

**FOR IMMEDIATE RELEASE****CORETEC INC. REPORTS CONTINUED CASH FLOW IMPROVEMENT, GROSS PROFIT HIGHEST IN NINE QUARTERS**

Toronto, Ontario, November 6, 2003 (TSE: CYY) – Coretec Inc., a leading manufacturer of time-critical and advanced technology printed circuit boards for the commercial, defense and aerospace electronics sectors, today reported its financial results for the third quarter ended September 30, 2003. Sales in the 2003 third quarter were \$17.5 million, a 2% increase from sales of \$17.2 million in the third quarter of 2002. This increase was achieved despite a 12% decline in the US dollar average exchange rate for the quarter compared to the prior year period. Less than 30% of Coretec's revenues are Canadian dollar denominated.

Gross profit in the 2003 third quarter improved year over year, as well as sequentially, to \$4.3 million (24.5% of sales) versus \$3.3 million (19.0% of sales) for the same period in 2002 and \$4.2 million (23.9% of sales) in the second quarter of 2003. The Company recorded its best financial performance in nine quarters reducing its net loss to \$0.5 million (\$0.03 per share). The Company recorded a net loss of \$1.7 million (\$0.09 per share) in the comparable prior year period for 2002. Loss from operations in the quarter ended September 30, 2003 was \$0.4 million, a reduction of \$1.9 million from the loss of \$2.3 million in the same quarter of the prior year as well as a reduction of \$1.0 million from the second quarter of 2003, which included a restructuring charge of \$0.5 million.

From a cash flow perspective, Coretec continued to experience improved results. Earnings before interest, taxes, depreciation and amortization (EBITDA) for the third quarter of 2003 improved to \$1.5 million (8% of sales) versus negative EBITDA of (\$0.2 million) in the 2002 second quarter and, sequentially, up from positive EBITDA of \$0.1 million in the second quarter of 2003. EBITDA for the above mentioned periods are inclusive of foreign exchange gains or losses. Free cash flow, defined as net income plus depreciation and amortization less capital expenditures, increased to \$1.0 million in the third quarter of 2003 and working capital increased by \$0.8 million to \$6.9 million at the end of the quarter. At the end of the third quarter, the Company had cash balances totaling \$1.1 million.

Coretec CEO and President Paul Langston commented, "We remain focused upon continuing to improve our free cash flow in the fourth quarter. Considering that we are experiencing demand improvement across our entire account base, combined with our ongoing cost containment undertakings, we believe this is achievable. Our latest quarter exhibited continued earnings and cash flow improvements despite certain external challenges beyond the Company's control. The power outage in August shut down our Toronto operations for three days, negatively impacting our operations. In addition, the ongoing strength in the Canadian Dollar versus the US and UK currencies has had a negative effect on our reported revenues and to a lesser degree on our profitability. Fortunately, we were able to greatly mitigate the bottom line impact of lower conversion rates because we also have significant US Dollar and British Pound denominated costs due to our US and UK satellite facilities. In addition, most of our materials and selling costs for our Toronto operations are US denominated. Hence, despite these challenges, we are very pleased with our ability to demonstrate ongoing revenue improvement against an industry backdrop of year over year shipments compression."

Langston continued, "The North American industry book to bill ratio, according to IPC (www.ipc.org), has continued to be positive throughout Q3 suggesting a stabilization and even an increase in demand industry wide. Furthermore, recent press releases from other companies in the electronic components sector of the economy suggest that demand and therefore capacity utilization are



increasing and price pressure is abating. We remain convinced that companies such as Coretec who have the financial wherewithal, the required equipment platform, approvals, registrations and talent pool to build technologically advanced products fast will disproportionately benefit from improving end markets.”

To further strengthen its financial position, as announced in its August 7, 2003 press release, the Company has listed for sale its non-operational head office facility, a 93,000 square foot building on approximately 9 acres of prime Toronto real estate.

For the fourth quarter of 2003, Coretec is expecting continued growth in sales.

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 complete printed circuit board solutions, including highly engineered design, advanced prototyping and quick turnaround production.

The Company will conduct a conference call to discuss its third quarter performance and outlook on November 7, 2003 at 8:30 a.m. EST. The call will be simulcast and available for replay until November 21, 2003, on the company’s website (www.coretec-inc.com).

This news release may include statements about future expectations, plans and prospects that may constitute forward-looking statements. 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 industry contraction and slow economic growth; variability of operating results; dependence on certain industries; management of growth and expansion; 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; currency exchange rate fluctuations; technological change and process development; environmental liability; need for additional financing; product liability; pricing pressure; ability to reduce costs; and other risks listed in Coretec’s public disclosure documents and other filings with securities regulatory authorities found at www.sedar.com.

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Coretec Inc.

CONSOLIDATED BALANCE SHEETS

[in thousands - unaudited]

	September 30, 2003 \$	December 31, 2002 \$
ASSETS		
Current		
Cash	1,077	4,196
Accounts receivable	11,490	11,840
Inventories	4,300	4,882
Income taxes recoverable	778	1,193
Prepaid expenses	1,212	1,066
Total current assets	18,857	23,177
Capital assets, net	33,130	37,269
Other assets	1,170	1,049
	53,157	61,495
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness	473	177
Accounts payable and accrued liabilities	8,461	11,270
Current portion of long-term debt	1,155	1,029
Current portion of notes payable	1,900	1,900
Total current liabilities	11,989	14,376
Future income taxes	—	86
Long-term debt	5,638	6,600
Total liabilities	17,627	21,062
Commitments and contingencies		
Shareholders' equity		
Share capital	61,155	61,155
Deficit	(25,625)	(20,722)
Total shareholders' equity	35,530	40,433
	53,157	61,495



Coretec Inc.

CONSOLIDATED STATEMENTS OF OPERATIONS

[in thousands - unaudited]

	Three months ended		Nine months ended	
	September 30		September 30	
	2003	2002	2003	2002
	\$	\$	\$	\$
Sales	17,522	17,239	53,994	50,911
Cost of sales	13,225	13,969	42,127	42,491
Gross profit	4,297	3,270	11,867	8,420
Expenses				
Selling, general and administrative	2,913	3,667	9,604	11,126
Depreciation and amortization	1,796	1,865	5,394	5,898
Impairment of capital assets	—	—	—	1,827
Restructuring charges	—	—	531	—
	4,709	5,532	15,529	18,851
Loss from operations	(412)	(2,262)	(3,662)	(10,431)
Interest and other expenses	209	91	577	290
Foreign exchange (gain) loss	(83)	(236)	664	(232)
Loss before income taxes	(538)	(2,117)	(4,903)	(10,489)
Recovery of income taxes	—	(389)	—	(2,146)
Loss for the period	(538)	(1,728)	(4,903)	(8,343)
Loss per share				
Basic and Diluted	\$(0.03)	\$(0.09)	\$(0.26)	\$(0.45)



Coretec Inc.

CONSOLIDATED STATEMENTS OF DEFICITS
[in thousands - unaudited]

	Nine months ended	
	September 30	
	2003	2002
	\$	\$
Deficit, beginning of period	(20,722)	(4,127)
Loss for the period	(4,903)	(8,343)
Deficit, end of period	(25,625)	(12,470)



Coretec Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS

[in thousands - unaudited]

	Three months ended		Nine months ended	
	September 30		September 30	
	2003	2002	2003	2002
	\$	\$	\$	\$
OPERATING ACTIVITIES				
Loss for the period	(538)	(1,728)	(4,903)	(8,343)
Non-cash items				
Depreciation and amortization	1,796	1,865	5,394	5,898
Unrealized foreign exchange (gain) loss	(28)	(200)	941	(115)
Amortization of deferred finance charge	22	—	67	67
Future income taxes	(71)	(352)	(86)	(1,160)
Loss on disposal of capital asset	—	—	—	130
Impairment of capital assets	—	—	—	1,827
	1,181	(415)	1,413	(1,696)
Net change in non-cash working capital balances related to operations	210	391	(89)	975
Cash provided by (used in) operating activities	1,391	(24)	1,324	(721)
FINANCING ACTIVITIES				
Increase (decrease) in long-term debt	(290)	(107)	(836)	4,786
Increase (decrease) in bank indebtedness	(1,092)	260	296	(5,616)
Proceeds of shares issued, net of share issue costs	—	—	—	7,892
Cash provided by (used in) financing activities	(1,382)	153	(540)	7,062
INVESTING ACTIVITIES				
Purchase of capital assets	(321)	(483)	(3,650)	(3,505)
Proceeds on disposal of capital asset	—	—	—	130
Decrease (Increase) in other assets	3	16	(188)	(1,128)
Cash used in investing activities	(318)	(467)	(3,838)	(4,503)
Effect of exchange rate changes on cash	67	(15)	(65)	9
Net increase (decrease) in cash during the period	(242)	(353)	(3,119)	1,847
Cash, beginning of period	1,319	2,863	4,196	663
Cash, end of period	1,077	2,510	1,077	2,510
Supplemental cash flow information				
Interest paid	184	116	481	229
Income taxes paid	—	—	—	111