

ZENN Motor Company Inc.
Toronto, Ontario, Canada
(TSXV: ZNN)

ZENN MOTOR COMPANY REPORTS SECOND QUARTER 2010 RESULTS

Toronto, Ontario – May 28, 2010 – ZENN Motor Company Inc. (“ZMC” or the “Company”) (TSX-V ZNN) a leading developer of zero emission transportation solutions and technologies, today announced its financial results for the three and six months ended March 31, 2010. All amounts are expressed in Canadian dollars unless otherwise indicated.

For the three and six months ended March 31, 2010 gross revenues were \$405,375 and \$1,386,266, respectively (2009 - \$391,227 and \$936,619, respectively).

Net losses for the three and six month periods were \$2,014,839 or \$(0.05) per share and \$3,861,228 or \$(0.10) per share compared with net losses of \$1,973,015 or \$(0.06) per share and \$3,759,387 or \$(0.11) per share for the corresponding periods in the prior year.

At March 31, 2010 the Company had working capital of \$6,478,243 including cash, cash equivalents and short-term investments totaling \$7,482,990 compared to \$9,655,369 and \$10,143,540, respectively, at September 30, 2009.

In the three months ended March 31, 2010, the Company ended production and sales of the ZENN LSV and was able to realize greater than forecast value on selling the remaining production inventories. The Company also took a provision in the period of \$418,000 for severance and related costs. As a result of these actions, the Company’s cash burn in future months is expected to show a noticeable decline.

“With the completion of our transition out of the LSV business and the associated reductions in overhead, we entered the 3rd quarter of 2010 with a more focused organization. Our engineering efforts are dedicated to the development of ZENNEnergy™ solutions that optimize the potential high voltage and energy density capabilities of EESstor’s solid state energy storage technology for automotive and specialty vehicle markets” stated Ian Clifford, CEO of ZMC. “With an eye on strategic spending, our engineering group is engaged in multiple research and development initiatives within the realm of high voltage power electronics and components to assess where the Company can offer its prospective customers the greatest value. The engineering team’s progress further supports our on-going business development activities.”

Additional Information

Readers are encouraged to read the Company’s unaudited consolidated financial statements for the three months ended March 31, 2010 and the corresponding Management’s Discussion and Analysis. Additional information is available in the Company’s Annual Information Form (AIF) dated January 28, 2010, all of which have been filed on SEDAR at www.sedar.com and posted on the Company’s website at www.ZENNcars.com.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

About ZENN Motor Company Inc.

ZENN Motor Company, Toronto, Canada, is dedicated to being a global leader in enabling zero emission transportation solutions for markets around the world. Driven by quality, ingenuity and a philosophy of social responsibility, the ZMC team is redefining what is possible in the electrification of transportation.

ZENNergy technologies and solutions, to be powered by EESstor's electrical energy storage units (EESU) are expected to enable OEM and Tier 1 partners to deliver advanced electric transportation solutions to their customers. The Company has a Technology Agreement with EESstor that provides certain exclusive and non-exclusive rights to purchase and deploy EESstor's EESU technology, which rights are detailed in the Company's AIF.

