



September 4, 2013

To: Alberta Securities Commission
British Columbia Securities Commission
Ontario Securities Commission

Via SEDAR

Dear Sirs/Mesdames:

Re: Critical Outcome Technologies Inc.
Revised April 30, 2013 Annual Audited Financial Statements

In reference to SEDAR project no. 02103425, please find attached Revised April 30, 2013 Annual Audited Financial Statements (F/S) for Critical Outcome Technologies Inc.

The Company completed its annual filings for its fiscal year ended April 30, 2013 on SEDAR on Tuesday August 27, 2013. Subsequent to this filing date, on Friday August 30, 2013, it was determined that the F/S as filed did not reflect the Board approved Statements of Changes in Shareholders' Equity (SCSE) and Statements of Financial Position (SFP) as a result of clerical and mechanical errors made in preparing the electronic filing of the F/S on SEDAR. Revised F/S correcting the SCSE and SFP were filed on Wednesday September 4, 2013.

Description of Errors

1. Statements of Changes in Shareholders' Equity
 - a) The SCSE for April 30, 2013 reflected a balance for Share-based compensation of \$275,473 that should correctly have been reported as \$265,409. This difference resulted in the total Contributed Surplus being incorrectly reported as \$1,932,257 rather than the correct balance of \$1,922,193, and the Total Shareholders' Equity being incorrectly reported as \$1,888,204 rather than the correct balance of \$1,878,140.
 - b) The opening balance for Contributed Surplus in April 30, 2012 was reported as a nil balance at April 30, 2011 rather than the correct balance of \$2,384,761 and consequently the closing balance for Contributed Surplus was incorrectly reported as \$111,360 rather than the correct balance of \$2,496,121. This resulted in the incorrect reporting of Total Shareholders' Equity of \$1,422,710 rather than the correct balance of \$3,807,471.

The incorrect balances as originally reported are highlighted in Figure 1 below for the SCSE. Figure 2 sets out the corrected balances as highlighted for the Revised SCSE.

2. Statements of Financial Position

- a) The incorrect closing balance of \$1,888,204 reported in the SCSE resulted in the amount reported as Shareholders' Equity in the SFP also being incorrectly reported rather than the correct balance of \$1,878,140. Accordingly, the Total liabilities and shareholders' equity were also incorrectly reported as \$2,266,718 rather than the correct balance of \$2,256,654. Figure 3 below highlights the incorrect balances as reported in the SFP. Figure 4 reflects the correct balances as highlighted in the Revised SFP.

Figure 1: Statements of Changes in Shareholders' Equity as originally filed

CRITICAL OUTCOME TECHNOLOGIES INC.

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Statements of Changes in Shareholders' Equity

(All amounts in Canadian dollars)

	Common Shares	Warrants	Total Capital	Contributed Surplus	Deficit	Total Shareholders' Equity
Balance, April 30, 2012	\$ 16,121,987	\$ 1,517,525	\$17,639,512	\$ 2,496,121	\$ (16,328,162)	\$ 3,807,471
Issuance of shares and warrants (note 10 (i) and (k))	294,811	146,304	441,115	-	-	441,115
Share-based compensation (note 11)	-	-	-	275,473	-	275,473
Warrant amendments (note 10 (g) and (j))	-	856,117	856,117	(866,168)	-	(10,051)
Warrant expiries (note 10 (h))	-	(26,831)	(26,831)	26,831	-	-
Loss and comprehensive loss	-	-	-	-	(2,625,804)	(2,625,804)
Balance, April 30, 2013	\$ 16,416,798	\$ 2,493,115	\$18,909,913	\$ 1,932,257	\$ (18,953,966)	\$ 1,888,204

	Common Shares	Warrants	Total Capital	Contributed Surplus	Deficit	Total Shareholders' Equity
Balance, April 30, 2011	\$ 14,779,916	\$ 932,188	\$15,712,104	-	\$ (13,737,011)	\$ 1,975,093
Issuance of shares and warrants (note 10 (a) and (f))	1,143,865	494,574	1,638,439	-	-	1,638,439
Share-based compensation (note 11)	-	-	-	221,984	-	221,984
Exercise of options (note 10 (b))	33,974	-	33,974	(15,000)	-	18,974
Issuance of shares on patent grant (notes 8 and 10 (c))	164,232	-	164,232	-	-	164,232
Warrant amendments (note 10 (d))	-	107,312	107,312	(112,173)	-	(4,861)
Warrant expiries (note 10 (e))	-	(16,549)	(16,549)	16,549	-	-
Loss and comprehensive loss	-	-	-	-	(2,591,151)	(2,591,151)
Balance, April 30, 2012	\$ 16,121,987	\$ 1,517,525	\$17,639,512	\$ 111,360	\$ (16,328,162)	\$ 1,422,710

