Critical Outcome Technologies Inc.

Management's Discussion and Analysis of Financial Condition and Results of Operations

As at December 29, 2006

Interim Period – Six months ended October 31, 2006

Fiscal Year - ended April 30, 2006

The following discussion and analysis explains trends in Critical Outcome Technologies Inc.'s ("COTI" or the "Company") financial condition and results of operations for its second quarter ending October 31, 2006. As this is the initial Management Discussion and Analysis of COTI upon becoming a reporting issuer, it also includes the required MD&A of the Company related to its April 30, 2006 year end. This management discussion and analysis is intended to assist in understanding the dynamics of the Company's business and the key factors underlying its financial results. This document has been prepared as at December 29, 2006 and should be read in conjunction with the Company's interim financial statements of October 31, 2006 and the annual audited financial statements for the year ended April 30, 2006 and notes thereto which can be found on SEDAR at www.sedar.com. All dollar figures are Canadian dollars.

Certain statements contained hereunder constitute "forward-looking statements" within the meaning of the *Securities Act* (Ontario) and applicable securities laws. These 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.

Company Overview

COTI is a reporting issuer resulting from an amalgamation of Aviator Petroleum Corp. ("Aviator", a public company listed on the TSX Venture Exchange (TSXV) under the symbol "AVC") and Critical Outcome Technologies Inc. ("Old COTI", a private company) under the provisions of the Business Corporations Act (Ontario) on October 13, 2006. The amalgamation constituted the qualifying transaction of Aviator pursuant to the policies of the TSXV. The amalgamated company retained the name Critical Outcome Technologies Inc. ("COTI") and continues to operate the business of Old COTI. COTI is therefore a drug discovery company originally founded in 1999 and based in London, Ontario. COTI is formed around a unique computational platform technology called CHEMSAS®, which allows for the accelerated identification, profiling and optimization of targeted small molecules potentially effective in the treatment of human diseases for which current therapy is either lacking or ineffective. COTI's business is focused on the discovery and pre-clinical development of libraries of optimized lead molecules for the treatment of specific cancers, HIV and Multiple Sclerosis. Currently, five targeted libraries of lead compounds (Small Cell Lung Cancer, Colorectal Cancer, Acute Myelogenous Leukemia in adults, HIV Integrase Inhibitors and Multiple Sclerosis) are under active development.

Results of Operations

For the three month period ended October 31, 2006, the net loss amounted to $101,633 or ($0.00) per share) compared to a net loss of $56,066 ($0.01 per share) for the corresponding period in 2005.

For the six month period ended October 31, 2006 a net loss of $264,721 ($0.01 per share) was incurred compared to a net loss of $93,521 ($0.01 per share) for the comparable six month period ended October 31, 2005. These results reflect the increased business activity of the Company as it advanced its technology forward in the latter half of calendar 2006

Financial Condition

As at October 31, 2006 the Company had available cash of $2,237,599 compared to $170,464 at April 30, 2006. The increase is primarily due to funds generated from a private placement of "$0.40 Units" of COTI consisting of one common share of COTI and one-half a common share purchase warrant which closed on October 11, 2006. Gross proceeds of $2,637,600 less issuance costs of $459,214 provided net proceeds of $2,178,386 to the Company from this issue.

The Company's current assets increased to $2,345,812 on October 31, 2006 from $184,547 at April 30, 2006. Current liabilities increased $264,111 to $623,699 on October 31 from $359,588 at April 30, 2006. This increase in current liabilities reflected the unpaid costs of the private placement and the costs associated with completing the amalgamation of Old COTI and Aviator at October 31, 2006.

Management believes it has sufficient cash resources to carry out its operations for the next year at expected operating levels. However, in light of uncertainties associated with the development of its molecule libraries including identifying and securing suitable pharmaceutical customer prospects, further financing may be required to support the Company's operations in the future.

Operating Revenues

The Company did not generate any operating revenues in the three months ended October 31, 2006 as compared to $30,000 in contract service revenues in the three months ended October 31, 2005. For the six month period ended October 31, 2006 the Company generated $2,500 in screening service fees as compared to zero for the six months ended October 31, 2005.

The Company realized "other income" from investment tax credit refunds of $ 75,050 in the three months ended October 31, 2006 compared to no such revenues in the three months ended October 31, 2005. These cash refunds related to investment tax credits for the years ended April 30, 2005 ($13,393) and April 11, 2006 ($61,657).

