



Press Release

FOR IMMEDIATE RELEASE

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CRITICAL OUTCOME TECHNOLOGIES INC. REPORTS SECOND QUARTER 2007 FINANCIAL RESULTS

London, Ontario (CCNMatthews - January 2, 2007): Critical Outcome Technologies Inc. (TSX Venture: COT) today announced its financial results for the second quarter ended October 31, 2006. The Company continued its development stage activities focused on developing its molecular 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 and did not generate any revenues from operations during the quarter. The Company reported a net loss for the period of \$101,633 or \$0.00 per share compared to a net loss of \$56,066 or \$0.01 per share for the three months ended October 31, 2005.

Revenues from operations for the first six months ending October 31, 2006 were \$2,500 from screening services. A net loss of \$264,721 or \$0.01 per share was incurred for this period compared to a net loss of \$93,521 or \$0.01 per share in the comparable period in 2005. These results reflect the increased business activity of the company in fiscal 2007, as it advances its technology and molecular libraries forward to market. At October 31, 2006 the Company had \$2,237,599 in cash and cash equivalents.

“On October 11, we successfully completed our first major financing, which raised net proceeds of \$2,178,386. This provides us the opportunity to move some of our molecular libraries forward through our development cycle in a substantial way,” stated Dr. Wayne Danter, President & CSO. “We believe the amalgamation completed on October 13, which led to our listing on the TSX Venture Exchange, provides the public forum and profile for our Company and its molecular libraries to meet our goal of bringing these exciting drug candidates forward to their ultimate goal of meeting major unmet medical needs. For example, by the end of October we had completed the discovery, optimization, patentability due diligence and final selection of our library of orally available inhibitors of VEGF and PDGF receptor kinases as potential therapies for acute multiple sclerosis.”

About Critical Outcome Technologies Inc. (COTI)

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, multiple sclerosis, HIV integrase inhibitors, colorectal cancer, and acute myelogenous leukemia in adults) are under active development. For more information on COTI, visit www.criticaloutcome.com

The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this news release.

Critical Outcome Technologies Inc.
(a development stage company)
Interim Balance Sheets
Unaudited

	October 31, 2006	April 30, 2006
Assets		
Current assets:		
Cash	\$ 2,237,599	\$ 170,464
Other receivables	99,491	8,842
Prepaid expenses and deposits	8,722	5,241
	2,345,812	184,547
Equipment	19,432	33,766
Patents	87,687	68,727
Trademark	1,305	1,740
Investment in 6441513 Canada Inc	1	1
	\$ 2,454,237	\$ 288,781
Liabilities and Shareholders' Deficiency		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 441,673	\$ 171,266
Due to shareholders	153,853	127,194
Notes payable and other advances	20,000	45,000
Current portion of capital lease obligation	8,173	16,128
	623,699	359,588
Capital lease obligation	33,525	33,525
Shareholders' equity		
Share capital and warrants	2,754,676	576,292
Contributed surplus	251,046	251,000
Deficit	1,208,709	931,624
	1,797,013	(104,332)
	\$ 2,454,237	\$ 288,781

Critical Outcome Technologies Inc.
(a development stage company)
Interim Statements of Operation and Deficit
(Unaudited)

	Three Months Ended		Six Months Ended	
	October 31,		October 31,	
	2006	2005	2006	2005
Revenues:				
Contract services	\$ -	\$ 30,000	\$ -	\$ 30,000
Screening services	-	-	2,500	-
	-	30,000	2,500	30,000
Expenses:				
Salaries and benefits	92,578	46,072	172,323	61,561
Professional fees	15,700	13,978	52,656	26,144
Marketing	30,321	1,659	51,056	2,360
Research and product development	6,072	9,000	15,072	9,000
Amortization of furniture & equipment	6,021	3,669	14,333	4,715
Office and general	6,119	2,021	10,752	2,548
Interest and bank charges	2,882	1,040	7,470	1,890
Rent	4,673	4,503	9,255	8,800
Computer expense	3,272	4,127	5,091	6,068
Amortization of trademark	217	217	435	435
Reorganization costs	11,040	-	6,040	-
	178,895	86,286	344,483	123,521
Loss before other income (expense)	178,895	56,286	341,983	93,521
Other income (expense)				
Investment tax credit refund	75,050	-	75,050	-
Interest income	2,212	220	2,212	-
	77,262	220	77,262	-
Loss	101,633	56,066	264,721	93,521
Deficit, beginning of the period	1,094,712	378,150	931,624	340,695
Net book value of Aviator Petroleum Corp on amalgamation	(12,364)	-	(12,364)	-
Deficit, end of the period	\$ 1,208,709	\$ 434,216	\$ 1,208,709	\$ 434,216
Basic and diluted loss per common share	\$ 0.00	\$ 0.01	\$ 0.01	\$ 0.01
Weighted average number of common shares outstanding	24,970,560	9,280,000	23,671,946	8,508,261

Critical Outcome Technologies Inc.
(a development stage company)
Interim Statements of Cash Flows
(Unaudited)

	Three Months Ended October 31,		Six Months Ended October 31,	
	2006	2005	2006	2005
Cash provided by (used in):				
Operating activities:				
Loss	\$ 101,633	\$ 56,066	\$ 264,721	\$ 93,521
Amortization of trademark	217	218	435	435
Amortization of equipment	6,021	3,669	14,333	4,715
Net cash acquired on amalgamation with Aviator Petroleum	(12,364)	-	(12,364)	-
Cash acquired on amalgamation with 133564 Ontario Inc	-	-	46	-
Change in non-cash operating working capital	(54,707)	(223)	176,276	(5,509)
	(162,466)	(52,402)	(85,995)	(93,880)
Investing activities:				
Additions to patents	(10,010)	(3,347)	(18,960)	(16,950)
	(10,010)	(3,347)	(18,960)	(16,950)
Financing activities:				
Issue of common shares & warrants (net)	2,400,886	-	2,178,386	99,999
Issue of preference shares	-	-	-	1
Note payable and other advances	(25,000)	-	(25,000)	-
Repayment of obligation under capital lease	(4,012)	(1,540)	(7,955)	(1,540)
Due to shareholders	14,777	30,383	26,659	10,779
	2,386,651	28,843	2,172,090	109,239
Increase (decrease) in cash	2,214,175	(26,906)	2,067,135	(1,591)
Cash, beginning of the period	23,424	27,135	170,464	1,820
Cash, end of the period	\$ 2,237,599	\$ 229	\$ 2,237,599	\$ 229
Supplemental cash flow information:				
Interest expense paid	\$ 2,044	\$ -	\$ 2,343	\$ -