



ZENN Motor Company Inc.

Annual Information Form

January 28, 2015

Table of Contents

Cautionary Note Regarding Forward Looking Statements	4
Corporate Structure	5
Name, Address and Incorporation	5
Intercorporate Relationships	5
General Development of the Business	5
Company History.....	5
Significant Acquisition	7
Description of the Business	8
General.....	8
Risk Factors.....	14
Dividends	17
Description of Capital Structure.....	17
Market for Securities.....	18
Trading price and Volume.....	18
Prior Sales.....	18
Escrowed Securities	19
Directors and Officers	19
Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions	20
Conflicts of Interest	20
Audit Committee.....	21
Relevant Education and Experience	21
Pre-Approval Policies and Procedures	21
External Auditor Service Fees	22
Exemption	22
Legal Proceedings	22
Interest of Management and Others in Material Transactions	22
Transfer Agent and Registrar	22
Material Contracts.....	22
Interest of Experts.....	23
Names of Experts	23

Interests of Experts	23
Additional Information.....	23
Schedule A - Audit Committee Charter.....	i

ZENN Motor Company Inc.

Annual Information Form

Cautionary Note Regarding Forward Looking Statements

This Annual Information Form (“AIF”) contains “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995 and applicable Canadian securities legislation. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved”. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of ZENN Motor Company Inc. to be materially different from those expressed or implied by such forward-looking statements. Risks and uncertainties that may face the Company include, but are not limited to: the EESstor energy storage technology, upon which the Company's plans and business strategy is substantially dependent, may not be successfully commercialized at all, or in a manner providing the features and benefits expected by EESstor while under development, or on a timely basis. Risks and uncertainties include but are not limited to other factors discussed in the section entitled “Description of the Business – Risk Factors” in this Annual Information Form. Although ZMC has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. ZMC does not undertake to update any forward-looking statements that are contained or incorporated by reference herein, except in accordance with applicable securities laws.

EESstor's energy storage and capacitor technology is still under development. There are significant risks associated with the development of new technologies such as EESstor's energy storage and capacitor technology and readers are directed to the “Risk Factors” section of this Annual Information Form below.

Corporate Structure

Name, Address and Incorporation

ZENN Motor Company Inc. (formerly Feel Good Cars Corporation and prior to that, MCL Capital Inc.) (the “Company”, “ZMC”, “FGC” or “MCL” as the context requires) was incorporated under the Business Corporations Act (Ontario) by Articles of Incorporation dated September 28, 2004. Pursuant to Articles of Amendment dated November 5, 2004, the articles of MCL were amended to remove the restrictions on transfer of the Company's shares set forth therein. Pursuant to Articles of Amendment dated January 30, 2006, MCL's name was changed from MCL Capital Inc. to Feel Good Cars Corporation and the authorized capital altered by consolidating all of the then issued and outstanding common shares of MCL on the basis of one new common share for every three then existing common shares (the “Consolidation”). All references to common shares in this Annual Information Form are to post-Consolidation shares, unless otherwise noted. Pursuant to Articles of Amendment dated June 14, 2007, the name Feel Good Cars Corporation was changed to ZENN Motor Company Inc.

The Company's head and registered office is located at 21 St. Clair Avenue, East, Toronto, Ontario M4T 1L9.

ZENN Motor Company Inc. is a reporting issuer in the provinces of British Columbia, Alberta and Ontario and its common shares are listed on the TSX Venture Exchange under the trading symbol “ZNN”.

Intercorporate Relationships

The Company has the following wholly owned subsidiaries, all incorporated under the laws of the Province of Ontario unless otherwise indicated:

- ZENN Motor Company Limited (formerly Feel Good Cars Inc.)
- ZENN Capital Inc.
- ZENNErgy Inc.
- ZMC America, Inc. (a Delaware Corporation)

On January 27, 2014, the Company acquired a controlling interest in EEStor, Inc. (“EEStor”), and currently holds common shares and preferred shares representing a 71.3% of the voting and equity interest on an as converted basis at the date hereof. EEStor was incorporated under the laws of the State of Delaware by Articles of Incorporation dated April 11, 2001.

As used in this Annual Information Form, except as otherwise required by the context, reference to “ZMC” or the “Company” includes both ZENN Motor Company Inc. and its subsidiaries. Any reference to “ZMCI” means ZENN Motor Company Inc. alone. Reference to “ZMCL” means ZENN Motor Company Limited alone. Reference to “ZCI” means ZENN Capital Inc. alone. References to “ZI” and “ZMC America” means ZENNErgy Inc. and ZMC America, Inc. respectively, alone. References to “EEStor” means EEStor, Inc. alone.

General Development of the Business

Company History

MCL Capital Inc. was incorporated on September 28, 2004 as a capital pool company in accordance with the policies of the TSX Venture Exchange. MCL did not carry on any active business other than seeking and the investigation of acquisition opportunities. On January 30, 2006 it completed its qualifying transaction, being the acquisition of all of the issued and outstanding shares of Feel Good Cars Inc. (“FGCI”) (now ZENN Motor Company Limited), then a Canadian controlled private corporation. Prior to the MCL transaction, FGCI had entered into an initial technology agreement with EEStor, a privately held company based in Cedar Park, Texas, that is working to develop and manufacture a high-energy-density

ceramic ultra-capacitor called an Electrical Energy Storage Unit (“EESU”) to act as a very high capacity battery with the goal of significantly more energy storage, greater longevity and at a lower cost than traditional chemical based batteries. Under the initial technology agreement, upon payment of a total of US\$2,500,000 in milestone instalments, FGCI would obtain specific exclusive and non-exclusive rights to EESU for various automotive applications.

FGCI’s initial operations were focused on the development of a low speed electric vehicle using a host glider (body and steering system without a propulsion system) and completing the manufacturing as a fully electric vehicle. The Company shipped its first production ZENN Low Speed Vehicles (“LSV”), in October 2006 to its growing retailer network.

During January 2007, EESU announced its third party verification of its composition modified barium titanate (CMBT) powder purity results, triggering a milestone payment of US\$550,000 pursuant to the technology agreement, as amended. Shortly thereafter, in April 2007, the Company made an investment in the common shares of EESU, purchasing approximately 3.8% of the equity of EESU for US\$2,500,000. Under the terms of the investment, the Company acquired a right to invest an additional amount up to US\$5,000,000 within 30 days of the Company obtaining independent verification of permittivity tests meeting pre-defined specifications.

In April 2009, EESU announced positive permittivity test results of the CMBT to be used in its manufacturing process, a key milestone in its development of its EESU which was subsequently confirmed by third party certification. The third party verification triggered a US\$700,000 milestone payment in May 2009 under the amended technology agreement between EESU and the Company and permitted the Company to exercise the additional investment rights in July 2009 by making an investment in EESU of US\$5,000,000. At the conclusion of the additional investment, the Company held an approximate 10.7% equity interest in EESU.

In December 2009, the Company announced that on or before April 30, 2010 it would cease production of the ZENN LSV, close its production facilities, selling off surplus LSV production assets and related inventory.

In May 2011, after changes to the Board, a comprehensive strategic review was completed and the Company implemented significant changes, including certain management changes, the elimination of a number of management positions including the cessation of its own engineering and the development of technologies complimentary to EESU. The new simplified structure was designed to reduce cash burn in order to focus financial resources toward supporting the Company’s investment in EESU and its technology rights with EESU. The Company also determined that it would revisit the development of its own technologies once the path to commercialization of the EESU technology was clearer.