The Company continued to focus on developing its libraries and building customer relationships for the sale or licence of its two lead molecule libraries; small cell lung cancer (10% ownership interest) and multiple sclerosis during the six month period ended October 31, 2006.

Operating Expenses

For the three month period ended October 31, 2006 the total operating expenses were $178,895 an increase of $92,609 compared with $86,286 in the same period in 2005. The increase in these operating expenses is primarily due to salaries, professional fees and marketing costs as the Company continued to work on its molecule libraries, customer contacts and financing initiatives.

For the six month period ended October 31, 2006 the total operating expenses were $344,483 an increase of $220,962 compared with the same period in 2005. All expense categories in the quarter ended October 31, 2006 exceeded those expenses in the comparable quarter of October 31, 2005. Those expenses with an increase greater than $10,000 were:

- Salaries and benefits which increased by $110,762 from $61,561 in 2005 to $172,323 in 2006. This reflects that the Company started paying salaries in July 2005 for two staff with two additional staff added in May 2006.

- Professional fees which increased by $26,512 from $26,144 in 2005 to $52,656 in 2006. The increase related to $2,702 in accounting fees for SR&ED filings support related to the 2005 and 2006 SR&ED claims; $30,000 in contract consulting costs as part of the sales and marketing of the Company's libraries and financing efforts; offset by $6,190 in lower legal costs.

- Marketing costs which increased by $48,696 from $2,360 in 2005 to $51,056 in 2006. This cost increase was driven by travel, hotel and meals and entertainment costs associated with financing endeavors and marketing of the molecule libraries to interested pharmaceutical parties in 2006.

Income Taxes

The Company is not in a taxable position as it has not generated a profit since inception. The Company has temporary timing differences that could give rise to future tax assets as well as non-capital losses and research and development expenditures which may be applied to reduce taxable income of future years. Details of these balances determined up to April 30, 2006 can be found in note 13 of the Notes to the Financial Statements for the interim financial statements of October 31, 2006. Management cannot discern when a profit will occur so it is possible that the Company will not realize on some or all of these tax benefits.

Liquidity and Capital Resources

Operating Activities

For the three month operating period ended October 31, 2006 operating activities used $162,466 in cash. This compares with cash used of $52,402 in the three month period ending October 31, 2005. This increase in cash usage in 2006 is due to the ramp up in operational activity from the earlier comparable period.

For the six month period ended October 31, 2006 operating activities used $85,995 in cash compared to cash usage of $93,880 for the period ending October 31, 2005. The improvement in cash usage in 2006 over the comparable 2005 period results primarily from the receipt of

refundable investment tax credits related to the April 30, 2005 and April 11, 2006 taxation years.
Investing Activities

The Company's sole investment activity, during the three and six month periods ending October 31, 2005 and 2006, was on patents.

For the six month period ended October 31, 2006 patent expenditures were $18,960 compared to patent expenditures of $16,950 for the period ending October 31, 2005. These expenditures relate to continuing patent costs on three leukemia molecules as well as the commencement of patenting on its multiple sclerosis molecules in 2006.

Financing Activities

On October 11, 2006 the Company closed a private placement pursuant to an Amended Confidential Offering Memorandum dated September 13, 2006. The Company issued private placement $0.40 Units consisting of one common share and one-half a common share purchase warrant. Each whole common share purchase warrant is exercisable into one additional common share at a price of $0.70 for a period of eighteen months. The Company also issued 659,400 "$0.40 Agent Warrants" representing 10% of the units sold which can be exercised up to April 13, 2008. The Company issued 6,594,000 Units at the $0.40 issue price for gross proceeds of $2,637,600. Net cash for use in operations of $2,178,386 was realized after paying issuance costs of $459,214 for legal, accounting advisory, underwriter fees and printing and distribution costs.

Amalgamation

On October 13, 2006, the Company concluded an amalgamation pursuant to an Amended Amalgamation Agreement dated August 31, 2006 with Aviator whereby Old COTI and Aviator amalgamated to carry on business as Critical Outcome Technologies Inc. ("COTI").