See accompanying notes to financial statements

Figure 2: Statements of Changes in Shareholders' Equity as revised

CRITICAL OUTCOME TECHNOLOGIES INC.
Statements of Changes in Shareholders' Equity

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(All amounts in Canadian dollars)

	Common Shares	Warrants	Total Capital	Contributed Surplus	Deficit	Total Shareholders' Equity
Balance, April 30, 2012	\$ 16,121,987	\$ 1,517,525	\$17,639,512	\$ 2,496,121	\$ (16,328,162)	\$ 3,807,471
Issuance of shares and warrants (note 10 (i) and (k))	294,811	146,304	441,115	-	-	441,115
Share-based compensation (note 11)	-	-	-	265,409	-	265,409
Warrant amendments (note 10 (g) and (j))	-	856,117	856,117	(866,168)	-	(10,051)
Warrant expiries (note 10 (h))	-	(26,831)	(26,831)	26,831	-	-
Loss and comprehensive loss	-	-	-	-	(2,625,804)	(2,625,804)
Balance, April 30, 2013	\$ 16,416,798	\$ 2,493,115	\$18,909,913	\$ 1,922,193	\$ (18,953,966)	\$ 1,878,140

	Common Shares	Warrants	Total Capital	Contributed Surplus	Deficit	Total Shareholders' Equity
Balance, April 30, 2011	\$ 14,779,916	\$ 932,188	\$15,712,104	\$ 2,384,761	\$ (13,737,011)	\$ 4,359,854
Issuance of shares and warrants (note 10 (a) and (f))	1,143,865	494,574	1,638,439	-	-	1,638,439
Share-based compensation (note 11)	-	-	-	221,984	-	221,984
Exercise of options (note 10 (b))	33,974	-	33,974	(15,000)	-	18,974
Issuance of shares on patent grant (notes 8 and 10 (c))	164,232	-	164,232	-	-	164,232
Warrant amendments (note 10 (d))	-	107,312	107,312	(112,173)	-	(4,861)
Warrant expiries (note 10 (e))	-	(16,549)	(16,549)	16,549	-	-
Loss and comprehensive loss	-	-	-	-	(2,591,151)	(2,591,151)
Balance, April 30, 2012	\$ 16,121,987	\$ 1,517,525	\$17,639,512	\$ 2,496,121	\$ (16,328,162)	\$ 3,807,471

See accompanying notes to financial statements

Figure 3: Statements of Financial Position as originally filed

CRITICAL OUTCOME TECHNOLOGIES INC.

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Statements of Financial Position

(All amounts in Canadian dollars)

As at April 30	2013	2012
Assets		
Current assets:		
Cash and cash equivalents	\$ 169,347	\$ 901,130
Short-term investment (note 6)	-	817,541
Investment tax credits and other receivables	175,936	151,505
Prepaid expenses and deposits	86,486	59,583
	<u>431,769</u>	<u>1,929,759</u>
Non-current assets:		
Equipment (note 7)	47,442	55,899
Intangible assets (note 8)	1,777,443	2,163,318
	<u>1,824,885</u>	<u>2,219,217</u>
Total assets	\$ 2,256,654	\$ 4,148,976
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 378,514	\$ 341,505
Shareholders' equity	1,888,204	3,807,471
Total liabilities and shareholders' equity	\$ 2,266,718	\$ 4,148,976
Going concern (note 3)		
Commitments (note 19)		
Contingency (note 20)		
Subsequent events (note 23)		

See accompanying notes to financial statements

Figure 4: Statements of Financial Position as revised

CRITICAL OUTCOME TECHNOLOGIES INC.

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Statements of Financial Position

(All amounts in Canadian dollars)

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Assets		
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Accounts payable and accrued liabilities	\$ 378,514	\$ 341,505
Shareholders' equity	1,878,140	3,807,471
Total liabilities and shareholders' equity	\$ 2,256,654	\$ 4,148,976
Going concern (note 3)		
Commitments (note 19)		
Contingency (note 20)		
Subsequent events (note 23)		

See accompanying notes to financial statements

A press release advising of these revisions was issued on September 4, 2013. Copies of this letter, the press release and Revised F/S can be found on SEDAR and on the Company's website.

On behalf of the Company,

/s/ Gene Kelly

Gene Kelly
Chief Financial Officer