In April 2012, the Company completed a non-brokered private placement of common shares issuing and selling 2,350,000 units at a price of \$0.85 per unit for gross proceeds of \$1,997,500. Each unit consisted of one common share and one common share purchase warrant. Each share purchase warrant entitled the holder to acquire one common share at a price of \$1.35 until December 10, 2013, as extended, of which 102,800 warrants were exercised prior to expiry and the remainder expired unexercised.

Following the April 2012 financing, in May 2012 the Company entered into a new technology agreement with EESU (the “New Technology Agreement”) which significantly expanded the Company’s rights and improved upon the terms of the old technology agreement by providing exclusivity to a potentially much larger market in automobiles and other vehicles. In consideration for the new expanded technology rights awarded, the Company made an initial payment in the amount of US\$500,000. Further payments are subject to specified milestones, none of which have been achieved to date.

On June 30, 2013, the Company closed its LSV service operations and ceased to provide parts and service support previously offered for LSVs.

On November 14, 2013, the Company completed a non-brokered private placement where the Company issued 3,704,000 units at \$1.00 per unit, each unit consisting of one share and one common share

purchase warrant, resulting in gross proceeds of \$3,704,000 to the Company. Each warrant entitles the holder to purchase one common share of the Company for \$1.50 prior to May 14, 2015.

On December 20, 2013, the Company completed the purchase of 502,344 preferred shares of EESstor and certain rights associated with the ownership of such shares from various holders. The purchase price was US\$1.5 million in cash and 3,756,785 common shares of the Company. The acquisition resulted in the Company holding an approximate 41% voting and equity interest in EESstor on an as-converted basis. Shortly thereafter on January 27, 2014, the Company completed a transaction whereby it invested US\$1.0 million for 369,167 preferred shares which resulted in the Company having a controlling 51% interest in EESstor based on its common share and preferred share holdings on an as-converted basis. In conjunction with the transaction, an exchange right was exercised by various shareholders of EESstor whereby 360,000 shares of EESstor were exchanged for common shares of the Company on a 15 for 1 basis resulting in the issuance of 5,400,000 common shares of the Company. Following the share exchange, the Company held a 68.4% voting and equity interest in EESstor on an as-converted basis (see "Significant Acquisition" below).

On April 28, 2014, Roger Hammock EVP – EESstor Relations, a director of the Company and the Chair of EESstor resigned followed by the resignations of Allan Gregg as a director of the Company and James Kofman as Chair and CEO of the Company on May 19, 2014. On May 19, 2014, Kevin Spall was added as a director of the Company.

On May 8, 2014, the Company acquired a further 59,739 shares of common and preferred shares from certain minority shareholders of EESstor pursuant to an exchange offer, on the basis of 15 common shares of the Company for each EESstor share exchanged. In addition, the Company also acquired 18,099 outstanding warrants of EESstor in exchange for warrants of the Company having the same terms and conditions, except that upon exercise the holder will receive 15 common shares of the Company for each EESstor share they otherwise would have received. As a result of these exchanges, the Company increased its voting and equity interest in EESstor to 71.3% on an as-converted basis.

On July 9, 2014, the Company announced its intention to redirect the focus at EESstor to producing layers meeting or exceeding existing commercial capacitor products outside of high energy density storage markets which will be engineered as replacement technology for the high voltage aluminium electrolytic and power film capacitor markets. At the same time, the Company announced that Intertek Group plc ("Intertek") had been engaged to develop testing protocols and conduct independent testing that would validate EESstor's internal test results of the initial layers for use as replacement technology for high voltage aluminium electrolytic capacitors and other high voltage capacitors.

On September 15, 2014, the Company completed a non-brokered private placement where the Company issued 5,076,922 units at \$0.26 per unit, each unit consisting of one share and one common share purchase warrant, resulting in gross proceeds of \$1,320,000 to the Company. Each warrant entitles the holder to purchase one common share of the Company for \$0.39 prior to March 15, 2016.

On December 17, 2014, the Company released the report prepared by Intertek of its independent testing results performed on a sampling of EESstor's capacitor layers across multiple voltages using Intertek's equipment and testing protocols. In addition, the Company made available to its stockholders and other interested parties on SEDAR and on its web site an extensive report written by Mr. Dennis Zogbi, CEO of Paumanok Publications, which contextualizes the results of the Intertek report and discusses the potential for EESstor's high voltage capacitors in the global capacitor market.

Significant Acquisition

On May 13, 2014, the Company filed a Form 51-102F4 Business Acquisition Report ("BAR") regarding the acquisition of control of EESstor. The complete BAR can be found on SEDAR under the Company's profile.

Nature of Business Investment

In addition to its investment in the voting and equity shares of EEStor, the Company holds certain exclusive technology rights to purchase and deploy the EESU technology for vehicles (excluding one, two and three wheeled vehicles and any vehicle manufactured exclusively for sale to US Federal and State and local agencies). In addition to EEStor's work to develop and manufacture the EESU, EEStor has developed a high voltage capacitor technology that is intended to be disruptive in those applications requiring capacitors of 600VDC and greater. EEStor is still in the development stage and has not yet developed any commercial products.

Date of Acquisition

January 27, 2014

Consideration

The Company acquired an additional 10% of the capital stock of EEStor from treasury for cash consideration of US\$1.0 million resulting in a 51% interest in EEStor. The Company also acquired 360,000 EEStor common shares from certain founders, directors and officers of EEStor (the "EEStor Principals") and their immediate family members in exchange for 5,400,000 common shares of the Company pursuant to the exercise of a put right by the EEStor Principals resulting in a 68.4% interest in EEStor following the completion of the acquisition. The Company also issued an additional 600,000 common shares to the EEStor Principals for facilitating the financing transaction and certain changes in the management and board of directors of EEStor. The purchase price was funded from the net proceeds of the Company's private placement of equity units in November 2013.

Effect on the Financial Position

Changes to the EEStor senior management team were implemented as of the acquisition date resulting in the President resigning and assuming the role as Chief Science Officer and the Vice President, General Manger transitioning out of his role over a three month period. As a result of these changes, transactions related to finance, accounting and human resources are being centralized at the head offices of the Company in Toronto. Both companies rely on financing to maintain their operations and the centralization of these tasks is expected to significantly reduce the cash burn of the acquired company.

Description of the Business

General

The Company, through its wholly owned subsidiary ZENN Capital Inc., holds its interest in EEStor. Over the past year, the Company has completed two significant investments in the shares of EEStor which has resulted in the Company increasing its ownership of EEStor. The Company currently holds common shares and preferred shares representing a 71.3% voting and equity interest in EEStor on an as-converted basis.

The Company's head office is located in Toronto Canada and EEStor's head office is located in Cedar Park, Texas.

Current Strategy

There were significant changes in the strategic direction and management of ZENN and EEStor commencing May 19, 2014. The strategic plan going forward in 2015 has the following key elements:

1. **Ongoing independent third-party testing of the EEStor technology** Throughout 2015, the Company plans to continue to utilize the services of Intertek for the purposes of certifying EEStor's ongoing improvements to its technology and commercial viability. The Company will disclose independent findings once they are completed.

