

Press Release

FOR IMMEDIATE RELEASE

CRITICAL OUTCOME TECHNOLOGIES INC. REPORTS FINANCIAL RESULTS FOR THE FOURTH QUARTER AND THE YEAR ENDED APRIL 30, 2010

London, Ontario (July 15, 2010): Critical Outcome Technologies Inc. (TSX Venture: COT) announced today its financial results for the fourth quarter and the year ended April 30, 2010.

“Fiscal 2010 was a productive year for Critical Outcome Technologies Inc. (COTI) as we made substantial development progress with our lead oncology compound, COTI-2, and positioned it more effectively for obtaining a licensing deal,” said Dr. Wayne Danter, Chief Executive Officer of COTI. “The following key business highlights from the past year position us for success in 2011,” stated Dr. Danter.

- Continued positive preclinical test results for COTI-2, including greater than additive benefits in combination therapy with conventional first line single agent therapies for the treatment of ovarian, pancreatic and breast cancers. These results broaden the potential treatment options beyond the prior year indications for small cell lung, brain, endometrial, colon and non-small cell lung cancers, and enhance COTI-2’s licensing appeal to pharmaceutical companies.
- Confirmed a novel mechanism of action of COTI-2 to target the abnormal expression of AKT/AKT2 in susceptible cancer cells found in 20-100% of all tumors, depending upon the type of cancer, making COTI-2 a valuable addition in a combination therapy with many standard cancer therapies.
- Reached an agreement with TGen Drug Development, an experienced and internationally recognized oncology research organization, to manage the completion of preclinical animal studies and a submission for investigational new drug status for COTI-2 with the United States Food and Drug Administration with a target of being Phase 1 ready in 2011.
- Delivered three novel HIV-1 integrase inhibitor scaffolds late in the fiscal year under our co-development agreement with a major multinational pharmaceutical company that positions these compounds for licensing potential in 2011.
- Completed a private placement with accredited investors in April 2010 for gross proceeds of \$1,063,349 that provides financial support for operations in 2011.

Financial Highlights

Fourth Quarter

The Company reported a net loss for the quarter ended April 30, 2010 (Q4 2010) of \$831,326 or \$0.02 per share compared to a net loss of \$1,336,945 or \$0.03 per share for the three months ended April 30,

2009 (Q4 2009). This decreased loss year over year of \$505,619 related primarily to lower research and product development expense (R&D) of \$257,121 and lower stock-based compensation of \$324,360.

The decrease in R&D reflects management's decision to reduce spending in this area. The stock-based compensation decrease resulted from a lower volume of options being granted in Q4 2010 and a lower Black-Scholes valuation per option compared to Q4 2009. These decreased expenses were partially offset by a decrease in other income of \$61,663 in Q4 2010 compared to Q4 2009. This decrease related to lower interest income of \$20,227 in Q4 2010 compared to Q4 2009 and no investment tax credit (ITC) receipts, which were \$41,436 in Q4 2009.

Fiscal Year

No operating revenues were reported for the year ending April 30, 2010 (FYE 2010) compared to \$49,158 in the year ended April 30, 2009 (FYE 2009). A net loss of \$3,560,310 or \$0.08 per share was incurred for FYE 2010 compared to a net loss of \$3,919,019 or \$0.08 per share in FYE 2009. This decreased loss of \$358,709 resulted primarily from the decreased level of R&D testing activity conducted during the year offset by higher salary costs.

Operating expenses decreased from \$4,144,520 for FYE 2009 to \$3,715,290 for FYE 2010, a decrease of \$429,230. Three major expense items accounted for \$399,121 or 93 % of this change. First, R&D decreased \$341,542 in FYE 2010 to \$1,117,010 compared to \$1,458,552 in FYE 2009 related to decreased contract testing, consulting and materials spending of \$285,690; decreased synthesis costs of \$152,973; partially offset by higher salary costs with a full year of costs for employees hired during FYE 2009. Second, stock-based compensation decreased by \$271,470 in FYE 2010 despite the granting of a comparable number of stock options (FYE 2010 - 1,341,255, FYE 2009 - 1,358,067) related primarily to the lower values of the assumptions used in the Black-Scholes option-pricing model. Third, general and administration expense increased \$213,891 at FYE 2010 compared to FYE 2009 related primarily to a full year of salary for employees hired in FYE 2009.

During the year, the Company realized net proceeds of \$999,075 on a private placement with accredited investors to provide funding for operations. At April 30, 2010, the Company had \$1,945,376 in cash, cash equivalents and short-term investments that are expected to provide sufficient funding for fiscal 2011.

More detailed operating and financial results can be found in the Company's annual audited financial statements and Management's Discussion and Analysis for the year ended April 30, 2010, which can be found on SEDAR at www.sedar.com.

Annual General Meeting Announcement

COTI's Annual Meeting of Shareholders will be held on Thursday, October 28, 2010 at 9:30 a.m. Eastern time at The London Club, 177 Queens Avenue, London, Ontario.

Notice to Readers

Information contained in this press release may contain certain statements which constitute "forward-looking statements" within the meaning of the Securities Act (Ontario) and applicable securities laws. For example, the statement "... position us for success in 2011" is a forward-looking statement. Forward-looking statements, by their nature, are not guarantees of future performance and are based

upon management's current expectations, estimates, projections and assumptions. COTI operates in a highly competitive environment that involves significant risks and uncertainties which could cause actual results to differ materially from those anticipated in these forward-looking statements. Management of COTI considers the assumptions on which these forward-looking statements are based to be reasonable, but as a result of the many risk factors, cautions the reader that actual results could differ materially from those expressed or implied in these forward-looking statements. Information in this press release should be considered accurate only as of the date of the release and may be superseded by more recent information disclosed in later press releases, filings with the securities regulatory authorities or otherwise.

About Critical Outcome Technologies Inc. (COTI)

COTI is formed around a unique computational platform technology called CHEMSAS®, which allows for accelerated identification and optimization of targeted small molecules potentially effective in the treatment of human diseases for which current therapy is either lacking or ineffective. COTI is focused on preparing its lead anti-cancer compound, COTI-2, for an Investigational New Drug filing in the USA in 2011. In addition to COTI-2, the company has a significant preclinical pipeline targeting market opportunities such as: acute myelogenous leukemia and other cancers, multiple sclerosis, HIV integrase, and Alzheimer's disease.

For more information on COTI, visit www.criticaloutcome.com or contact us at 519-858-5157 or e-mail:

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