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Midwesco® Filter Resources, Inc.

# Press Release

## MFRI Announces the Acquisition of a South African Filter Manufacturer

Midwesco Filter Resources, Inc. (MFRI) announced that it has acquired H & D Environmental Services, located near Johannesburg, South Africa. The new subsidiary, which will be renamed, Nordic Midwesco PTY Limited, (Nordic Midwesco), will serve the growing South African and other regional markets as well as provide economical fabrication services for Midwesco customers elsewhere in the world.

**Niles IL, July 26, 2006:** Midwesco Filter Resources, Inc. (MFRI NASDAQ NM:MFRI), a leading manufacturer of custom designed industrial filtration products, specialty piping systems and industrial process cooling equipment, announced today that it has acquired H & D Environmental Services, located near Johannesburg, South Africa. The company manufactures filter elements for dust collectors used in coal fired power generation, cement, metals, mining and many other industries.

The new subsidiary, which will be renamed, Nordic Midwesco PTY Limited, (Nordic Midwesco), will serve the growing South African and other regional markets as well as provide economical fabrication services for Midwesco customers elsewhere in the world.

The business currently operates from a 20,000 square foot facility in a modern industrial park in Nigel, South Africa, about 50 miles from Johannesburg. The former owner of the business, Yolandi Kotze, will continue as the Managing Director of Nordic Midwesco.

David Unger, MFRI's Chairman, said, that "In the current business year we anticipate sales revenue in excess of \$1 million with a modest operating profit, but that revenue is expected to grow as the plant allows the company to pursue market opportunities throughout Africa, and the Near and Middle East." In addition Mr. Unger said, "Our network of global raw material sources will provide the

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South African operation with immediate access to less expensive raw materials. The presence of a competent management team and skilled workforce gives us confidence we can build this business platform to positively impact our worldwide effort to grow MFRI's Filter Group."

In addition to the new facility in Nigel, South Africa the MFRI Filter Group currently has operations in Winchester, Virginia; Cicero, Illinois and Nakskov, Denmark. MFRI, Inc. recently opened a major fabrication facility near Dubai, UAE to serve Middle East markets with its specialty piping products. "These expansions are part of our accelerating globalization effort," Mr. Unger said.

For more information visit the Company's website ([www.mfri.com](http://www.mfri.com) or [www.midwescofilter.com](http://www.midwescofilter.com)) or contact the company directly.

Statements and other information contained in this announcement which can be identified by the use of forward-looking terminology such as "anticipate," "may," "will," "expect," "continue," "remain," "intend," "aim," "should," "prospects," "could," "future," "potential," "believes," "plans," "likely," and "probable," or the negative thereof or other variations thereon or comparable terminology, constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934 as amended and are subject to the safe harbors created thereby. These statements should be considered as subject to the many risks and uncertainties that exist in the Company's operations and business environment. Such risks and uncertainties include, but are not limited to, economic conditions, market demand and pricing, competitive and cost factors, raw material availability and prices, global interest rates, currency exchange rates, labor relations and other risk factors.