2. **Strategic hiring** The Company intends to augment the senior EESstor scientific team by hiring additional staff who possess proven polymer chemical expertise and prototype production engineering expertise. In addition, the Company's management team is intended to be increased as sales and marketing opportunities develop.

3. **Partnership and joint venture activities**. With the assistance of industry consultants, the Company intends to selectively pursue joint venture and partnership opportunities. In addition, the Company plans to invest in rapid prototyping capabilities at EESstor, for the purpose of providing scaled prototypes to potential partners.

4. **Investor relations activities**. As the development of EESstor's high voltage capacitor technology evolves, the Company plans to actively market the opportunities that an investment in ZENN represents to those investment banks and analysts who have extensive knowledge and depth in the global capacitor industry.

5. **High energy density development**. Part of the Company's ongoing strategy is to continue EESstor's exploration into appropriate polymer configurations for the purpose of developing high energy density components of EESstor's technology.

Branding

The Company launched a new corporate identity for EESstor on December 17, 2014. The tagline "Energy Everywhere" is now associated with a new logo and website for EESstor. Consideration of the appropriate corporate identity for ZENN and EESstor is ongoing and is expected to evolve in the coming year.

Operations

The Company's registered and head office is located in Toronto, Ontario at 21 St. Clair Avenue East, and accommodates senior management and the Company's finance and administration functions in its 1,942 square feet location.

EESstor's registered head office is located in Cedar Park, Texas at 715 Discovery Boulevard and comprises 2,250 square feet for senior management and administration functions and 5,250 square feet for its scaled manufacturing, prototyping and research and development activities.

Internet Strategy

The Company's website, ZENNcars.com and EESstor's website, eestor.us are used as tools to disseminate news and information to the general public, the media as well as prospective partners, customers and investors.

Current Research and Development of EESstor

Since its incorporation in 2001, EESstor has focused its attention on its development of the EESU. In connection with this development, EESstor developed patent-protected powders of composition modified barium titanate ("CMBT"). During 2014, these CBMT powders together with a polymer composition became the basis for the development of a high voltage capacitor technology when it was determined that its capacitors provided a very constant capacitance when voltage was increased. The significance of stable capacitance across voltages and high voltage capabilities above rated voltages was significant and emphasized the broad range of versatility of the CMBT powders which in addition to other technological attributes were independently verified by Intertek. In December 2014, a report prepared by Paumanok highlighted EESstor's low cost structure, including the relatively inexpensive CMBT, compared to aluminium anode etched foil, etched cathode foil and tantalum metal powder,

During 2015 EESstor intends to continue to enhance its high voltage capacitor technology development with respect to series resistance ("ESR") ripple current characteristics, shock resistance and environmental testing ("Phase 2"). All testing will be independently verified and disclosed in keeping with the Company's

mandate for full disclosure. To expedite Phase 2 of its technology development, EESstor plans to enhance its scientific team by hiring personnel with polymer expertise.

With respect to the marketing, management believes the low cost and the technological advantages as detailed in the Intertek report and Paumanok report will be of particular interest to select markets. The view of management and industry experts is that as voltage requirements for certain applications exceed 600 VDC, the competitive advantage in both cost and technological performance against competitors who produce a high voltage capacitor becomes evident. There are many high voltage capacitor vertical markets requiring a fast charge and discharge time such as switch mode power supplies, power inverter markets, automobile current controlling circuits and thus offer entry and a successful opportunity for market share by EESstor; however, in 2015, the Company will begin an active marketing process for joint venture participation and other opportunities for those companies to benefit from EESstor's technology initially in the photovoltaic voltage smoothing capacitor market and the utility grid power factor correction market.

The Company intends to take the following actions in 2015 to advance the technology towards commercialization:

1. Complete the Phase 2 technological enhancements;
2. Increase the number of scientific personnel to allow for speed to market;
3. Mechanize the production of the EESstor prototypes through robotics;
4. Develop market interest in the Company's technology within the investment community;
5. Raise sufficient financing to fund these and other corporate activities and obligations; and,
6. Solicit joint venture participation in the EESstor technology.

At the time of writing this AIF, the Company is not in position to estimate the costs of infrastructure required.

Investment in EESstor

Overview

The Company holds approximately 71.3% of the outstanding voting and equity shares of EESstor on an as-converted basis having made several direct common and preferred share investments in EESstor and having acquired interests in EESstor directly from certain shareholders of EESstor. The aggregate amount of the investment is CDN \$19,545,183.

History

In April, 2007, the Company completed an initial investment in the common shares of EESstor acquiring an approximate 3.8% interest for a cash investment of US\$2,500,000 (CDN\$2,790,503). The terms of the investment also provided the Company with a right, exercisable at its sole discretion, to invest at the same price per share for an additional amount of up to US\$5,000,000 within 30 days of EESstor announcing its permittivity test results meeting the predetermined parameters and verified by an independent party. In May, 2009, the Company received independent verification of the permittivity results announced by EESstor and in July of that year concluded the additional investment in EESstor in the amount of US\$5,000,000 (CDN\$5,816,956). The aggregate amount of the transaction including legal fees was CDN \$8,674,771.

In March 2012, the Company participated as a minority investor in an equity financing by EESstor. As part of the investment, the Company received a warrant for every common share purchased. As a result of the three investments, the Company held an approximate 10.7% interest in the share capital of EESstor. None of the warrants were exercised and have expired. The aggregate amount of the transaction was US\$50,000 (CDN\$49,458).

In March 2013, the Company made an additional investment in the common shares of EESstor, in the amount of US\$50,000 (CDN\$51,950) for 828 common shares. The Company also received 1,213 common share purchase warrants that become exercisable upon achievement of specific milestones by EESstor.

In April 2013, the Company entered into an agreement with EEStor, which provided for certified test results to be verified by an independent third party laboratory of recently produced layers of its electrical energy storage units. Under the agreement the Company invested an initial US\$50,000 (CDN\$52,006) for 829 common shares. The Company also received 1,213 common share purchase warrants that become exercisable upon achievement of specific milestones by EEStor.

In October 2013, the Company made two additional investment in the common shares of EEStor, in the aggregate amount of US\$50,000 (CDN\$51,565) for an aggregate 1,657 common shares. The Company also received 1,657 common share purchase warrants that become exercisable upon achievement of specific milestones by EEStor.

In November 2013, the Company made an additional investment in the common shares of EEStor, in the amount of US\$50,000 (CDN\$52,830) for 1,401 common shares. The Company also received 1,401 common share purchase warrants that become exercisable upon achievement of specific milestones by EEStor.

In August 2013, the Company entered into an agreement to acquire additional shares of EEStor. Under the agreement the Company agreed to purchase 502,344 Series A Preferred Shares of EEStor and certain rights associated with the ownership of such shares from three arm's length vendors. The aggregate purchase price for the Series A Preferred Shares was US\$1,500,000 (CDN \$1,594,800) and 3,756,785 common shares of the Company. The amount of the transaction was CDN \$4,000,215 and was completed on December 20, 2013. As a result of significant influence following the completion of the transaction, the Company recorded a proportion loss of US\$84,200 (CDN \$91,126).

