

CRITICAL OUTCOME TECHNOLOGIES REPORTS YEAR-END FINANCIAL AND OPERATING RESULTS

Key commercialization initiatives advanced during and subsequent to year-end

London, Ontario (August 27, 2013): Critical Outcome Technologies Inc. (TSX Venture: COT) (“COTI” or the “Company”) reported its financial and operating results today for the fourth quarter and the year ended April 30, 2013.

Highlights for the fiscal year include:

- Entering into three collaboration research and development (R&D) agreements involving COTI’s proprietary drug discovery technology, CHEMSAS®; resulting in initial R&D collaboration agreement revenues of \$25,000;
- Initiating the final toxicity studies for its lead cancer drug candidate, COTI-2, and completing two of the three study components;
- Receiving two patent grants from the USPTO for COTI-2 providing a total of four granted patents on the compound; and,
- Selecting three CHEMSAS® identified and patent protected drug candidates for the treatment of Acute Myelogenous Leukemia (“AML”) to be tested in animal models of human AML.

“In fiscal 2013, we made significant progress with respect to our two major commercialization efforts,” said Dr. Wayne Danter, COTI’s CEO. “First, we entered into three R&D partnering deals using our artificial intelligence platform, CHEMSAS®. Each of these deals, if successful, represents significant revenue potential in the coming years. Second, we moved forward with our marketing efforts for a license agreement and the continued scientific development for our lead cancer drug candidate, COTI-2. In addition, we achieved and reported on important milestones for our AML program.”

“Subsequent to year-end, in June we announced positive results from experiments carried out with COTI-2 by a world-renowned cancer center,” said Mr. John Drake, COTI’s Chairman. “These experiments confirmed COTI-2 as a p53 normalizing agent with potential impact on mutations in over 50% of human cancers. This is an important scientific development and provides additional support for our licensing efforts. With the funding announced thus far in fiscal 2014, we are focused on moving COTI-2 and our other initiatives forward to success.”

Financial Results

Fourth Quarter

The Company reported a quarterly net loss of \$443,580, or \$0.01 per share, compared to a net loss of \$680,815, or \$0.01 per share, for the fourth quarter a year earlier. The improvement of \$237,235 related primarily to a \$131,583 reduction in R&D expenditures and a decrease of \$97,563 in general and administrative (G&A) expenditures.

The decrease in R&D expenditures primarily reflects a decrease in R&D testing and a decline in synthesis costs both related to COTI-2, partially offset by an increase in government assistance. The major factor in the G&A decrease was a decline of \$85,069 in professional accounting consulting costs for the 2012 transition to the IFRS accounting framework.

Fiscal Year

Operating revenue of \$30,588 was reported for the year ended April 30, 2013 with no revenue reported for the year ended April 30, 2012 (FYE 2012). A net loss of \$2,625,804, or \$0.03 per share, was incurred for FYE 2013 compared to a net loss of \$2,591,151, or \$0.04 per share, in FYE 2012. The increased loss of \$34,653 resulted primarily from increases in R&D expense of \$72,658 and sales and marketing (S&M) expense of \$37,556, offset by a decrease in G&A expense of \$61,620.

R&D expenses increased year over year primarily due to increases in R&D testing related to COTI-2, higher scientific consulting fees and lower government assistance, offset by lower synthesis costs related to COTI-2. The increase in S&M expenses year over year related to an increase in consulting fees and marketing and travel, offset by a decrease in salaries and benefits from staffing reductions. The decrease in G&A expenses related to lower consulting fees primarily associated with the 2012 IFRS accounting transition and lower salaries and benefits due to a staffing reduction, offset by an increase in amortization expense and share-based compensation.

Financing

During the year, the Company realized gross proceeds of \$504,736 on a private placement with accredited investors to provide funding for operations. At FYE 2013, the Company had \$169,347 in cash, cash equivalents and short-term investments to provide funding for operations in fiscal 2014 compared to \$1,718,671 at FYE 2012. Subsequent to year-end, the Company announced several financings that raised \$1,030,000 to support operations and as announced on August 16, 2013, anticipates closing an additional financing tranche by the end of August.

More detailed operating and financial results can be found in the Company's Annual Audited Financial Statements and Management Discussion and Analysis for the year ended April 30, 2013, which can be found on SEDAR at www.sedar.com.

About Critical Outcome Technologies Inc. (COTI)

COTI is a leading-edge technology company specializing in accelerating the discovery and development of small molecules – dramatically reducing the time and cost to bring new drugs to market. COTI'S proprietary artificial intelligence system, CHEMSAS®, utilizes a series of predictive computer models to identify compounds with a high probability of being successfully developed from disease specific drug discovery through chemical optimization and preclinical testing. These compounds are targeted for a variety of diseases, particularly those for which current treatments are either lacking or ineffective.

For more information, visit www.criticaloutcome.com or contact:

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