



**Unaudited Condensed Interim Financial Statements
Fiscal 2014 – Second Quarter**

For the three and six months ended October 31, 2013 and 2012

Table of Contents

		Page
Notice of No Audit or Review of Condensed Interim Financial Statements		3
Interim Statements of Financial Position:	October 31, 2013	4
	April 30, 2013	4
Interim Statements of Comprehensive Loss for the three and six months ended:	October 31, 2013	5
	October 31, 2012	5
Interim Statements of Changes in Shareholders' Equity for the six months ended:	October 31, 2013	6
	October 31, 2012	6
Interim Statements of Cash Flows for the six months ended:	October 31, 2013	7
	October 31, 2012	7
Notes to the Interim Financial Statements		8-16

Notice of No Audit or Review of Condensed Interim Financial Statements

The accompanying Interim Statements of Financial Position as at October 31, 2013, and April 30, 2013, of Critical Outcome Technologies Inc., and the Interim Statements of Comprehensive Loss for the three and six month periods ended October 31, 2013 and 2012, and the Interim Statements of Changes in Equity and Interim Statements of Cash Flows for the six month periods ended October 31, 2013 and 2012, have been prepared by, and are the responsibility of the Company's management and have been reviewed and approved by the Audit Committee as authorized by the Board of Directors.

Neither an audit nor review of the interim financial statements is required by the Company's independent auditor under regulatory reporting requirements, however, under National Instrument 51-102 paragraph 4.3(3)(a) the Company must advise whether a review has occurred or not. Accordingly, management advises that the Company's independent auditor, KPMG LLP, was not engaged to perform a review of these Interim Financial Statements.

CRITICAL OUTCOME TECHNOLOGIES INC.

Page 4

Interim Statements of Financial Position

(All amounts in Canadian dollars)

(Unaudited)

As at	October 31, 2013	April 30, 2013
Assets		
Current assets:		
Cash and cash equivalents	\$ 958,401	\$ 169,347
Investment tax credits and other receivables	163,724	175,936
Prepaid expenses and deposits	47,604	86,486
	<u>1,169,729</u>	<u>431,769</u>
Non-currents assets:		
Equipment	41,929	47,442
Intangible assets (note 5)	1,609,727	1,777,443
	<u>1,651,656</u>	<u>1,824,885</u>
	<u>\$ 2,821,385</u>	<u>\$ 2,256,654</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 345,837	\$ 378,514
Shareholders' equity	2,475,548	1,878,140
	<u>\$ 2,821,385</u>	<u>\$ 2,256,654</u>

Going concern (note 2)

Commitments (note 10)

Subsequent events (note 12)

See accompanying notes to interim financial statements

CRITICAL OUTCOME TECHNOLOGIES INC.

Page 5

Interim Statements of Comprehensive Loss**(All amounts in Canadian dollars)****(Unaudited)**

	Three months ended		Six months ended	
	October 31, 2013	October 31, 2012	October 31, 2013	October 31, 2012
Collaboration and research service revenue:	\$ -	\$ 11,019	\$ -	\$ 14,423
Expenses (income):				
Research and product development	124,050	239,587	257,193	506,582
Sales and marketing	43,024	72,186	45,136	132,880
General and administration	445,561	496,219	816,878	936,948
Investment tax credits	(13,606)	(32,920)	(20,699)	(68,653)
	599,029	775,072	1,098,508	1,507,757
Loss before finance income (expense)	(599,029)	(764,053)	(1,098,508)	(1,493,334)
Finance income (expense):				
Interest income	1,673	1,939	1,550	5,897
Foreign exchange gain (loss)	(864)	(555)	(1,315)	1,998
	809	1,384	235	7,895
Loss and comprehensive loss	\$ (598,220)	\$ (762,669)	\$ (1,098,273)	\$ (1,485,439)
Loss per share:				
Basic and diluted loss per common share	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.02)

See accompanying notes to interim financial statements

CRITICAL OUTCOME TECHNOLOGIES INC.
Interim Statements of Changes in Shareholders' Equity
(All amounts in Canadian dollars)
(Unaudited)

