



Critical Outcome

Technologies Inc.

Letter to Shareholders

**Notice of the
FIFTH ANNUAL and SPECIAL MEETING of SHAREHOLDERS
to be held on Tuesday September 27, 2011**

and

**the MANAGEMENT INFORMATION CIRCULAR
dated August 22, 2011**

IMPORTANT INFORMATION FOR SHAREHOLDERS

August 22, 2011

Dear Shareholder:

On behalf of the management team and the Board of Directors (the "Board"), we would like to invite you to attend this year's Annual and Special Meeting of Shareholders (Meeting) of Critical Outcome Technologies Inc. (COTI), which will be held on Tuesday, September 27, 2011 at 9:30 a.m. Eastern time at the London Club, 177 Queens Avenue, London, Ontario.

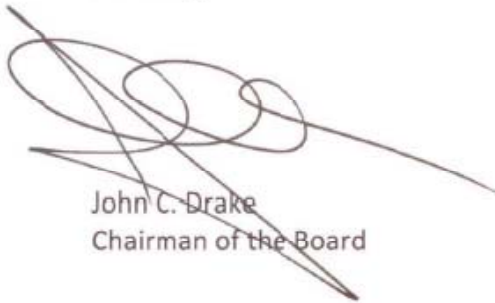
Enclosed are the Notice of the Meeting, the Management Information Circular and a Proxy or Voting Instruction form. Agenda items for the Meeting are detailed in the Notice of this our Fifth Annual and Special Meeting of Shareholders.

We encourage you to exercise your right to vote and would appreciate you returning the signed Proxy or Voting Instruction form to ensure that your vote is counted.

We would also like to acknowledge the contributions on your behalf from Mr. Michael Cloutier who left the Board in March 2011; we are most grateful for his counsel, professionalism and contributions.

We thank you for your continued support as an investor and look forward to the coming year as we build on our accomplishments of 2011. We hope that we will have the opportunity to welcome you at the Meeting.

Sincerely,


John C. Drake
Chairman of the Board


Dr. Wayne R. Danter
President & Chief Executive Officer

CRITICAL OUTCOME TECHNOLOGIES INC.

Registered Office – London, Ontario

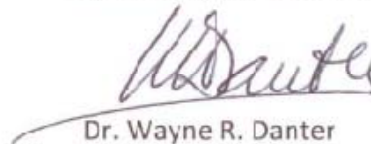
NOTICE OF THE FIFTH ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

Notice is hereby given that the Annual and Special Meeting of the Shareholders of Critical Outcome Technologies Inc. (the “**Company**” or “**COTI**”) will be held in London, Ontario on Tuesday, September 27, 2011 at 9:30 a.m. Eastern time for the following purposes:

- (1) to receive the financial statements for the year ended April 30, 2011 and the report of the auditors thereon;
- (2) to fix the number of members of the Board of Directors to be elected at the Meeting at seven (7) and thereafter empower the directors of the Company to determine from time to time the number of directors of the Company within the minimum and maximum numbers provided for in the Articles of the Company;
- (3) to elect directors of the Company for the ensuing year;
- (4) to appoint auditors for the ensuing year and to authorize the directors of the Company to fix their remuneration;
- (5) to consider and, if deemed advisable, to pass an ordinary resolution approving the continuation of the Company’s Stock Option Plan as a rolling stock option plan; and,
- (6) to transact such other business as may be properly brought before the meeting or any adjournment thereof.

Particulars of the matters referred to above are set forth in the accompanying Management Information Circular.

By Order of the Board of Directors



Dr. Wayne R. Danter
President & Chief Executive Officer

London, Ontario
August 22, 2011

HOLDERS OF COMMON SHARES WHO DO NOT EXPECT TO BE PRESENT AT THE ANNUAL AND SPECIAL MEETING ARE REQUESTED TO COMPLETE, DATE AND SIGN THE ACCOMPANYING FORM OF PROXY AND TO RETURN IT TO COMPUTERSHARE INVESTOR SERVICES INC. IN THE POSTAGE PAID ENVELOPE ENCLOSED FOR THAT PURPOSE. IN ORDER TO BE VOTED AT THE ANNUAL AND SPECIAL MEETING OR AT ANY ADJOURNMENT THEREOF, THE COMPLETED FORM OF PROXY MUST BE RECEIVED BY COMPUTERSHARE INVESTOR SERVICES INC., 9TH FLOOR, 100 UNIVERSITY AVENUE, TORONTO, ONTARIO, M5J 2Y1 ATTENTION: PROXY DEPARTMENT, NOT LATER THAN 9:30 A.M. EASTERN TIME ON FRIDAY, SEPTEMBER 23, 2011. YOU MAY ALSO VOTE YOUR SHARES USING THE TELEPHONE OR INTERNET BY FOLLOWING THE INSTRUCTIONS AS OUTLINED IN THE FORM OF PROXY.

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CRITICAL OUTCOME TECHNOLOGIES INC.
(herein referred to as "COTI" or the "Company")
Management Information Circular
dated August 22, 2011
For the Annual and Special Meeting of
Shareholders to be held on Tuesday, September 27, 2011

A. VOTING INFORMATION AND PROXIES

1. Solicitation of Proxies

This management information circular (the "Information Circular") is furnished in connection with the solicitation of proxies by or on behalf of management for use at the Annual and Special Meeting of Shareholders (the "Meeting") to be held at the London Club, 177 Queens Avenue, London, Ontario, N6A 1J1 on Tuesday, September 27, 2011 at 9:30 a.m. Eastern time and any adjournment thereof for the purposes set forth in the accompanying Notice of Annual and Special Meeting of Shareholders. The directors have fixed Tuesday, August 23, 2011 as the record date for determining shareholders entitled to receive notice of the Meeting.

2. Who is soliciting my proxy?

This solicitation is made on behalf of management. The Company will bear the costs incurred in the preparation and mailing of the Form of Proxy, Notice of Annual and Special Meeting and this Information Circular. In addition to mailing forms of proxy, proxies may be solicited by personal interviews, or by other means of communication, by our directors, officers and employees who will not be remunerated for this activity.

3. Who can vote?

If you are a shareholder of record at the close of business on August 23, 2011, you are entitled to vote the common shares of the Company (Common Shares) registered in your name on that date, except to the extent that you have transferred the ownership of any of your Common Shares after August 23, 2011 and the transferee of those Common Shares produces properly endorsed share certificates or otherwise establishes that they own such Common Shares and demands, not later than 10 days before the Meeting, that their name be included on the list of shareholders entitled to receive notice of the Meeting, in which event the transferee shall be entitled to vote such Common Shares at the Meeting.

4. How do I vote?

a) Registered Shareholders

If you are a registered shareholder, you may vote in person at the Meeting. Alternatively, you may sign the enclosed form of proxy appointing the named persons, who are officers of the Company, or some other person you choose, who need not be a shareholder, to represent you as proxyholder at the Meeting and vote your shares. To exercise this right you should insert the name of the desired representative in the blank space provided in the form of proxy and strike

out the other names or submit another appropriate proxy. The alternative document appointing a proxy must be executed and authorized by you or your attorney in writing or, if you are a corporation, under your corporate seal or by a duly authorized officer or attorney of the corporation. In order to be effective, the proxy must be deposited with our Corporate Secretary in care of Computershare Trust Company of Canada, 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, by 9:30 a.m. Eastern time on Friday, September 23, 2011.

b) Non-registered Shareholders

The information set forth in this section is of significant importance to you if you do not hold your Common Shares in your own name. Only proxies deposited by shareholders whose names appear in our records as registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in your brokerage account statement, then in almost all cases those Common Shares will not be registered in your name in our records. Such Common Shares will likely be registered under the name of your broker or an agent of that broker. Common Shares held by your broker or their agent can only be voted upon your instructions. Applicable regulatory policy requires your broker to seek voting instructions from you in advance of the Meeting. Without specific instructions, your broker or their agent is prohibited from voting your shares.

Every broker has its own mailing procedures and provides its own return instructions, which you should carefully follow in order to ensure that your shares are voted at the Meeting. Often the form of proxy supplied by your broker is identical to the form of proxy provided to registered shareholders; however, its purpose is limited to instructing the registered shareholder how to vote on your behalf. The majority of brokers now delegate responsibility for obtaining instructions from their clients to Broadridge Financial Solutions, Inc. (Broadridge) or another intermediary. If you receive a voting instruction form from Broadridge, or another intermediary, it cannot be used as a proxy to vote shares directly at the Meeting as the proxy must be returned as described in the voting instruction form well in advance of the Meeting in order to have the shares voted.

5. How will my proxyholder vote?

On the form of proxy, you may indicate either how you want your proxyholder to vote your Common Shares, or you can let your proxyholder decide for you. If you have specified on the form of proxy how you want your shares to be voted on a particular issue (by marking FOR, AGAINST, or WITHHOLD), then your proxy must vote your Common Shares accordingly. If you have not specified on the form of proxy how you want your Common Shares to be voted on a particular issue, then your proxyholder will vote in favour of the matters to be acted upon as set out in Section C: Business to be Transacted at the Meeting.