Forward-looking Statements

Certain statements in this release, other than statements of historical fact, may include forward-looking information that involves various risks and uncertainties that face the Company; such statements may contain such words as "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect" and similar expressions, and may be based on management's current assumptions and expectations related to all aspects of the automotive industry, consumer demand for zero emission transportation solutions and the global economy. Risks and uncertainties that may face the Company include, but are not restricted to: the EESstor energy storage technology may not be successfully commercialized at all, in a manner providing the features and benefits expected while under development, or on a timely basis or the Company may not be able to successfully incorporate this technology into its current or proposed products; the Company could fail in its efforts to develop viable ZENNergy technologies and solutions or do so on a timely basis; steps taken by the Company to protect its proprietary rights may not be adequate or third parties may infringe or misappropriate the Company's proprietary rights; the Company has a history of losses from operations and may not be able to obtain financing, if and when required, to fund future expenditures for general administrative activities, including sales and marketing and research and development, expansion, strategic acquisitions or investment opportunities or to respond to competitive pressures; competitors may develop products which offer greater benefits to consumers, have greater market appeal or are more competitively priced than those offered by the Company; the Company may be exposed to product liability claims which exceed insurance policy limits; the Company is dependent on the ability and experience of a relatively small number of key personnel; new products introduced by the Company may not be accepted in the market or to the extent projected; new laws and regulations may be enacted or existing ones may be applied or governmental action may be taken in a manner which could limit or curtail the production or sale of the Company's products; and the Company may be negatively affected by reduced consumer spending due to the uncertainty of economic and geopolitical conditions. These risks and uncertainties may cause actual results to differ from information contained in this release, when estimates and assumptions have been used to measure and report results. There can be no assurance that any statements of forward-looking information contained in this release will prove to be accurate. Actual results and future events could differ materially from those anticipated in such statements. These and all subsequent written and oral statements containing forward-looking information are based on the estimates and opinions of management on the dates they are made and expressly qualified in their entirety by this notice. Except as required by applicable laws, the Company assumes no obligation to update forward-looking statements should circumstances or management's estimates or opinions change. Readers are cautioned not to place undue reliance on any statements of forward looking information that speak only as of the date of this release. Additional information identifying risks and uncertainties relating to the Company's business are contained under the heading "Risk Factors" in ZMC's current Annual Information Form and its other filings with the various Canadian securities regulators which are available online at www.sedar.com.

Information contained in this release relating to EESstor, Inc. or the energy storage technology being developed by EESstor has not been reviewed by EESstor and EESstor does not assume any responsibility for the accuracy or completeness of such information.

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ZENN Motor Company Inc.

Consolidated Balance Sheets

	Mar. 31 2010 (unaudited) \$	Sep. 30 2009 (audited) \$
Assets		
Current		
Cash and cash equivalents	382,990	2,543,540
Short-term investments	7,100,000	7,600,000
Accounts receivable	34,304	118,601
Inventory	210,757	552,074
Prepaid expenses and sundry assets	<u>386,032</u>	<u>482,611</u>
	8,114,083	11,296,826
Property and equipment	155,870	237,876
Rental deposits	11,833	13,358
EEStor technology marketing rights	2,303,275	2,303,275
Investment in EEStor, Inc.	<u>8,674,771</u>	<u>8,674,771</u>
	<u>19,259,832</u>	<u>22,526,106</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	<u>1,635,840</u>	<u>1,641,457</u>
	<u>1,635,840</u>	<u>1,641,457</u>
Shareholders' Equity		
Capital stock	52,239,586	52,009,481
Contributed surplus	2,379,145	1,946,725
Warrant capital	170,525	232,479
Deficit	<u>(37,165,264)</u>	<u>(33,304,036)</u>
	<u>17,623,992</u>	<u>20,884,649</u>
	<u>19,259,832</u>	<u>22,526,106</u>

ZENN Motor Company Inc.

Consolidated Statements of Operations and Deficit
For the three and six months ended March 31
(unaudited)