Prior to the Amalgamation, COTI had 28,967,332 common shares ("Old COTI Common Shares") issued and outstanding. COTI had also issued: 733,332 common share purchase warrants exercisable into 733,332 Old COTI Common Shares at $0.40 per share ("$0.40 Warrants"); 3,297,000 common share purchase warrants exercisable into 3,297,000 Old COTI Common Shares at $0.70 per share ("$0.70 Warrants"); 40,000 agent's warrants exercisable into 40,000 units of Old COTI at $0.30 per unit ("$0.30 Agent's Warrants"), each unit consisting of one Old COTI Common Share and one $0.40 Warrant; and 659,400 agent's warrants exercisable into 659,400 units of Old COTI at $0.40 per unit ("$0.40 Agent's Warrants"), each unit consisting of one Old COTI Common Share and one-half of one $0.70 Warrant.

After completion of the Amalgamation, the Old COTI Common Shares were exchanged for 28,967,332 COTI common Shares with a deemed value of approximately $0.34521 per share. In addition, each outstanding $0.40 Warrant, $0.70 Warrant, $0.30 Agent's Warrant and $0.40 Agent's Warrant was exchanged on a one for one basis for replacement securities of COTI with the same terms.

Prior to the Amalgamation, Aviator had 5,635,000 common shares ("Aviator Common Shares") and no preferred shares issued and outstanding, and had granted agent's options ("Aviator Agent's Options") to acquire up to 275,000 common shares of Aviator.

After completion of the Amalgamation, the Aviator Common Shares were exchanged for 5,635,000 common shares of COTI common shares. In addition, the Aviator Agent's Options were exchanged for Agent Stock Options of COTI entitling holders to acquire up to 275,000 COTI common shares at $0.10 per common share until May 9, 2007 consistent with the terms of the Aviator Agent's Options.

The amalgamation received final approval by the TSXV on October 27, 2006 and commenced trading on the TSXV on October 30, 2006.

Outstanding Units

At October 31, 2006 there were 34,602,322 common shares issued and outstanding.

In December 2006, subsequent to the October 31, 2006 quarter end, Northern Securities Inc, which were Agents for both the private placement of Old COTI which closed on October 11, 2006 and the initial public offering of Aviator in 2005, exercised 243,500 of its 275,000 Agent Stock Options, for net proceeds to the Company of $24,350.

Critical Accounting Policies and Estimates

COTI prepared its interim financial statements in accordance with Canadian generally accepted accounting principles (GAAP) with the exception of income taxes and investment tax credits as disclosed in the notes to the October 31, 2006 financial statements and discussed under Income Taxes above. An understanding of the Company's accounting policies is necessary for a complete analysis of results, financial position, liquidity and trends. Refer to Notes 3 and 13 of the financial statements for additional information on accounting principles. The financial statements are presented in Canadian dollars rounded to the nearest dollar.

Financial statements prepared in accordance with GAAP require management to make estimates and assumptions relating to reported amounts of revenue and expenses, reported amounts of assets and liabilities and disclosure of contingent assets and liabilities. Management regularly evaluates the assumptions and estimates that are used in the preparation of the Company's financial statements.

Estimates and assumptions used by management are based upon past experience and other factors deemed reasonable in the circumstances. Since these estimates and assumptions involve varying degrees of judgment and uncertainty, the amounts reported in the financial statements could in the future prove to be inaccurate. COTI's critical accounting policies and estimates are summarized below.

Equipment - is recorded at amortized cost. Amortization is recorded on a straight-line basis over the estimated useful lives of the assets whether purchased directly by COTI or acquired under a capital lease as follows: furniture and fixtures 5 years; computer hardware 2 years; computer software over the term of the license.

Patent costs - are capitalized for direct costs incurred in connection with securing patents. The cost of evaluating and investigating patents are accumulated by specific product or molecule and the capitalized costs are amortized over the life of the patent beginning in the year the patent is received. The accumulated cost of a product investigated for patenting which is not subsequently patented is expensed in the year when the decision is made to not pursue the patent. At October 31, 2006 no patents had yet been received for those applications being pursued.

Trademark costs - are accumulated by specific process and where trademark registration is pursued and obtained such costs are capitalized and amortized over the lesser of the marketing life of the process or five years beginning in the year after the trademark is received. Where trademark registration is not ultimately obtained accumulated costs are expensed. At October 31, 2006 one trademark on CHEMSAS had been obtained and was being amortized over 5 years.

