



ZBB Proposes \$94Million Advanced Energy Storage Manufacturing Facility

MILWAUKEE, WI – May 20, 2009 – ZBB Energy Corporation (NYSE AMEX: ZBB) announced today that it has applied for \$47,047,415 of cost share financial assistance under Funding Opportunity Announcement 26 of the American Recovery and Reinvestment Act of 2009 (FOA 26) to enable the investment of \$94,094,831 into ZBB's Zinc Bromide Advanced Flow Battery Energy Storage Manufacturing Facility (the "Advanced Flow Battery Facility"). Proceeds from the award will be invested into ZBB's production-ready existing plant and a proposed new facility \$40,866,995 and into ZBB's strategic partners' existing operations, Soft Switching Technologies, Inc. (\$2,715,420) and Colonial Chemical Company (\$3,465,000). ZBB's application also contains strong letters of support from partners in Wisconsin including the Governor's Office, Eaton Corporation, Skyline Developments and MGS MFG Group.

After meeting DOE officials in Washington today, ZBB's CEO Rob Parry stated "ZBB's Advanced Flow Battery Facility currently manufactures zinc bromide batteries; primarily for the Transmission and Distribution utilities markets and the Renewable power industry. The modular nature of ZBB's battery allows it to be sized and packaged into fully customized energy storage systems. ZBB's systems recharge during off peak and renewable generation times and discharge power as needed".

"With the FOA 26 investment, ZBB's Advanced Flow Battery Facility will manufacture the same batteries to store energy from renewable sources and from the grid to charge Plug in Hybrid Electric Vehicles (PHEVs) and Electric Drive Vehicles (EDV). We believe this market sector has the potential to be a billion dollar industry over the next few decades".

"ZBB has received a written commitment from a major diversified and sustainable power management group to use ZBB's environmentally friendly, 500KWh advanced flow batteries for the longer-duration energy storage portion of that groups Charging of Electric Vehicles initiative. ZBB already enjoys a Strategic OEM Relationship by the establishment of a November, 2008 Memorandum of Understanding between the companies".

ZBB also announced that it has appointed CapStone Investments as its bankers and financial advisers for the project. CapStone Investments is a full service investment firm, servicing a large institutional account base. CapStone is also a dedicated alternative investment specialist focused on providing comprehensive service to the alternative investment manager.

ZBB's Chairman, Mr. Bill Mundell said "ZBB's current production capacity is approximately 20MWh/year. We propose to increase production capacity to 300MWh/year, or fifteen times the size of our existing operation. Such production volumes would create the capacity, on an aggregate yearly basis, to enable the recharge of approximately 187,750 PHEVs per day, based on a minimum 4 kWh capacity of a plug-in electric drive vehicle. ZBB strongly believes that a reliable and proven recharge system will be critical to the United States' electrical energy management and the successful penetration of the EDV industry into American commerce."

Existing studies have confirmed that the current electrical transmission grid is not competent to absorb the growing EDV market. Utilizing ZBB's batteries to store energy, ideally from renewable sources such as solar, for applications like the Charging of Electric Vehicles initiative will enable the existing electrical transmission grid to manage the demand of these vehicles and will avoid the construction of an estimated 300MW of fossil fuel energy production capacity.

ZBB proposes to attain the 300 MWh/year production through the expansion of its existing 75,000 ft² plant and the addition of a 363,000 ft² new fully automated manufacturing plant. ZBB estimates over five hundred (500) "green jobs" will be leveraged by the proposed activities at ZBB and at its strategic partners, as well as numerous construction jobs and related opportunities.

About ZBB Energy Corporation

ZBB Energy Corporation (NYSE AMEX: [ZBB](#)) provides clean energy storage solutions based on proprietary zinc rechargeable energy storage technology that addresses requirements in multiple markets such as alternative energy applications, large electrical utilities and green residential and commercial architecture. A developer and manufacturer of its modular, transportable and environmentally friendly Zinc Energy Storage Systems ("ZESS"), ZBB Energy was founded in 1998 and is headquartered in Wisconsin with offices also located in Perth, Western Australia.

Safe Harbor

Except for the historical information contained herein, the matters set forth in this press release, including the description of the company and its product offering, are forward-looking statements within the "safe harbor" provision of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to risk and uncertainties that may cause actual results to differ materially, including historical volatility and low trading volume of our stock, the risk and uncertainties inherent in the early stages of growth companies, the company's need to raise substantial additional capital to proceed with its business, risks associated with competitors, and other risks detailed from time to time in the company's most recent filings with the Securities and Exchange Commission. These forward-looking statements speak only as of the date hereof. The company disclaims any intent or obligation to update these forward-looking statements.

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