This "Management's Discussion and Analysis" ("MD&A") has been prepared as of February 28, 2013, and should be read in conjunction with the unaudited condensed interim consolidated financial statements of ZENN Motor Company Inc. (the "Company" or "ZMC") for the three months ended December 31, 2012, and the Company's Annual Information Form ("AIF") dated January 24, 2013. The Company's unaudited condensed interim consolidated financial statements and the notes thereto have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are reported in Canadian dollars unless otherwise stated. These financial statements do not contain all disclosures required by IFRS for annual financial statements and, accordingly, should also be read in conjunction with the most recently prepared annual consolidated financial statements for the year ended September 30, 2012. All financial analysis, data and information set out in this MD&A are unaudited.

FORWARD-LOOKING STATEMENTS

This MD&A includes certain forward-looking statements that are based upon current expectations which involve risks and uncertainties associated with the Company's business and the economic environment in which the business operates. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements, which are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook. The forward-looking statements are not historical facts, but reflect the Company's current expectations regarding future results or events. Forward-looking statements contained in this MD&A are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations, including the matters discussed in the section "Risks and Uncertainties" below and the "Risk Factors" section of the Company's AIF dated January 24, 2013. Readers are cautioned that the foregoing lists of factors are not exhaustive. Although the Company has attempted to identify important factors that could cause actual events and results to differ materially from those described in the forward-looking information, there may be other factors that cause events or results to differ from those intended, anticipated or estimated.

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. The Company believes the expectations reflected in the forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct and readers are cautioned not to place undue reliance on forward-looking information contained in this MD&A.

Information contained in this MD&A relating to EEStor, Inc. ("EEStor") or the energy storage technology being developed by EEStor has not been reviewed by EEStor and EEStor does not assume any responsibility for the accuracy or completeness of such information.

The forward-looking information contained in this MD&A is provided as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as otherwise required by law. All of the forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

OVERVIEW OF BUSINESS

ZENN Motor Company Inc. operates on the principle and belief that electric vehicles ("EV") will be a major component of the vehicles of the future. Given the numerous financial, environmental and political issues associated with oil consumption, the Company continues to foresee an inevitable shift away from fossil fuels to the more sustainable and efficient electric drive systems for transportation. Major automotive original equipment manufacturers ("OEMs") continue to accelerate the promotion of their current and future pure electric and hybrid electric vehicle programs and have invested large amounts of capital to develop electric and hybrid product lines. However, consumer adoption of these models has been muted by the cost and range limitations of current battery technology.

The Company holds certain technology rights, upon payment of predetermined amounts, to an energy storage technology currently under development by EEStor. The energy storage technology is explained in the Company's AIF dated January 24, 2013, in the section entitled "EEStor, Inc. Technology Agreement". Management believes that this technology, if proven successful, will allow the Company to develop commercially viable technologies and solutions that will enable its customers to offer electric powered vehicles with greater speed and range and at a lower total cost of ownership than is afforded today by conventional battery systems, opening the door to a broader and more rapid acceptance of electric vehicle transportation solutions. The Company also holds an equity interest in EEStor, Inc.

The Company's mission is to be the provider of leading edge power storage solutions and related technologies to the automotive industry. The Company's on-going business strategy is focused on capitalizing on EEStor's capacitor-based energy storage technology, if and when commercialized.

Following a strategic review, the Company has decided not to spend further resources on the development of its ZENNergy™ technologies and solutions until the timeline for the commercialization of EEStor's technology is clearer.

HIGHLIGHTS AND SUMMARY

The following summarizes the key events in the development of the Company during the three months ended December 31, 2012, and up to the date of this MD&A:

Board and Management

- On January 31, 2013, the Company announced the appointment of Roger Hammock, in addition to his current role as a Director of the Company, as Executive Vice-President, EEStor Relations.
- On January 31, 2013, in connection with his appointment as an officer of the Company, Mr. Hammock was granted 100,000 stock options. The Company also granted 200,000 stock options to Mr, Kofman who has agreed to continue in his current role as Interim Chief Executive Officer. An aggregate of 300,000 stock options were also granted to Directors other than Mr. Kofman (see "Subsequent Events" later in this MD&A).

