



Coretec Announces Third Quarter 2009 Results

Special Committee formed to review offers

Toronto consolidation nears completion

Third quarter loss of \$0.11 per share

Toronto, Ontario, November 11, 2009 - Coretec Inc. (TSX: CYY) today reported its financial results for the third quarter ended September 30, 2009. Sales in the 2009 third quarter were \$16.3 million, a decrease of \$1.6 million sequentially or 9.4% as compared to sales of \$ 17.9 million in Q2 2009, and down \$4.0 million or 19.9% from sales of \$20.3 million in the same period of the prior year.

In the 2009 third quarter, the Company recorded gross profit of \$1.3 million or 7.9% of sales, an increase of \$0.1 million sequentially or 8.2% as compared to gross profit of \$1.2 million in Q2 2009, and down \$1.2 million or 47.3% from gross profit of \$2.4 in the comparable period in 2008.

A loss of \$2.0 million or \$0.11 per share was recorded in the 2009 third quarter, an improvement of \$0.4 million sequentially as compared to a loss of \$2.4 million or \$0.13 per share in Q2 2009, and down \$1.5 million as compared to the prior year quarter which had a loss of \$0.5 million or \$0.03 per share. The 2009 third quarter included \$0.2 million of foreign exchange losses and \$0.6 million of termination and severance costs. This compares with a loss on foreign exchange of \$0.5 million in Q2 2009 and \$0.3 million of termination and severance costs. In the prior year period the Company recorded a gain of \$0.1 million on foreign exchange and no expenses as related to termination and severance.

Earnings before interest, taxes, depreciation and amortization (EBITDA) in the third quarter of 2009 was negative \$0.6 million, as compared to negative EBITDA of \$1.0 million in Q2 2009. The prior year period EBITDA was \$0.7 million.

Paul Langston, President and CEO of Coretec Inc. said, "The Company has been hurt by a severe slowdown in the PCB industry during 2008 and throughout 2009. According to IPC (the North American PCB industry association), industry shipments and bookings in 2009 through to the end

of September were off 27% and 25% respectively versus the same period in 2008. We've also been challenged throughout 2009 by the costs and disruptions associated with the consolidation of our Ellesmere and Sheppard facilities.

Mr. Langston continued, "Over the past 30 months we have shut down approximately 70,000 sq. ft. of manufacturing space across two facilities and constructed a state-of-the-art, 100,000 sq.ft. green-field facility at our Sheppard site in Toronto. In the first 8 months of 2009 we relocated the majority of our equipment platform as well as over 200 staff members. Today 95% of our manufacturing personnel in Toronto are located at our Sheppard site. We anticipate that the final wave of equipment and personnel will be consolidated into our Sheppard facility in the first half of 2010. As a result of our efforts we started to realize in mid Q3 the planned labour and overhead synergies associated with operating primarily under one roof in Toronto. During the quarter we were able to undertake a meaningful labour restructuring which has already manifested itself in improved productivity and cost. Furthermore, the savings associated with the decommissioning of the older Ellesmere equipment platform and reduction of leased premises are proving to be meaningful."

Mr. Langston said, "All of our stakeholders have been very supportive during our massive facility consolidation process in Toronto. The partnership and commitment shown to us by our customers has been inspiring and our supplier relationships continue to facilitate continuous improvements in yields and technology at our Sheppard location in particular. Furthermore, the excellent relations that we continue to enjoy with our financial partners makes us realize that we have aligned ourselves with the best possible lenders.

"We believe that our Sheppard facility is coming on stream at an opportune time. The industry metrics are signaling a recovery and we are hearing across our account base that demand visibility is improving. Specifically, the IPC book-to-bill ratio has now been solidly above parity for five consecutive months and the most recent IPC data for North America suggests that business activity industry-wide is on the upswing. Additionally, there appears to be a meaningful amount of business in play at the moment due to the significant number of consolidations and closures that have occurred in the industry. We have experienced a surge in facility

visits by customers and have been the recipients of new target customer approvals across all sites," said Mr. Langston.

"Our US operations in Denver and Cleveland as well as our Coretec-Asia business have seen stronger-than-market demand throughout 2009 as a result of excellent operational execution dynamics. These business units have experienced significant new customer activity and are poised for growth in the coming quarters. Combined with the fact that the Toronto operations are no longer in transition we believe that our financial and operational performance metrics will show ongoing improvement over the balance of 2009 and into 2010," indicated Mr. Langston.

"On November 9, 2009 we announced that we've received proposals from third parties with respect to a possible sale of the Company. Although the Board of Directors had not made a decision to market the Company for sale, a special committee has had to be formed to review the various overtures. To date we have been both surprised and flattered by the level of interest expressed from several worthy merger/acquisition partners. Our focus and desire is to consummate a transaction prior to the end of the year," said Mr. Langston.

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.

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

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