6. As a non-registered shareholder, how do I vote in person at the Meeting?

Although you may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of your broker (or agent of the broker), you may attend the Meeting as a proxyholder for the registered shareholder and vote Common Shares in that capacity. If you wish to attend the Meeting and indirectly vote your Common Shares as proxyholder for the registered shareholder, you should enter your own name in the blank space

on the form of proxy provided to you and return the same to your broker (or the broker's agent) in accordance with the instructions provided by your broker (or broker's agent), well in advance of the Meeting.

7. Can I revoke my proxy?

Yes, you may revoke your proxy at any time prior to a vote. If you or the person to whom you give your proxy attends personally at the Meeting, you or such person may revoke the proxy and you may vote in person. In addition to revocation in any other manner permitted by law, a proxy may be revoked by an instrument in writing executed by you or your attorney authorized in writing or, if you are a corporation, under your corporate seal or by a duly authorized officer or attorney of your company. To be effective, the instrument in writing must be deposited at our registered office, Suite 213, 700 Collip Circle, London, Ontario, N6G 4X8 at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the Chairman of the Meeting on the day of the Meeting, or any adjournment thereof.

8. What will I be voting on?

Shareholders are voting on the number of directors of the Company, the election of the directors of the Company, the appointment of KPMG LLP as external auditors of the Company, and the continuation of the Stock Option Plan as a rolling plan. For detailed information on each of the above listed items, please refer to Section C: Business to Be Transacted at the Meeting.

9. How will these matters be decided?

A simple majority of the votes cast by proxy or in person will constitute approval of each of the matters specified in Section C: Business to Be Transacted at the Meeting.

10. What if amendments are made to these matters or if other matters are brought before the Meeting?

The person named in the form of proxy will have discretionary authority with respect to amendments or variations to matters identified in the Notice of Annual and Special Meeting of Shareholders and with respect to other matters that may properly come before the Meeting. At the time of printing this Information Circular, management of COTI knows of no such amendment, variation or other matter expected to come before the Meeting. If any other matters properly come before the Meeting, the person named in the form of proxy will vote on them in accordance with their best judgment.

11. Who counts the votes?

Proxies are counted by a representative of McKenzie Lake Lawyers LLP who has been appointed scrutineer for the Meeting. McKenzie Lake Lawyers LLP is the corporate counsel to the Company.

12. How many votes do I have?

As a holder of Common Shares, you are entitled to one vote on a ballot at the Meeting for each Common Share you own.

B. VOTING SHARES AND PRINCIPAL SHAREHOLDERS

The Company is authorized to issue an unlimited number of Common Shares without nominal or par value, which may be issued for such consideration as may be determined by resolution of the Board of Directors. As at August 22, 2011, there were 62,487,494 Common Shares issued and outstanding. The Company is also authorized to issue an unlimited number of preferred shares, issuable in series. Each series is issuable upon the terms and conditions as set by the Board at the time of creation, subject to class priorities. As at August 22, 2011, there were no preferred shares issued and outstanding.

A quorum for the transaction of business at the Meeting is at least two persons present, holding or representing not less than 5% of the Common Shares entitled to vote at the Meeting.

To the knowledge of the directors and executive officers of the Company, the following are the only persons who, as of August 22, 2011, beneficially owned, directly or indirectly or exercised control or direction over Common Shares carrying more than 10% of the votes attached to the Common Shares of the Company.

Name and Address of Holder	Type of Ownership	Number of Common Shares Held	Percent of Outstanding Common Shares
Dr. Wayne R. Danter ⁽¹⁾ London, Ontario	Direct & indirect	7,335,663	11.74%
John C. Drake ⁽²⁾ Port Stanley, Ontario	Direct & indirect	8,696,581	13.92%

Notes:

⁽¹⁾ Directly and indirectly through the Danter Family Trust

⁽²⁾ Directly and indirectly through Whippoorwill Holdings Limited

C. BUSINESS TO BE TRANSACTED AT THE MEETING

1. Financial Statements

The audited financial statements for the years ended April 30, 2011 and 2010 were filed on SEDAR on July 13, 2011 and can be found at www.sedar.com. They may also be found on the Company's website at www.criticaloutcome.com. The audited financial statements will be presented to the shareholders at the Meeting and no vote is required on this matter.

2. Number of Directors

According to the Articles of the Company, COTI may have between three and twelve directors. Management intends to place before the Meeting, for approval, with or without modification, a resolution fixing the Board at seven (7) members and thereafter empowering the Board to determine from time to time the number of directors of the Company within the minimum and

maximum numbers. Once the Articles of the Company have been amended as provided herein and subject to the Business Corporations Act (Ontario), the directors would have the ability to appoint additional directors between annual meetings of shareholders.

In the absence of a contrary instruction, the persons designated by management of the Company in the enclosed form of proxy intend to vote FOR the resolution fixing the number of directors of the Company within the minimum and maximum numbers of directors provided for in the Articles of the Company at seven (7) and thereafter empower the Board to determine from time to time the number of directors of the Company within the minimum and maximum numbers provided for in the Articles of the Company.

3. Election of Directors

Proxies solicited will be voted for the following proposed nominees (or for substitute nominees in the event of contingencies not known at present) who will, subject to the by-laws of the Company and applicable corporate law, hold office until the next annual meeting or until his or her successor is duly elected or appointed, unless his or her office is vacated in accordance with the by-laws. The nominees for election as directors of the Company are:

Douglas S. Alexander	Dr. Wayne R. Danter	John C. Drake
Dr. Kathleen A. Ferguson	Bruno Maruzzo	Dr. Brent Norton
Murray Wallace		

All of the persons named above are currently members of the Board. The term of office of each of the current directors will expire at the close of the Meeting, or any adjournment thereof. Management of the Company does not contemplate that any of the persons named above will, for any reason, become unable or unwilling to serve as a director. However, if that should occur prior to the election, the nominee designated in the accompanying form of proxy reserves the right to vote for the election of such other person as such nominee in their discretion determines.

The information as to shares beneficially owned, directly or indirectly, or over which control or direction was exercised is set forth in the biographies below as at August 22, 2011 and, not being within the knowledge of the Company, has been furnished by the respective nominees individually.

In the absence of a contrary instruction, the persons designated by management of the Company in the enclosed form of proxy intend to vote FOR the election of the following persons as directors of the Company: Douglas S. Alexander, Dr. Wayne R. Danter, John C. Drake, Dr. Kathleen A. Ferguson, Bruno Maruzzo, Dr. Brent Norton and Murray Wallace.

There are three standing committees of the Board: the Audit Committee, the Compensation Committee and the Governance and Nominating Committee. The mandate of the Governance and Nominating Committee as well as the Compensation Committee was fulfilled during fiscal 2011 by the Board. Directors who are members of the audit committee are identified in the following biographies.

<p><u>John C. Drake</u> LLB</p> <p>Port Stanley, Ontario</p> <p>President of Drake Goodwin Corp.</p> <p>Director Since: February 20, 2007</p> <p>Non-independent Director (former CEO)</p>	<p>Mr. Drake is the President (since April 1985) and founding partner of Drake Goodwin Corporation, a London, Ontario private investment firm with diverse interests. Mr. Drake is also a partner in Cassandra Capital L.P., a private venture capital firm specializing in early stage technology investments. He is currently Vice Chairman of Children’s Choice Learning Centers, a private company and a leading provider of corporate childcare in the United States. From 2002-2008 Mr. Drake was Chairman of DGM Bank and Trust Inc., a privately owned offshore bank located in Barbados. He is also co-owner of Redtail Golf Course, an exclusive private golf course located near Port Stanley, Ontario. Mr. Drake has provided extensive support to community events and was appointed an Honorary Colonel of the 1st Hussars of the Royal Canadian Armored Corps in 1999. Mr. Drake obtained his BA and LLB degrees from the University of Western Ontario and has been a member of the Law Society of Upper Canada since 1973.</p>		
	<p>Other Public Company Directorships in the Past Five Years</p> <ul style="list-style-type: none"> • 2009-present, iLOOKABOUT Corp., a TSXV listed company - Chairman of the Board since May 2009. • 2006-2008, Discovery Air Inc., a TSX listed company. 		
	<p>Board/Committee Membership</p>		<p>Attendance</p>
	<p>Board (Chair)</p>		<p>7 of 7</p>
	<p>Combined Total</p>		<p>100%</p>
	<p>Equity Ownership⁽¹⁾</p>		
	<p>Common Shares</p>	<p>Stock Options</p>	<p>Warrants</p>
	<p>8,696,581</p>	<p>734,802</p>	<p>3,196,428</p>

<p><u>Dr. Wayne R. Danter</u> MD, FRCPC</p> <p>London, Ontario</p> <p>President, Chief Executive Officer, and Chief Scientific Officer</p> <p>Director Since: October 13, 2006</p> <p>Non-Independent Director (current CEO)</p>	<p>Dr. Danter is one of the founders of COTI and the inventor of the CHEMSAS® process. He trained at the University of Western Ontario (UWO) in Internal Medicine and Clinical Pharmacology and is responsible for the discovery and profiling of the Company's small molecule portfolios, collaboration projects with pharmaceutical partners, and continued development of COTI’s proprietary technology CHEMSAS®. Dr. Danter also plays a significant role in developing the business applications of COTI's proprietary technology. Prior to full time employment with COTI in 2005, Dr. Danter was an Associate Professor of Medicine at UWO.</p>		
	<p>Other Public Company Directorships in the Past Five Years</p>		
	<p>None.</p>		
	<p>Board/Committee Membership</p>		<p>Attendance</p>
	<p>Board</p>		<p>7 of 7</p>
	<p>Combined Total</p>		<p>100%</p>
	<p>Equity Ownership⁽¹⁾</p>		
	<p>Common Shares</p>	<p>Stock Options</p>	<p>Warrants</p>
<p>7,335,663</p>	<p>469,495</p>	<p>121,428</p>	

