

Press Information

AOI Medical, Inc. Successfully Raises US\$2.6 Million Through the Issue of Senior Convertible Loan Notes

London, UK, 5 August 2009 - AOI Medical, Inc. (the "Company" or "AOI") (AIM: AOI), has successfully raised US\$2.6 million through the issue of senior convertible loan notes. The net proceeds from this fundraising will be used to augment the Company's working capital as it nears the completion of a clinical trial with Ascendx™, its vertebral compression fracture reduction system.

The senior convertible loan notes ("SCLN's"), shall be repayable on or before 30 September 2012 although the SCLN's shall become convertible at the option of the holder after 1 October 2011 (the "Conversion Date"). The SCLN's carry a coupon of 8 per cent. interest per annum, payable quarterly in arrears until such time as they are repaid or converted in accordance with the terms. The SCLN's are callable, or repaid with no risk of conversion, by the Company on or before the Conversion Date, after which the SCLN's are convertible into shares of common stock in the Company ("Common Shares") at a price of 60 cents per Common Share. Additionally, subscribers for the SCLN's will be issued 333 warrants, with an exercise price of 60 cents per Common Share, for each US\$1,000 principal amount of SCLNs purchased and an additional 100 warrants for each US\$1,000 principal amount of SCLNs purchased if the SCLN's have not been repaid by the Conversion Date (the "Warrants"). The Warrants may be exercised into new Common Shares at any time prior to the fifth anniversary of the issuance of the Warrants. If the SCLN's were converted in full after the Conversion Date and all the Warrants exercised, 5,459,133 new Common Shares would be issued, representing up to approximately 64 per cent. of the current issued share capital of the Company.

The SCLN's carry prepayment penalties in year one (1), two (2) and three (3) of 10 per cent., 20 per cent. and 30 per cent., respectively.

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The Securities are subject to restrictions on transferability and resale and may not be transferred or resold except pursuant to registration under or exemption from the Act, and applicable state securities laws.

Forward-looking statements

Some of the statements in this press release are forward-looking. Forward-looking statements include statements regarding the intent, belief and current expectations of AOI Medical, Inc. or its officers with respect to various matters. When used in this press release, the words "expects," "believes," "anticipates," "plans," "may," "will," "should" and similar expressions, and the negatives thereof, are intended to identify forward-looking statements. Such statements are not promises or guarantees, and are subject to risks and uncertainties that could cause actual outcome to differ materially from those suggested by any such statements. These forward-looking statements speak only as of the date of this

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