On January 27, 2014, the Company made an additional investment in EEStor by purchasing from treasury preferred shares representing 10% of the total capital stock of EEStor on an as converted basis. Cash consideration of US\$1.0 million (CDN \$1,107,390) resulted in a 51% voting and equity interest in EEStor on an as-converted basis. The acquisition was completed for the specific purpose of ensuring integration and alignment of EEStor with the Company. The Company also acquired 360,000 EEStor common shares from the EEStor Principals and their immediate family members in exchange for 5,400,000 common shares of the Company pursuant to the exercise of a put right by the EEStor Principals resulting in a 68.6% as-converted voting and equity interest in EEStor following the completion of the acquisition. In addition the EEStor Principals received 600,000 common shares of ZENN for facilitating the financing transaction and certain changes in the management and board of directors of EEStor. On May 8, 2014, ZENN acquired 59,739 shares of common and Series A Preferred Stock of EEStor, on the basis of fifteen (15) common shares of the Company for each EEStor share exchanged. The Company also acquired warrants of EEStor to acquire 18,099 shares of common stock of EEStor in exchange for warrants of the Company having the same terms and conditions except that upon exercise the holder will receive fifteen (15) common shares of the Company for each share they otherwise would have received. Following the completion of this last investment transaction, the Company owns 71.3% of the voting and equity shares of EEStor on an as-converted basis. The aggregate cost of the transaction was CDN \$6,703,514.

Proprietary Rights

EEStor has been pursuing the protection of its intellectual property for several years. The following summarizes some of the related information that is currently in the public domain. Further details on these and other filings can generally be found through the US Patent and Trademark Office.

Issued Patents

7,033,406 - Granted April 25, 2006, Application No. 09/833,609 - Filed April 12, 2001;

Electrical-energy-storage unit utilizing ceramic and integrated-circuit technologies for replacement of electrochemical batteries;

7,466,536 - Granted December 16, 2008, Application No. 10/917,144 - Filed August 13, 2004;

Utilization of poly (ethylene terephthalate) plastic and composition-modified barium titanate powders in a matrix that allows polarization and the use of integrated-circuit technologies for the production of lightweight ultrahigh electrical-energy storage units;

- 7,595,109** - Granted September 29, 2009, Application No. 11/400,875 - Filed April 10, 2006;
Continuation in part of application No. 09/833,609 or patent 7,033,406;
- 7,648,687** - Granted January 19, 2010, Application No. 11/453,581 - Filed June 15, 2006;
Method of purifying barium nitrate aqueous solution;
- 7,729,811** - Granted June 1, 2010, Application No. 11/499,594 - Filed August 14, 2006;
Systems and methods for utility grid power averaging, long term uninterruptible power supply, power line isolation from noise and transients and intelligent power transfer on demand;
Continuation in part of application No. 09/833,609 or patent 7,033,406 and 11/400,875 of patent 7,595,109;
- 7,914,755** - Granted March 29, 2011, Application No. 11/369,255 - Filed March 7, 2006;
Method of preparing ceramic powders using chelate precursors;
Continuation in part of application No. 09/833609 or patent 7,033,406;
- 7,993,611** – Granted August 9, 2011, Application No. 11/497,744 - Filed March 7, 2006;
Method of preparing ceramic powders using ammonium oxalate;
- 8,145,362** – Granted March 27, 2012, Application No. 12/785,380 - Filed May 10, 2010;
Utility grid power averaging and conditioning;
Continuation in part of application No. 11/499,594 or patent 7,729,811;
- 8,287,826** – Granted October 16, 2012, Application No. 12/885,290 - Filed September 17, 2010;
Selective removal purification of aluminium;
- 8,496,893** – Granted July 30, 2013, Application No. 12/823,826 - Filed July 25, 2010;
Fused quartz horizontal furnace and assembly; Method of forming a dielectric powder using a precipitated precursor powder.
- 8,698,352** – Granted April 15, 2014, Application No. 12/860,519 - Filed August 20, 2010;
Rapid activation fusible link;
- 8,778,109** - Granted July 22, 2014, Application No. 13/401,136 - Filed February 21, 2012;
Utility grid power averaging and conditioning;
Division of application No. 12/785,380.
- 8,845,993** – Granted September 30, 2014, Application No. 13/010,516 - Filed January 20, 2011;
Purification of barium ion source;
- 8,853,116** – Granted October 7, 2014, Application No. 12/777,251 - Filed May 10, 2010;
Method of preparing ceramic powders;
Continuation in part of application No. 11/497,744 or patent, 7,993,611, 12/714,537 and 12/758,628.

Patents Pending

In addition to the above issued patents, EEStor has a number of pending US and international patents in the pipeline on the subjects of powder preparation and processing:

- Oxide coated ceramic powders:** Application No. 13/039,165 - Filed March 2, 2011;
Power supply and power control circuitry: Application No. 13/400,517 - Filed February 20, 2012;

EEStor was founded in 2001 by Richard Weir and Carl Nelson, former managers in disk storage design and manufacturing at IBM and Xerox.

EESstor Technology Agreement

In August 2004, FGCI entered into an agreement with EESstor (with subsequent amendments dated November 26, 2004, September 30, 2005, August 8, 2006, and January 22, 2007) (collectively, the "Old Technology Agreement") that provided certain exclusive and non-exclusive rights to purchase and deploy EESstor's EESU technology. Under the Old Technology Agreement, the Company held exclusive rights to vehicles with a curb weight up to 1,400 kilograms, net of battery weight, but exclusions included pick-ups, trucks, SUVs, trams, buses and high performance sports cars.

On May 15, 2012, the Company entered into a new technology agreement ("New Technology Agreement") that is much broader and is not limited to automobiles and increased and improved upon the Company's exclusive worldwide rights ("Rights") by providing a worldwide, exclusive, transferable, perpetual, fully paid-up, irrevocable right to purchase EESUs for Vehicles ("Vehicle" means any new or used vehicle that uses, in whole or in part, electrical energy, but does not include: (i) any vehicle having exactly one wheel, exactly two wheel or exactly three wheels; or (ii) any vehicle that the Company would reasonably know is manufactured exclusively for sale to United States Federal (Civilian and Department of Defence Agencies) and State and Local Agencies. Also, the Company must comply with the United States import and export law), including the right to purchase EESUs for resale to any other entity for use in any Vehicle; and the right to purchase EESUs to build, develop and sell Combined Products to any other entity for use in any vehicle.

As provided for in the New Technology Agreement, the Company's Rights are subject to making aggregate payments of US\$30,500,000 as defined milestones are achieved by EESstor, which includes the US\$500,000 that was remaining under the Old Agreement (see item 4 below relating to staged payments).

To date, the Company has made payments associated with the Old Technology Agreement (US\$2,000,000 paid for previous milestones achieved) and the New Technology Agreement (US\$500,000 paid upon signing the New Technology Agreement) totalling US\$2,500,000.

The New Technology Agreement is included in its entirety and is available for viewing under the Company's profile on SEDAR (www.sedar.com).

As noted earlier in this AIF, EESstor is currently focussing its research and development resources on high voltage capacitor technology which on commercialization are intended to be market disruptive for those applications requiring 600 VDC or greater. This high voltage capacitor technology is based on EESstor's CMBT powders which is a direct result of its work on the EESU which shall continue as ongoing EESstor development, subject to the Company's priority to focus on high voltage capacitors and the competitive advantages offered to certain markets.