<p><u>Douglas S. Alexander</u> CA</p> <p>London, Ontario</p> <p>Professional Corporate Director</p> <p>Director Since: September 18, 2008</p> <p>Independent Director</p>	<p>Prior to his current role as a Professional Corporate Director, Mr. Alexander served as Chief Financial Officer of various Canadian public companies for 15 years, the most recent being from 1999 to 2004 as Executive Vice President and Chief Financial Officer of Trojan Technologies Inc., an international environmental technology company. Mr. Alexander is a Chartered Accountant and a Chartered Director, having graduated in 2009 from the Director's College, a joint venture between McMaster University and the Conference Board of Canada.</p>			
	<p>Other Public Company directorships in the Past Five Years</p>			
	<ul style="list-style-type: none"> • 2010-present, Biorem Inc., a TSX-listed company • 2005-present, Hydrogenics Corporation, a NASDAQ and TSX listed company – Chairman of the Board since July 2009. • 2005-2008, Saxon Financial Inc., a TSX listed investment management firm acquired by MacKenzie Financial Corporation, a subsidiary of IGM Financial Inc. in September 2008. 			
	<p>Board/Committee Membership</p>		<p>Attendance</p>	
	Board		6 of 7	86%
	Audit		6 of 6	100%
	Combined Total		12 of 13	92%
	<p>Equity Ownership⁽¹⁾</p>			
	Common Shares	Stock Options	Warrants	
	61,250	269,910	46,250	

<p><u>Dr. Kathleen A. Ferguson</u> MD, FRCPC</p> <p>London, Ontario</p> <p>Associate Professor of Medicine, University of Western Ontario</p> <p>Director Since: October 13, 2006</p> <p>Independent Director</p>	<p>Dr. Ferguson is one of the founders of COTI. She is a graduate of the University of Western Ontario (UWO) Medical School and trained in Respiriology at UWO. She completed her Clinical Research Fellowship at the University of British Columbia in 1994 and has been a Faculty Member at UWO since that time. She has been an Associate Professor of Medicine at the Schulich School of Medicine at UWO since 2000. She is active in clinical practice, clinical research and teaching. In addition to clinical respirology, her other clinical interests are in Sleep Disordered Breathing and Smoking Cessation. Her main clinical research efforts are focused on improving the diagnosis and treatment of sleep apnea. Her extensive background in scientific research and her years of clinical experience are an important resource for COTI and the Board.</p>			
	<p>Other Public Company Directorships in the Past Five Years</p>			
	<p>None.</p>			
	<p>Board/Committee Membership</p>		<p>Attendance</p>	
	Board		6 of 7	86%
	Combined Total		6 of 7	86%
	<p>Equity Ownership⁽¹⁾</p>			
	Common Shares	Stock Options	Warrants	
	4,053,972	424,341	108,000	

<u>Bruno Maruzzo</u> MBA Toronto, Ontario President of TechnoVenture Inc. Director Since: October 13, 2006 Independent Director	Mr. Maruzzo has worked with a variety of public and private technology companies in the computer and life science sectors, where he held positions in a range of areas including business development, corporate development, investor relations, engineering and general management. He also worked in the venture capital field sourcing, assessing and making investments in early-stage, technology-based companies in Canada and the US. He holds Masters Degrees in Biomedical Engineering and Business Administration from the University of Toronto.			
	Other Public Company Directorships in the Past Five Years			
	<ul style="list-style-type: none"> • 2003 to present, Pinetree Capital, a TSX-listed company. • 2007 to present, Hamilton Thorne Limited (formerly Calotto Capital), a TSXV-listed company. • 2008 to present, Minati Capital, a TSXV-listed company. • 2008 to present, Drift Lake Resources, a TSXV-listed company. • 2008 to October 2010, Cleanfield Alternative Energy, a TSXV-listed company. • March 2010 to present, Diagnos Inc., a TSXV-listed company. 			
	Board/Committee Membership		Attendance	
	Board	6 of 7	86%	
	Audit	6 of 6	100%	
	Combined Total	12 of 13	92%	
	Equity Ownership⁽¹⁾			
	Common Shares	Stock Options	Warrants	
	66,250	493,886	36,250	

<u>Dr. Brent Norton</u> MD, MBA, ICDD <u>Toronto, Ontario</u> Director Since: April 1, 2011 Non-Independent Director (consulting agreement)	Dr. Norton is an accomplished leader in the Life Science industry with significant experience as a Founder, President, CEO and Director of several successful Life Science companies. Having completed his medical training at McGill University, Dr. Norton subsequently obtained a Masters of Business Administration at the University of Western Ontario's Richard Ivey School of Business and is a certified director from the Institute of Corporate Directors. Dr. Norton is an advisor to the Richard Ivey School of Business Healthcare MBA sector and the Ivey Center for Health Innovation and Leadership; a director of the Ontario Bioscience Industry Organization and a director of the Osler Bluff Ski Club.			
	Other Public Company Directorship in Past Five Years			
	<ul style="list-style-type: none"> • 1994 to present, PLC Medical Systems, an OTC BB-listed company. • April 2009 to present, PreMD Inc.⁽²⁾ • 2002 to May 2011, Novadaq Technologies Inc., a TSX-listed company 			
	Board/Committee Membership		Attendance	
	Board ⁽³⁾	1 of 7	29%	
	Combined Total ⁽³⁾	1 of 7	29%	
	Equity Ownership⁽¹⁾			
	Common Shares	Stock Options	Warrants	
	625,000	⁽⁴⁾ 256,818	625,000	

<p><u>Murray Wallace</u> FCA</p> <p>London, Ontario</p> <p>Chief Executive Officer (CEO) of Granite Global Solutions</p> <p>Director Since: April 23, 2007</p> <p>Independent Director</p>	<p>Mr. Wallace is the CEO of Granite Global Solutions, a risk management company and Chairman of Park Street Capital Corporation, an investment and consulting company. He is a Fellow of the Institute of Chartered Accountants of Ontario (FCA). He began his business career in Regina in 1972 and held various positions with the Government of Saskatchewan, including that of Deputy Minister of Finance and Deputy Minister to the Premier. Over his 35-year career, he has held several senior executive roles with prominent organizations including Saskatchewan Government Insurance, National Trust, Royal Trust, Wellington Insurance, Avco Financial Services Canada and Axia NetMedia. Mr. Wallace was also a director from 2004 until May 1, 2010 of Western Surety Co., a private company with diverse business interests headquartered in Regina, Saskatchewan.</p>			
	<p>Other Public Company Directorships in the past five years</p>			
	<ul style="list-style-type: none"> • 2004-present, Terravest Income Fund, a TSX listed unincorporated open-ended investment trust. • 2007-present, Canada Pension Plan Investment Board, a federal crown corporation. • 2004-2007, Ipsco Inc., a TSX listed company. 			
	<p>Board/Committee Membership</p>		<p>Attendance</p>	
	Board		6 of 7	86%
	Audit (Chair)		6 of 6	100%
	Combined Total		12 of 13	92%
<p>Equity Ownership⁽¹⁾</p>				
Common Shares		Stock Options	Warrants	
141,250		516,125	36,250	

Notes:

- (1) Number of Common Shares, stock options and warrants beneficially owned, directly or indirectly, or controlled or directed.
- (2) PreMD Inc. was delisted from the TSX in April 2009 as discussed below.
- (3) Dr. Norton was appointed to the Board on March 31, 2011 and accordingly was only eligible to attend one Board meeting during fiscal 2011.
- (4) The Company entered into a consulting agreement with Dr. Norton effective June 1, 2011 and granted him 200,000 options under this agreement as part of his compensation package.

To the knowledge of the Company, no proposed director is, or has been within the last ten years, a director or executive officer of any company that, while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold its assets other than Mr. Bruno Maruzzo as described below.

Mr. Maruzzo was a director of CCPC Biotech Inc. (TSX: CBO), which was subject to a cease trade order issued by the Alberta Securities Commission on July 19, 2002 for failure to file required financial information and a similar order issued by the British Columbia Securities Commission on September 4, 2002. Trading of the company's shares remained suspended until the company was delisted on November 19, 2003. The management information circular of CCPC Biotech Inc. dated February 27, 2004 refers to the company's financial difficulties, resulting in part from unauthorized advances from the company to its CEO, who later declared personal bankruptcy. The company was voluntarily dissolved on December 16, 2004.

Mr. Maruzzo was also a director of Materials Protection Technologies Inc. (TSX: YTP; now quoted under the symbol MTXLF on NASDAQ OTC) which was subject to a cease trade order issued by the Ontario Securities Commission on May 22, 2002 for failure to file required financial information due to the company's financial difficulties, and similar orders issued by each of the British Columbia Securities Commission on May 29, 2002 and the Alberta Securities Commission on June 21, 2002. Trading of the company's shares remained suspended until the company was delisted on June 20, 2003.

