



Coretec Announces Third Quarter 2008 Results
Q3 loss of \$0.03 per share on revenues of \$20.3 million

Toronto, Ontario, November 7, 2008 - Coretec Inc. (TSX: CYY) today reported its financial results for the third quarter ended September 30, 2008. Sales in the 2008 third quarter were \$20.3 million, an increase of \$0.9 million sequentially or 4.6% as compared to sales of \$19.4 million in Q2 2008, and down \$1.6 million or 7.3% from sales of \$21.9 million in the same period of the prior year.

In the 2008 third quarter, the Company recorded gross profit of \$3.5 million or 17.1% of sales, a decrease of \$0.2 million sequentially or 5.4% as compared to gross profit of \$3.7 million in Q2 2008, and down \$0.4 million or 10.3% from gross profit of \$3.9 in the comparable period in 2007.

A loss of \$0.5 million or \$0.03 per share was recorded in the 2008 third quarter, a higher loss by \$0.3 million sequentially as compared to a loss of \$0.2 million or \$0.01 per share in Q2 2008, and an improvement of \$0.1 million as compared to the prior year quarter which had a net loss of \$0.6 million or \$0.3 per share.

Contributing to the loss in the third quarter was the write off of \$0.4 million of accounts receivable that are considered uncollectable. In Q3 2007 the accounts receivable write off was nil. Year to date in 2008 the Company has written off \$0.5 million of accounts receivable. These amounts are significant for the Company as compared to prior periods and represent the highest amount of write offs recorded on a quarterly and annual basis in the Company's history.

Earnings before interest, taxes, depreciation, amortization and foreign exchange ("EBITDA") (a non-Canadian GAAP term) in the third quarter of 2008 was \$0.6 million, as compared to EBITDA of \$1.0 million in Q2 2008 and \$0.8 million in the third quarter of 2007.

During the third quarter of 2008 the Company concluded a financing with Business Development Bank of Canada (BDC) to allow the borrowing of CDN\$3.0 million related to building infrastructure for the consolidation of its Ellesmere facility into the Sheppard facility. BDC also provided a US\$3.0 million loan for the purchase of equipment. In September the Company borrowed CDN\$2.0 and US\$1.6 million against the loan facilities.

"The transfer and start-up of new processes at the Company's Sheppard facility was intense during Q3 2008. In particular, several large plating platforms were installed during the quarter. Although the equipment installations were on schedule the process start-up, as expected, has consumed significant internal and external resources as well as negatively affected throughput. We are pleased to say that we are making good progress with respect to process optimization of these key platforms and are looking forward to the meaningful quality and throughput improvements that will be achieved in the near term. In Q4, we will be relocating the majority of our test and quality assurance tools and associated personnel from our Ellesmere plant to the Sheppard site. This phase of transfers will significantly reduce the amount of inter-facility transport of product as well as liberate a meaningful amount of floor space at the Company's Ellesmere facility. By the end of the year we will have reduced our premises costs associated with the leased Ellesmere facility by one third, commencing January 2009. By mid 2009 we will realize further savings in this regard as we vacate an additional third of the facility and by the beginning of 2010 we will have achieved full consolidation", said Mr. Langston, Coretec's President & CEO.

Mr. Langston said, “Our US plants continue to operate at very strong operational and business activity levels. As such we are pleased with the growth prospects at these two sites. Our offshore business is also demonstrating good operational performance metrics and is poised for growth as a result of several new customer approvals and program awards.”

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 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 18, 2008 which can be obtained at www.sedar.com.

For further information please contact:

Andre Kern
Chief Financial Officer
akern@coretec-inc.com
416-208-2165

Susan Nemchin
Executive Assistant
snemchin@coretec-inc.com
416-208-2157

Coretec Inc.