Proprietary Rights

The Company has either registered or has applied for registration of the trademarks "ZENN", "ZENN – Zero Emission No Noise" and "ZENNergy" in strategic markets. The Company currently has no proprietary protection other than its trademarks and relies primarily on trade secret laws to establish its proprietary interest and maintain the confidentiality of its products.

EESstor intends to apply for further trademark protection based on its new corporate identity.

The Company is in the practice of securing non-disclosure or confidentiality agreements with suppliers and contractors with which it shares sensitive information.

Employees

As of the date hereof, ZENN and EESstor have a combined total of nine employees including executive, finance, administration and research and development staff, none of whom are represented by a labour union and the Company and EESstor consider relations with their staff to be good. Staffing will be adjusted in response to demands and opportunities in the business.

Management

Key management of the Company include:

Ian Clifford, Founder and Chief Executive Officer

Mr. Clifford has over twenty five years of experience as a marketing strategist and multimedia producer with experience starting and growing entrepreneurial companies. From 2001 to present, Mr. Clifford has led fundraising initiatives resulting in over \$45 million in equity financing for ZENN. Mr. Clifford began his career as a photographer. Mentored by Ansel Adams, he quickly became one of Canada's leading corporate photographers. In 1995, Mr. Clifford co-founded digIT Interactive, a full-service Internet marketing company serving Fortune 500 clients at the peak of the market. In March of 2000, digIT Interactive was sold to Quebecor World.

Natasha Vandesluis, Chief Financial Officer

Ms. Vandesluis has been a member of the finance team since 2007. Ms. Vandesluis has ten years of experience in financial management in the public sector. She is a Chartered Professional Accountant (CPA, CGA) and has earned a Bachelor of Applied Business Administration degree program through the Southern Alberta Institute of Technology.

Risk Factors

An investment in ZENN Motor Company Inc. should be considered highly speculative due to the nature of the Company's activities and its present stage of development. These risk factors could materially affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Company. Investors should carefully consider the following risk factors:

EESor's EESU and High Voltage Capacitor Technology

The EESor energy storage and high voltage capacitor technology is still under development and there can be no assurance that it will be successfully commercialized at all or on a timely basis or that the expected benefits will be achieved. Any failure by EESor to successfully fund development and commercialize its EESU or its high voltage capacitor technology when required could result in such products having reduced efficacy and benefits to the consumer and could have a material adverse effect on the Company's business, results of operations, cash flow, financial condition and prospects.

While the Company has concluded initial independent third party testing with Intertek on a certain selection of EESor's current high voltage capacitor technology, there can be no assurance that the technology will continue to evolve into high energy density storage EESU's.

There can be no assurance about the timing of the development of EESor's high energy density EESU technology.

Additional Financing Requirements

To date, the Company has relied primarily on equity financing to carry on its business. The exact amount of the Company's future capital requirements will depend on numerous factors, including, but not limited to, market acceptance of the Company's strategy, success and timing of EESor's product development, delays in the growth of EESor's customer base for its solutions, sales and margins, requisite operating costs, failure or delays in launching products or in executing marketing programs, growth that is more rapid than anticipated or competitive pressures. The Company may also need to raise funds in order to acquire businesses, technologies or products or fund investments and other relationships the Company believes are strategic.

Any future financings may result in substantial dilution to the holdings of current shareholders of the Company and could have a negative impact on the market price of the common shares.

There can be no assurance that additional financing, when required, will be available on commercially reasonable terms or at all. If adequate funds are not available or are not available on acceptable terms, the Company may not be able to fund its operations, expansion, take advantage of strategic acquisitions or investment opportunities or respond to competitive pressures. Such inability to obtain additional financing when needed could have a material adverse effect on the Company's business, results of operations, cash flow, financial condition and prospects.

Early Stage Company

The Company is in the early stages of development. The Company's business and prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in their early stage of development. Such risks include the evolving and unpredictable nature of the Company's business, the Company's ability to anticipate and adapt to a developing market and technological changes, market acceptance of the Company's products, and the ability to identify, attract and retain qualified personnel. There can be no assurance that the Company will be successful in doing what is required to address these risks.

The Company's operations are subject to all of the risks inherent in the establishment of a new business enterprise including delays, product and technology development setbacks, system problems and other unforeseen events that may have a material adverse effect on the Company.

As an early stage company, there is a limited operating history upon which to base an evaluation of the Company's business and prospects and there is no assurance that it will operate profitably or provide a return on investment in the future.

Technology Risks

There can be no assurance that any of EEStor's technologies and solutions will not have some unforeseen technological issues which may have a material adverse effect on the Company's business, results of operations, cash flow, financial condition and prospects. Further there can be no assurance that qualified personnel will be available to the Company or EEStor when required.

Reliance on EEStor Technology

The Company relies entirely on the success of EEStor in developing its energy storage and high voltage capacitor technologies.

Investment in EEStor

EEStor is a private company and there are restrictions on the transferability of the shares acquired by the Company. There can be no assurance that the EEStor shares will not decrease in value below the amount paid by the Company or that the Company will be able to sell part or all of its investment, should it desire to do so.

History of Losses

To date, the Company has a history of limited revenues and has generated losses from operations. The Company expects to continue to incur significant expenditures for general administrative activities. There can be no assurance that the Company's strategies will result in the Company becoming profitable or generating positive cash flows.

Economic Conditions

Conditions in the economy have an inherent degree of uncertainty. As a result, it is difficult to estimate the level of growth or contraction for the economy as a whole. It is even more difficult to estimate growth or contraction in various parts, sectors and regions of the economy. Adverse general economic conditions may negatively affect the sales of the Company's products, increase the cost and decrease the availability of financing, increase the risk of loss on investments, or increase costs associated with manufacturing and distributing products.

Business and Marketing Plans

The Company's business and financial plan relies heavily on products from EEStor which are still in development and new to the marketplace. Poor market acceptance of EEStor's products or other unanticipated events may result in lower revenues than anticipated, making the funds for certain planned expenditures unachievable. The investment in time and money that is needed to realize the potential of EEStor's products is based on management's experience but may not be sufficiently understood. Accordingly, the development of strategic partnerships may occur more slowly than projected. Reduced revenue from partnerships or joint venture opportunities may require the Company to seek additional funding over and above that anticipated in its business plan.

Government Regulation

The activities of the Company are subject to various federal, provincial, state and local laws governing production, safety standards, taxes, labour standards and occupational health, environmental and other matters. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail the production or sale of the Company's future product offerings. Amendments to current laws and regulations or more stringent implementation thereof could also have a substantial adverse impact on the Company.

Dependence on Key Personnel; Need for Additional Personnel

The Company's success is dependent on the ability and experience of a relatively small number of key personnel, the loss of any of whom could have a significant adverse effect on the Company. Competition for personnel, particularly persons having relevant technical expertise, is intense, and there can be no assurance that the Company will retain existing personnel or hire additional, qualified personnel. The inability of the Company to retain and attract the necessary personnel or the loss of services of any of its key personnel could have a material adverse effect on the Company.

Protection of Intellectual Property

The Company's ability to compete effectively will depend, in part, on its ability to maintain the proprietary nature of its technology developments and processes. The Company relies on a combination of trademark and trade secret laws as well as technical measures to establish and protect its proprietary rights. There can be no assurance that the steps taken by the Company to protect its proprietary rights will be adequate or that third parties will not infringe or misappropriate the Company's trademarks, trade names or other similar proprietary rights. In addition, there can be no assurance that third parties will not assert infringement claims against the Company.