Mr. Maruzzo was also a director of World Wise Technologies Inc. (CDNX: YWW) and along with other insiders of the company, subject to individual cease trade orders issued by the Ontario Securities Commission on February 21, 2003 as a result of the company's failure to make statutory filings due to lack of funds. The company was delisted in June 2003 from the CDNX.

Dr. Norton is currently the President and CEO of PreMD Inc. and, in connection with the voluntary delisting of PreMD Inc.'s shares from the Toronto Stock Exchange, a cease trade order was issued in Ontario on April 20, 2009 requiring all trading in and all acquisitions of securities of PreMD Inc. to cease permanently due to PreMD Inc.'s failure to file continuous disclosure materials required by Ontario securities law. The cease trade order is still in effect.

4. Appointment of Auditors

Management and the Board propose that KPMG LLP be reappointed as auditors of the Company to hold office until the close of the next annual meeting of shareholders. KPMG LLP has been the auditor of the Company since becoming a public company in October 2006.

Management proposes that the shareholders authorize the directors to fix the remuneration of the auditors in accordance with prior year's practice. Such remuneration has been based upon the complexity of the matters dealt with and time spent in providing services to the Company. Management feels that the remuneration negotiated in the past with the auditors of the Company has been reasonable under the circumstances and would be comparable to fees charged by other auditors providing similar services.

In the absence of a contrary instruction, the persons designated by management of the Company in the enclosed form of proxy intend to vote FOR the appointment of KPMG LLP as auditors of the Company and authorize the directors to fix their remuneration.

5. Resolution Relating to the Stock Option Plan

The holders of the Common Shares will be asked at the Meeting, or any adjournment thereof, to consider and, if deemed advisable, to pass the following resolution:

RESOLVED that the continuation of the Stock Option Plan as a rolling plan (that is, the Plan provides that the number of shares available for purchase pursuant to options granted in accordance with the Plan shall not exceed 10% of the outstanding shares from time to time) be approved.

At August 22, 2011, there are 62,487,494 options granted and outstanding, and 2,231,564 available for grant under the Plan. The Board recommends that holders of Common Shares vote in favour of the resolution.

In order to be approved, the resolution must be passed by a majority of the votes cast collectively by the holders of the Common Shares present in person or represented by proxy at the Meeting.

In the absence of a contrary instruction, the persons designated by management of the Company in the enclosed form of proxy intend to vote FOR the resolution.

D. STATEMENT OF EXECUTIVE COMPENSATION

1. Compensation Discussion and Analysis

The Company does not presently have a formal compensation program or strategy related to the compensation earned by: (a) the President and Chief Executive Officer, (b) the Chief Financial Officer, and (c) the other three most highly compensated “executive officers” during the financial year ended April 30, 2011 (the “Named Executive Officers” or “NEO”). Presently, executive compensation decisions are recommended by management to the Compensation Committee and then referred to the Board.

The Company endorses the concept that executive compensation should meet the following objectives:

- align the interests of executive officers with the short and long term interests of shareholders;
- link executive compensation to the performance of the Company and the individual; and,
- compensate executive officers at a level and in a manner that ensures the Company is capable of attracting, motivating, retaining and inspiring individuals with exceptional skills.

The context within which the Company’s executive compensation has been established is relevant to understanding the lack of a formal compensation program:

- the Company remains in the early stage of its development having not yet achieved a material commercial transaction since becoming a reporting issuer in October 2006;
- the Company has generated minimal commercial revenue to date;
- the Company has only 9 employees; and,
- the Company has limited resources to expend on typical compensation elements.

Compensation of NEO is made up of the following elements: (1) base salary (2) share options (granted on a discretionary basis by the Board) and (3) participation in the Company’s group benefits plan.

The Board has determined that the salary levels provided to its NEO are consistent with salaries paid to NEO in companies at a similar stage of development within the biotech industry based upon their knowledge and experience and are consistent with the job descriptions and skill sets required for these roles.

The Company does not currently have a formal compensation review program for its NEO that includes option-based awards, either incentive based or otherwise, and accordingly no such option-based awards were granted to NEO in 2011 or prior years. Options granted to NEO occurred either because of their membership as a director on the Board as described under Director Compensation or on a discretionary basis as noted in the footnotes to the Summary Compensation Table - NEO.

The Company's group benefits plan (GBP) was established in October 2007 by a quotation process and offers healthcare, dental care, vision care and life insurance benefits paid by the Company as well as short and long term disability paid by the employee. NEO participate in the GBP on the same basis as all employees in the Company. This plan is not available to the Company directors.

The Company does not offer its NEO any perquisites or personal benefits.

Details of the contractual and non-contractual arrangements with the NEO are set out below.

Chief Executive Officer

In 2008, Mr. John Drake, who had occupied the position of Chairman of the Board and Chief Executive Officer resigned the office of Chief Executive Officer in favour of Mr. Michael Cloutier. Mr. Drake had performed the function of Chief Executive Officer during the initial stages of the Company's existence as a public company and had done so without compensation.

A contract for part time services (75% of full time equivalent) as Chief Executive Officer was entered into with Mr. Cloutier effective October 31, 2008. The employment arrangement was for a term of six months, which was extended in accordance with the terms of the employment agreement. Mr. Cloutier resigned his position as CEO effective July 1, 2010 and Dr. Danter was appointed CEO in his place. Mr. Cloutier continued as a director of COTI until March 2011.

Dr. Wayne Danter, one of the Company's founders, has been employed with the Company as President since May 1, 2005 and continued his employment under the terms of an employment agreement negotiated with the Company dated March 1, 2006 prior to the Company becoming a reporting issuer. The initial term of this employment agreement was five years and expired on April 30, 2011. The Company is currently in the process of renewing an agreement with Dr. Danter. There was no change in the employment arrangement with Dr. Danter under his agreement to the Company's April 30, 2011 year end other than:

- Dr. Danter received a salary increase in August 2007.
- Dr. Danter received a bonus payment of \$30,359 in February 2008 under the terms of a Bonus Agreement, to which the Company became a party upon acquiring a 100% ownership position in 3015402 Ontario Inc. (formerly 6441513 Canada Inc.)

operating as DDP Therapeutics (DDP), in November 2007. The bonus payment was due upon the achievement of any completed milestone at the time of a Phase Three Financing (PTF) for the small cell lung cancer (SCLC) molecules owned by DDP. The Company completed a PTF for the development of the SCLC molecules concurrently with acquiring the 100% interest in DDP.

- Dr. Danter's vacation entitlement was increased from 4 weeks to 6 weeks in 2009.
- As a director of the Company, Dr. Danter received stock options at each grant of options to Board members consistent with the formula applied to issuance of stock options to all directors on June 10, 2008, January 7, 2009, February 17, 2009, September 10, 2009 and October 28, 2010.
- Effective July 1, 2010, Dr. Danter was appointed the President & CEO with no changes in his compensation arrangements.

Chief Financial Officer

Mr. Gene Kelly commenced employment as Chief Financial Officer on a part-time basis effective May 1, 2006 and moved to full time employment on January 2, 2007. There is no written employment agreement with Mr. Kelly. Mr. Kelly's salary was established by the President at the time. There has been no change in the employment arrangement with Mr. Kelly other than:

- Mr. Kelly was granted 150,000 stock options in January 2007.
- Mr. Kelly received a salary increase in September 2007.
- Mr. Kelly was granted 48,936 stock options in February 2010.

No material changes have been made to NEO compensation since the most recently completed financial year except that the Compensation Committee of the Board is currently conducting a review and discussing new contracts to be entered into with its NEO.

2. Summary Compensation Table - NEO

The following table provides compensation information for each of the NEO during the financial years ended April 30 respectively.

Name and Principal Position	Year ⁽³⁾	Salary (\$) ⁽⁴⁾	Share Based Awards (\$) ⁽⁵⁾	Option Based Awards (\$) ⁽⁶⁾	Non-equity incentive plan compensation (\$) ⁽¹⁰⁾		Pension Value ⁽¹¹⁾	All Other Compensation (\$) ⁽¹²⁾	Total Compensation (\$)
					Annual Incentive Plans	Long Term Incentive Plans			
John Drake ⁽¹⁾ Chief Executive Officer	2011	n/a		⁽⁷⁾ 30,000				5,500	35,500
	2010	n/a		⁽⁷⁾ 44,222				9,000	53,222
	2009	nil		⁽⁷⁾ 109,126				1,000	110,126
Michael Cloutier ⁽¹⁾⁽²⁾ Chief Executive Officer	2011	44,951		⁽⁷⁾ 15,000				2,000	61,951
	2010	240,000		⁽⁷⁾ 22,111				3,832	265,943
	2009	114,385		⁽⁸⁾ 328,266				3,842	446,493
Dr. Wayne Danter ⁽²⁾ President, Chief Executive Officer & Chief Scientific Officer	2011	170,000		⁽⁷⁾ 17,500				1,907	189,407
	2010	170,000		⁽⁷⁾ 25,796				1,994	197,790
	2009	170,000		⁽⁷⁾ 56,699				1,884	228,583
Gene Kelly Chief Financial Officer	2011	130,000		nil				1,468	131,468
	2010	130,000		⁽⁹⁾ 20,553				1,531	152,084
	2009	130,000		nil				1,446	131,446

