

AOI Medical, Inc.

Press Information

("AOI Medical" or "the Company")

AscendX™ Product Update

AscendX™ Cleared to Commence Clinical Trials

London, UK, 19 December 2007 - AOI Medical Inc. (the "Company" or "AOI") (AIM: AOI), the medical device company focusing on innovative orthopaedic medical devices for the spine and trauma markets, today provides an update on progress with its AscendX™ Fracture Reduction System ("AscendX"), formerly known as BAMF Spine.

AOI announced in October 2007 that the US Food and Drug Administration ("FDA") had asked AOI to conduct a clinical study of AscendX™. The Company is pleased to announce that the FDA has granted conditional approval for AOI to begin a sixty subject, single arm study of the Company's AscendX™ Fracture Reduction System.

End points of the trial will include acute procedural success and other clinical parameters, which has met management expectations and is within the Company's budget. The trial is expected to commence in Q1 2008. AOI continues to expect commercial launch of AscendX™ in the US in H2 2008.

In 2004, the worldwide market for devices targeted towards spinal conditions had a value of around \$3.5 billion and more recent estimates indicate that the spinal products market will approach \$10 billion by 2010. The growth is being driven by increasing incidences of osteoporosis in an ageing population and a growing number of sports related injuries as people become more active. In 2009, the AscendX™ global market size is estimated to be over \$500 million.

Bill Christy, CEO of AOI, said:

"We are pleased to be able to commence the clinical study for AscendX™, which we believe will provide AOI with the clinical data required to both obtain approval and assist marketing this important product.

AscendX™ addresses a global market worth over \$500 million per annum and we are confident that the product's profile will enable it to enjoy strong market penetration."

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Background to AOI Medical Inc.

AOI is a medical device company focussing on the development and commercialisation of innovative orthopaedic medical devices for the spine and trauma markets. It is progressing the development of three separate technology platforms: AscendX™ Fracture Reduction System, BAMF Trauma and Cervical Plate.

Further information can be found at www.aoimedical.net

AscendX™

AscendX™ is an investigational product which provides a set of tools intended to be used to address compression fractures of the spine caused by osteoporosis, cancer or trauma. AscendX™ will comprise two main instruments: a cutting device that creates a cavity in cancellous bone, and a balloon-like device which is used to restore the height of the fractured vertebra and to deliver and contain the cement in the cavity. The set of tools is designed to offer a potential enhancement over current techniques.

Current techniques used to treat progressive vertebral compression fractures include vertebroplasty and kyphoplasty (so named by Kyphon, the company that developed the technology). In July 2007, it was announced that Medtronic (NYSE:MDT) had acquired Kyphon for \$3.9 billion. This acquisition fully underpins the market opportunity that lies within this area as patients and doctors continue to seek modern, minimally invasive spinal treatments that enhance patient life-styles and are simpler, faster and less-invasive than the traditional surgical treatments. The Directors of AOI believe that the Company has a product that can significantly challenge the current products on the market.