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FOR IMMEDIATE RELEASE

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CARDIOMAG IMAGING IS AWARDED NATIONAL INSTITUTES of HEALTH GRANT

\$100,000 Six-Month Program to Establish Feasibility of a Magnetocardiograph for Small Animal Imaging

Schenectady, NY, November 1, 2004 - CardioMag Imaging, Inc. (CMI), located in Schenectady, NY, and its project partner - Dirar S. Khoury, Ph.D., Department of Medicine, Baylor College of Medicine - have been notified by the National Institutes of Health (NIH) National Heart, Lung, and Blood Institute (NHLBI) that the Company has been awarded a \$100,000 Phase I Small Business Technology Transfer (STTR) award in support of its proposal "A Magnetocardiography System for Mice."

Successful performance on this award and possible follow-on NIH funding support will allow CardioMag to thereafter expand its product offering to include a MagnetoCardioGraph (MCG) for monitoring non-invasively electric heart functions in small animals. Such a system will make monitoring the electric activity in animal hearts safer and the resultant data more accessible to molecular biologists and pharmaceutical scientists, leading ultimately to improved drug development and safety testing.

The collaboration with the Baylor College of Medicine will allow CardioMag Imaging to explore a new market opportunity, with the potential of placing many such animal systems over the next few years into biomedical and pharmaceutical research facilities across the country and around the world.

In support of its ongoing commitment to improve the quality of cardiac care, CardioMag will be exhibiting at the **American Heart Association Scientific Sessions Meeting** at the Ernest N. Morial Convention Center in New Orleans, Louisiana from November 7-9, 2004.

The Company's existing commercial product manufacturing quality system is certified according to ISO 9000/13485, its product carries the U.L. label, the CE Mark for sales in Europe and the product has received U.S. F.D.A. approval to market its new, non-invasive cardiac signal detection system to hospitals in the United States.

CardioMag Imaging™, Inc., is a privately held company formed in 1999 to transition results from over 40 years of worldwide MCG research and development into commercially useful, attractive and cost-effective cardiac diagnostic products, based upon SQUID (Superconducting Quantum Interference Device) sensors. The Company is positioning itself to provide safe, lifesaving and medical cost containment solutions to the cardiac health care community by designing, manufacturing and marketing innovative medical diagnostic devices for early detection and monitoring of heart disease.

Safe Harbor Statement: The statements presented in this press release which are not historical fact are forward looking statements which involve various important assumptions, risks, uncertainties and other factors set forth herein, including but not limited to, obtaining further FDA approvals for particular diagnostic applications, market acceptance, insurance companies reimbursement policies and the growth of medical diagnostic customer acceptance.

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