



News for Immediate Release

Electrovaya signs Supply Agreement and a Strategic Supplier Agreement with a Global OEM for Residential Energy Storage Applications

Toronto, Ontario – October 19, 2016

Electrovaya and its subsidiary Litarion, sign a Strategic Supplier Agreement and a Supply Agreement with a global OEM. These agreements follow an earlier announced Letter of Intent.

Electrovaya Inc. (TSX: EFL) (OTCQX:EFLVF) and its wholly owned subsidiary Litarion GmbH (“Litarion”), announced they have signed a Strategic Supplier Agreement and a Supply Agreement (collectively, the “Agreements”) with a global original equipment manufacturer (the “Global OEM”), who is one of the market leaders for Residential Energy Storage. The Agreements follow the press release of Electrovaya dated June 15, 2016 announcing the letter of intent, which letter of intent was further described in Electrovaya’s press release dated August 11, 2016 under the second bullet following the heading ‘Business Highlights’.

Electrovaya will supply 48V LITASTORE battery modules to the Global OEM if, as and when the Global OEM delivers purchase orders under the Agreements. Prior to the execution of the Agreements, Electrovaya completed, shipped and billed the Global OEM for prototypes delivered by Electrovaya.

The Supply Agreement contains tiered volume and pricing. Should the maximum volume anticipated in the volume pricing schedule be achieved this would result in €199 million being the potential value of the agreement over a three-year period. There is no assurance, however, that the Global OEM will order nor Electrovaya supply to this extent.

Electrovaya’s technology and products are uniquely suited to the fast-growing Residential Energy Storage market as two of the critical performance parameters are highest cycle life and safety, both uniquely available from Electrovaya.

“We are very excited with this contract, as this was achieved against intense global competition and with a fast-growing leader in Residential Energy Storage”, said Dr. Rajshekhar DasGupta, VP of Business Development at Electrovaya. “Our LITASTORE line of modules powered by our latest LC-44 cells are an attractive product for Residential Energy Storage due to class leading cycle life, performance and safety.”

See “Forward-Looking Statements” and “Risk Factors” below.

Company Business Update

The following is an update on some of the other recent business developments previously announced by Electrovaya.

On May 26, 2016, Electrovaya announced the signing of a Master Service Agreement with a Fortune 1000, NYSE listed company and estimated potential revenues of up to US\$80 million over a three-year period under such contract (the “Hyster Yale Agreement”). On September 15, 2016, Electrovaya issued a press release which identified the customer as Hyster Yale, a leading electric forklift manufacturer. The estimated revenue and volumes disclosed by Electrovaya in its earlier press release were based upon Hyster-Yale's expectations and forecasts for end customer sales of new lithium-ion forklift products. Electrovaya's estimated revenue from Hyster Yale is dependent on Hyster Yale's ability to generate sales of its lithium-ion based forklifts and to order products from Electrovaya in connection with such sales. The agreement with Hyster Yale does not provide for a minimum contracted volume nor have firm irrevocable commitments been obtained from Hyster Yale.

On June 14, 2016 Electrovaya announced a non-binding Memorandum of Understanding (“MoU”) with a European original equipment manufacturer (“European OEM”), a battery assembler for electric buses which has manufacturing plants in both Europe and China. Electrovaya and the potential customer are engaged in negotiations towards a definitive agreement. The MoU contains certain indicative fundamental terms (price and maximum volume discount) agreed by the parties. The MoU is for a product that is not a standard product of Electrovaya and accordingly, Electrovaya is currently engaged in the production of prototype products for this potential customer in order to be in a position to execute a definitive agreement once terms are agreed. Electrovaya anticipates the definitive agreement will be consistent with the indicative fundamental terms contained in the MoU, however, there is no assurance a binding agreement will be entered into or if entered into will be on the terms contained in the MoU. The potential estimated revenues of €11 million for 2017 previously disclosed by Electrovaya were based upon the customer's expectations regarding end customer sales of the product. Neither the MoU nor any definitive agreement is expected to provide for a minimum contracted volume or firm irrevocable commitment.