CONSOLIDATED BALANCE SHEETS

[in thousands - unaudited]

	September 30, 2008	December 31, 2007
	\$	\$
ASSETS		
Current		
Cash	313	1,829
Accounts receivable	13,214	12,389
Mortgage receivable	—	1,050
Inventories	4,869	4,009
Prepaid expenses	862	688
Total current assets	19,258	19,965
Property, plant and equipment, net	31,278	30,250
Other assets	370	756
	50,906	50,971
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness	1,285	4,021
Accounts payable and accrued liabilities	9,453	7,886
Current portion of long-term debt	1,898	1,887
Total current liabilities	12,636	13,794
Long-term debt	10,274	7,479
Total liabilities	22,910	21,273
Shareholders' equity		
Share capital	61,066	61,066
Share capital held by long term incentive plan	(28)	(100)
Contributed surplus	794	750
Deficit	(33,836)	(32,018)
Total shareholders' equity	27,996	29,698
	50,906	50,971

Coretec Inc.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

[in thousands except per share amounts - unaudited]

	Three months ended		Nine months ended	
	September 30		September 30	
	2008	2007	2008	2007
	\$	\$	\$	\$
Sales	20,299	21,895	58,201	66,530
Cost of sales	16,822	17,951	48,210	53,746
Gross profit	3,477	3,944	9,991	12,784
Expenses				
Selling, general and administrative	2,925	3,013	8,019	9,820
Depreciation and amortization	1,039	1,192	3,274	3,704
	3,964	4,205	11,293	13,524
Loss from operations	(487)	(261)	(1,302)	(740)
Interest and other expenses	145	256	512	687
Foreign exchange (gain) loss	(58)	131	51	582
Gain on disposal of equipment, net	(42)	(3)	(52)	(156)
Loss before income taxes	(532)	(645)	(1,813)	(1,853)
Provisions for (recovery of) income taxes	—	—	5	(15)
Loss for the periods	(532)	(645)	(1,818)	(1,838)
Loss per share				
Loss per share, basic and diluted	(\$0.03)	(\$0.03)	(\$0.10)	(\$0.10)

Coretec Inc.

CONSOLIDATED STATEMENTS OF DEFICIT

[in thousands - unaudited]

	Three months ended September 30		Nine months ended September 30	
	2008 \$	2007 \$	2008 \$	2007 \$
Deficit, beginning of period	(33,304)	(30,000)	(32,018)	(28,807)
Net loss for the period	(532)	(645)	(1,818)	(1,838)
Deficit, end of period	(33,836)	(30,645)	(33,836)	(30,645)

Coretec Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS

[in thousands - unaudited]

	Three months ended		Nine months Ended	
	September 30		September 30	
	2008	2007	2008	2007
	\$	\$	\$	\$
OPERATING ACTIVITIES				
Loss for the period	(532)	(645)	(1,818)	(1,838)
Non-cash items				
Depreciation	1,039	1,192	3,274	3,704
Stock-based compensation	29	54	44	84
Gain on disposal of equipment	(42)	(3)	(52)	(156)
Unrealized foreign exchange (gain) loss	(189)	744	117	1,349
Long-term incentive plan compensation	18	10	71	30
Amortization of deferred finance charges	21	42	61	89
	344	1,394	1,697	3,262
Net change in non-cash working capital balances related to operations	153	785	(138)	(1,957)
Cash provided by operating activities	497	2,179	1,559	1,305
FINANCING ACTIVITIES				
Increase in long-term debt	3,690	1,491	3,690	4,992
Repayment of long-term debt	(629)	(1,947)	(1,134)	(2,495)
Increase (decrease) in bank indebtedness	(2,678)	418	(2,735)	2,562
Decrease in other liabilities	(674)	—	—	—
Issuance of share capital	—	—	—	3
Cash (used in) provided by financing activities	(291)	(38)	(179)	5,062
INVESTING ACTIVITIES				
Purchase of capital assets	(363)	(1,810)	(4,298)	(7,390)
Decrease in mortgage receivable	—	—	1,050	—
Decrease (increase) in other assets	(49)	(16)	325	546
Cash used in investing activities	(412)	(1,826)	(2,923)	(6,844)
Effect of exchange rate changes on cash	(10)	(102)	27	(129)
Net increase (decrease) in cash during the period	(216)	213	(1,516)	606
Cash, beginning of period	529	902	1,829	1,721
Cash, end of period	313	1,115	313	1,115
Supplemental cash flow information				
Interest paid	150	200	364	571
Income taxes paid	—	—	—	—