	<u>Three Months</u>		<u>Six Months</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
	\$	\$	\$	\$
Gross revenue	405,375	391,227	1,386,266	936,619
Provision for rebates	<u>154,425</u>	<u>115,266</u>	<u>545,812</u>	<u>166,422</u>
Net revenue	250,950	275,961	840,454	770,197
Cost of sales	<u>221,529</u>	<u>291,356</u>	<u>747,140</u>	<u>880,455</u>
Gross profit (loss)	29,421	(15,395)	93,314	(110,258)
Expenses				
Marketing and promotion	334,838	376,727	734,161	813,716
Engineering and development	405,008	276,165	885,972	485,610
General and administrative	988,975	1,298,413	1,996,076	2,423,856
Provision for severance costs	418,036	-	418,036	-
Inventory valuation adjustment	(140,115)	-	(140,115)	-
Foreign exchange loss (gain)	(1,538)	25,103	(3,369)	4,196
Amortization	<u>49,152</u>	<u>44,639</u>	<u>85,802</u>	<u>89,047</u>
	<u>2,054,356</u>	<u>2,021,047</u>	<u>3,976,563</u>	<u>3,816,425</u>
Loss from operations	(2,024,935)	(2,036,442)	(3,883,249)	(3,926,683)
Interest income	<u>10,096</u>	<u>63,427</u>	<u>22,021</u>	<u>167,295</u>
Net loss for the period	(2,014,839)	(1,973,015)	(3,861,228)	(3,759,388)
Deficit, beginning of period	<u>(35,150,425)</u>	<u>(25,001,282)</u>	<u>(33,304,036)</u>	<u>(23,214,909)</u>
Deficit, end of period	<u>(37,165,264)</u>	<u>(26,974,297)</u>	<u>(37,165,264)</u>	<u>(26,974,297)</u>
Loss per share, basic and diluted	(0.05)	(0.06)	(0.10)	(0.11)
Weighted average number of shares outstanding	37,194,152	34,057,793	37,139,650	33,843,092

ZENN Motor Company Inc.

Consolidated Statements of Cash Flows
For the three and six months ended March 31
(unaudited)

	Three Months		Six Months	
	2010	2009	2010	2009
	\$	\$	\$	\$
Cash flows from (to) operating activities				
Net loss for period	(2,014,839)	(1,973,015)	(3,861,228)	(3,759,388)
Add items not affecting cash flow				
Loss on disposal of assets	11,879	-	11,879	-
Amortization	49,152	44,639	85,802	89,047
Stock based compensation	162,582	263,713	419,464	520,630
	<u>(1,791,226)</u>	<u>(1,664,663)</u>	<u>(3,344,083)</u>	<u>(3,149,711)</u>
Changes in non-cash working capital				
Accounts receivable	(9,174)	(10,420)	84,296	(147,180)
Inventory	42,044	115,894	341,317	(460,905)
Prepaid expenses and other assets	53,736	85,302	96,579	(15,716)
Accounts payable and accrued liabilities	<u>(268,868)</u>	<u>(89,464)</u>	<u>(5,613)</u>	<u>(562,610)</u>
	<u>(1,973,488)</u>	<u>(1,563,351)</u>	<u>(2,827,504)</u>	<u>(4,336,122)</u>
Cash flow from (to) investing activities				
Short-term investments	500,000	425,000	500,000	2,200,000
Proceeds on sale of assets	2,650	6,090	2,650	6,090
Rental deposits	9,700	(8,136)	1,525	1,564
Development costs	-	(100,254)	-	(250,093)
Purchase of property, plant and equipment	<u>-</u>	<u>(10,109)</u>	<u>(18,327)</u>	<u>(25,610)</u>
	<u>512,350</u>	<u>312,591</u>	<u>485,848</u>	<u>1,931,951</u>
Cash flow from (to) financing activities				
Exercise of options and warrants	<u>57,000</u>	<u>715,000</u>	<u>181,106</u>	<u>722,498</u>
	<u>57,000</u>	<u>715,000</u>	<u>181,106</u>	<u>722,498</u>
Increase (decrease) in cash during period	(1,404,138)	(535,760)	(2,160,550)	(1,681,673)
Cash and cash equivalents at beginning of period	<u>1,787,128</u>	<u>6,540,187</u>	<u>2,543,540</u>	<u>7,686,100</u>
Cash and cash equivalents at end of period	<u>382,990</u>	<u>6,004,427</u>	<u>382,990</u>	<u>6,004,427</u>
Consists of:				
Cash	382,990	819,588	382,990	819,588
Cash equivalents	<u>-</u>	<u>5,184,839</u>	<u>-</u>	<u>5,184,839</u>
	<u>382,990</u>	<u>6,004,427</u>	<u>382,990</u>	<u>6,004,427</u>