Notes:

- (1) Effective October 31, 2008, Mr. Drake retired as Chief Executive Officer of the Company and Mr. Cloutier was appointed Chief Executive Officer.
- (2) Effective July 1, 2010, Mr. Cloutier resigned as Chief Executive Officer and was replaced by Dr. Danter.
- (3) All fiscal years are 12 calendar months ending on April 30.
- (4) Reflects actual paid earnings for the year specified.
- (5) The Company does not have any share based award programs.
- (6) The Company does not have any option based incentive award programs, however, options were granted to all directors of the Board as a retainer for their service on the Board in lieu of cash payments regardless of being NEO. Awards granted prior to fiscal 2011 vested immediately upon grant and awards granted in fiscal 2011 vested evenly on a quarterly basis from the date of grant. Non-director NEO received option grants at the discretion of the Board. All amounts disclosed are based upon the grant date fair value of the award. Details of the Company's stock option plan including the methodology used to calculate the grant date fair value and the key assumptions and estimates used in the calculation are discussed under "Stock Option Plan" below.
- (7) Stock options granted as retainer fees to the Board of Directors.
- (8) Consists of 500,000 stock options granted as part of the CEO compensation package upon hire with 100,000 options vesting on each of April 30 and October 31, 2009 and 150,000 options vesting on October 31 in each of 2010 and 2011 and 33,333 stock options granted as retainer fees as a director on the Board. The CEO compensation options were valued at \$295,500 and the director options at \$32,766. All these options expired on June 29, 2011.
- (9) Stock options granted concurrently with all employees, except the CEO and President, in lieu of cash salary increases.
- (10) The Company does not have any annual or long term non-equity incentive plans.
- (11) The Company does not have a pension plan.
- (12) Consists of taxable life insurance benefits and directors' meeting fees paid when not an NEO.

3. Incentive Plan Awards - NEO

Form 51-102F6 (the “Form”) sets out a definition of “incentive plan award” as compensation awarded, earned, paid, or payable under an incentive plan. The Form further defines an incentive plan to mean any plan providing compensation that depends on achieving certain performance goals or similar conditions within a specified period. The Company currently does not have formal compensation programs that provide for share-based or option-based incentive awards for its NEO or other employees. The Company’s stock option plan (SOP) is administered on a discretionary basis by the Board. To date the awarding of options under the SOP has been primarily to directors, employees, advisors and consultants under a cash conservation policy in exchange for services in lieu of cash payments. The outstanding stock options issued to each NEO under the SOP and outstanding at April 30, 2011 are set out in the table below.

Outstanding Share-Based and Option-Based Awards - NEO

Name	Option-based Awards				⁽⁵⁾ Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	⁽³⁾ Option expiration date	⁽⁴⁾ Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not been vested (#)	Market or payout of value of share-based awards that have not vested (\$)
John Drake, CEO	⁽¹⁾ 100,000	\$0.64	January 11/12	nil		
	⁽²⁾ 150,000	\$1.35	March 25/12	nil		
	⁽¹⁾ 80,022	\$0.75	June 9/13	nil		
	⁽¹⁾ 61,111	\$0.90	February 16/14	nil		
	⁽¹⁾ 111,111	\$0.50	September 9/14	nil		
	⁽¹⁾ 232,558	\$0.165	October 27/15	20,349		
	734,802					
Michael Cloutier, CEO	⁽¹⁾ 33,333	\$0.90	February 16/14	nil		
	⁽¹⁾ 55,556	\$0.50	September 9/14	nil		
	⁽¹⁾ 116,279	\$0.165	October 27/15	10,174		
	205,168					
Dr. Wayne Danter, CEO, President & CSO	⁽¹⁾ 100,000	\$0.64	January 11/12	nil		
	⁽²⁾ 100,000	\$0.64	January 11/12	nil		
	⁽¹⁾ 30,132	\$0.75	June 9/13	nil		
	⁽¹⁾ 38,889	\$0.90	February 16/14	nil		
	⁽¹⁾ 64,815	\$0.50	September 9/14	nil		
	⁽¹⁾ 135,659	\$0.165	October 27/15	11,870		
	469,495					
Gene Kelly, CFO	⁽²⁾ 100,000	\$0.64	January 11/12	nil		
	⁽²⁾ 50,000	\$0.70	January 14/12	nil		
	⁽²⁾ 48,936	\$0.47	February 11/15	nil		
	198,936					

Notes:

- ⁽¹⁾ Options granted in role as a director.
- ⁽²⁾ Options granted at Board discretion in role as an NEO.
- ⁽³⁾ All options are vested and have a five year life with the exception of options granted in fiscal 2011 that vest evenly on a quarterly basis from the grant date of October 28, 2010.
- ⁽⁴⁾ Based upon the net difference between the closing price for the common shares at April 30, 2011 of \$0.34 and the exercise price for options vested at that date.
- ⁽⁵⁾ The Company does not have any share-based awards.

4. Incentive Plan Awards – Value Vested or Earned During the Year - NEO

The following table provides information regarding the value of stock options granted during the year ended April 30, 2011 to NEO that would have been realized had the options been exercised on their vesting date.

Name	^{(1) (2)} Option-based awards – Value Vested During the Year (\$)	⁽³⁾ Share-based awards – Value Vested During the Year (\$)	⁽³⁾ Non-Equity Incentive Plan Compensation – Value Earned During the Year(\$)
John Drake, CEO	10,174		
Michael Cloutier, CEO	5,935		
Dr. Wayne Danter, President & CEO	5087		
Gene Kelly, CFO	Nil		

Notes:

- ⁽¹⁾ Options granted during the year to NEO vested on a quarterly basis commencing from the date of grant on October 28, 2010. Accordingly, the vesting dates occurring during fiscal 2011 were January 28 and April 28.
- ⁽²⁾ Based upon the net difference between the closing price for the common shares at their vesting date and the exercise price.
- ⁽³⁾ The Company does not have share-based awards or non-equity incentive plans.

5. Pension Plan Benefits

The Company does not currently offer any pension plan, retirement plan benefits or deferred compensation plans for its NEO or directors.

6. Termination and Change of Control Benefits

Under the terms of Dr. Danter’s employment agreement that expired on April 30, 2011, the Company was required to give six months prior notice to Dr. Danter or pay in lieu thereof, in the event that the Company did not intend to renew the term of employment beyond the initial term. The Company did not exercise this notice and is currently in the process of renewing an employment agreement with Dr. Danter. During this renewal period, it was agreed with Dr. Danter to continue to operate under the terms of the prior agreement. Under this agreement, in the event that Dr. Danter becomes disabled or in the event that the Company terminates Dr. Danter’s employment for reasons other than just cause, the Company is obligated to pay to Dr. Danter a lump sum payment equal to one-half of his base salary for the then current year of the employment agreement.

Other than as stated above, the Company is not currently bound by any contract, agreement, plan or arrangement that provides for payments to an NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change of control of the Company or a change in an NEO’s responsibilities other than as required by statute or under common law.

7. Director Compensation

Standard Compensation Arrangements

Each director of the Company received; (i) an annual retainer fee paid by a grant of stock options determined by formula using a notional cash value of \$15,000 divided by the fair value of the exercise price of the stock option to be granted in lieu of cash; (ii) meeting fees of \$500 cash per meeting for each Board and committee of the Board meeting attended except in the case of the Audit Committee, which was \$750 per meeting; and (iii) reimbursement from the Company for all reasonable travel expenses incurred in connection with Board or committee of the Board meetings. Directors who were management employees of the Company (Dr. Wayne Danter and Michael Cloutier up until July 1, 2010) did not receive meeting fees in connection with their participation in meetings of the Board or Committees on which they served. In addition, an annual retainer is paid by grant of stock options on the same formula basis as the annual board retainer for each committee of the Board with a notional cash value of \$2,500 per member for each committee appointment and a notional cash value of \$5,000 for a committee chair with the exception of the audit committee chair who receives a notional cash value of \$7,500.

Summary Compensation Table – Directors

The following table summarizes information regarding compensation paid to the Company's directors who were not NEO during the financial year ended April 30, 2011.

⁽¹⁾ Name	⁽²⁾ Meeting Fees Paid	Share Based Awards	⁽³⁾ ⁽⁴⁾ Option Based Awards	⁽⁵⁾ Non-equity Incentive Plan Compensation	⁽⁵⁾ Pension Value	⁽⁵⁾ All Other Compensation	Total Compensation
Douglas Alexander	\$10,250		\$20,000				\$30,250
Kathleen Ferguson	8,500		22,500				31,000
Bruno Maruzzo	10,750		22,500				33,250
Murray Wallace	10,750		25,000				35,750
Brent Norton	-		8,750				8,750
TOTALS	\$40,250		\$98,750				\$139,000

Notes:

- ⁽¹⁾ Compensation to NEO that were also directors is described in the Summary Compensation Table - NEO.
- ⁽²⁾ Meeting fees paid relates to cash payments for meetings whether of the Board or a committee of the Board. The annual Board and Committee retainer is paid by stock option grant, the fair value at date of grant of which is disclosed under the option based awards.
- ⁽³⁾ All options granted during the year vested quarterly from the date of grant on October 28, 2010 with the exception of those options granted to Dr. Norton who became a director on March 31, 2011 with such options synchronized to vest on the same schedule as the October 2010 grant.
- ⁽⁴⁾ Based upon the grant date fair value of the award using a Black Scholes valuation model.
- ⁽⁵⁾ The Company did not have non-equity incentive plan compensation or a pension plan for its directors and there was no Other Compensation provided to directors other than as described below under "Directors' and Officers' Insurance".