Financial Highlights

- In the three months ended December 31, 2012, the Company incurred net losses of $360,966, compared with $403,223 in the corresponding period of the prior year. On a per share basis, for the three months ended December 31, 2012, the Company incurred net losses of $0.01, which is comparable to the corresponding period of the prior year.
- The Company incurred losses from continuing operations of $320,317 in the three months ended December 31, 2012, compared to $365,790 in the corresponding period of the prior year. On a per share basis, the Company's losses from continuing operations were $0.01, which is comparable to the corresponding period of the prior year.
- In the three months ended December 31, 2012, the Company incurred losses from discontinued operations of $40,649, compared to $37,433 in the corresponding period of the prior year. On a per share basis, the Company's losses from discontinued operations were $0.00, which is comparable to the corresponding period of the prior year.
- During the three months ended December 31, 2012, the Company used $168,041 of cash in its continuing operations, as compared to $382,340 in the same period of the prior year.

Other

- On October 23, 2012, the Company released the formal report received from its consultant Mr. Galvagni, which discusses his observations from his visits to the EEStor facility.
- On January 29, 2013, EEStor released a statement regarding preliminary (pre-certification) test results of recently produced single layers of its electrical energy storage units ("EESUs") built in its pilot production facility.

The development of EEStor's technology is within EEStor's sole control, and further, it is within EEStor's sole purview to publicly announce information regarding its specific progress or timelines. The Company may only comment on information directly related to EEStor's progress after EEStor makes such information public or consents to such disclosure. EEStor continues to add to its patent portfolio as it relates to its energy storage technology. Additional details about EEStor's patent activity are available in the Company's AIF dated January 24, 2013.

DISCUSSION OF OPERATING RESULTS

Operating results

The following table summarizes the Company's operating results for continuing operations, segregating the loss from discontinued operations, for the three months ended December 31, 2012 and 2011.

	Three Months Ended December 31 (unaudited)	
	2012	2011
	$	$
Interest Income	**(5,737)**	(3,698)
General and administrative	**315,839**	365,873
Engineering and development	**9,327**	3,330
Marketing and business development	**888**	285
Loss from continuing operations	**320,317**	365,790
Loss from discontinued operations	**40,649**	37,433
Net loss for the period	**360,966**	403,223
Loss per share		
Continuing operations	**(0.01)**	(0.01)
Discontinued operations	**(0.00)**	(0.00)
Total	**(0.01)**	(0.01)

The financial results above segregate the Company's continuing operations from its discontinued operations (the LSV business). The costs for both segments of the business reflect the expenses incurred for the current and comparable periods.

In the three months ended December 31, 2012, the Company incurred losses directly related to the LSV business of $40,649 compared to $37,433 for the corresponding period of the prior year. The Company continues to incur costs related to continuing warranty and service obligations which are, and will continue to be, included in discontinued operations.

The following tables present an analysis of the **continuing operations** of the Company.

General and Administrative

	For the three months ended December 31 (unaudited)	
	2012	2011
	$	$
Salaries and benefits	**109,327**	88,983
Stock based compensation	**98,809**	153,931
Insurance	**22,423**	22,411
Legal, audit, regulatory	**34,515**	41,382
Occupancy costs	**31,940**	32,656
Other costs	**18,105**	23,932
Amortization	**720**	2,578
Total	**315,839**	365,873

General and Administrative comprises a broad range of costs including salaries and benefits, travel, and department specific costs for a number of functional areas including Executive, Finance, and Administration. This group of expenses also reflects rent, voice and data services, insurance and corporate compliance costs.

"Salaries and Benefits" costs increased in the current period, primarily as a result of a greater number of meetings of the Board than in the prior period. "Stock based compensation" decreased in the current period due to a lower value of stock options vesting than in the prior fiscal year.

Other costs decreased in the current period when compared to the same period in the prior year, as a result of cost savings.

Engineering and Development

	For the three months ended December 31 (unaudited)	
	2012	2011
	$	$
Salaries and benefits	**-**	(874)
Stock based compensation	**-**	4,142
Service and materials	**9,327**	-
Other costs	**-**	62
Total	**9,327**	3,330

Engineering and Development includes all costs related to product research, engineering and development. Technical services and warranty claims costs which were included in previous summaries of Engineering and Development, have been excluded from the above analysis as they are now deemed to be part of summaries of discontinued operations.

"Service and materials" costs incurred in the current period, relate to consulting services obtained in relation to EEStor's technology.

Marketing and Business Development

	For the three months ended December 31 (unaudited)	
	2012	2011
	$	$
Other marketing related costs	**888**	285
Total	**888**	285

Marketing and Business Development includes costs related to the business development activities with respect to ZENNergy™ offerings, as well as brand management and development. The Company ceased expenditures on ZENNergy™ technologies in June 2011, and will evaluate future expenditures as and when developments occur at EEStor.

Discontinued Operations

As of April 30, 2010, the Company closed its LSV production and sales operation. In concert with the closing, effective with the June 30, 2010 financial reporting period, the Company segregated and reported the assets, liabilities, revenue and costs related to the LSV business as discontinued operations. The discontinued assets include all accounts receivables, inventory and prepaid expenses specifically attributable to the LSV business. The liabilities include a warranty reserve as well as specific payables related to the LSV business. All of the Company's operating revenues to date are from LSV related operations and are included in this category. Also included as discontinued operations are Service department expenses related to the ongoing provision of warranty and parts services.

QUARTERLY FINANCIAL INFORMATION

The following table sets out the quarterly results for the most recently completed eight quarters. The results have been segregated to reflect continuing and discontinued operations:

Quarters Ended	Loss continuing operations $	Loss discontinued operations $	Net loss in period $	Loss per share continuing operations $	Loss per share discontinued operations $	Loss per share in period $
March 31, 2011[(1)]	(1,466,404)	(67,905)	(1,534,309)	(0.04)	0.00	(0.04)
June 30, 2011[(1)]	(1,173,724)	(150,664)	(1,324,388)	(0.03)	(0.01)	(0.04)
September 30, 2011[(1)]	(751,558)	(92,536)	(844,094)	(0.02)	0.00	(0.02)
December 31, 2011	(365,790)	(37,433)	(403,223)	(0.01)	0.00	(0.01)
March 31, 2012	(347,500)	(39,664)	(387,164)	(0.01)	0.00	(0.01)
June 30, 2012	(464,899)	(38,822)	(503,721)	(0.01)	0.00	(0.01)
September 30, 2012	(350,236)	(38,613)	(388,849)	(0.01)	0.00	(0.01)
December 31, 2012	(320,317)	(40,649)	(360,966)	(0.01)	0.00	(0.01)

[(1)] In preparing its 2011 comparative information, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Canadian GAAP. See Note 18 to the Company's 2012 audited consolidated financial statements for an explanation of the transition to IFRS.

In the current period, the loss related to continuing operations has decreased when compared to the to comparable period of the prior year, due to a lower value of stock options vesting than in the prior fiscal year.

In the second and third quarters of fiscal 2011, the loss incurred from continuing operations was a result of severance costs related to senior management departures, increased stock based compensation expense and increased legal and professional fees paid as part of the reimbursement of a Director's expenses in connection with various discussions and arrangements which the Company undertook with certain shareholders of the Company resulting in the resignation and replacement of three directors..

The losses related to discontinued operations reflect the results of the LSV business which, has declined on a year-over-year basis, as the Company exited this business segment in 2010. During the year ended September 30, 2012, the loss related to discontinued operations includes an adjustment of $89,347 to decrease the provision for warranty claims which offsets the prior year adjustment of $100,016. The years ended September 30, 2012 and 2011 include an adjustment of $83,828 and $21,316, respectively, to increase the inventory provision.

EESTOR

The Company will only provide status updates with regard to EEStor's progress after EEStor itself has either made or approved the public disclosure of such information. As of the date of this MD&A, the Company has not been made aware of any issue that would prevent EEStor from completing the development of its technology. Reference should be made to the Company's AIF dated January 24, 2013, for details related to EEStor's patent activities during and since the last fiscal year. The Company does note that EEStor's ability to continue development of its technology is dependent on EEStor's ability to access sufficient capital to fund these efforts. Should EEStor fail to access such capital its ability to move its technology forward could be limited.

LIQUIDITY AND CAPITAL RESOURCES

In the period ended December 31, 2012, and up to the date of this MD&A, the Company continued to incur losses and is drawing on its cash resources.

The Company's financial liquidity is currently supported by cash and short-term investments. The Company is a development stage enterprise and is not cash flow positive. The Company's ongoing ability to remain liquid will depend on a number of factors including EEStor's successful commercialization of its EESU, timing and volume of sales, future profit margins, the rate of cash expenditure to fund ongoing operations, investments in non-cash working capital and the Company's ability to raise capital to fund the development of the business (see "Risks and Uncertainties" below). On April 13, 2012, the Company successfully completed a non-brokered private placement that resulted in net proceeds to the Company of $1,825,478. The proceeds from the offering have and will be used for working capital and general corporate purposes. The Company has paid US$500,000 to EEStor in connection with the signing of the New Technology Agreement on May 15, 2012. The Company also advanced US$200,000 to EEStor to assist with its working capital, which is to be applied against milestones in the New Technology Agreement (see Note 8 to the audited consolidated financial statements for the year ending September 30, 2012).

The Company's total cash and short-term investments at December 31, 2012, was $1,638,909 compared to a combined balance of $1,937,592 at September 30, 2012. Working capital as at the same two dates was $1,323,067 and $1,675,361, respectively, a decrease of $352,294 in the current quarter.

In the three months ended December 31, 2012, the Company recorded a loss related to its discontinued LSV operation of $40,649, compared to a loss of $37,433 for the same periods in the prior year. Substantially all of the losses related to the LSV operation in the current year are cash losses, and reflect the ongoing provision of warranty and service support.

The Company's investment policy restricts the investment of its cash balances to term deposits and bankers' acceptances. As well, short-term investments are invested only in high quality instruments of financial institutions, providing the Company with very low levels of liquidity risk on its invested financial instruments.

The Company has no long-term debt.

Based on its current operating and financial plans and exclusive of any milestone payments that may become payable to EEStor as described below under "Capital Commitments", management is confident the Company has adequate cash resources on hand to fund its operations through the first half of fiscal 2014. The Company believes that if EEStor achieves its milestones discussed below and milestone payments become payable to EEStor, the Company will have substantially greater access to capital which will enable it to fund these milestone payments.

CAPITAL COMMITMENTS

Except as noted below, the Company does not have any material commitments for capital assets as at December 31, 2012, or the date of this MD&A.

The Company has a commitment with respect to its EEStor technology rights whereby payment is contingent on EEStor achieving specific milestones. On May 15, 2012, the Company entered into a New Technology Agreement which has improved on and increased its exclusive rights. Total payments under the New Technology Agreement are US$30.5 million (including the US$500,000 that was payable under the old agreement). Following the initial payment of US$500,000 (CDN$505,150) paid upon signing, the Company has five staged payments remaining that are tied to specific milestones aggregating US$1.2 million. Each milestone must be independently verified and meet specific performance metrics. A payment of US$3.8 million will be payable upon delivery of production quality EESUs and a further US$5 million payable on each anniversary of such payment for five years.

However, all remaining payments under the New Technology Agreement are entirely at the sole discretion of the Company. In the event that the Company elects not to make any of the payments when due, its rights would become significantly more limited.

A redacted version of the New Technology Agreement can be found on SEDAR at www.sedar.com.

OFF BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off balance sheet transactions.

MANAGEMENT OF CAPITAL

The Company's objective when managing capital is to maintain its ability to continue as a going concern for the benefit of shareholders and other stakeholders by balancing cash conservation and prudent investment in its operations in order to further its business objectives.

Working capital management is fundamental to the broader management of capital. The Company has a defined investment policy restricting the investment of cash balances to term deposits and bankers' acceptances. Non-cash working capital is managed with defined business practices and policies intended to optimize the investment and safeguard the assets.

The Company includes equity in its definition of capital. Equity is comprised of share capital, contributed surplus, warrant capital and deficit. The Company's approach to raising equity has been to raise sufficient capital to take the Company toward a target milestone, with an objective of successive capital raises being at a higher price and therefore less dilutive for shareholders. To secure additional capital to pursue its objectives, the Company may raise additional funds through the issuance of equity. The Company's ability to continue with its incremental raise strategy is a function of many factors, including the state of the capital markets, and there is no assurance that this approach will be practical on a go forward basis or that capital will be available to the Company when required or on acceptable terms.

The Company is not subject to any external capital requirements.

There have been no changes with respect to the overall capital management strategy during the period ended December 31, 2012.

RELATED TRANSACTIONS

Key Management Personnel Compensation

Key management personnel are those individuals having authority and responsibility for planning, directing and controlling the activities of the Company, including members of the Company's Board of Directors. The Company considers key management to be the members of the Board of Directors, the Interim Chief Executive Officer, the Chief Financial Officer and the newly appointed Executive Vice President, EEStor Relations.

Key management personnel may also participate in the Company's stock-based compensation plans. See Note 13 to the unaudited condensed interim consolidated financial statements for the three months ended December 31, 2012, for details.

The remuneration of key management personnel during the three months ended December 31, 2012 and 2011 was as follows:

	For the three months ended December 31	
	2012	2011
Wages and salaries	**$ 76,817**	$ 58,894
Statutory deductions	**1,929**	2,066
Stock-based compensation	**98,150**	148,607
	$ 176,896	$ 209,567

As at December 31, 2012, the outstanding balance payable to the Company's Board of Directors was $39,625.

FINANCIAL INSTRUMENTS

Fair Value

The fair value of the investment in EEStor is not reliably determinable as the common shares of EEStor, Inc. are not traded in a public market and the variability in the range of reasonable fair value estimates is significant and the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value. The information about the market for the instrument is currently unknown as the technology is in the developmental stages. As of the date of the financial statements the Company does not intend to dispose of the financial instrument.

Interest Rate Risk

Interest rate risk is the impact that changes in interest rates could have on the Company's income and liabilities. The Company's exposure to interest rate risk is negligible.

Currency Risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to currency risk is negligible.

Credit Risk

Credit risk arises from the possibility that the entities to which the Company sells products may experience financial difficulties and be unable to fulfill their contractual obligations. Since the Company no longer sells its LSV products, its sales credit risk is negligible.

Credit risk can also arise from the inability of the institutions in which the Company invests its cash and short term investments to return the funds to the Company when due. As described in the "Management of Capital" section above, the Company's investment policy restricts the investment of its cash balances to term deposits and bankers' acceptances. As well, short-term investments are invested only in high quality instruments of financial institutions, providing the Company with very low levels of liquidity risk on its invested financial instruments. As such, the Company believes it is exposed to a very low level of credit risk on its investments.

CRITICAL ACCOUNTING ESTIMATES AND POLICIES

The unaudited condensed interim consolidated financial statements of the Company include the statements of the Company and its wholly-owned subsidiaries ZENN Motor Company Limited, ZENN Capital Inc., ZENNergy Inc., and ZMC America, Inc.

The Company's unaudited condensed interim consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"). Management has made certain estimates and assumptions that affect the reported amount of assets and liabilities. Significant areas requiring the use of management estimates relate to the inventory impairment, amounts recorded as accrued liabilities, including the warranty provision, valuation of stock options and warrants, impairment assessment of the New Technology Agreement, EEStor advance and the investment in EEStor, measurement of deferred tax assets and the fair value of financial instruments. The significant area requiring the use of management judgement relates to the assessment of going concern uncertainties.

Management of the Company conducts a review of the carrying value of its New Technology Agreement with EEStor on a regular basis. Management of the Company would be obliged to revalue the carrying value of the New Technology Agreement if it was in possession of information that indicated or if it believed that the technology under development by EEStor would not or could not be developed, or if EEStor were abandoning its development efforts for any reason. A similar assessment is applied to the carrying value of the Company's investment in the share capital of EEStor. Since EEStor is a private company with no ready market for its shares, the investment is carried at cost and changes in value are not reflected in comprehensive income.

Inventory included in discontinued operations is valued at the lower of cost and net realizable value. Cost is determined on a first in, first out basis for production and service stock and a combination of direct costs for materials with an allocation of labour and overhead at standard cost for work in progress and finished goods.

Amortization of investments in property and equipment is calculated at various rates intended to reflect the useful life of the asset.

The fair value of stock-based compensation and payments are calculated using the Black Scholes option pricing model. For stock-based payments that vest on a calendar or periodic basis, such as director or management options, the Company accrues the fair value cost during the vesting period. The Company charges the fair value of all other stock-based payments at the time of vesting. Forfeiture estimates are recognized in the period they are estimated and revised for actual forfeitures in subsequent periods.

For options granted during the three months ended December 31, 2012, the following inputs were used in the Black Scholes options pricing model:

Black-Scholes assumptions used:	**2012**
Expected volatility	104.0%
Expected dividend yield	0.0%
Risk free interest rate	1.10%
Expected options life in years	2
Fair value per stock option granted on October 26, 2012	$ 0.40

The following table summarizes stock options granted during the three months ended December 31, 2012:

Date Granted	Number Granted	Exercise Price	Expiry Date
October 26, 2012	60,000	$ 0.73	October 26, 2017
Total Granted	60,000		

ACCOUNTING PRONOUNCEMENTS ISSUED BUT NOT YET EFFECTIVE

As at the date of the MD&A, the Company has determined that a number of matters for accounting and disclosure under the standards established by the International Accounting Standards Board ("IASB") may be applicable to the Company's operations. Accordingly the following pronouncements may impact the Company's accounting and disclosure of its activities:

IFRS 10, Consolidated Financial Statements:

In May 2011, the IASB issued IFRS 10, "Consolidated Financial Statements" ("ÌFRS10"). IFRS 10 replaces the portion of IAS 27, "Consolidated and Separate Financial Statements" ("IAS 27") that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12, "Consolidation — Special Purpose Entities". IFRS 10 establishes a single control model that applies to all entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled, and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. Therefore, IFRS 10 may change which entities are within a group. The standard is not applicable until annual periods beginning on or after January 1, 2013, but is available for early adoption. The Company is assessing the impact of this new standard.

IFRS 12, Disclosure of Interests in Other Entities:

In May 2011, the IASB issued IFRS 12, "Disclosure of Interest in Other Entities" ("IFRS 12"). IFRS 12 establishes new and comprehensive disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. The standard is effective for annual periods beginning on or after January 1, 2013. The Company is assessing the impact of this new standard.

IFRS 13, Fair Value Measurement:

In May 2011, the IASB issued IFRS 13, "Fair Value Measurement" ("IFRS 13"). IFRS 13 replaces the fair value guidance contained in individual IFRS with a single source of fair value measurement guidance. The standard also requires disclosures which enable users to assess the methods of inputs used to develop fair value measurements. The new standard is effective for the annual periods beginning on or after January 1, 2013, with earlier application permitted. The Company is assessing the impact of this new standard.

IAS 27, Separate Financial Statements:

In May 2011, the IASB amended IAS 27, "Separate Financial Statements" ("IAS 27"). This amendment removes the requirement for consolidated statements from IAS 27 and moves it over to IFRS 10, "Consolidated Financial Statements". The amendment mandates that when a company prepares separate financial statements, investment in subsidiaries, associates, and joint controlled entities are to be accounted for using either the cost method or in accordance with IFRS 9, "Financial Instruments". In addition, this amendment determines the treatment for recognizing dividends, the treatment of certain group organizations, and some disclosure requirements. The amended standard is effective for the annual periods beginning on or after January 1, 2013. The Company is assessing the impact of this amended standard.

IFRS 9, Financial Instruments:

In October 2010, the IASB issued IFRS 9, "Financial Instruments" ("IFRS 9"). IFRS 9, which replaces IAS 39, "Financial Instruments: Recognition and Measurement", establishes principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. This standard is effective for annual periods beginning on or after January 1, 2015. The Company is assessing the impact of this new standard on its consolidated financial statements.

RISKS AND UNCERTAINTIES

An investment in the Company should be considered highly speculative due to the nature of the Company's activities and that it is a development stage company. These risk factors and uncertainties could materially affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking statements contained herein relating to the Company.

This section should be read in conjunction with and is qualified by the "Risk Factors" section of the Company's AIF dated January 24, 2013, available on SEDAR at www.sedar.com, which is hereby incorporated by reference herein. Some of these risks, presented in greater detail in the AIF, include the following:

- Dependence on the successful development, commercialization and integration of the EEStor technology and potential impact on the Company if this does not occur at all or in a timely manner, or if the commercial EESU does not possess the anticipated functionality and benefits,
- Early stage of development, history of losses,
- EEStor equity investment,
- Additional financing requirements.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

As of December 31, 2012, the Company had no deferred costs related to development or start up. Additional required disclosure for venture issuers without significant revenue is included in the section "Discussion of Operating Results" above.

OUTSTANDING SHARES

The following table outlines all outstanding voting or equity securities of the Company and all other securities of the Company which are convertible into, or exercisable or exchangeable for, voting or equity securities as of February 28, 2013:

	Number
Common shares outstanding	39,907,913
Issuable under options	3,098,700
Issuable under warrants	2,514,500
Total diluted commons shares	**45,521,113**

Features of the options are described in Note 13 to the unaudited condensed interim consolidated financial statements for period ended December 31, 2012.

SUBSEQUENT EVENTS

Stock Options

On January 31, 2013, the Company granted an aggregate of 300,000 stock options to officers. These options vest equally over an 18 month period and each option granted entitles the holder to acquire one common share at a price of $1.13 and expire five years from the grant date.

On January 31, 2013 the Company also granted an aggregate of 300,000 stock options to Directors other than Mr. Kofman. These options vest over a two year period and each option granted entitles the holder to acquire one common share at a price of $1.13 and expire five years from the grant date.

ADDITIONAL INFORMATION

Additional information relating to the Company, including the Company's AIF dated January 24, 2013, can be found on SEDAR at www.sedar.com and at the Company's website at www.zenncars.com.