For the six months ended October 31, 2013

	Common Shares	Warrants	Total Capital	Contributed Surplus	Deficit	Total Shareholders' Equity
Balance, April 30, 2013	\$ 16,416,798	\$ 2,493,115	\$ 18,909,913	\$ 1,922,193	\$ (18,953,966)	\$ 1,878,140
Issuance of shares and warrants (note 6)	998,791	647,727	1,646,518	-	-	1,646,518
Warrant amendments (note 6)	-	1,655,534	1,655,534	(1,662,500)	-	(6,966)
Warrant expiries (note 6)	-	(29,838)	(29,838)	29,838	-	-
Share-based compensation (note 7)	-	-	-	56,129	-	56,129
Loss and comprehensive loss	-	-	-	-	(1,098,273)	(1,098,273)
Balance, October 31, 2013	\$ 17,415,589	\$ 4,766,538	\$ 22,182,127	\$ 345,660	\$ (20,052,239)	\$ 2,475,548

For the six months ended October 31, 2012

	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	(965)	-	(965)	-	-	(965)
Warrant amendments	-	648,055	648,055	(653,400)	-	(5,345)
Warrant expiries	-	(26,831)	(26,831)	26,831	-	-
Share-based compensation	-	-	-	140,558	-	140,558
Loss and comprehensive loss	-	-	-	-	(1,485,439)	(1,485,439)
Balance, October 31, 2012	\$ 16,121,022	\$ 2,138,749	\$ 18,259,771	\$ 2,010,110	\$ (17,813,601)	\$ 2,456,280

See accompanying notes to interim financial statements

CRITICAL OUTCOME TECHNOLOGIES INC.

Page 7

Interim Statements of Cash Flows

(All amounts in Canadian dollars)

(Unaudited)

For the six months ended	October 31, 2013	October 31, 2012
Cash provided by (used in):		
Operating activities:		
Loss	\$ (1,098,273)	\$ (1,485,439)
Items not involving cash:		
Amortization - equipment	6,423	38,424
Amortization - intangible assets	258,170	222,519
Share-based compensation	56,129	140,558
Investment tax credits	(20,699)	(68,653)
Interest (income) expense	(1,550)	(5,532)
Foreign exchange (gain) loss	1,315	(1,998)
	(798,485)	(1,160,121)
Change in non-cash operating working capital (note 8)	39,786	(12,150)
Foreign exchange loss	3,752	325
Interest received	2,014	5,897
Net cash (used in) operating activities	(752,933)	(1,166,049)
Investing activities:		
Purchase of equipment	(903)	(5,112)
Redemption of short-term investments	-	596,155
Expenditures on intangible assets	(90,453)	(56,379)
Net cash (used in) provided by investing activities	(91,356)	534,664
Financing activities:		
Proceeds from issuance of common shares and warrants (net of issuance costs)	1,646,518	(965)
Issuance costs of warrant amendments	(6,966)	(5,345)
Investment tax credit recoveries	-	89,401
Interest paid	(1,142)	(365)
Net cash provided by financing activities	1,638,410	82,726
Increase (decrease) in cash and cash equivalents	794,121	(548,659)
Effect of exchange rate fluctuations on cash and cash equivalents	(5,067)	1,673
Cash and cash equivalents, beginning of the period	169,347	901,130
Cash and cash equivalents, end of the period	\$ 958,401	\$ 354,144
Represented by:		
Cash	\$ 149,791	\$ 172,997
Cash equivalents	808,610	181,147
	\$ 958,401	\$ 354,144

See accompanying notes to interim financial statements

Notes to the Condensed Interim Financial Statements**For the three and six months ended October 31, 2013 and 2012****(All amounts in Canadian dollars)****1. Corporate information:**

Critical Outcome Technologies Inc. (COTI) is a biotechnology company focused on applying its proprietary computer-based technology, CHEMSAS[®], to identify, profile, optimize and select commercially viable drug candidates at the earliest stage of preclinical drug development and thereby dramatically reduce the timeline and cost of getting new drug therapies to market. As a platform technology, CHEMSAS[®] is currently focused on small molecules, and as a drug candidate discovery engine can be applied to any disease target with a modest amount of information for the target of interest.

COTI is a public corporation trading in Canada on the TSX Venture Exchange (TSXV) under the trading symbol "COT" and incorporated under the laws of the Province of Ontario, Canada with its registered office located at Suite 213, 700 Collip Circle, London, Ontario, Canada, N6G 4X8.