Impairment of long-lived assets – is assessed when events or changes in circumstances indicate that the carrying amount of long-lived assets or asset groups may not be recoverable. Recoverability is assessed based on the carrying amount of the long-lived asset and its net recoverable value, which is generally determined based on undiscounted cash flows expected to result from the use and eventual disposal of the long-lived asset. If the carrying value of the long-lived asset is not recoverable, an impairment loss is recognized to write down the long-lived asset to its fair value.

Investment tax credits ("ITCs") - are accrued when qualifying expenditures are made and there is reasonable assurance that the credits will be realized. ITCs relating to research and development expenses are recorded as other income and those relating to capital expenditures are recorded as a reduction of the cost of the asset acquired.

Stock-based compensation and other stock-based payments – are accounted for using the fair value based method, whereby compensation cost is measured at fair value as determined by valuation models at the date of grant and are expensed over the award's vesting period. The valuation model used by the Company requires a number of estimates and assumptions by management, the most important of which is expected volatility.

Results of Operations for the year ended April 30, 2006 compared to the year ended April 30, 2005

The following table shows selected financial information related to COTI for the audited financial years ended April 30, 2004, 2005 and 2006. The information contained in this table should be read in conjunction with COTI's audited financial statements for these years.

	Financial Years Ended		
	April 30, 2006 (1)	April 30, 2005(1)	April 30, 2004(1)
Total Revenues	$ 38,929	$ 57,169	$ 33
Total Expenses	629,858	129,919	58,054
Loss	590,929	72,750	58,021
Loss per share (2)	$ 0.06	$ 0.02	$0.02
Total Assets	288,781	84,993	50,655
Total Liabilities	393,113	425,686	318,598
Dividends Declared	Nil	Nil	Nil
Working Capital	$ (175,041)	$ (394,335)	$ (307,016)

Notes:
(1) All amounts presented are in Canadian dollars.
(2) Based on the weighted average common shares outstanding as computed in accordance with Canadian GAAP.

For the year ended April 30, 2006, COTI reported a loss of $590,929 or $0.06 per common share compared to a loss of $72,750 or a $0.02 loss per common share in the year ended April 30, 2005. This increased loss from operations of $518,179 resulted from the increased level of activity in COTI as efforts on the CHEMSAS technology development expanded. This activity was reflected in the creation of the current robust molecule profiling systems and the development of five optimized libraries at the April 30, 2006 year end. The major expenses associated with this loss were: (1) the recording of stock option compensation provided to certain executives and employees; (2) salaries for a full time chief scientific officer and administrative assistant; (3) research and product development expenses; (4) lease costs for computer hardware and software and; (5) accounting and legal costs associated with reorganizing COTI prior to pursuing public financing.

Operating Revenue

COTI recorded its first revenues in the year ended April 30, 2006 of $32,500 which came from contract molecule management supervision and molecule screening services. Additional income was received on refundable scientific research and experimental development tax credits ("SR&ED") of $6,540 which declined from the $56,025 received in the year ending April 30, 2005. As SR&ED refunds are contingent upon government review and approval of filed claims such income is generally only recognized in the year in which it is received. The decline in 2006 reflected the lower level of eligible expense in fiscal 2004 compared to that in fiscal 2003.

Operating Expenses

Company expenses increased from $129,919 for the year ended April 30, 2005 to $629,858 for the year ending April 30, 2006, an increase of $499,939. The major expenses responsible for this increase were:

- Stock Option Compensation - On March 27, 2006 COTI granted stock options to certain directors and employees who had contributed toward the long-term goals of COTI. Options for 439,001 common shares were issued to employees and directors at an option price of $0.00001 and these options were exercised on the same day for total consideration to the Company of $4. The Company determined that the fair value of the stock options granted was $251,000 using a Black-Scholes valuation model. This value was recorded as an expense in 2006.

- Salaries and Benefits - Salaries and benefits increased by $129,012 to $149,465 for the year ended April 30, 2006 up from $20,453 for the same period ended April 30, 2005. The increase was due to the employment of COTI's Founder and Chief Scientific Officer, Dr. Wayne Danter, and an administrative assistant for the full fiscal year. In fiscal 2005 Dr. Danter worked part time for COTI.

