



CardioMag ImagingTM



CardioMag ImagingTM, Inc.
450 Duane Avenue
Schenectady, NY 12304
Phone (518) 381-1000
Fax (518) 381-1101
cardiomag@cardiomag.com

July 9, 2007

CardioMag Imaging, Inc.

Cancellation of Admission to AIM

CardioMag Imaging, Inc. (the “Company”) has today posted a notice of Special Meeting to shareholders seeking their approval for the cancellation of admission of the Company's shares to trading on AIM, to amend the Company's Certificate of Incorporation and By-Laws to remove certain restrictive provisions, and to effect a reverse stock split of all shares of the Company's common stock pursuant to which twenty shares of the Company's common stock would be combined into one share of its common stock (collectively, the “Proposals”). The meeting is to be held on 20 July 2007 at the Company's headquarters located at 450 Duane Avenue, 3rd Floor, Schenectady, New York.

The board of directors have undertaken a review of their desire to raise additional funding, as announced on 14 June 2007, and the associated costs and benefits to the Company and its shareholders of continuing to be traded on AIM. The chief factors considered were:

1. The Company has seen limited trading volumes in the Company's shares and this reflects the lack of institutional and other investor interest in fundraising efforts by the Company over the past year.
2. The restrictions imposed by the Company's Certificate of Incorporation and By-Laws, (which were designed to broadly replicate UK standard practice with respect to the regulation of pre-emption rights, takeovers and substantial acquisitions of shares) were adopted in connection with the Company's AIM admission and were designed to be effective for so long as the Company's shares were admitted to AIM.

These restrictions, *inter alia*, make it difficult for the Company to raise material funds by issuing additional shares without seeking shareholder approval and discourages existing investors from purchasing additional shares over and above the 30 per cent. shareholding threshold as they would be forced into making a mandatory cash offer for the entire company.

Carl Rosner, the Chairman and Chief Executive Officer of the Company is prepared to invest up to an additional \$1 million in the Company. Initially, the investment will be via a US\$200,000 bridge loan. The loan will convert into Common shares at a conversion price of US\$0.06 per share (approximately 3 pence per share) on the condition that Admission to AIM is cancelled. The conversion price was determined and approved by the other directors and having consulted with the Company's adviser, Evolution Securities Limited, is deemed to be fair and reasonable in so far as the Company's shareholders are concerned. Assuming the

maximum investment is made at US\$0.06 per share, following the conversion Carl Rosner's shareholding would represent approximately 60 per cent of the issued share capital.

3. The costs and regulatory requirements associated with maintaining admission to AIM are a significant burden on the existing limited financial resources.

Whilst seeking to secure further funding the Company has been in discussion with a number of other parties. Most of these have been from the private equity sector and they have indicated to the Company that the maintenance of the Admission to AIM is an impediment to them making an investment. Whilst no commitments have been given by these parties the Company is eager to facilitate further investment and therefore the board views this as a further reason to cancel the Admission to AIM. However, there can be no assurance at this stage that any additional outside financing will be obtained.

After careful consideration, the board of directors has concluded that there is little prospect of raising material funds through AIM and believes that the ongoing cost and administrative burden of maintaining an AIM quotation outweighs the benefit gained from it. The board has therefore concluded that it is in the best interests of the Company and the Shareholders if they cancel the Admission to AIM and seek to secure additional funding from the private equity sector in the US.

Following the delisting of the Company's shares from AIM, there will be no public market for trading the Company's shares and the liquidity in the trading market for the Company's shares will be significantly decreased which could reduce the trading price and increase the transaction costs of trading the Company's shares. While there can be no assurance of any shareholders being able to sell any shares, the Company will attempt to facilitate identification of shareholders and investors who might be interested in private transactions and any shareholder seeking to engage in such a transaction may contact Cathy Arduini at the Company.

The directors are of the view that it is in the best interests of the Company and its shareholders to pass the Proposals. Accordingly, the directors have recommended that shareholders vote in favour of the Proposals, and the Company expects that the directors will vote its shares in favour of the Proposals which amount to approximately 65 per cent. of the issued ordinary share capital of the Company.

In accordance with Rule 41 of the AIM Rules, the Company has today notified the London Stock Exchange of the cancellation of admission, which is conditional upon the consent of not less than 75% of votes cast by the Company's shareholders in a special meeting, scheduled for 20 July 2007. If approved, the cancellation of admission is expected to be effective from 7:00 a.m. on 6 August 2007.

For further information please contact:

Carl Rosner, CardioMag Imaging, Inc. +1 518 381 1000

Simon Leathers, Evolution Securities Limited +44 (0) 207 071 4315

CardioMag Imaging Inc., incorporated under the laws of Delaware, is a development stage company, which produces magnetocardiographs (MCGs) unique diagnostic tools for Cardiologists. MCGs are used to measure the magnetic fields generated by the heart's electrical activity, allowing physicians to identify abnormal cardiac conduction distributions as well as the presence of ischemia resulting from inadequate blood supply to the heart