Outstanding Share-Based and Option-Based Awards – Directors

Name	Option-based Awards				⁽⁴⁾ Share-based Awards	
	⁽¹⁾ Number of securities underlying unexercised options (#)	Option exercise price (\$)	⁽²⁾ Option expiration date	⁽³⁾ Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not been vested (#)	Market or payout of value of share-based awards that have not vested (\$)
Doug Alexander	50,056	\$0.90	February 16/14	nil		
	64,815	\$0.50	September 9/14	nil		
	155,039	\$0.165	October 27/15	\$13,566		
	269,910					
Dr. Kathleen Ferguson	100,000	\$0.64	January 11/12	nil		
	31,347	\$0.75	June 9/13	nil		
	44,500	\$0.90	February 16/14	nil		
	74,075	\$0.50	September 9/14	nil		
	174,419	\$0.165	October 27/15	15,261		
	424,341					
Bruno Maruzzo	160,000	\$0.64	January 11/12	nil		
	40,949	\$0.75	June 9/13	nil		
	44,444	\$0.90	February 16/14	nil		
	74,074	\$0.50	September 9/14	nil		
	174,419	\$0.165	October 27/15	15,261		
	493,886					
Murray Wallace	130,000	\$1.00	April 30/12	nil		
	44,178	\$0.75	June 9/13	nil		
	55,556	\$0.90	February 16/14	nil		
	92,593	\$0.50	September 9/14	nil		
	193,798	\$0.165	October 27/15	16,957		
	516,125					
Dr. Brent Norton	56,818	\$0.15	March 30/16	\$1,433		

Notes:

- ⁽¹⁾ All options granted for role as a director in lieu of cash for retainer and committee membership.
- ⁽²⁾ All options vested quarterly from the date of grant on October 28, 2010 and have a five year life with the exception of those options granted to Dr. Norton who became a director on March 31, 2011 with such options synchronized to vest on the same schedule as the October 2010 grant.
- ⁽³⁾ Based upon the net difference between the closing price for the common shares at April 30, 2011 of \$0.34 and the exercise price for vested options at that date.
- ⁽⁴⁾ The Company does not have any share-based awards.

Incentive Plan Awards to Directors – Value Vested or Earned During the Year - Directors

The following table provides information regarding the value of stock options granted during the year ended April 30, 2011 to directors that would have been realized had the options been exercised on the vesting date.

Name	⁽¹⁾ Option-based awards – Value Vested During the Year (\$)	⁽²⁾ Share-based awards – Value Vested During the Year (\$)	⁽²⁾ Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)
Douglas Alexander	\$ 6,782		
Dr. Kathleen Ferguson	7,631		
Bruno Maruzzo	4,631		
Murray Wallace	8,479		
Dr. Brent Norton	\$ 1,357		

Notes:

⁽¹⁾ Based upon the net difference between the closing price for the common shares at the vesting date and the exercise price. All options granted during the year to directors vested quarterly from date of grant on October 28, 2010 and accordingly vesting during the fiscal year occurred on January 28 and April 28, 2011 with closing market prices on these dates of vesting of \$0.175 and \$0.33 respectively, except for those options granted to Dr. Norton who became a director on March 31, 2011 with such options synchronized to vest on the same schedule as the October 2010 grant.

⁽²⁾ The Company does not have share-based awards or non-equity incentive plans.

8. Directors' and Officers' Insurance

The Company maintains an executive and organization liability insurance policy that covers directors and officers for costs incurred to defend and settle claims against directors and officers of the Company to an annual limit of \$5,000,000 with retention of \$50,000 on securities and oppressive conduct claims and \$25,000 on all other claims. The cost of coverage for 2011 was approximately \$30,240. Directors and officers do not pay any portion of the premiums and no indemnity claims were made or became payable in 2011.

9. Indebtedness of Directors and Executive Officers

The Company does not make personal loans or extensions of credit to its directors or executive officers. No director or executive officer is currently indebted to the Company in respect to the purchase of securities or otherwise.

10. Interest of Informed Persons in Material Transactions

No director or executive officer had any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year ending April 30, 2011 or in any proposed transaction, which has materially affected or would materially affect the Company.

11. Retirement Policy for Directors

The Company does not have a retirement policy for its directors.

12. Securities Authorized for Issuance Under Equity Compensations Plans

The only compensation plan under which equity securities of the Company are authorized for issuance is the Stock Option Plan. The following table sets forth, as at April 30, 2011, information regarding the Stock Option Plan.

Plan Category	Number of Common Shares to be issued upon exercise of outstanding options (a)	Weighted average exercise price of outstanding options	Number of Common Shares remaining for future issuance under the Stock Option Plan excluding securities reflected in column (a)
Equity compensation plans approved by security holders	4,222,353	\$0.58	2,014,769
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	4,222,353	\$0.58	2,014,769

13. Stock Option Plan

The Company's shareholders initially approved the Stock Option Plan (SOP) at the Company's Annual and Special Meeting of Shareholders held on June 23, 2006 and the SOP has been approved at each Annual and Special Meeting of the Shareholders since then. The SOP was last amended by the shareholders of the Company on October 9, 2007.

The SOP was designed to advance the interests of the Company by encouraging directors, officers, employees, and consultants to have equity participation in the Company through the acquisition of Common Shares. In determining the terms of each grant of stock options to directors, officers, employees and consultants, consideration is given to the participant's present and potential contribution to the success of the Company. The aggregate maximum number of Common Shares that may be reserved for issuance under the SOP is 10% of the number of Common Shares authorized for issuance. As of August 22, 2011, options to purchase an aggregate of 4,017,185 Common Shares, representing approximately 6.4% of the issued and outstanding Common Shares, are outstanding under the SOP. No shares were issued from the exercise of options granted under the SOP during fiscal 2011. Any options granted under the SOP, which have been cancelled or terminated in accordance with the terms of the SOP without exercise, are available for re-granting under the SOP.

The exercise period for each stock option is not to be more than five years. Options are always granted subject to vesting requirements. The SOP allows the expiry date of options granted

there under to be the tenth day following the end of a self-imposed blackout period on trading securities of the Company in the event that the stock option grant would otherwise expire during or soon after such a blackout.

The exercise price per share shall not be less than the market value of the Common Shares as of the grant date. The market value of Common Shares for a particular grant is the closing trading price of the Common Shares on the day immediately preceding the grant date and may be less than this price if it is within the discounts permitted by the applicable regulatory authorities. The Common Shares are currently only listed for trading on the TSX Venture Exchange (TSXV). The Board cannot reduce the exercise price of any outstanding options. The Company has never repriced any of the stock options it has granted under the SOP.

Under the SOP, the Board may from time to time amend or revise the terms of the SOP or may discontinue the SOP at any time. The SOP is administered by the Compensation Committee of the Board. Subject to receipt of requisite regulatory approval, where required, and without further shareholder approval, the Compensation Committee may make the following amendments to the SOP: (a) housekeeping changes; (b) a change to the termination provisions of the SOP or of an option as long as the change does not permit the Company to grant an option with a termination date of more than five years from the date of the grant or to extend an outstanding option's termination date beyond such date; and (c) a change deemed necessary or desirable to comply with applicable law or regulatory requirements other than those specifically requiring shareholder approval as provided in the SOP.

The Company measures the grant date fair value of any stock options awarded using a Black-Scholes option pricing model in accordance with section 3870 of the Canadian Institute Chartered Accountants handbook. The key assumptions used in the option pricing model and the total estimated stock option compensation for all NEO and directors for the respective years are set out in the table below.

Assumption	2009	2010	2011
Risk free interest rate	2.2 - 4.0 %	1.5 - 2.8 %	2.11 - 2.57
Expected dividend yield	-	-	-
Expected share volatility	115 - 210 %	110 - 149 %	144%
Expected average option life in years	5.0	2.0 - 5.0	5.0
Estimated stock option compensation	\$916,479	\$296,943	\$161,250

E. STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Corporate governance relates to the activities of the Board, whose members are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day-to-day management of the Company. The Board is committed to sound corporate governance practices, which are both in the interest of its shareholders and contribute to effective and efficient decision making. The Board is of the view that the Company's general approach to corporate governance, summarized below as required by applicable securities legislation, is

appropriate and substantially consistent with practices reflected in National Policy 58-201 Corporate Governance Guidelines (the “Guidelines”).

1. Board Membership

The Guidelines recommend that the Board of every listed company should be constituted by a majority of individuals who qualify as “independent” directors. An “independent” director is a director who has no direct or indirect material relationship with the issuer. A “material relationship” is defined as a relationship, which could, in the view of the issuer’s Board, reasonably interfere with the exercise of a director’s independent judgment.

