July 24, 2007

 Coda Octopus Group, Inc.

Department of Defense Awards Coda Octopus $2.6 Million Contract to Develop and Build Underwater Inspection Systems

NEW YORK--(BUSINESS WIRE)--

Coda Octopus Group, Inc. (OTC Pink Sheets: CDOC), a world leader in underwater terrorism prevention, said today it recently signed a contract with an immediate value of $2.59 million with the Department of Defense (DoD) Technical Support Working Group (TSWG) to build and deliver next- generation Underwater Inspection Systems for the US Coast Guard and other potential users, to enable rapid underwater searches in the nations ports and waterways. If fully funded, the contract could expand to a total of $8.27 million.

Under terms of the contract, Coda Octopus has agreed to deliver three Underwater Inspection Systems (UIS) over the next six months. The contract includes additional options which, if fully funded, would require the company to deliver a further seven UIS systems, and to develop a number of significant enhancements to the current system. These could include next-generation software to allow port authorities to automatically determine if something important has changed from one underwater search to the next, being able to detect any underwater IEDs or hazardous devices that have been placed in critical areas overnight or between searches.

Jason Reid, Coda Octopus President and CEO, commented that, "The decision of the TSWG to fund the purchase of a number of UIS systems, and to agree to a roadmap for their future development and deployment, is tremendous news both for Coda Octopus' shareholders and for those of us who are genuinely concerned about port security and underwater terrorism prevention. We have enjoyed an excellent relationship with the Office of Naval Research and their partner the U.S. Coast Guard for the last several years, and have every reason to look forward to a long and continuing relationship with the U.S. Coast Guard, the Navy, and with other government agencies involved in the fight against terrorism."

The contract announced today is the culmination of a two-year development effort which included the Office of Naval Research, US Coast Guard Research & Development Center, (USCG RDC) Groton, CT and SRI International, St. Petersburg, FL, which was formerly part of the Center for Ocean Technology at the University of South Florida. Extensive independent field trials were conducted by USCG RDC, with assistance from the US Navy in Florida, in which a number of underwater sensors were compared.

About Coda Octopus

Founded in 1994 as Coda Technologies, Coda Octopus is recognized internationally as a leading developer of underwater technologies for imaging, mapping, and defense and survey

applications. Based in New York, with R&D, manufacturing, and sales facilities in the UK, Norway, and Florida, its key products include Octopus precision motion sensors; Coda and Octopus marine software and systems; Octopus thermal printers and the unique Coda Echoscope(TM) - the first real time 3D sub sea sonar, with a variety of applications within navies and for sub sea construction. The Echoscope is the heart of the Coda Octopus Underwater Inspection System used for homeland security in ports around the world. With the successful launch of this patented new product, which revolutionizes sub sea visualization, Coda Octopus believes it has established itself as the world leader in underwater port security technology.

For further information, please visit http://www.codaoctopus.com or contact Coda Octopus at info@codaoctopus.com

About the Technical Support Working Group (TSWG)

TSWG (http://www.tswg.gov/tswg/about/about.htm) is the U.S. national forum that identifies, prioritizes, and coordinates interagency and international research and development (R&D) requirements for combating terrorism. The TSWG rapidly develops technologies and equipment to meet the high priority needs of the combating terrorism community, and addresses joint international operational requirements through cooperative R&D with major allies.

Safe Harbor Statement: Except for historical information, the matters set forth herein, which are forward-looking statements, involve certain risks and uncertainties that could cause actual results to differ. Potential risks and uncertainties include, but are not limited to, market acceptance of Coda Octopus' planned products and their level of sales, access to the capital necessary to finance and grow the business, a highly competitive environment in the security field that includes numerous large and well established companies much larger than ours, and our ability successfully to deploy our technologies and products to meet the technical demands and market requirements of our customers.

Source: Coda Octopus Group, Inc.