Competition

The Company's products will compete against those of other companies, some of which may have greater financial, marketing and other resources than those of the Company. These competitors may be able to institute and sustain price wars, or imitate the features of the Company's products, or develop products providing greater benefits or market appeal than the Company's products, resulting in market dilution and reduced profit margins.

Dependence on Third Party Suppliers

The successful introduction of the Company's solutions will be dependent upon satisfactory arrangements for the supply, manufacture or assembly of components. In the event arrangements are either not concluded at all or not concluded on a timely basis, or if concluded, the suppliers experience production difficulties, delays or disruptions, the Company may not be able to obtain adequate supplies of components in a timely fashion or at acceptable quality, quantity, timing or prices. Any disruption in the supply, manufacture or assembly of the Company's products could have a material adverse effect on the Company's business, results of operations, cash flow, financial condition and prospects.

Insurance

The Company has secured product liability and other insurance to protect against certain risks in such amounts as it considers adequate. The nature of these risks is such that liabilities might exceed insurance policy limits which may have a material adverse effect on the Company. Furthermore, there is no assurance that the Company will be able to secure insurance in future years either at all or on commercially reasonable terms.

Dividends

No dividends have been declared or paid by the Company since incorporation. The Board of the Company currently does not anticipate paying any dividends but intends to retain any earnings to finance the growth and development of the business of the Company. The directors of the Company will review this policy from time to time in the context of the Company's earnings, financial condition and other relevant factors.

Description of Capital Structure

The authorized capital of the Company consists of an unlimited number of common shares. As at the date hereof, there were 59,444,505 common shares issued and outstanding.

Common shares carry equal rights in that the holders thereof participate equally, share for share, as to dividends declared by the Board of Directors of the Company out of funds legally available for the payment of such dividends. In the event of the liquidation, dissolution or winding-up of the Company, the holders of the common shares would be entitled, share for share, to receive on a pro rata basis all of the assets of the Company after payment of all of the Company's liabilities. The holders of the common shares are entitled to receive notice of any meetings of shareholders of the Company and are entitled to attend and vote at such meetings. Common shares carry one vote per share.

Shareholder Rights Plan

The Company's directors have adopted a shareholder rights plan (the "Rights Plan") which was confirmed by a vote of the shareholders at the March 27, 2012 Annual and Special Meeting of the Shareholders of the Company. The primary objectives of the Rights Plan are to ensure that, in the context of an unsolicited bid for control of the Company through an acquisition of its common shares, the following occurs: (i) the board of directors of the Company has sufficient time to explore and develop alternatives for maximizing shareholder value; (ii) there is adequate time for competing bids to emerge; (iii) shareholders have an equal opportunity to participate in such a bid; (iv) shareholders are provided with adequate time to properly assess the bid; and (v) the reduction in the pressure to tender which may be encountered by a shareholder in the course of a bid.

The Rights Plan creates a right that attaches to each present and subsequently issued common share. Until the separation time, which typically occurs at the time of an unsolicited take-over bid, whereby an offeror (including persons acting jointly or in concert with the offeror) acquires or attempts to acquire 20% or more of the Company's common shares, the rights are not separable from the common shares, are not exercisable and no separate rights certificates are issued. Each right entitles the holder, other than the

unsolicited bidder, from and after the separation time and before the expiration time, to acquire common shares at a discount to the market price of the Company's common shares at that time.

Pursuant to the terms of the Rights Plan, any take-over bid that meets specified criteria intended to protect the interests of all shareholders is deemed to be a "Permitted Bid". A Permitted Bid must be made by way of a take-over bid circular prepared in compliance with applicable securities laws, must be made to all the Company's common shareholders other than the offeror and, in addition to certain other conditions, must remain open for a minimum of 60 days.

The Rights Plan has a term of three (3) years and then must be resubmitted to the shareholders for ratification.

Market for Securities

Trading price and Volume

The common shares of the Company are listed and posted for trading on the TSX Venture Exchange ("TSXV") under the symbol "ZNN". The following table sets forth information relating to the monthly trading of the common shares on the TSXV for the most recently completed fiscal year ended September 30, 2014.

Period	High (C\$)	Low (C\$)	Volume (# of Shares)
October 2013	1.47	0.69	7,398,445
November 2013	1.61	0.93	3,572,240
December 2013	1.33	0.35	9,880,259
January 2014	0.99	0.76	1,566,246
February 2014	0.87	0.68	1,024,296
March 2014	0.73	0.56	2,155,109
April 2014	0.69	0.22	7,245,973
May 2014	0.47	0.11	6,491,508
June 2014	0.42	0.26	1,282,541
July 2014	0.41	0.30	1,282,321
August 2014	0.37	0.30	591,662
September 2014	0.33	0.21	1,357,298

Prior Sales

On September 15, 2014, the Company issued an aggregate of 5,076,922 units at a price of \$0.26 per unit raising gross proceeds of \$1,320,000. Each unit consisted of one common share and one common share purchase warrant. Each purchase warrant entitles the holder to acquire one common share at a price of \$0.39 until March 15, 2016.

On November 14, 2013, the Company issued an aggregate of 3,704,000 units at a price of \$1.00 per unit raising gross proceeds of \$3,704,000. Each unit consisted of one common share and one common share purchase warrant. Each purchase warrant entitles the holder to acquire one common share at a price of \$1.50 until May 14, 2015.

In addition to the above mentioned offering, the Company issued the stock options disclosed in Note 12 to the audited consolidated financial statements of the Company for the years ended September 30, 2014 and 2013.

Escrowed Securities

To the Company's knowledge, there are no shares of the Company held in escrow pursuant to the requirements of securities regulatory authorities or subject to contractual restrictions on transfer.

Directors and Officers

Directors are elected at each annual meeting and hold office until the next annual meeting or until their successors are elected or appointed. The names and municipalities of residence of the directors and executive officers of the Company, the positions and offices held by them in the Company, and their respective principal occupations as of the date hereof are as follows:

Name and Municipality of Residence	Position with Company	Period of Service as a Director	Principal Occupation for Last Five Years
Ian Clifford Toronto, Ontario ⁽¹⁾⁽²⁾	Founder and Chief Executive Officer and Director,	Since January, 2006	CEO ZENN Motor Company Inc., (January 2006 to February 2011 and from May 19, 2014 to present); President and Chief Executive Officer, Feel Good Cars Inc. (prior to January 2006). President and CEO of EEStor, Inc. (since April 28, 2014)
Stewart Somers Toronto, Ontario ⁽¹⁾⁽²⁾	Non-executive Chair	Since January, 2006 and Chair since May 2014	President of S. D. Somers and Associates Inc.(since 1976); Vice President of Spergel & Associates Inc. (2001 to 2013); President of Knightsford Capital Corporation (since 2008) and Chair of EEStor, Inc. (since April 28, 2014)
Kevin Spall Toronto, Ontario ⁽¹⁾⁽²⁾	Director	Since May 2014	Senior Managing Partner of Magnetic North Partners (since November 2013), a Managing Partner of Episolar Inc., and the President and CEO of Power Symmetry Inc. (since March 2012)
Natasha Vandesluis Toronto, Ontario	Chief Financial Officer	NA	Chief Financial Officer, ZENN Motor Company Inc. (since September 2011); Accounting Manager, ZENN Motor Company Inc. (January 2007 to September 2011); Chief Financial Officer of EEStor, Inc. since February 2014.