The Board is currently composed of seven directors, two of whom (Dr. Danter and Mr. Drake) are executive officers or former executive officers of the Company and are thus considered to have a material relationship with it. A third director, Dr. Brent Norton, entered into a consulting agreement with the Company effective June 1, 2011 and is deemed to have a “material relationship” with the Company. The remaining four directors are independent. Accordingly, the majority (57.1%) of the directors are independent.

2. Directorships

The directors of the Company who are directors of other reporting issuers in Ontario or any foreign jurisdiction are as set out in the directors’ biographies.

3. Meetings of Independent Directors

The Audit Committee, whose members are comprised entirely of directors who are independent within the meaning of the Guidelines, has since inception held “in camera” sessions without management present as part of its regular Audit Committee meeting program. Similarly, the independent directors of the Board commenced holding in camera sessions of the independent directors as a regular part of Board meetings in 2011.

4. Chairman of the Board

The Chairman of the Board, Mr. Drake, is not an independent director as he was until November 1, 2008 the Chief Executive Officer.

5. Orientation and Continuing Education

Currently, management performs orientation for new Board members. This consists of the following:

- during the initial assessment process prior to becoming a Board member, the candidate is directed to the Company’s web site and to the SEDAR site for the Company’s public documents;
- based upon the significant amount of information available from these sources, management fields questions based upon the candidates review;

- once a candidate becomes a director and has signed a confidential disclosure agreement, management provides an in depth review of the science and technology of the Company to the extent the director desires;
- management provides on-going distribution of relevant materials in a number of areas depending upon the director's committee involvement and general industry information of important relevance to the Company. For example, Audit Committee members are directed to enroll in the auditors e-mail service where they can subscribe to various publications of interest as it relates to Audit Committees and new accounting pronouncements. The CFO supplements this by providing copies of particularly relevant materials and analysis of their applicability to the Company on an ongoing basis throughout the year.

6. Ethical Business Conduct

The Board prescribes a high standard of ethical business conduct in all dealings related to the affairs of the Company. The Governance and Nominating Committee developed, and the Board approved, a code of ethics and business conduct (the "Code") in fiscal 2007 that applies to all directors, officers and employees, a copy of which is attached as Schedule "A". Each new director and employee of the Company is provided a copy of this Code upon joining the Company and must complete a certificate of compliance with respect to the Code as part of their orientation. The Code is reviewed annually at the Board meeting prior to the annual general meeting for possible revisions. Any change to the Code is communicated to the directors and employees of the Company by issuance of a copy of the new Code highlighting such changes. Subsequent to the annual review, management obtains an annual compliance certificate from all directors and employees.

7. Nomination of Directors

The Governance and Nominating Committee has the responsibility for identifying new candidates and presenting them to the Board.

8. Compensation Committee

Compensation of the Company's directors and officers is determined by the Compensation Committee. The Compensation Committee is composed entirely of independent directors and develops appropriate compensation for the directors and officers based on prevailing rates in the industry having regard to the resources of the Company and presents them to the Board for consideration. As part of its mandate, the Compensation Committee reviews and recommends to the Board all stock-based compensation plans and all grants from such plans and oversees the administration of all such plans.

The Compensation Committee is responsible for reviewing, and recommending to the Board any changes to the Company's compensation policies.

9. Other Board Committees

There are currently no Board Committees other than the Audit Committee, the Governance and Nominating Committee (NGC) and the Compensation Committee.

10. Regular Board Assessments

On a periodic basis, the NGC conducts a board assessment. The assessment commences with the completion of a questionnaire completed by all directors and NEO covering a range of subject areas including the Board itself, each committee, operations and strategic direction, succession planning and director appointments. The Chair of the NGC compiles the questionnaire feedback that then provides suitable discussion material for the NGC. Recommendations of the NGC are discussed at Board meetings and appropriate action taken following Board approval.

F. AUDIT COMMITTEE DISCLOSURE

A summary of the membership, responsibilities and activities of the Audit Committee is set out below as required by applicable legislation. The Company has adopted a Charter for the Audit Committee, a copy of which is attached as Schedule "B".

1. Composition of the Audit Committee

The following table sets out the members and their qualification under the National Instrument for the Audit Committee:

Director	Relationship	Financially Literate ⁽¹⁾
Murray Wallace, FCA - Chair	Independent ⁽¹⁾	Yes
Douglas Alexander, CA	Independent ⁽¹⁾	Yes
Bruno Maruzzo, MBA	Independent ⁽¹⁾	Yes

Note:

⁽¹⁾ As defined in NI 52-110.

2. Relevant Education and Experience

The members of the Committee are each experienced senior business executives. Mr. Wallace is a Fellow of the Institute of Chartered Accountants of Ontario and Mr. Alexander is a member of the Institute of Chartered Accountants of Ontario. Mr. Maruzzo does not have a formal accounting designation, however, he has many years of experience in evaluating financial statements that present a breadth and level of complexity of accounting issues generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements. Based on such experience, each member has an understanding of the accounting principles used by the Company to prepare its financial statements, the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves by the Company and an understanding of internal controls and procedures for financial reporting. Each of the members of the Committee have been involved actively at a supervisory level in the financial and

accounting management of small companies and have demonstrated ability to address financial and accounting issues.

3. Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Committee to nominate or compensate an external auditor not adopted by the Board.

4. Non-Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 of National Instrument (NI) 52-110 (de minimus Non-audit Services), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

5. Pre-Approval Policies and Procedures

The Committee has established an Auditors' Engagement Services Policy (Pre-approval Policy) which sets out the services, which the independent auditors are permitted to perform and which are pre-approved by the Audit Committee in accordance with the Committee's policy. Unless a type of service to be provided by the independent auditor has received general pre-approval, it must receive specific pre-approval prior to such service being provided to the Company by the independent auditors.

6. External Auditor Service Fees

The aggregate fees billed by the Company's external auditors in each of the last three fiscal years are as follows:

Financial Year Ending	Audit	Audit Related	Tax Services	All Other	Total Fees
April 30, 2011	\$57,750	\$32,740	\$5,850	\$2,100	\$98,440
April 30, 2010	\$57,750	\$6,000	\$12,725	\$1,500	\$77,975
April 30, 2009	⁽¹⁾ \$68,250	-	\$18,000	-	\$86,250

Notes:

⁽¹⁾ Includes \$13,250 related to the April 30/08 final audit fees.

⁽²⁾ Includes \$31,200 related to transition planning to International Financial Reporting Standards (IFRS) for Canadian public entities for fiscal years beginning after January 1, 2011.

7. Exemption

The Company is relying, in part, on the exemption for full compliance with NI 52-110 granted for all Venture Issuers under Part 6 of NI 52-110.

G. OTHER

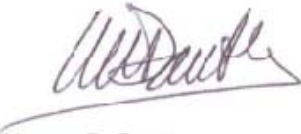
Unless otherwise specified, the information contained herein is given as of August 22, 2011. The management of the Company knows of no other matters to come before the Meeting other than the matters referred to in the Notice of the Meeting. If any matters that are not now known should properly come before the Meeting, the accompanying proxy instrument will be voted on such matters in accordance with the best judgment of the person voting it.

The Company's Financial Statements and Management Discussion and Analysis for the fiscal year ended April 30, 2011 and the Company's Annual Information Form contain additional financial information. These documents and other additional information about the Company are available at www.sedar.com. Copies of the information referred to above can also be obtained upon request in writing to: Chief Financial Officer, Critical Outcome Technologies Inc., Suite 213, 700 Collip Circle, London, Ontario, N6G 4X8.

H. APPROVAL OF INFORMATION CIRCULAR

The content and the sending of this Information Circular have been approved by the directors of the Company.

Dated at London, Ontario, the 22 day of August, 2011.



Dr. Wayne R. Danter
President & Chief Executive Officer

SCHEDULE "A"

CODE OF ETHICS AND BUSINESS CONDUCT

The Board of Directors of COTI has adopted this Code of Conduct to guide the Directors and Company Employees in recognizing and addressing ethical issues and in ensuring that their activities are consistent with the Company's values of:

- Respect,
- Uncompromising integrity,
- Trust,
- Credibility,
- Continuous improvement and personal renewal,
- Recognition and celebration,
- Transparency

The Code is intended as a source of guiding principles since no code or policy can anticipate every situation that may arise. Directors or Employees with questions about the Code's application to particular circumstances are encouraged to discuss the issue with the Chair of the Audit Committee of the Board of Directors.

1. Compliance with Laws and Company Policies

Directors and Employees are expected to comply with applicable laws and Company policies, and to monitor legal and ethical compliance by the Company's Directors, Officers, and other Employees.

2. Conflicts of Interest

Directors and Employees must avoid any conflicts of interest with the Company. A "conflict of interest" exists when a Director or Employee's personal or professional interest is adverse to, or may appear to be adverse to, the interests of the Company. Conflicts of interest may also arise when a Director or Employee, or members of his or her family, or an organization with which the Director or Employee is affiliated, receives improper benefits as a result of the Director's or Employee's position. Any situation that involves, or may involve, a conflict of interest must be promptly disclosed to the Chair of the Audit Committee.

3. Corporate Opportunities

Directors and Employees owe a duty to the Company to advance its legitimate interests. Directors and Employees may not take for themselves personally, or for other organizations with which they are affiliated, opportunities discovered through the use of Company property, information, or position. No Director or Employee may compete with the Company, or use Company property, information, or position for improper personal gain.

