

FOR IMMEDIATE RELEASE

CRITICAL OUTCOME TECHNOLOGIES INC. REPORTS FISCAL 2013 FIRST QUARTER FINANCIAL RESULTS

London, Ontario (September 21, 2012): Critical Outcome Technologies Inc. (COTI) (TSX Venture: COT) announced fiscal 2013 first quarter financial results today for the three months ended July 31, 2012.

Financial Highlights

The Company reported a net loss of \$722,769 or \$0.01 per common share for the three months ended July 31, 2012 (Q1-F'13) compared to a net loss of \$642,255 or \$0.01 per common share for the comparable quarter ended July 31, 2011 (Q1-F'12). The increased loss in the quarter of \$80,514 related to two major functional expense areas; research and product development (R&D) expenses increased by \$61,054 from \$205,941 in Q1-F'12 to \$266,995 in Q1-F'13; and general and administration (G&A) expenses increased by \$25,404 from \$425,315 in Q1-F'12 to \$440,729 in Q1-F'13.

The R&D increase related primarily to R&D testing, consulting and materials, which increased \$147,286 due to increased *in vitro* and *in vivo* testing of the Company's lead oncology asset, COTI-2. This increase was partially offset by a decrease in synthesis costs of \$94,440 year over year.

The G&A increase related to two expense items; first, Q1-F'13 amortization costs increase by \$10,915 resulting from the grant of a patent for COTI-2 by the United States Patent Office in October 2011, and; second, professional fees increased year over year by \$13,077 due to higher IFRS audit costs and executive consulting service fees.

At the quarter end, the Company held cash, cash equivalents and short-term investments of \$1,028,629. This balance reflected a decline of \$690,042 since the April 30, 2012 year end with cash used in operating activities representing \$674,068.

Operational Highlights

"We continued our COTI-2 out-licensing initiatives during the quarter on a number of fronts. We believe the positive progress being made in both our R&D collaboration program and in the scientific results for COTI-2 will provide momentum for success in this initiative," said Dr. Wayne Danter, President and CEO.

First, efforts in achieving R&D collaborations using the Company's proprietary CHEMSAS® platform with a variety of life science organizations culminated in the Company being able to announce two collaborations subsequent to the quarter end; one with Western University on September 6, 2012 and another with Delmar Chemicals Inc. on September 12, 2012.

Second, the Company continued to make steady progress in developing its lead asset, COTI-2, toward an investigational new drug filing leading to human clinical trials and an out-licensing transaction. One highlight of this progress was the completion of the evaluation and selection of an oral formulation of COTI-2 that met the Company's target for bioavailability and other pharmacokinetic properties as well as efficacy and ease of manufacturing. A second highlight was progress on the development of a validated detection method for measuring the concentration of COTI-2 in animal and human plasma. Success with these activities was announced subsequent to the quarter end on September 11, 2012.

More detailed operating and financial results can be found in the Company's unaudited condensed interim financial statements and the Management Discussion and Analysis for the three months ended July 31, 2012, which can both be found on SEDAR at www.sedar.com. This material is also available on the Company's website at www.criticaloutcome.com.

Notice to Readers

Information provided in this press release may contain certain statements which constitute "forward-looking statements" within the meaning of the Securities Act (Ontario) and applicable securities laws. For example, the statement "toward an investigational new drug filing leading to human clinical trials and an out-licensing transaction" is a forward-looking statement. This statement conveys the Company's efforts to file a submission to enable human clinical trials to occur and also efforts to obtain a licensing deal, but COTI is not in a position at this time to determine when, or if these events will occur. Forward-looking statements, by their nature, are not guarantees of future performance and are based upon management's current expectations, estimates, projections and assumptions. Risks that could impact on these forward-looking statements are outlined in the Company's annual information form. Management of COTI considers the assumptions on which these forward-looking statements are based to be reasonable, but as a result of the many risk factors, cautions the reader that actual results could differ materially from those expressed or implied in these forward-looking statements.

About Critical Outcome Technologies Inc. (COTI)

COTI is a leading-edge company specializing in accelerating the discovery of small molecules thus enabling these new drugs to be brought to market in a more cost effective, efficient and timely manner. COTI'S proprietary artificial intelligence system, CHEMSAS[®], utilizes a series of predictive computer models to identify compounds most likely to be successfully incorporated in disease-specific drug discovery, as well as subsequent optimization and preclinical development. These compounds are targeted for a variety of diseases, particularly those for which current treatments are either lacking or ineffective. Upon confirming the predictions of CHEMSAS[®] through a series of preclinical tests, COTI seeks to license these compounds for further preclinical and clinical compounds.

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