On July 6, 2016 Electrovaya/Litarion announced a non-binding MoU, with an international original equipment manufacturer (“International OEM”). The MoU contains certain indicative fundamental terms (price and maximum volume discount) agreed to by the parties. A working group has been set up with key personnel from both organizations to collaborate on specification, development, prototyping and testing. Electrovaya anticipates that the definitive agreement will be consistent with the MoU however, there is no assurance a binding agreement will be entered into, or if entered into will be on the terms contained in the MoU. Development work is being done by both sides and commercialization is expected to start in CY 2017. If a definitive agreement is executed, Electrovaya would be a component supplier to the International OEM's electric vehicle and the actual revenues of Electrovaya will be dependent on the success of the International OEM's electric vehicle in the market and the International OEM ordering the products of Electrovaya. Neither the MoU nor is it expected that any definitive agreement will provide for a minimum contracted volume or firm irrevocable commitment. The International OEM has a large internal fleet demand for electric vehicles as well as external demands. Based upon the customer's expectations regarding end customer sales of the product, Electrovaya's potential revenues from this International OEM are estimated to be up to €37 million in 2017, with the actual revenues dependent on the International OEM's commercialization of the electric vehicle with Electrovaya's products for both its internal fleet usage and external sales.

See “Forward-Looking Statements” and “Risk Factors” below.

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About Electrovaya Inc.

Electrovaya Inc. (TSX:EFL) (OTCQX:EFLVF) 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 patents and other Intellectual Property. 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

Risk Factors

The Hyster-Yale Agreement and the agreements with the Global OEM (collectively the “Contracts”) are subject to a number of risks, including: (i) no sales are assured under the Contracts and no firm irrevocable commitments have been obtained by Electrovaya under the Contracts; (ii) the Contracts do not provide for a minimum contracted volume, and therefore, Electrovaya is subject to the requirements of Hyster-Yale and the Global OEM as to if, as and when and in what volume they wish to ultimately purchase; (iii) Electrovaya’s estimation of revenue is calculated based on the expectations and forecasts for orders during the life of the contract provided to Electrovaya by Hyster-Yale and the Global OEM (the “Estimates”) which orders are solely at the discretion of Hyster-Yale and the Global OEM - accordingly the actual revenues of Electrovaya under the Contracts could be materially less than initially estimated; (iv) the Estimates may constitute forward-looking information and Electrovaya does not have (X) knowledge of the material factors or assumptions used by Hyster-Yale or the Global OEM to develop the Estimates or as to their reliability or (Y) the ability to monitor the performance of the business of the Global OEM or Hyster-Yale in order to confirm that the volumes initially represented by them in the Estimates remain valid; and (v) if the Estimates do not remain valid, or if firm irrevocable orders are not obtained, the potential estimated revenues of Electrovaya could be materially and adversely impacted.

The MoUs disclosed above are subject to a number of risks including: (i) the arrangements are still in the negotiation phase and there is no assurance a definitive agreement will be reached or if reached, such agreement will be on the same terms as disclosed in the MoU, (ii) product specifications have not yet been agreed and thus Electrovaya cannot enter into a definitive agreement nor commence deliveries until the product specifications are agreed and a definitive arrangement is signed; (iii) no sales are assured under the MoUs and no firm irrevocable commitments have been obtained from the potential customer; and (iv) the MoUs and any definitive agreement entered into in furtherance thereof, may be subject to the same risk factors as the Contracts.

Forward-Looking Statements

This press release contains forward-looking statements, including statements that relate to, among other things, estimated orders and volumes provided to Electrovaya by customers and potential customers revenues, order forecasts, forecasted customer orders and estimated revenues, technology development progress, plans for shipment using the Company’s technology,

production plans, the Company's markets, objectives, goals, strategies, intentions, beliefs, expectations and estimates, and can generally be identified by the use of words such as "may", "will", "could", "should", "would", "likely", "possible", "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. In particular, readers and investors should note that estimated and forecasted orders and volumes provided by customers and potential customers to Electrovaya may constitute forward-looking information and Electrovaya does not have (X) knowledge of the material factors or assumptions used by the customers or potential customers to develop the estimates or forecasts or as to their reliability and (Y) the ability to monitor the performance of the business its customers and potential customers in order to confirm that the forecasts and estimates initially represented by them to Electrovaya remain valid and if such forecasts and estimates do not remain valid, or if firm irrevocable orders are not obtained, the potential estimated revenues of Electrovaya could be materially and adversely impacted.

Certain material factors or assumptions are applied by Electrovaya 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: the purchase orders actually placed by the OEM, the OEM terminating the agreements or not renewing such agreements annually, 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.