4. Competition and Fair Dealing

Directors and Employees shall endeavor to deal fairly with the Company's customers, suppliers,

and competitors. The Board shall oversee fair business dealing by the Company's Officers and Employees. No Director or Employee should take unfair business advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other intentional unfair-dealing.

The purpose of business entertainment and gifts in a commercial setting is to create goodwill and sound working relationships, not to gain unfair advantage with customers. Directors, Employees, and members of their immediate families may not accept gifts from outside persons or entities when the gifts are made in order to influence the Employee's or the Director's actions, or where acceptance of the gifts could create the appearance of impropriety.

5. Confidentiality

Directors and Employees must maintain the confidentiality of information entrusted to them by the Company or its customers, and any other information that comes to them about the Company, except when disclosure is authorized or legally required. Confidential information includes all non-public information that might be of use to competitors, or harmful to the Company if disclosed.

6. Protection and Proper Use of Company Assets

Directors and Employees must protect the Company's assets and ensure their efficient use. Directors and Employees must not use Company time, employees, supplies, equipment, buildings, or other assets for personal benefit, unless the use is approved in advance by the Chair of the Audit Committee or is part of a compensation or expense reimbursement program available to all Directors and Employees.

7. Encouraging the Reporting of any Illegal or Unethical Behavior

Directors and Employees should promote ethical behavior and take steps to ensure that the Company; (a) encourages Directors and Employees to talk to supervisors, managers, and other appropriate personnel when in doubt about the best course of action in a particular situation; (b) encourages Directors and Employees to report violations of laws, rules, or regulations; (c) informs Directors and Employees that the Company will not permit retaliation for reports made in good faith.

8. Enforcement

The Board shall determine appropriate actions to be taken in the event of violations of this Code. Directors and Employees should communicate any suspected violations of this Code promptly to the Chair of the Audit Committee. The Audit Committee or the Board, or their designee, will investigate violations, and will ensure that appropriate remedial action is taken.

9. Waivers of the Code of Business Conduct

Only the Board or the Audit Committee may waive a Company business conduct policy for a COTI Director or Employee, and the waiver must be disclosed to shareholders in accordance with

COTI's disclosure policy.

10. Annual Review

The policy has been reviewed and authorized by the Board. The Board shall review and reassess the adequacy of this Policy annually, and make any amendments that it deems appropriate. All Board members and Employees are provided with a copy of this official policy. The policy is maintained in each Director's Board Manual and in the Employee's Policy Manual.

SCHEDULE "B"
AUDIT COMMITTEE CHARTER
AUGUST 6, 2009

1. PURPOSE

The Audit Committee is a committee of the Board of Directors of Critical Outcome Technologies Inc. (the "**Corporation**") established to assist the Board of Directors in fulfilling its oversight responsibilities for the accounting and financial reporting processes of the Corporation and audits of the Corporation's financial statements by carrying out the activities described in this Charter in the manner detailed by this Charter.

2. COMMITTEE MEMBERSHIP

- (a) The Board of Directors, immediately upon their election by the shareholders of the Corporation, shall appoint an Audit Committee to serve for the forthcoming year. Each member of the Audit Committee shall serve at the pleasure of the Board of Directors until the member resigns, is removed or ceases to be a director of the Corporation.
- (b) The Audit Committee shall consist of not less than three Directors, none of whom shall be officers or employees of the Corporation or any of its affiliates.
- (c) The Board of Directors shall designate a member of the Audit Committee to serve as Chairman.
- (d) Each member of the Audit Committee shall:
 - (i) be a member of the Board of Directors of the Corporation;
 - (ii) be independent according to the definition of independence applicable to members of audit committees under National Instrument 52-110 ("NI 52-110") entitled "Audit Committees" of the Canadian Securities Administrators, unless otherwise approved by the Board of Directors in accordance with NI 52-110; and
 - (iii) have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements, unless the financial statements are otherwise approved by the Board of Directors in accordance with NI 52-110.
- (e) The Chief Financial Officer of the Corporation shall act as secretary of the Audit Committee.

3. MEETINGS

- (a) Meetings of the Audit Committee shall be held at least four times a year. The meetings will be scheduled to permit timely review of the Corporation's interim and annual financial statements.
- (b) Additional meetings of the Audit Committee may be called by the Chairman, any member of the Committee or the external auditors of the Corporation.
- (c) Not less than 72 hours' notice of meetings of the Audit Committee shall be given by the Chief Financial Officer together with any meeting materials, unless waived by all members of the Audit Committee.
- (d) Meetings of the Audit Committee may be held by means of conference telephone.
- (e) A resolution signed by all members of the Audit Committee shall be as effective as if passed at a meeting of the Audit Committee that was duly called and held.

4. REPORTING

- (a) The Chief Financial Officer will arrange for the preparation of minutes of the meetings of the Audit Committee in sufficient detail to convey the substance of all discussions held.
- (b) The Chairman may report orally to the Board on any matter in his/her view requiring the immediate attention of the Board.

5. RESPONSIBILITIES

In fulfilling its responsibilities, the Audit Committee shall:

- (a) review the Corporation's annual and interim financial statements and Management Discussion and Analysis prior to public disclosure of such information by the Corporation;
- (b) review the annual and interim earnings press releases, and any other press releases containing financial information related to earnings, prior to public disclosure of such information by the Corporation;
- (c) satisfy itself, on behalf of the Board of Directors, that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements (other than the public disclosure referred to in (a) above) and periodically assess the adequacy of such procedures;
- (d) satisfy itself, on behalf of the Board of Directors, that the Corporation's annual financial statements are fairly presented in accordance with Canadian

generally accepted accounting principles, and recommend to the Board whether the annual financial statements should be approved;

- (e) satisfy itself, on behalf of the Board of Directors, that the Corporation's interim financial statements are fairly presented in accordance with Canadian generally accepted accounting principles and, approve such interim financial statements on behalf of the Board of Directors as appropriate;
- (f) satisfy itself, on behalf of the Board of Directors, that the information contained in the Corporation's Annual Report to Shareholders and other financial publications such as Management Discussion and Analysis, the Annual Information Form, if applicable, and the information contained therein is fairly presented in all material respects;
- (g) satisfy itself, on behalf of the Board of Directors, that the Corporation has implemented appropriate systems to identify, assess and mitigate significant business risks;
- (h) satisfy itself, on behalf of the Board of Directors, that the Corporation has implemented appropriate systems of internal control over financial reporting (which may include an internal audit function) and that these are operating effectively;
- (i) satisfy itself, on behalf of the Board of Directors, that the Corporation has implemented appropriate systems of internal control to ensure compliance with legal, regulatory and ethical requirements;
- (j) establish procedures, for the receipt, retention and treatment of complaints received by the Corporation, if any, regarding accounting, internal accounting controls or auditing matters;
- (k) establish procedures for the confidential, anonymous submission by employees of the Corporation of concerns, if any, regarding questionable accounting or auditing matters;
- (l) satisfy itself, on behalf of the Board of Directors, that the external audit function has been effectively carried out and that any matter which the independent auditors wish to bring to the attention of the Board has been addressed; and
- (m) at least once per year, meet with the external auditors and management in separate sessions to discuss any matters that these groups believe should be discussed with the Audit Committee or that the Audit Committee believes should be discussed with these groups.

6. RELATIONSHIP WITH AUDITORS

- (a) The Audit Committee shall recommend to the Board of Directors the external auditor to be nominated for appointment at the Corporation's annual meeting for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation.
- (b) The Audit Committee shall satisfy itself, on behalf of the Board of Directors, that the external auditor is "independent" in accordance with applicable laws and regulatory requirements.
- (c) The Audit Committee shall recommend to the Board of Directors the compensation of the external auditor.
- (d) The external auditor is required to report directly to the Audit Committee and the Audit Committee has the authority to communicate directly with the external auditor.
- (e) The Audit Committee shall be directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditors' report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting.
- (f) The Audit Committee shall review and approve the Corporation's hiring policies regarding current and former partners and employees of the current and any former external auditor of the Corporation.

7. PRE-APPROVAL OF NON-AUDIT SERVICES

- (a) The Audit Committee shall pre-approve all services to be provided to the Corporation or its subsidiaries by the external auditor at a cost to the Corporation, individually or in aggregate, of \$25,000 or more, other than the professional services rendered by the external auditor for the audit and review of the Corporation's financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements.
- (b) In addition to the Pre-approval threshold amount noted in (a), the pre-approval requirement is also satisfied where:
 - (i) the Audit Committee delegates authority to pre-approve non-audit services to one or more members, which pre-approval must be presented by the member(s) to the full Audit Committee at its next scheduled meeting; or

- (ii) the Audit Committee adopts specific policies and procedures for the engagement of non-audit services provided that: (i) the pre-approval policies and procedures are detailed as to the particular service, (ii) the Audit Committee is informed of each non-audit service, and (iii) the procedures do not include delegation of the Audit Committee's responsibilities to management.

8. AUTHORITY TO ENGAGE EXTERNAL ADVISORS

The Audit Committee has the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties and to set and have the Corporation pay the compensation for such advisors.