

ZENN Motor Company Inc.
Toronto, Ontario, Canada
(TSX-V: ZNN)

ZENN MOTOR COMPANY BOARD COMPLETES STRATEGIC REVIEW AND IMPLEMENTS NEW PLAN/ ANNOUNCES BOARD AND MANAGEMENT CHANGES

Toronto, Ontario – May 16, 2011 - ZENN Motor Company Inc. (“ZMC” or the “Company”) (TSX-V: ZNN) announced today that its Board of Directors has completed its strategic review of the Company and is reporting on its review and implementing a number of significant changes at the Company. The Company also announces today several board and management changes.

CHANGES TO THE BOARD

Richard D. McGraw, founding Chair of the Board of Directors, has submitted his resignation as Chair of the Board and as a director. James E. Kofman, previously Lead Director, assumes the role of Chair of the Board of Directors. The Board will operate with five directors for the time being and may fill the vacancy in future if there is a strategic reason to do so.

The Company wishes to thank Rick for his outstanding contributions to the board, his leadership over the past five years, and his commitment to addressing the interests of all stakeholders.

“As founding chair of the ZMC Board, I have had the opportunity to lead an innovative organization in a challenging industry,” stated Rick McGraw. “ZMC demonstrated that there is indeed a market for electric vehicles, and the industry responded with multiple programs to put electric vehicles on the road. ZMC’s role in the industry may have changed, but the Company is well-positioned to capitalize on the commercial success of their energy storage partner, EESstor, Inc. My decision to resign reflects the reality that the next phase of the organization requires a greater time commitment than I can make.”

“I commend Rick on his leadership through the many opportunities and challenges that the Company has faced,” stated Ian Clifford, founder and Vice Chair of ZENN. “I know he remains deeply committed to ZENN”.

In recognition of his added responsibilities and his role in leading the strategic review the Board has granted Mr. Kofman an additional 150,000 options at an exercise price to be fixed at the time of grant in accordance with the Company’s stock option plan and which will expire in five years.

STRATEGIC REVIEW

As announced at the Annual General Meeting of Shareholders held on March 22, 2011, the reconstituted Board of Directors of the Company undertook a thorough review of the overall strategy, assets, operations and staffing of the Company. The decisions of the Board are a result of the review process and are unanimous.

As part of the strategic review, the Board spent considerable time in meetings and discussions with EESstor to determine the best path for the Company going forward. A strong relationship with EESstor is the Company’s priority. The pace of development and achievement of key milestones as well as disclosure relating to these events are all under the control of EESstor. The Company maintains a regular

dialogue with EEStor and intends to increase its interaction with EEStor and, where appropriate, collaborate with and assist EEStor.

"We are implementing a plan to re-focus and restructure ZENN and build value through the technologies that EEStor is developing," said James Kofman, ZMC's new Chair. "While the process of restructuring is always difficult, we are taking significant steps in simplifying our organization and reducing costs so that we can direct our financial resources towards supporting our investment in EEStor and our technology agreement with them."

MANAGEMENT CHANGES

As a result of this review and the focus of the Company on EEStor, Brian Cott will be stepping down as President and Chief Executive Officer of the Company effective immediately. Brian will assist in an orderly transition of his duties and the Board will name an appropriate replacement in the near future. On behalf of the Board of Directors Mr. Kofman stated, "We wish to thank Brian for his hard work and dedication to the Company; he has been a strong supporter of ZENN and we particularly appreciate his help in assisting the Board in the review process."

In addition, with the focus of the Company on reduced operational activities and an increased emphasis on collaboration and value creation around its unique relationship with EEStor, a further simplification and restructuring of the organization will take place to help focus the Company and reduce costs. These further changes will be announced as they are implemented.

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.

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About ZENN Motor Company Inc.

ZENN Motor Company, Toronto, Canada, is dedicated to enabling emission-free, energy-efficient transportation. Working with EEStor's electrical energy storage units (EESU) under development, ZMC aims to enable OEM and Tier 1 partners to deliver advanced electric transportation solutions to their customers. The Company has a Technology Agreement with EEStor that provides certain exclusive and nonexclusive rights to purchase and deploy EEStor'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 EEStor 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 presentation. 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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