The Company does not have an Executive Committee.

⁽¹⁾ Member of the Audit Committee.

⁽²⁾ Member of the Compensation Committee

As of the date of this AIF, the directors and executive officers of the Company beneficially owned, directly or indirectly, or exercised control or direction over 1,633,127 common shares representing approximately 2.7% of the number of outstanding common shares of the Company.

Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of the Company, no director or executive officer of the Company is, as at the date hereof, or has been, within the 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company that:

- i. while that person was acting in such capacity was subject to a cease trade or similar order or an order that denied the relevant corporation access to any exemption under securities legislation, in effect for a period of more than 30 consecutive days; or
- ii. was subject to a cease trade or similar order or an order that denied the relevant corporation access to any exemption under securities legislation that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer in the relevant corporation, in effect for a period of more than 30 consecutive days.

To the knowledge of the Company, no director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

- i. is, as at the date hereof, or has been, within the 10 years before the date hereof, a director or executive director of any company that, while that person was acting in such capacity, or within a year of that person ceasing to act in that capacity, become bankrupt, made a proposal under any legislation relating to the bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets; or
- ii. has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to the bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

To the knowledge of the Company, no director or executive officer of the Company, or a shareholder holding sufficient number of securities of the Company to affect materially the control of the Company, has been subject to:

- i. any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- ii. any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

To the best of the Company's knowledge, and other than as disclosed herein, there are no known existing or potential conflicts of interest between the Company and any directors or officers of the Company, except that certain of the directors and officers serve as directors, officers, promoters and members of management of other companies and therefore it is possible that a conflict may arise between their duties as a director or officers of the Company and their duties as a director, officer, promoter or member of management of such other companies.

The directors and officers of the Company are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosures by directors of conflicts of interest and the Company will rely upon such laws in respect of any directors and officers conflicts of interest or in respect of any breaches of duty by any of its directors or officers. All such conflicts will be disclosed by such directors or officers in accordance with the *Business Corporations Act* (Ontario) and they will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law.

Audit Committee

The Audit Committee is responsible for monitoring the Company's systems and procedures for financial reporting and internal control, reviewing certain public disclosure documents and monitoring the performance and independence of the Company's external auditors. The committee is also responsible for reviewing the Company's annual audited financial statements, unaudited quarterly financial statements and management's discussion and analysis of financial results of operations for both annual and interim financial statements and review of related operations prior to their approval by the full Board.

The Audit Committee's charter, a copy of which is attached at Schedule A hereto, sets out its responsibilities and duties, qualifications for membership, procedures for committee member removal and appointment and reporting to the Board.

The Audit Committee is comprised of two non-management directors and one management director. The independent directors of the Company's Audit Committee must meet an additional "independence" test under National Instrument 52-110, "Audit Committees" in that their directors' fees are the only compensation they, or their firms, receive from the Company and that they are not affiliated with the Company. Messrs. Somers and Spall are considered independent under the additional independence test; however Mr. Clifford does not meet the independence test as a result of his recent employment with the Company.

Each member of the Audit Committee is also financially literate within the meaning of National Instrument 52-110.

Relevant Education and Experience

Set out below is a description of the education and experience of each of the Company's current audit committee members, which is relevant to the performance of his responsibilities as an audit committee member.

Mr. Stewart Somers, Chairman of the Audit Committee, is the President of S. D. Somers & Associates Inc., a company engaged since 1976 in assisting C-level management in the planning and implementation of corporate finance, restructuring and turn-around strategies for business operations. Currently semi-retired, he is a director and officer of numerous private corporations including Knightsford Capital Corporation and Anderson Somers Johnston Search Group Inc. Mr. Somers is a chartered professional accountant (CPA, CA) and earned an economics degree from the University of Toronto in 1965.

Mr. Kevin Spall, is the Senior Managing Partner of Magnetic North Partners, a Canadian merchant bank; a Managing Partner of Episolar Inc., a private company implementing a 50 MW AC solar installation in Ghana; and the President & CEO of Power Symmetry Inc., a private company working to provide solid state energy storage solutions to power producers and users. He has 15 years of financial services and alternative industry experience, primarily working in the areas of corporate finance, mergers and acquisitions and business development. Mr. Spall is a graduate of Queen's University with a Bachelor of Commerce.

Mr. Ian Clifford, has ten years of public company experience as a result of his role with ZENN Motor Company. He also has over twenty years of entrepreneurial experience which required an understanding of accounting principles, internal controls and procedures for financial reporting.

Pre-Approval Policies and Procedures

The Audit Committee's charter sets out responsibilities regarding the provision of non-audit services by the Company's external auditors. This policy encourages consideration of whether the provision of services other than audit services is compatible with maintaining the auditor's independence and requires Audit Committee pre-approval of permitted audit and audit-related services.

External Auditor Service Fees

The following table summarizes the fees billed by the Company's external auditors for professional services rendered to the Company during fiscal years ended September 30, 2014 and 2013 for audit and non-audit related services:

Type of Work	Year Ended September 30, 2014	Year Ended September 30, 2013
Audit fees	\$35,020	\$32,960
Audit related fees	Nil	nil
Tax advisory fees	\$5,150	\$4,120
All other fees	\$7,468	\$3,605
Total	\$47,638	\$40,685

Exemption

The Company is relying upon the exemption in section 6.1 of National Instrument 52-110 in respect of the composition of its audit committee and in respect of its reporting obligations under National Instrument 52-110 for the year ended September 30, 2014. This exemption exempts a "venture issuer" from the requirement for all members of its audit committee to be independent, as would otherwise be required by National Instrument 52-110.

Legal Proceedings

The Company is not a party to any material legal proceedings and is not aware of any such proceedings that are contemplated. During our financial year ended September 30, 2014: (i) no penalties or sanctions were imposed against us by a court relating to securities legislation or by a securities regulatory authority; (ii) no other penalties or sanctions were imposed by a court or regulatory body against us that would likely be considered important to a reasonable investor in making an investment decision; and (iii) the Company did not enter into any settlement agreements with a court relating to securities legislation or with a securities regulatory authority.

Interest of Management and Others in Material Transactions

Other than as disclosed elsewhere herein or in a document incorporated by reference herein, none of the directors, executive officers or principal shareholders of the Company and no associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any transaction within the past three most recently completed financial years or in any proposed transaction that has materially affected or will materially affect the Company or any of its subsidiaries.

Transfer Agent and Registrar

The transfer agent and registrar for the common shares of the Company is TMX Equity Transfer Services Inc., at its principal office in Toronto, Ontario.

Material Contracts

The Company has no material contracts entered into within the year ended September 30, 2014 or before such time that are still in effect, other than those entered into in the ordinary course of business.

Interest of Experts

Names of Experts

Set forth below are the persons and companies who prepared or certified a statement, report, valuation or opinion described, included or referred to in a filing that we made under National Instrument 51-102 during or relating to the Company's most recently completed financial year.

Collins Barrow Toronto, LLP, Chartered Accountants, Toronto, Ontario are the auditors for the Company and such firm has prepared an opinion with respect to the Company's financial statements as at and for the fiscal year ended September 30, 2014. Collins Barrow Toronto, LLP is independent in accordance with the Rules of Professional Conduct as outlined by the Institute of Chartered Accountants of Ontario.

