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PRESS RELEASE

**CORETEC INC. ANNOUNCES PROPOSED
\$1,000,000 NON-BROKERED PRIVATE PLACEMENT OF
UNITS COMPRISED OF DEBENTURES AND WARRANTS**

Toronto, Ontario, October 22, 2009 – Coretec Inc. ("**Coretec**" or the "**Corporation**"), (TSX: CYY), a leading designer and fabricator of printed circuit boards for the prototype and quick turnaround production markets, announces that it is proposing to complete a non-brokered private placement (the "Private Placement") of up to 1,000 units of the Company (the "**Units**"), each Unit consisting of one convertible debenture of the Company in the principal amount of \$1,000 (a "**Convertible Debenture**") and 10,000 common share purchase warrants of the Company (the "**Warrants**") constituting, in aggregate, \$1,000,000 principal amount of Convertible Debentures and 10,000,000 Warrants, with the proceeds thereof to be used for general working capital purposes.

The Convertible Debentures will mature on the date (the "**Maturity Date**") that is three years following the closing date of the Private Placement (the "**Closing Date**"). The rate of interest per annum payable on the outstanding Convertible Debentures will be 12.00% from the date of issue, payable semi-annually in arrears. The Company will satisfy the interest payments, in cash, or half (6.00%) in cash and half (6.00%) in common shares of the Company, where the share price will be based on the weighted average trading price for the 5 trading days prior to the date any such interest becomes due and payable, on December 31 and June 30 of each year, commencing December 31, 2009. The December 31, 2009 interest payment will represent accrued interest for the period from the Closing Date to but excluding December 31, 2009;

It is anticipated that insiders of the Company may subscribe for the entire Private Placement. For greater certainty, Paul Langston, the Chief Executive Officer of the Company, and Robert Morrison, a director of the Company, have indicated that they may subscribe for up to \$500,000 principal amount of Convertible Debentures (and 5,000,000 Warrants) and up to \$500,000 principal amount of Convertible Debentures (and 5,000,000 Warrants), respectively. The balance of the Convertible Debentures and Warrants to be issued pursuant to the Private Placement may be subscribed for by management and directors of the Company.

The Convertible Debentures will be convertible at the holder's option into common shares of the Company (the "**Common Shares**") at any time prior to the Maturity Date, at a conversion price of \$0.10 per Common Share, being at a rate of 10,000 Common Shares per \$1,000 principal amount of Convertible Debentures, subject to standard anti-dilution provisions.

Each Warrant shall be exercisable for one Common Share at a price of \$0.13 per Common Share at any time prior to 5:00 p.m. (Toronto time) on the date that is three years following the Closing Date;



Pursuant to the Private Placement, up to an aggregate of: (i) 10,000,000 Common Shares are issuable upon conversion of the Convertible Debentures; (ii) 6,000,000 Common Shares are issuable to satisfy future interest payments on the Convertible Debentures; and (iii) 10,000,000 Common Shares are issuable upon exercise of the Warrants, representing approximately 144% of the issued and outstanding common shares of the Company, on a non-diluted basis, prior to issuance. A total of 18,021,807 Common Shares are currently issued and outstanding.

Mr. Langston is currently the registered and beneficial holder of approximately 24% of the outstanding Common Shares. Following completion of the Private Placement, if only the Convertible Debentures and Warrants issued to Mr. Langston (assuming he elects to participate and at the aforementioned \$500,000 maximum level) are converted and exercised, Mr. Langston will be the registered and beneficial holder of approximately 52% of the outstanding Common Shares.

Mr. Morrison is currently the registered and beneficial holder of approximately 20% of the outstanding Common Shares. Following completion of the Private Placement, if only the Convertible Debentures and Warrants issued to Mr. Morrison (assuming he elects to participate and at the aforementioned \$500,000 maximum level) are converted and exercised, Mr. Morrison will be the registered and beneficial holder of approximately 48% of the outstanding Common Shares.

The Private Placement is subject to the approval of the Toronto Stock Exchange (the "TSX") and since the Private Placement will: (i) provide for the issuance to insiders of the Company of greater than 10% of the number of outstanding Common Shares; (ii) be deemed under the rules of the TSX to materially affect control of the Company; and (iii) provide for the issuance of greater than 25% of the currently outstanding Common Shares, the rules of the TSX require that the Company obtain approval of the Private Placement from the holders of a majority of the Common Shares, excluding the votes attached to the Common Shares held by the insiders of the Company who are subscribing to the Private Placement and their associates and affiliates. Such approval may be obtained in writing from shareholders without the requirement to convene a shareholders meeting for such purposes. However, the rules of the TSX also allow for exemptions to the shareholder approval requirement in certain circumstances.

Due to the fact that Mr. Langston and Mr. Morrison may subscribe for Units pursuant to the Private Placement, the Private Placement will be a "related party transaction" for the purposes of Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions (MI 61-101). The Corporation will rely on the financial hardship exemption from the valuation and minority approval requirements of MI 61-101 contained in paragraph (g) of Section 5.5 and (e) of 5.7. Coretec has independent directors in respect of the transaction and the board of directors, including each of the independent directors have determined that the transaction is designed to improve its financial position and the transaction is reasonable.

The closing of the Private Placement is anticipated to occur on or as soon as is practicable after October 29, 2009, as the Corporation requires the working capital that will be provided by the proceeds of the Private Placement.



About Coretec

Coretec is one of the leading designers and fabricators of printed circuit boards for the prototype and quick turnaround production segments of the North American and European markets. Coretec distinguishes itself from its competitors by providing an extensive suite of printed circuit board services including field applications engineering support and education; technology roadmap consulting, CAD layout; rapid response manufacturing for prototypes; quick turn production for small-to-middle volume quantity requirements; and facilitation of higher volume requirements via partnerships in lower cost jurisdictions. The Company is also differentiated by its broad range of PCB technologies.

Caution Regarding Forward Looking Information

This news release contains “forward-looking statements” within the meaning of the United States Securities Litigation Reform Act of 1995, and applicable Canadian Securities Legislation. Forward-looking statements include, but are not limited to, statements with respect to financial performance, opportunities, new market for growth and financial position. Generally these forward-looking statements can be identified by the use of forward-looking terminology such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecast”, “intends”, “anticipates”, or “does not anticipate”, or “believes” or variations of such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “might”, or “will be taken”, “occur”, or “be achieved”. Please be cautioned that any such forward-looking statements are not guarantees of future performance and involve significant risks and uncertainties. Actual results or developments may vary materially from those projected or implied in the forward-looking statements as a result of any number of factors, including currency exchange rate fluctuations; variability of operating results; dependence on certain industries; management of growth and expansion; integration of operations; ability to attract and retain key personnel; nature of sales; product complexity and product defects; international operations; material cost fluctuations and limited availability of raw materials; potential loss of customers; competition; industry contraction and slow economic growth; technological change and process development; environmental liability; need for additional financing; product liability; pricing pressure; ability to reduce costs; and other risks discussed in the section entitled “Risk Factors” in Coretec’s Annual Information Form dated March 26, 2009 which can be obtained at www.sedar.com.

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