

19 September 2006

CORAC GROUP PLC

£900,000 Competitive DTI Grant and

First Shipment of 150 kW Turbo Compressor

Corac Group plc ('Corac' or the 'Company') is pleased to announce that it has been awarded two competitive DTI grants for its patented power electronics system. The grants are for research into increasing the temperature in which Corac's electrical switching devices are able to operate for downhole gas applications. Currently, these switching devices operate in temperatures of up to 105 degrees centigrade. This research work should enable the devices to operate in environments of up to 110 degrees centigrade and in the longer term, to withstand much higher temperatures. The grant, which will contribute £900,000 towards the Company's costs will cover a three year period.

Corac will be working with Dynex and the Universities of Sheffield, Newcastle and Nottingham to achieve this important goal. When successful, this project is expected to not only satisfy a wider range of downhole gas compressor applications, but could also be applicable to a number of other high temperature motor control opportunities.

In addition to the above grant, Corac is pleased to report that its first 150 kW turbo boosting compressor has been built and fully evaluated by Leobersdorfer Maschinenfabrik AG of Austria. The unit has been accepted by the customer for shipping with a second machine to be built and shipped in the near future.

Professor Gerry Musgrave, Executive Chairman said:

"These activities illustrate the significant progress that the Company is making. We have industry acceptance of our technology, the commencement of shipments for commercial operations and the acceptance of leading edge research into the power electronics field."

For further information:

Professor Gerry Musgrave, Executive Chairman
Thomas Ivings, Finance Director
Corac Group plc 01895 813463

Richard Darby, Suzanne Brocks, Ben Willey
Buchanan Communications 020 7466 5000

Notes to editors

Corac is an intellectual property, engineering and licensing group, focussing on high speed electrical direct drive turbo machinery based on its unique expertise in gas bearings for which it holds several patents. Corac has created an innovative 'no oil' turbo compressor together with a unique gas seal, and is part of a joint industry programme for the downhole gas extraction industry.

Further information on Corac is available on the internet at www.corac.co.uk

This information is provided by RNS
The company news service from the London Stock Exchange

END