Interests of Experts

None of the experts named under "Names of Experts" above has received or will receive any registered or beneficial interests, direct or indirect, in any securities or other property of the Company or of any of the Company's associates or affiliates in connection with the preparation or certification of any statement, report or valuation prepared by such person. To the knowledge of the Company, none of the experts so named (or any of the designated professionals thereof) held securities of the Company representing more than 1% of all issued and outstanding securities of that class as at the date of the statement, report or valuation in question.

Additional Information

Additional information, regarding directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, is contained in the Company's management information circular for its most recent annual meeting of shareholders that involved the election of directors. Additional information is also provided in the Company's financial statements and Management's Discussion & Analysis for its most recently completed financial year. Additional information relating to the Company may also be found on SEDAR at www.sedar.com.

Schedule A - Audit Committee Charter

1. Pursuant to the General By-law of ZENN Motor Company Inc. (the "Company"), a committee of the directors to be known as the "Audit Committee" (hereinafter referred to as the "Committee") is hereby established.
2. The Committee shall be composed of a minimum of three directors, and the Committee and its membership shall meet all applicable legal, securities regulatory and stock exchange requirements relating to composition and the qualifications of its members as may be in effect from time to time, including, without limitation, requirements relating to the independence and financial literacy of its members.
3. The members of the Committee shall be appointed or reappointed at the meeting of the Board of Directors (the "Board") immediately following each Annual Meeting of the Shareholders of the Company. Each member of the Committee shall continue to be a member thereof until his successor is appointed, unless he shall resign or be removed by the Board or he shall cease to be a director of the Company. Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board and shall be filled by the Board if the membership of the Committee is less than three directors as a result of the vacancy.
4. The Board or, in the event of its failure to do so, the members of the Committee, shall appoint a Chairman from amongst their number. If the Chairman of the Committee is not present at any meeting of the Committee, the Chairman of the meeting shall be chosen by the Committee from among the members present. The Chairman presiding at any meeting of the Committee shall have a casting vote in case of a deadlock. The Committee shall also appoint a Secretary who need not be a director.
5. The time and place of meetings of the Committee and the procedure at such meetings shall be determined from time to time by the members thereof provided that:
 - a. a quorum for meetings shall be not less than 50% of the members of the Committee, present in person or by telephone or other telecommunication device that permit all persons participating in the meeting to speak and hear each other;
 - b. the Committee shall meet at least quarterly, at the discretion of the Chairman or a majority of its members, as circumstances dictate; and
 - c. notice of the time and place of every meeting shall be given in writing or facsimile communication to each member of the Committee at least 24 hours prior to the time fixed for such meeting, provided, however, that a member may in any manner waive notice of a meeting; and attendance of a member at a meeting is a waiver of notice of a meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called. A meeting of the Committee may be called by the Secretary of the Committee on the direction of the Chairman or Chief Executive Officer of the Company, by any member of the Committee, the external auditors or internal auditors. Notwithstanding the provisions of this paragraph, the Committee shall at all times have the right to determine who shall and shall not be present at any part of the meeting of the Committee.
6. The Committee shall:
 - a. in connection with its advisory functions:
 - i. review and recommend to the Board for approval, as applicable, the Company's annual report, annual information form, audited annual financial statements and related management discussion and analysis, all financial statements in prospectuses

- and other offering memoranda and all financial statements required by regulatory authorities;
- ii. review with management and report to the Board, on an annual basis, on the financing plans and objectives of the Company;
 - iii. review the internal audit procedures of the Company and advise the Board on auditing practices and procedures;
 - iv. meet and communicate directly with the external auditors and internal auditors and report to the Board on such meetings and communications;
 - v. make recommendations to the Board with respect to the nomination and remuneration of external auditors to be appointed at each Annual Meeting of Shareholders;
 - vi. receive periodically, reports on the nature and extent of compliance with requirements regarding statutory deductions and remittances, including deductions and remittances under the Income Tax Act (Canada), the Excise Tax Act (Canada) and the Employment Insurance Act (Canada), the nature and extent of non-compliance together with the reasons therefor, and the plan and timetable to correct deficiencies and report to the Board on the status of such matters;
- b. in connection with the exercise of its powers:
- i. be directly responsible for overseeing the work of the external auditors who shall be required by the Company to report directly to the Committee;
 - ii. review and approve the interim reports of the Company and the financial statements and related management discussion and analysis contained therein and review and approve the press releases on quarterly and year-end financial results;
 - iii. review all prospectuses and documents which may be incorporated by reference into a prospectus, including without limitation, material change reports and the annual proxy circular;
 - iv. review all foreign currency risks strategies presented by senior management and, in accordance with the authority delegated by the Board, approve those foreign currency risk strategies they consider appropriate;
 - v. review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company;
 - vi. ensure that there are adequate procedures in place for the review of the Company's public disclosure of financial information extracted or derived from its financial statements (other than those disclosures required by this charter to be reviewed and/or approved by the Committee), and periodically assess the adequacy of these procedures;
 - vii. review the audit plans of the internal and external auditors of the Company including the degree of coordination in those plans and enquire as to the extent the planned audit scope can be relied upon to detect weaknesses in internal control or fraud or other illegal acts. Any significant recommendations made by the auditors for the strengthening of internal controls will be reviewed;
 - viii. review the internal control procedures to ensure compliance with applicable law and avoidance of conflicts of interest including without limitation, a review of policies and

practice concerning regular examination of officers' expenses and perquisites, including the use of the Company's assets, and enquire as to the results of these examinations;

- ix. review the duties and responsibilities of internal audit staff, including controls, procedures and accounting practices of the Company with both external and internal auditors;
 - x. review management programs and policies regarding the adequacy and effectiveness of internal controls over the accounting and financial reporting systems within the Company and, in particular, the Committee will review management's response to the internal control recommendations of the internal and external auditors;
 - xi. review management plans regarding any changes in accounting practices or policies and the financial impact thereof and review any major areas of management judgment and estimates that have a significant effect upon the financial statements;
 - xii. review with management, the external auditors and if necessary with legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of the Company, and the manner in which these matters have been disclosed in the financial statements;
 - xiii. review the minutes of any audit committee meetings of subsidiaries of the Company and any significant issues and auditor recommendations concerning such subsidiaries;
 - xiv. pre-approve all non-audit related services to be provided by the external auditors and the fees related thereto (which pre-approval function may be delegated to one or more independent members provided that such pre-approved services are presented at the next meeting of the Committee) and assess the impact of such non-audit related services on the independence of the external auditors;
 - xv. review the basis and amount of the external auditors' fees in light of the number and nature of reports issued by the auditors, the quality of the internal controls, the size, complexity and financial condition of the Company and the extent of internal audit and other support provided by the Company to the external auditors and review all other non-audit fees of the auditors or other accounting firms;
 - xvi. establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;
- c. have the authority to:
- i. engage independent counsel and other advisors, consultants or experts as it determines necessary to carry out its duties at the expense of the Company and to set and pay the compensation for advisors employed by the audit committee;
 - ii. communicate directly with the internal and external auditors; and
 - iii. conduct any investigation appropriate to its responsibilities, and to request the external auditors as well as any officer of the Company, or outside counsel for the Company, to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee.