

A copy of this preliminary short form prospectus has been filed with the securities regulatory authorities in each of the provinces of Ontario, Alberta and British Columbia, but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authorities.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended (the "1933 Act") or any state securities laws. Accordingly, these securities may not be offered or sold within the United States except in compliance with the registration requirements of the 1933 Act and applicable state securities law or under exemptions from those laws. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States. See "Plan of Distribution".

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Financial Officer of ZENN Motor Company Inc. at 85 Scarsdale Road, Suite 100, Toronto, Ontario M3B 2R2, Telephone: (416) 535-8395, and are also available electronically at www.sedar.com.

PRELIMINARY SHORT FORM PROSPECTUS

New Issue

June 9, 2009



ZENN Motor Company Inc.

**Up to \$●
Up to ● Common Shares**

This short form prospectus qualifies the distribution (the "**Offering**") of up to ● common shares (the "**Shares**") of ZENN Motor Company Inc. (the "**Corporation**") at a price of \$● per Share (the "**Offering Price**"). The Shares will be issued and sold pursuant to the terms of an agency agreement (the "**Agency Agreement**") dated as of ●, 2009 between the Corporation and Paradigm Capital Inc. and Thomas Weisel Partners Canada Inc. (collectively, the "**Agents**"). See "Plan of Distribution". The Offering Price has been determined by negotiation between the Corporation and the Agents.

The outstanding common shares of the Corporation (the "**Common Shares**") are listed and posted for trading on the TSX Venture Exchange (the "**TSXV**") under the symbol "ZNN". On June 8, 2009, the last trading day prior to the date of this short form prospectus, the closing price of the Common Shares on the TSXV was \$4.66. The Corporation has applied to list the Common Shares to be distributed under this short form prospectus on the TSXV. Listing will be subject to the Corporation fulfilling all the listing requirements of the TSXV.

\$● per Share

	<u>Price to the Public</u>	<u>Agents' Fee⁽¹⁾</u>	<u>Net Proceeds to the Corporation⁽²⁾</u>
Per Share.....	\$●	\$●	\$●
Total Offering ⁽³⁾	\$●	\$●	\$●

Notes:

- (1) The Corporation has agreed to pay to the Agents or any selling firm a cash commission of 5.5% of the gross proceeds of the Offering (the "**Agents' Fee**"). The Agents or any selling firm will also receive non-transferable compensation options (each, a "**Compensation Option**", and collectively, the "**Compensation Options**") to purchase that number of Common Shares as is equal to 4.0% of the Shares sold pursuant to the Offering. Each Compensation Option shall be exercisable for a period of 18 months following the closing of the Offering to acquire one Common Share at the Offering Price, subject to adjustment in certain events. The grant of the Compensation Options is also qualified by this short form prospectus. See "Plan of Distribution".
- (2) Before deducting expenses of the Offering, estimated at \$•, which together with the Agents' Fee, will be paid from the proceeds of the Offering.
- (3) The Corporation has granted the Agents an option (the "**Over-Allotment Option**") exercisable in full or in part at any time up to 30 days following the Closing Date (as hereinafter defined) to arrange for the sale of up to an additional 15% of the number of Shares sold in the Offering at the Offering Price to cover over-allotments, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the Price to the Public, the Agents' Fee and the Net Proceeds to the Corporation, before deducting the estimated expenses of the Offering, will be \$•, \$• and \$•, respectively. This short form prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Shares issuable upon the exercise of the Over-Allotment Option. A purchaser who acquires Shares forming part of the Agents' over-allocation position acquires such Shares under this short form prospectus regardless of whether the Agents' over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See "Plan of Distribution".

The Agents and any selling group members conditionally offer the Shares as agents on a best efforts basis, subject to prior sale if, as and when issued by the Corporation and accepted by the Agents in accordance with the conditions contained in the Agency Agreement referred to under "Plan of Distribution" and subject to approval of certain legal matters by Kutkevicius Kirsh, LLP, counsel for the Corporation, and by Wildeboer Dellelce LLP, counsel for the Agents.

Agents' Position	Maximum Size	Exercise Period	Exercise Price
Over-Allotment Option	Option to sell up to • Shares	30 days from the Closing Date	\$• per Share
Compensation Options ⁽¹⁾	Options to purchase up to • Common Shares • Common Shares	18 months from the Closing Date	\$• per Common Share
Total Common Shares under options issuable to the Agents			

Notes:

- (1) Assuming the exercise of the Over-Allotment Option in full.

Subscriptions for the Shares will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. Closing of the Offering is expected to occur on or about •, 2009, or such later date as the Corporation and the Agents may agree but in no event later than the date that is 90 days from the date a final receipt is issued for this short form prospectus (the "**Closing Date**"). Definitive certificates evidencing the Shares are expected to be available for delivery on the Closing Date.

Subject to applicable laws, the Agents may, in connection with the Offering, effect transactions which stabilize or maintain the market price of the Common Shares at levels other than that which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time. See "Plan of Distribution".

It is important for purchasers of Shares to consider the particular risk factors that may affect the Corporation. See "Risk Factors".

The Corporation's head office and principal place of business is located at 85 Scarsdale Road, Suite 100, Toronto, Ontario, M3B 2R2 and its telephone number is (416) 535-8395.

All dollar amounts in this short form prospectus are in Canadian dollars, unless otherwise indicated. On June 8, 2009, the Bank of Canada noon spot rate of exchange was U.S. \$1.00 = CAD\$1.1230.

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DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Financial Officer of the Corporation at 85 Scarsdale Road, Suite 100, Toronto, Ontario M3B 2R2, Telephone: (416) 535-8395, and are also available electronically at www.sedar.com.

The following documents of the Corporation, filed with the securities commissions or similar authorities in certain of the provinces of Canada, are specifically incorporated by reference in and form an integral part of this short form prospectus:

- (a) the annual information form of the Corporation dated January 27, 2009 (the "**AIF**");
- (b) the audited financial statements of the Corporation and the notes thereto for the years ended September 30, 2008 and September 30, 2007, together with the auditors' report thereon;
- (c) management's discussion and analysis of the Corporation for the years ended September 30, 2008 and September 30, 2007;
- (d) the unaudited comparative consolidated financial statements of the Corporation for the three and six months ended March 31, 2009, which financial statements have been subsequently reviewed by the Corporation's external auditors in connection with the filing of this short form prospectus;
- (e) management's discussion and analysis of the Corporation for the three and six months ended March 31, 2009;
- (f) the management information circular of the Corporation dated February 23, 2009 filed in connection with the annual and special meeting of the shareholders of the Corporation held on March 25, 2009;
- (g) the material change report of the Corporation dated April 30, 2009 with respect to the announcement by EEStor, Inc. ("**EEStor**") of positive permittivity test results of the chemicals to be used in its manufacturing process; and
- (h) the material change report of the Corporation dated May 25, 2009 with respect to the independent verification by the Corporation of the permittivity test results announced by EEStor.

Any document of the type referred to above and any material change report (excluding confidential material change reports) or business acquisition report filed by the Corporation with the securities commissions or similar authorities in Canada after the date of this short form prospectus and prior to the completion or termination of the Offering shall be deemed to be incorporated by reference into this short form prospectus.

Any statement contained herein or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for purposes of this short form prospectus, to the extent that a statement contained herein or in any other subsequently

filed document that also is or is deemed to be incorporated by reference herein modifies or supersedes that statement. Any such modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be considered in its unmodified or superseded form to constitute part of this short form prospectus; rather only such statement as so modified or superseded shall be considered to constitute part of this short form prospectus.

FORWARD-LOOKING STATEMENTS

This short form prospectus and the documents incorporated by reference herein contain forward-looking statements that involve various risks and uncertainties. When used herein and therein, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect", and similar expressions, as they relate to the Corporation or its management, are intended to identify forward-looking statements. Such statements are subject to known and unknown risks, uncertainties, assumptions and other factors outside of management's control that could cause actual results to differ materially from those expressed in the forward-looking statements. These risks and uncertainties include, but are not restricted to, the Corporation's limited operating history and history of losses, market acceptance of a new product, the ability of the Corporation to execute on its marketing plan, reliance on its distributors and host vehicle supplier, the ability of the Corporation to attract one or more original equipment manufacturers ("OEMs") as customers for its planned ZENNergy drivetrain solution or do so on a timely basis, dependence on the Corporation's retailer network, economic conditions, changes in government regulation, competition, the Corporation's ability to attract and retain key employees, the successful commercialization of the power storage technology being developed by EESstor, the possibility that the Corporation's equity investment in EESstor may decline in value or have no or limited liquidity, the ability of the Corporation to raise capital or other forms of financing on acceptable terms when needed and potential change in foreign currency rates. See "Risk Factors" and the factors identified under the heading "Risk Factors" in the AIF incorporated by reference herein. Although the forward-looking statements contained in this short form prospectus and the documents incorporated by reference are based upon what management believes to be reasonable assumptions, the Corporation cannot assure prospective purchasers that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of the short form prospectus and, in the case of documents incorporated by reference herein, as of the dates of such documents and, except in accordance with applicable law, the Corporation undertakes no obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances.

ELIGIBILITY FOR INVESTMENT

In the opinion of Kutkevicius Kirsh, LLP, counsel to the Corporation, and Wildeboer Dellelce LLP, counsel to the Agents, based on legislation and regulations in effect on the date of this short form prospectus and subject to the provisions of any particular plan, the Shares offered hereby, if issued on the date hereof, would be "qualified investments" within the meaning of the *Income Tax Act* (Canada) (the "**Tax Act**") for trusts governed by registered retirement savings plans, registered educational

savings plans, registered retirement income funds, registered disability savings plans, deferred profit sharing plans and tax-free savings accounts. Notwithstanding that the Shares are qualified investments for a tax-free savings account, a holder will be subject to a penalty tax if the Shares held in a tax-free savings account are a "prohibited investment" under the Tax Act. The Shares generally will not be a "prohibited investment" unless the holder of the tax-free savings account does not deal at arm's length with the Corporation, or the holder has a "significant interest" (within the meaning of the Tax Act) in the Corporation or a corporation, partnership or trust with which the Corporation does not deal at arm's length for the purposes of the Tax Act.

THE CORPORATION

The Corporation was incorporated under the *Business Corporations Act* (Ontario) by Articles of Incorporation dated September 28, 2004 under the name MCL Capital Inc. Pursuant to Articles of Amendment dated November 5, 2004, the articles of the Corporation were amended to remove the restrictions on transfer of the Corporation's shares. In conjunction with the Corporation's acquisition of Feel Good Cars Inc. (now ZENN Motor Company Limited) ("ZMCL") and pursuant to Articles of Amendment dated January 30, 2006, the Corporation's name was changed to Feel Good Cars Corporation and the then issued and outstanding common shares of the Corporation were consolidated on the basis of one new Common Share for every three then existing common shares. In connection with a re-branding of the Corporation to the ZENN name, the Corporation's name was changed to ZENN Motor Company Inc. pursuant to Articles of Amendment dated June 14, 2007.

The Corporation has five Ontario incorporated wholly-owned subsidiaries; ZMCL, which operates under the trade name ZENN Motor Company, ZENN Capital Inc., formed to hold the Corporation's investment in EEStor, ZENN Véhicules Electriques Inc., ZENNergy Inc. and 2186025 Ontario Inc. The Corporation also has a Delaware, USA incorporated wholly-owned subsidiary, ZMC America, Inc.

Summary Description of the Business

The Corporation, through ZMCL, is engaged in the development, assembly and distribution of electric transportation solutions and technologies. The Corporation's initial product offering is a two-seat fully-electric low-speed vehicle ("LSV") called the ZENN™ assembled using the MC-2 host vehicle manufactured by France-based Microcar S.A.S. ("Microcar") and adding conventional and generally available electrical components. The host vehicles are manufactured and assembled in France and imported into Canada as substantially complete "rolling chassis". Once in Canada, the Corporation completes the assembly of the ZENN LSV at its 40,000 square foot assembly facility in Saint-Jerome, Quebec by integrating conventional electric power train components such as motor, transmission and battery systems.

A core competency of the Corporation is its ability to engineer and integrate all-electric vehicular drivetrain systems into a variety of new and used vehicle applications. The Corporation plans to capitalize on this competency through the development and introduction of the ZENNergy™ drivetrain, an electric vehicle ("EV") powertrain designed to incorporate the Electrical Energy Storage Unit ("EESU") currently being developed by EEStor. The EESU being developed by EEStor is expected by management of the Corporation to provide significant improvements in both energy storage and power density over current and proposed chemical battery technologies, overcoming limitations that the Corporation believes have slowed the progress of the electric vehicle industry to date. The ZENNergy drivetrain is being designed with core components such as an electric motor,

transmission and controlling electronics, and incorporating the EESor EESU as its primary power source. The ZENNergy drivetrain is being designed to be customized to meet the specific needs and requirements, in terms of components, performance and price, of a specific buyer or buyer group.

ZENNergy Strategies

The Corporation is proposing to expand its product offering and geographic reach to fully leverage the exclusive rights to the EESor EESU granted to the Corporation under its technology agreement with EESor (the "**EESor Agreement**"). There are two strategic go-to-market opportunities being pursued by the Corporation to fully exploit its exclusive EESor license; an OEM strategy and a vehicle retrofit strategy. Management believes that each of these market strategies is potentially significant in terms of size of market and environmental impact. Each is planned to leverage the same core concept of the ZENNergy electric drivetrain powered by an EESU and will require market or opportunity-specific variations in order to be successful. There can be no assurance that either strategy will be successfully pursued or implemented. See "Risk Factors".

The OEM Strategy

One ZENNergy strategy being pursued by the Corporation is focused on bringing EV's to market in conjunction with automotive OEMs. This strategy is designed to leverage the manufacturing capabilities, distribution networks and brand recognition of the well-established automotive OEMs and the work product of the Corporation. Management believes that offering automotive manufacturers a ready-made or custom tailored drivetrain incorporating the EESor EESU will allow OEMs to accelerate introduction of their own branded EV products in the marketplace.

To provide perspective on the potential of the OEM market, according to *CMS Worldwide IQ2009 Forecast*, in 2008 an estimated 48 million vehicles were manufactured falling into the up to 1,400 kilograms curb weight market segment for which the Corporation holds exclusive rights to the EESor EESU were manufactured worldwide. Despite recent setbacks, the same data projects the number to grow to 60 million vehicles manufactured annually by 2015. The Corporation also enjoys non-exclusive rights to sell ZENNergy drivetrains for incorporation into passenger vehicles that are heavier than the exclusive market segment.

Based on the Corporation's research, most of the major automobile OEMs have at least one conventional internal combustion powered platform that fits within the up to 1,400 kilograms curb weight market segment. Acceptance by OEMs is expected by management to be a function of performance, quality and price when compared to conventional or other proposed EV powertrains. For each OEM platform project, the Corporation envisions a high degree of commonality in core components, design, safety features and integration points. These common elements are currently being developed by the Corporation's engineering group and will represent a major investment over the next two to three years. With a common set of core elements being offered in the ZENNergy drivetrain, the Corporation believes that an OEM's time to market can be substantially reduced and will be a function of a number of factors including the degree it chooses to customize its own ZENNergy solution.

The Retrofit Strategy

A second ZENNergy strategy being pursued by the Corporation is the retrofitting or conversion of existing internal combustion powered vehicles into pure EVs. There are a number of approaches available to the Corporation under this strategy. For example, one approach would be to create a

“model-specific” kit that would be suitable for mass conversions, like a fleet. Another approach would be to create a generic conversion kit and have independent “upfitters” develop an expertise in conversion of virtually any model of four-wheeled vehicle. The Corporation is still evaluating the preferred approach within the context of its business objectives however, there can be no assurance that the Corporation's proposed retrofitting strategy will be successfully pursued or implemented. See "Risk Factors".

According to the Plunkett Automobile Industry Almanac 2008, it is estimated that approximately 806 million cars and light trucks exist globally that fall within the market segment for which the Corporation holds exclusive rights to the EESor EESU. Converting an internal combustion vehicle to an electric vehicle offers the benefits of eliminating harmful emissions, reducing operating costs and potentially extending the life of the used vehicle, coupled with the environmental benefit of resurrecting a used vehicle already invested with significant amounts of raw material and energy.

Either approach to the retrofit market will require the established standards and product definitions that are being developed by the Corporation. See "Risk Factors".

Relationship with EESor

In 2004, the Corporation entered into the EESor Agreement with EESor of Cedar Park, Texas pursuant to which the Corporation may acquire, subject only to the milestone payment described below, certain exclusive and non-exclusive global perpetual rights to purchase and incorporate the power storage technology currently under development by EESor in the Corporation's product offerings. The Corporation's exclusivity to the EESor EESU under the EESor Agreement includes the small to medium new passenger vehicle market (vehicles with a curb weight up to 1,400 kilograms, net of battery weight, other than high performance sports cars), all-electric 4-wheeled personal transportation uses up to 15 kilowatt (continuous output) drive systems, golf carts and small utility vehicles (such as those used in airports) and the conversion and retrofitting of used four-wheeled vehicles of any size from internal combustion engine powered drivetrains to electric powered drivetrains. The Corporation's non-exclusive rights include higher horsepower and heavier passenger vehicles in excess of 1,400 kilograms, net of battery weight. If EESor's technology is proven successful, based on information provided by EESor, management of the Corporation expects that it will permit the Corporation to reduce the weight and volume of power storage by up to 90% when compared to conventional lead-acid batteries. This improvement in energy storage technology is expected by management of the Corporation to allow the Corporation to produce a competitively priced vehicle with greater range, quicker charging capabilities (minutes versus hours), a "battery" life expectancy greater than the vehicle itself and an ability to operate in colder climates without degradation when compared to a similar electric vehicles incorporating conventional chemical batteries.

Pursuant to the EESor Agreement, the Corporation's rights to market EESor's EESU technology are subject to a final milestone payment of US\$500,000 within 15 business days following third-party verification of a production quality EESU of at least 15 kilowatt hours meeting certain operating parameters agreed to by the parties.

On April 30, 2007, the Corporation announced a US\$2.5 million investment in EESor to acquire shares representing approximately 3.8% of the equity of EESor. The terms of the investment provide the Corporation with a right (the "**Additional Investment Option**"), exercisable at the Corporation's sole discretion within 30 days of successful completion of permissivity testing by an independent third party laboratory, to acquire up to a further US\$5.0 million of equity of EESor at the same price per

share as the initial investment. The size of the Corporation's additional investment is subject to reduction in the event that other current EESstor shareholders elect to participate in such funding. If the entire US\$5.0 million investment is made, the Corporation would own approximately 10.5% of the equity of EESstor post-investment. Should the other EESstor shareholders fully exercise their rights to participate, the Corporation's investment would be reduced to US\$2,000,000 and, post-investment, the Corporation would own approximately 6.2% of the equity of EESstor.

On April 22, 2009, EESstor announced positive permittivity test results for the manufacturing-grade chemicals to be used in the production process for its EESU. The permittivity test results were verified on the Corporation's behalf by independent consultant Dr. Edward D. Golla, a PhD in Analytical Chemistry. Dr. Golla re-performed the permittivity testing on hot-pressed dielectric layers provided by EESstor and certified by them to have been made of materials produced on their production line. Dr. Golla is the Laboratory Director of Texas Research International, Austin, Texas whose relevant experience includes the application of instrumental techniques to analytical problems and he has also taught Chemistry and Instrumental Analysis at schools such as St. Edwards University and Southwestern University of Georgetown, Texas. Both before and after retesting of the permittivity results, the calibration and suitability of the test equipment to accurately measure capacitance over a defined temperature range in order to determine permittivity, were independently verified on the Corporation's behalf by Professional Testing (EMI), Inc. ("PTI") located in Round Rock, Texas. PTI is a test laboratory with over 20 years operating experience and has ISO 17025 accreditation from the National Voluntary Laboratory Accreditation Program. The Corporation's verification of the test results was completed on May 21, 2009 and triggered a permittivity milestone payment of US\$700,000 pursuant to the EESstor Agreement, which has been made.

Permittivity is a physical quantity that describes how an electric field affects, and is affected by, a dielectric medium and is directly related to the amount of energy that can be stored in the form of an electric field in an ultra capacitor device. High permittivity is related to the attainment of a significant level of purity in EESstor's base chemicals previously announced by EESstor as well as the homogeneity of the chemicals when blended and processed. It is expected by management of the Corporation that third party verification of specified powder permittivity is an important step forward that will position EESstor to produce EESUs that store energy in roughly one-tenth the weight and one-tenth the volume as compared to traditional lead acid batteries with equal energy storage. Extreme heat or cold can significantly degrade battery performance and reduce charge retention, however based on information provided by EESstor, when compared to traditional lead acid batteries, EESstor's EESU is expected by management to be significantly less affected by temperature extremes and to be capable of over one million deep charge and discharge cycles. With these characteristics, management of the Corporation believes that the EESUs will create the potential for fully electric vehicles that can travel farther and more cost-effectively than is possible with conventional battery technologies, with rapid charge capabilities and with zero emissions.

The Corporation's verification of the permittivity test results also initiated the process whereby the Corporation was required to declare its intention with respect to its Additional Investment Option. On May 28, 2009, the Corporation communicated to EESstor its intention to acquire additional equity in EESstor up to the maximum investment of US\$5,000,000. If the entire US\$5.0 million investment is made, the Corporation would own approximately 10.5% of the equity of EESstor post-investment. The final determination of the size of the Corporation's investment is dependent on the decision of other EESstor shareholders with respect to their rights. Should the other EESstor shareholders fully exercise their rights, the Corporation's investment would be reduced to US\$2,000,000 and, post-investment, the Corporation would own approximately 6.2% of the equity of EESstor. The other shareholders are

required to express their intentions within 30 business days of the Corporation communicating its intention to exercise the Additional Investment Option.

The EESStor EESU is still under development and there can be no assurance that it will be successfully commercialized, that the expected benefits claimed by EESStor will be achieved or that the Corporation will be able to successfully incorporate this technology into its products or to successfully sell those products, if developed. See "Risk Factors".

USE OF PROCEEDS

The net proceeds to the Corporation from the Offering, after deducting the Agents' Fee and the estimated expenses of the Offering payable by the Corporation of \$●, will be approximately \$●. If the Over-Allotment Option is exercised in full, the net proceeds of the Offering, after deducting the Agents' Fee and the estimated expenses of the Offering, are estimated to be \$●.

Principal Purposes

The Corporation intends to use the estimated net proceeds of the Offering to fund working capital and general corporate purposes, including engineering and new product development, market development for new and existing offerings, strategic partnerships, joint ventures, acquisitions or investments should the appropriate opportunities arise.

In the year ended September 30, 2008, the Corporation had negative operating cash flow of \$6,516,624. To the extent required, the net proceeds from the Offering will be used to fund negative operating cash flow in future periods.

The Corporation intends to use the funds as stated in this short form prospectus; however, there may be circumstances where, on the basis of results obtained or for other sound business reasons, a re-allocation of funds may be necessary. Accordingly, management of the Corporation will have broad discretion in the application of the proceeds of the Offering. See "Risk Factors – Discretion in Use of Proceeds".

Investment of Proceeds Pending Application

The unexpended net proceeds from the Offering will be invested in accordance with the investment policy adopted by the Corporation. This policy permits cash balances to be temporarily invested in (i) Bankers' Acceptances issued by approved financial institutions and having a term to maturity of no more than 90 days and being cashable or redeemable upon no more than 30 days prior notice being required; and (ii) Guaranteed Investment Certificates issued by approved financial institutions and having a term to maturity of no more than one year and being cashable or redeemable upon no more than 30 days prior notice being required.

CONSOLIDATED CAPITALIZATION

The only material changes in the Corporation's share or loan capital on a consolidated basis since September 30, 2008 are: (i) the Corporation issued 650,000 Common Shares at a price of \$1.10 per share to directors and officers upon the exercise of stock options; (ii) the Corporation issued 3,333 Common Shares at a price of \$2.25 per share to an employee upon the exercise of stock options; and

(iii) the Corporation issued 64,960 Common Shares at a price of \$3.75 per share to Merriman Curran Ford Group, Inc. upon the exercise of compensation options granted in connection with a prospectus offering completed in May 2008.

Assuming completion of the Offering in full and no exercise of the Over-allotment Option, there will be • Common Shares issued and outstanding.

DESCRIPTION OF SECURITIES BEING DISTRIBUTED

The authorized capital of the Corporation consists of an unlimited number of Common Shares. As at the date of this short form prospectus, 34,348,309 Common Shares are issued and outstanding.

The 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 Corporation out of funds legally available for the payment of such dividends. In the event of the liquidation, dissolution or winding-up of the Corporation, 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 Corporation after payment of all of the Corporation's liabilities. The holders of the Common Shares are entitled to receive notice of any meetings of shareholders of the Corporation and are entitled to attend and vote at such meetings. The Common Shares carry one vote per share.

PLAN OF DISTRIBUTION

Pursuant to the Agency Agreement, the Corporation has appointed the Agents as its agents to offer up to • Shares for sale on a best efforts basis, if as and when issued by the Corporation, at the Offering Price, against delivery of certificates representing the Shares, subject to compliance with all necessary legal requirements and to the conditions contained in the Agency Agreement. While the Agents have agreed to use their best efforts to arrange for the sales of the Shares, they are not obligated to purchase any of the Shares. The obligations of the Agents and any selling group members under the Agency Agreement are conditional and may be terminated at their discretion on the basis of their assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events including any material adverse change in the business, affairs or financial condition of the Corporation. The Offering Price of the Shares was determined by negotiation between the Corporation and the Agents.

The Corporation has also granted to the Agents the Over-Allotment Option, exercisable, in whole or in part at any time prior to the 30th day following the Closing Date, to sell up to 15% of the number of Shares sold in the Offering, to cover over-allotments, if any, and for market stabilization purposes. This short form prospectus also qualifies the Over-Allotment Option. A purchaser who acquires Shares forming part of the Agents' over-allocation position acquires such Shares under this short form prospectus regardless of whether the Agents' over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

Pursuant to rules and policy statements of certain securities regulators, the Agents may not, at any time during the period of distribution of the Shares bid for or purchase Common Shares. The foregoing restriction is subject to certain exceptions, on the condition that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Common Shares. Such exceptions include a bid or purchase permitted under the by-laws and rules of the TSXV

relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. The Agents may engage in market stabilization or market balancing activities on the TSXV where the bid for or purchase of the Common Shares is for the purpose of maintaining a fair and orderly market in the Common Shares, subject to price limitations applicable to such bids or purchases. Such transactions, if commenced, may be interrupted or discontinued at any time.

Pursuant to the Agency Agreement, the Agents have reserved the right to form a selling group of appropriately registered dealers and brokers. In consideration for the services to be performed, the Corporation has agreed to pay to the Agents and any selling firm a cash commission equal to 5.5% of the gross proceeds of the Offering. The Corporation has also agreed to grant to the Agents and any selling firm such number of Compensation Options as is equal to 4.0% of the aggregate number of Shares sold under the Offering (including, for greater certainty, any Shares issued and sold upon exercise of the Over-Allotment Option). Each Compensation Option will be exercisable to purchase one Common Share at an exercise price equal to the Offering Price for a period of 18 months following the Closing Date. This short form prospectus also qualifies the distribution of the Compensation Options. The Corporation has also agreed to reimburse the Agents for certain expenses incurred in connection with the Offering.

The Corporation has agreed with the Agents not to authorize, issue or sell, or agree to do so, any Common Shares or securities convertible or exchangeable into Common Shares other than pursuant to: (i) the Offering; (ii) the exercise of stock options outstanding pursuant to the share incentive plan of the Corporation; (iii) the exercise of outstanding warrants; or (v) the acquisition by the Corporation of the shares or assets of other corporations or entities, for a period ending 90 days following the Closing Date without the prior written consent of the Agents, such consent not to be unreasonably withheld.

In addition, the Corporation has agreed to use its best efforts to cause the executive officers and directors of the Corporation and their respective associates to enter into agreements on terms and conditions satisfactory to the Agents, in which they will covenant and agree that they will not, for a period ending 90 days following the Closing Date, directly or indirectly, offer, sell, contract to sell, lend, swap, or enter into any other agreement to transfer the economic consequences of, or otherwise dispose of or deal with, or publicly announce any intention to offer, sell, contract to sell, grant or sell any option to purchase, hypothecate, pledge, transfer, assign, purchase any option or contract to sell, lend, swap or enter into any agreement to transfer the economic consequences of, or otherwise dispose of or deal with, whether through the facilities of a stock exchange, by private placement or otherwise, any Common Shares or other securities of the Corporation held by them, directly or indirectly, unless (i) they first obtain the prior written consent of the Agents, which consent will not be unreasonably withheld or delayed, or (ii) there occurs a take-over bid or similar transaction involving a change of control of the Corporation.

Pursuant to the terms of the Agency Agreement, the Corporation has agreed to indemnify the Agents and each selling firm and their respective affiliates, and each of their respective directors, officers, employees, shareholders and agents thereof against certain liabilities and expenses or to contribute to payments that the Agents or the selling firms may be required to make in respect thereof.

The Corporation has applied to list the Shares to be distributed under this short form prospectus on the TSXV. Listing will be subject to the Corporation fulfilling all of the listing requirements of the TSXV.

The Shares offered hereby have not been and will not be registered under the 1933 Act, or any state securities laws, and accordingly, may not be offered or sold within the United States (as such term is defined in Regulation S under the 1933 Act) except in transactions exempt from the registration requirements of the 1933 Act and applicable state securities laws. The Agency Agreement permits the Agents and each selling firm to offer or sell such Shares in the United States to "accredited investors" that meet the requirements set forth in Rule 501(a) of Regulation D under the 1933 Act pursuant to Rule 506 of Regulation D under the 1933 Act. In addition, until 40 days after the commencement of the Offering, an offer or sale of Shares offered under this short form prospectus within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the 1933 Act if such offer or sale is made otherwise than in accordance with an exemption from the registration requirements of the 1933 Act.

PRIOR SALES

Since June 1, 2008, the Corporation issued 253,639 Common Shares pursuant to the exercise of broker warrants issued in connection with prospectus offerings completed on February 15, 2007 and May 30, 2008. The warrants were exercisable at prices of \$2.65 or \$3.65 per share and the Corporation received cash proceeds of \$253,639.

Since June 1, 2008, the Corporation issued 654,133 Common Shares pursuant to the exercise of stock options granted under the Corporation's stock option plan at exercise prices ranging from \$1.10 to \$3.50 and the Corporation received cash proceeds of \$725,299.

Since June 1, 2008, the Corporation granted 1,177,900 stock options to employees, officers and directors pursuant to the Corporation's stock option plan. The options are exercisable at prices ranging from \$1.87 to \$4.25 per share and expire between June 3, 2013 and November 17, 2013.

TRADING PRICE AND VOLUME

The Common Shares of the Corporation are listed and posted for trading on the TSXV under the symbol "ZNN". The following table sets forth information relating to the monthly trading of the Common Shares on the TSXV for 12 most recently completed full or partial months.

Period	High (Cdn. \$)	Low (Cdn. \$)	Volume (# of Shares)
June 2008	5.54	4.09	2,525,042
July 2008	6.89	4.86	4,059,097
August 2008	5.83	3.83	1,598,993
September 2008	4.09	2.97	1,703,449
October 2008	3.59	1.40	1,694,773
November 2008	2.80	1.70	792,742
December 2008	2.88	1.87	1,566,387
January 2009	2.97	2.09	866,633
February 2009	2.40	1.96	781,626
March 2009	2.29	1.80	906,126

April 2009	5.79	1.91	6,046,217
May 2009	5.95	3.76	2,978,840
June 1 to 8, 2009	5.00	4.61	436,834

On June 8, 2009, the last trading day prior to the date of this short form prospectus, the closing price of the Common Shares on the TSXV was \$4.66.

RISK FACTORS

An investment in Shares involves significant risks and must be considered speculative due to the nature of the Corporation's business. Prospective purchasers of Shares offered under this short form prospectus should carefully consider the following risk factors, as well as the information included or incorporated by reference in this short form prospectus, and in particular should give special consideration to the risk factors disclosed under the heading "Risk Factors" contained in the AIF, incorporated by reference herein, and which may be accessed at www.sedar.com, before deciding to purchase the Shares:

EEStor Technology

The EEStor power storage technology is still under development and there can be no assurance that it will be successfully commercialized at all or on a timely basis, that the expected benefits claimed by EEStor will be achieved or that the Corporation will be able to successfully incorporate this technology into its current or proposed products. Any failure by EEStor to successfully commercialize its EESU, or if successfully commercialized, any failure by the Corporation to incorporate the EEStor EESU into its current or proposed products, when required could result in such products having reduced efficacy and benefits to the consumer and could have a material adverse effect on the Corporation's business, results of operations, cash flow, financial condition and prospects.

The Corporation's rights to the power storage technology being developed by EEStor are subject to the Corporation making additional payments to EEStor on the achievement of certain technical milestones. Any failure of the Corporation to make the milestone payments or to do so by the deadline dates required could result in the termination of the Corporation's rights and could have a material adverse effect on the Corporation's business, results of operations, cash flow, financial condition and prospects.

EEStor Investment

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

Reliance on Key Supplier – Microcar

The Corporation is heavily dependent on the supply of host vehicles for its current ZENN LSV from Microcar. Interruption in the supply of host vehicles may have a material adverse effect on the ongoing operations of the Corporation, depending on a number of factors including the Corporation's inventory on hand and the nature and duration of the interruption. Replacement or substitution of the

host vehicle would require significant re-engineering and re-testing of the design of the ZENN LSV or any successor product.

Maintenance of Rights Under Microcar Supply Agreement

Pursuant to the terms of the July 2005 supply agreement for host vehicles entered into with Microcar, as amended, the Corporation is required to make minimum annual purchases of host vehicles to maintain its rights under the agreement. Any failure by the Corporation to meet its minimum purchase requirement or obtain a waiver of the requirement, either this year or in any subsequent year, if acted upon by Microcar, could result in the termination of the supply agreement. Any termination of the supply agreement, for any reason, or the interruption or delay in the supply of host vehicles by Microcar to the Corporation could have a material adverse effect on the Corporation's business, results of operations, cash flow, financial condition and prospects.

History of Losses

The Corporation has a history of limited revenues and has generated losses from operations to date. The Corporation has only recently commenced commercial sales of its initial electric vehicle model, the ZENN LSV, and expects to continue to incur significant expenditures for general administrative activities, including sales and marketing and research and development activities. As a result of these costs, the Corporation must generate and sustain revenues and positive gross margins significantly higher than those currently being generated to achieve and sustain profitability. There can be no assurance that the Corporation's strategies, once implemented, will result in the Corporation becoming profitable or will generate positive cash flows.

Additional Financing Requirements

To date, the Corporation has relied primarily on equity financing to carry on its business. The exact amount of the Corporation's future capital requirements will depend on numerous factors, including, but not limited to, market acceptance of the Corporation's products, delays in the growth of the Corporation's customer base, 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 Corporation may also need to raise funds in order to acquire businesses, technologies or products or fund investments and other relationships the Corporation believes are strategic.

Any future financings may result in substantial dilution to the holdings of current shareholders of the Corporation 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 Corporation may not be able to fund its 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 Corporation's business, results of operations, cash flow, financial condition and prospects.

Acceptance of New Products Being Developed

The Corporation's business and financial plan relies heavily on the introduction of new products that have limited testing in the marketplace. There can be no assurance that the products will be accepted in the market or that sales projections will be achieved. Consumer acceptance of the Corporation's

products will depend upon several factors, including demonstrating the establishment of these products to consumers, developing and introducing new products and continuing to address market needs as competitors introduce new products. The Corporation may be required to engage in extensive advertising, educational programs or other means to market its products. Failure of the Corporation's products to achieve market acceptance would have a material adverse effect on the Corporation's business, results of operations, cash flow, financial condition and prospects.

Dependence on Third Party Retailers

The Corporation sells its LSV products to customers through a retailer network. The Corporation's relationships with many of its retailers have been established within the last two years and the Corporation is unable to predict the extent to which some of these retailers will be successful in marketing and selling the Corporation's LSV products. Moreover, the retailers may choose to market and sell competing products. Retailers may terminate their relationships with the Corporation at any time. The Corporation's future performance will also depend, in part, on its ability to attract additional retailers that will be able to market and support the Company's LSV products effectively, especially in markets in which the Corporation has not previously distributed its products. There can be no assurance that the Corporation will retain its current retailers or that it will be able to recruit additional or replacement retailers. The loss of one or more of the Corporation's retailers could have a material adverse effect on the Corporation's business, financial condition and results of operations.

Economic Conditions

Along with other automotive companies, the Corporation has been and will continue to be impacted by the onset of a global recession in the fourth quarter of 2008, which severely impacted consumer confidence. With higher unemployment and worsening consumer sentiment, it is likely that available discretionary income will decline and reduce consumer spending at the retail level. It cannot be predicted whether or when economic conditions will change and many economists predict that the recession will be prolonged and that conditions may deteriorate further before there is any improvement.

Continuing weak economic conditions in the markets in which the Corporation operates as a result of the current global economic crisis, lower consumer spending, lower consumer confidence, higher inflation or even deflation, political conditions, unemployment, declines in stock markets, labor strikes or other factors affecting economic conditions generally, could negatively impact the Corporation's sales in 2009, or beyond. In addition, current and future 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. Prevailing economic uncertainties render estimate of future income and expenditures very difficult to make. Adverse general economic conditions may negatively affect the sales of the Corporation's products, increase exposure to losses from bad debts, 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.

Dependence on Third Party Suppliers

The successful introduction of the Corporation's planned 4-passenger ZENN, LSV utility vehicle and the cityZENN will be substantially dependent upon satisfactory arrangements for the supply, manufacture and assembly of vehicle components, including suitable host rolling chassis, from third parties. 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 Corporation 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 Corporation's products could have a material adverse effect on the Corporation's business, results of operations, cash flow, financial condition and prospects.

ZENNergy Drivetrain

Should the Corporation fail to attract one or more OEMs as customers for the Corporation's planned ZENNergy drivetrain solution or, if contracted, the parties fail to collaboratively develop a viable product or fail to do so on a timely basis, any of which could have a material adverse effect on the Corporation's business, results of operations, cash flow, financial condition and prospects.

Competition

The Corporation's products compete against those of other companies, some of which have greater name recognition and more extensive financial, technological, marketing and/or personnel resources than the Corporation. These competitors may be able to institute and sustain price wars, or imitate the features of the Corporation's products, resulting in market dilution and reduced profit margins. There can be no assurance that the Corporation will be able to compete successfully with existing or new competitors.

Discretion in Use of Proceeds

Management of the Corporation will have broad discretion concerning the use of proceeds from the Offering as well as the timing of such expenditures. As a result, an investor will be relying on the judgment of management for the application of the proceeds of the Offering. Management may use the net proceeds of the Offering in ways that an investor may not consider desirable. The results and the effectiveness of the application of the proceeds are uncertain. If the proceeds are not applied effectively, the Corporation's business, results of operations, cash flow, financial condition and prospects may be adversely affected.

Future Price of Common Shares

The market price of the Common Shares could decline as a result of issuances by the Corporation or sales by its existing shareholders of Common Shares in the market after this Offering, or the perception that these sales could occur. Sales by shareholders might also make it more difficult for the Corporation to sell equity securities at a time and price that it deems appropriate.

Immediate Dilution

Investors who purchase Shares may pay more for the Shares than the amounts paid by existing shareholders of the Corporation for their Common Shares. As a result, investors in this Offering may incur immediate and substantial dilution.

INTERESTS OF EXPERTS

Certain legal matters relating to the Offering will be passed upon on behalf of the Corporation by Kutkevicius Kirsh, LLP and on behalf of the Agents by Wildeboer Dellelce LLP. At the date hereof, partners and associates of Kutkevicius Kirsh, LLP own beneficially, directly or indirectly, less than 1% of the outstanding Common Shares. At the date hereof, partners and associates of Wildeboer Dellelce LLP own beneficially, directly or indirectly, less than 1% of the outstanding Common Shares.

LEGAL MATTERS

The Corporation received a letter from the Ontario Securities Commission (the "OSC") dated June 5, 2009 requesting certain information from the Corporation in respect of an investigation of trading in the Common Shares prior to certain recent press releases of the Corporation. The Corporation is currently gathering the necessary information to respond to the letter and intends to provide the OSC with all information that it may require to complete its investigation.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Corporation are Collins Barrow Toronto LLP, Chartered Accountants, Toronto, Ontario who advise that they are independent of the Corporation within the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

The registrar and transfer agent for the Common Shares is Equity Transfer & Trust Company at its principal office in Toronto, Ontario.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

AUDITOR'S CONSENT

We have read the short form prospectus of ZENN Motor Company Inc. dated •, 2009 relating to the distribution of up to • common shares at a price of \$• per share. We have complied with Canadian generally accepted standards for auditors' involvement with offering documents. We consent to the incorporation by reference in the above-mentioned short form prospectus of our report on the balance sheets of ZENN Motor Company Inc. as at September 30, 2008 and 2007, and the statements of operations and deficit and cash flows for the years then ended. Our report is dated November 14, 2008 (except for Note 19(iii) which is dated January 20, 2009).

Collins Barrow Toronto LLP, Licensed Public Accountants

Toronto, Canada
•,2009

CERTIFICATE OF THE CORPORATION

Dated: June 9, 2009

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of Ontario, Alberta and British Columbia.

(signed) "Ian Clifford"
Chief Executive Officer

(signed) "Lawrence Schreiner"
Chief Financial Officer

On behalf of the Board of Directors

(signed) "Brian Cott"
Director

(signed) "Richard McGraw"
Director

CERTIFICATE OF THE AGENTS

Dated: June 9, 2009

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of Ontario, Alberta and British Columbia.

PARADIGM CAPITAL INC.

THOMAS WEISEL PARTNERS CANADA INC.

By: *(signed) "Peter Greenwood"*

By: *(signed) "Nick Pocrnic"*