information Form on November 29, 2016;
- Revised its disclosure policy, including introducing external counsel review of all continuous disclosure;
- Has arranged for external counsel to provide a seminar to its Disclosure Committee on its revised disclosure policy, obligations, and standards; and
- Hired an investor relations firm with TSX-listed issuer experience.

In connection with OSC Staff’s 2016 review of Electrovaya’s continuous disclosure, Dr. Das Gupta:

- Attended, via webinar, the OSC SME Institute seminar on Continuous Disclosure in December 2016.

Under the terms of the Settlement Agreement, Electrovaya will:

- Have the Company’s corporate governance framework reviewed by Hansell LLP (the “Consultant”), and adopt all changes recommended by the Consultant that are accepted by OSC Staff;



- Institute for a period of 20 months a Disclosure Committee comprised of 4 members (2 of whom shall be independent directors) which committee must approve all public disclosure made by the Company;
- Name an independent director as Chair of the Disclosure Committee for a period of 20 months; and
- Name an independent director as Chair of the Board for a period of 20 months.

In this regard, Dr. Carolyn Hansson has been appointed as Chair of the Disclosure Committee and Dr. Alexander McLean has been appointed Chair of the Board.

Under the terms of the Settlement Agreement, Dr. Das Gupta will:

- Pay an administrative penalty of \$250,000;
- Be prohibited from becoming or acting as a director or officer of any reporting issuer, other than Electrovaya or an affiliate, for a period of one year;
- Pay the costs of the Consultant's review, which are estimated to be between \$85,000 and \$100,000; and
- Participate in, and pay for, a corporate governance course on disclosure issues acceptable to staff of the OSC, the costs of which are estimated to be \$2,500.

Dr. Das Gupta commented: "We are pleased to reach this agreement with OSC Staff. The measures we announced today demonstrate our commitment to fulsome and balanced disclosure. With this matter behind us, we can direct all our focus to the Company's exciting future."

About Electrovaya Inc.

Electrovaya Inc. designs, develops and manufactures proprietary Lithium Ion Super Polymer® batteries, battery systems, and battery-related products for energy storage, clean electric transportation and other specialized applications. Electrovaya, through its fully owned subsidiary, Litarion GmbH, also produces cells, electrodes and SEPARION™ ceramic separators and has manufacturing capacity of about 500MWh/annum. Electrovaya is a technology focused company with extensive IP. Headquartered in Ontario, Canada, Electrovaya has production facilities in Canada and Germany with customers around the globe. To learn more about how Electrovaya and Litarion is powering mobility and energy storage, please explore www.electrovaya.com, www.litarion.com and www.separion.com

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