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For immediate release

3 December 2007

**Corac Group plc
("Corac" or the "Company")**

**Placing of 11,222,160 Ordinary Shares
at 42 pence per Ordinary Share
to raise approximately £4.7 million**

The directors of Corac (the "Board"), the intellectual property, engineering and licensing company specialising in compressor technology, are pleased to announce a placing, to be made by Cenkos Securities plc ("Cenkos"), of 11,222,160 new ordinary shares of 10p each ("Ordinary Shares") in the capital of the Company ("Placing Shares") at 42 pence per Ordinary Share to raise approximately £4.4 million net of expenses (the "Placing").

Background to and reasons for the Placing

In line with the Company's strategic plan to develop and commercialise the Downhole Gas Compressor ("DGC") technology, and following comprehensive flow-loop testing of this technology, the Board considered it appropriate to raise further equity capital which it is anticipated will strengthen Corac's balance sheet and, among other things:

- facilitate acceleration of the development of the DGC technology;
- finance a separate final assembly and test facility;
- provide additional working capital;
- enable the Board to strengthen the Company's management team;
- further protect the Company's intellectual property rights by extending its patent portfolio.

In addition, the Board anticipates that the additional equity investment and concomitant reduction in the Company's risk profile will place Corac in a stronger position in its negotiations with potential customers for its industrial air turbo boosting compressors and expand the Company's market presence in this sector.

The Placing

The number of Placing Shares does not exceed the number of Ordinary Shares which the directors of Corac are currently able to allot and which can be allotted free from statutory pre-emption rights under the existing authorities from Shareholders passed at the annual general meeting of the Company held on 24 April 2007. Accordingly, on behalf of Corac, Cenkos has conditionally placed 11,222,160 Placing Shares at 42p per Placing Share. The Placing is conditional on, inter alia, the admission of such shares to trading on AIM becoming effective.

Application has been made for the admission of the Placing Shares to trading on AIM ("Admission"), which it is expected will occur on 4 December 2007.

The Placing Shares will represent approximately 13.0% of the enlarged issued share capital of the Company immediately following Admission (comprising 86,234,059 Ordinary Shares in aggregate) and each will be issued credited as fully paid and free from all liens, equities, charges, encumbrances and other interests and will, when issued, rank in full for all dividends and distributions thereafter declared, made or paid after Admission and otherwise rank pari passu in all respects with, and carry the same voting and dividend rights as, the existing Ordinary Shares.

The Placing is to be effected on behalf of the Company by Cenkos on the terms of a placing agreement, dated 30 November 2007 and containing warranties and indemnities customary for an agreement of its type, entered into between Cenkos and the Company, pursuant to which Cenkos agreed to act as agent for the Company to use its reasonable endeavours to procure subscribers for the Placing Shares. The Placing is not underwritten.

Gerry Musgrave, CEO, commenting on the Placing said:

“We are delighted to have received support from existing and new institutional shareholders in the current market environment. Market Opportunities for our Downhole Gas Compressor are significant and we look forward to further developing this technology and building our industrial air capability as our market presence grows. Although there are still technical challenges to be overcome with the development of the DGC, the Company has confidence in being able to deliver units for the field trials later next year.”

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Cenkos is acting as nominated adviser and corporate broker exclusively for Corac and no-one else in connection with the Placing and will not be responsible to anyone other than Corac for providing the protections offered to clients of Cenkos nor for providing advice in relation to the Placing.

Cenkos' responsibilities as Corac's nominated adviser under the AIM Rules for Nominated Advisers will be owed solely to the London Stock Exchange plc and are not and will not be owed to Corac or to any director or proposed director of Corac or to any other person. No representation or warranty, express or implied, is made by Cenkos as to any of the contents of this Announcement.

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