- Reorganization Costs - COTI incurred $82,580 in reorganization costs during the year compared to zero in fiscal 2005. These costs consisted of professional accounting and legal fees associated with tax planning, share restructuring and related matters associated with two events; first, the amalgamation of COTI with its major shareholder, 1336544 Ontario Inc., an investment holding company, whose sole asset was shares of COTI, and second, structuring COTI to effectively undertake an amalgamation with Aviator Petroleum Corp., a publicly traded capital pool company.

- Professional Fees - Professional fees declined from $66,606 for the year ending April 30, 2005 to $48,335 for the year ended April 30, 2006. This resulted from $10,000 less in finance consulting fees in 2006 than 2005 plus lower accounting fees of $26,652 which were offset by higher legal costs of $13,381 in 2006. The decline in accounting fees related to the lower SR&ED refunds upon which certain tax consulting fees were based under a three year SR&ED consulting support engagement which ended with the 2005 fiscal year.

- Research and Product Development - Research and product development costs increased from $788 for the year ending April 30, 2005 to $27,000 for the year ending April 30, 2006. This increase was a direct result of COTI's initiative to push forward the development of its CHEMSAS process and new optimized libraries of small molecules. A contract computer scientist was engaged starting in August 2005 to work exclusively on the molecular mining databases and various enhancements to the molecule mining process. These costs and a large percentage of the salary costs associated with Dr. Danter's efforts are expected to be eligible for inclusion in the determination of the SR&ED tax credit filing for the fiscal periods ending and starting in calendar 2006.

- Computer Expense and Amortization of Equipment - Computer expense increased $3,171 to $8,180 in 2006 compared to $5,009 in fiscal 2005. Amortization of equipment increased $18,360 from $4,182 in 2005 to $22,542 in 2006. Both of these cost increases primarily relate to additional investments in hardware and software (including computer hardware acquired through capital lease) needed to support enhancements to the CHEMSAS® process.

Liquidity and Capital Resources for the year ended April 30, 2006

Since inception, COTI financed its research and product development costs through contributions of time from its founders and from cash advances from the shareholders which at April 30, 2006 totaled $127,194. SR&ED refunds received since inception provided $62,565 in financing. During 2006 research advances received from a third party to fund a research program which totaled $269,745 at April 30, 2005 were exchanged for a common share equity interest in COTI. A further $100,000 in financing was raised from a shareholder, Whippoorwill Holdings Limited, in May of 2005 for common shares. In February 2006 a letter of intent with Aviator Petroleum Corporation ("Aviator"), a capital pool company, trading on the TSX Venture Exchange ("TSXV") was signed regarding the proposed amalgamation of the two companies. Under Policy 2.4 of the TSXV, Aviator agreed to advance the sum of $25,000 as a non-refundable, unsecured advance to support the ongoing operations of COTI. In April 2006, a private placement of common shares and warrants was completed for gross proceeds of $220,000; $170,000 from an unrelated group of investors and $50,000 from Mr. John Drake the Company's CEO.

As at April 30, 2006 COTI had total assets of $288,781 of which $170,464 was cash compared to total assets of $84,993 for the year ending April 30, 2005 and $1,820 in cash.

Total liabilities at April 30, 2006 were $393,113 compared to $425,686 at April 30, 2005. At April 30, 2006 total liabilities included $171,266 (April 30, 2005 - $89,191) in accounts payable and accrued liabilities. Of the accounts payable balance at April 30, 2006, $103,432 related to accrued and billed professional fees associated with the reorganization and amalgamation activities initiated in March and April of 2006. Research advances were zero at April 30, 2006 (April 30, 2005 - $269,745) as a result of the debt for equity exchange noted above. Due to shareholders increased $80,444 to $127,194 at April 30, 2006 (April 30, 2005 - $46,750) and notes payable increase $25,000 to $45,000 (April 30, 2005 - $20,000). The increase in notes payable reflected a $25,000 non-refundable advance received from Aviator to support the operations of COTI until the proposed amalgamation with Aviator was completed.

COTI's working capital deficit at April 30, 2006 was $175,041, an improvement of $219,294 over the working capital deficit of $394,335 at April 30, 2005. Cash used in operations was $218,994 at April 30, 2006, an increase of $199,537 from $19,457 at April 30, 2005.

During 2006 COTI financed operations from debt and equity offerings. COTI raised $306,544 (April 30, 2005 – nil) from the sale of units through private placements. In addition, COTI received net proceeds of $80,444 (April 30, 2005 - $(17,986)) from shareholder advances and a $25,000 non-refundable advance from Aviator.