2. Going concern:

The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. For COTI, there are material uncertainties related to certain financial conditions and events that raise significant doubts about the validity of this assumption. In particular, the Company has not yet established commercial operating revenues and operating cash flows continue to be negative. Key financial results for the six months ended October 31, 2013 and 2012 are indicative of possible concern. These results include: a loss of \$1,098,273 (October 31, 2012 - \$1,485,439) and negative cash flow from operations of \$752,933 (October 31, 2012 - \$1,166,049). As at October 31, 2013, the Company had an accumulated deficit of \$20,052,239 (April 30, 2013 - \$18,953,966), which results in shareholders' equity of \$2,475,548 (April 30, 2013 - \$1,878,140). As at October 31, 2013, the Company had working capital of \$823,892 (April 30, 2013 - \$53,255).

The Company is dependent upon key personnel and the need to raise additional funds to support the Company's development and continued operations, and to meet liabilities and commitments as they become due while executing its business plan. The Company is taking steps to address the going concern risk by actively seeking potential customers, partners and collaborators as a means of furthering molecule development and generating revenue streams, and pursuing alternative sources of financing, including but not limited to, raising capital in the public market and securing government grants. Furthermore, the Company has discretion with many of its expenditure activities and plans to manage these activities in 2014 within the limits of available cash resources. While the Company has a history of obtaining financing, there is no certainty that any of the aforementioned strategies will enable the Company to alleviate the going concern risk in future periods. These interim financial statements have been prepared assuming that the Company will continue as a going concern. Accordingly, these interim financial statements do not include any adjustments to the carrying values and classifications of

CRITICAL OUTCOME TECHNOLOGIES INC
Notes to the Condensed Interim Financial Statements
For the three and six months ended October 31, 2013 and 2012
(All amounts in Canadian dollars)

assets and liabilities, or the reported expenses that would be necessary if the going concern assumption was not appropriate. Any adjustments to the interim financial statements could be material.

3. Basis of preparation:

(a) Compliance with accounting standards:

These condensed unaudited interim financial statements (interim financial statements) have been prepared in accordance with International Financial Reporting Standards (IFRS) and specifically International Accounting Standard (IAS), IAS 34 Interim Financial Reporting, as issued by the International Accounting Standards Board (IASB).

The accounting policies in the fiscal 2014 interim financial statements are consistent with the policies the Company adopted in its annual financial statements as at, and for the year ending, April 30, 2013. These accounting policies were disclosed in detail in note 5 of the Company's April 30, 2013, annual audited financial statements. COTI has also prepared these interim financial statements on an individual entity basis, as it has no subsidiaries. Management has determined that the Company operates in one reportable segment based on the business activities reflected in its revenues and expenses since inception.

In preparing these interim financial statements, certain information and disclosures normally included in the notes to the annual audited financial statements are condensed or not presented. These interim financial statements should be read in conjunction with the Company's most recent annual audited financial statements as of April 30, 2013, and related notes.

These interim financial statements were approved for issuance by the Audit Committee on December 17, 2013.

(b) Basis of measurement:

The interim financial statements have been prepared on a historical cost basis. The Statements of Comprehensive Loss are presented using the functional classification for expenses.

(c) Functional and presentation currency:

These interim financial statements are presented in Canadian dollars, which is the functional currency of the economic environment in which the Company operates.

(d) Use of estimates and judgments:

The preparation of these interim financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the interim financial statements and the reported amounts of revenue and expenses during the reporting period. There is a high degree of

CRITICAL OUTCOME TECHNOLOGIES INC
Notes to the Condensed Interim Financial Statements
For the three and six months ended October 31, 2013 and 2012
(All amounts in Canadian dollars)

measurement uncertainty inherent in management's estimates and assumptions and accordingly, changes in these estimates and assumptions could result in material adjustments to the carrying amounts of assets and liabilities in future periods. There has been no material change in the significant estimates and assumptions as described in note 4 (d) of the annual audited financial statements for the year ended April 30, 2013.

4. Significant accounting policies:

The accounting policies set out in detail in note 5 of the annual financial statements for the year ended April 30, 2013 have been applied consistently to all periods presented in these interim financial statements.

The Company adopted certain new accounting pronouncements commencing in the first quarter of this fiscal year, details of which were described in the Company's April 30, 2013 annual financial statements. These standards did not have a significant impact on the Company's year to date interim financial statements and included the following:

- i. IFRS 13 – Fair Value Measurement
- ii. Amendments to IAS 1 – Presentation of Financial Statements
- iii. Amendments to IAS 19 – Employee Benefits
- iv. Annual improvements to IFRS 2009-2011

5. Intangible assets:

Summary details of the Company's intangible assets at October 31, 2013, appear in the following table.

	Molecules	Granted Patents	Pending Patents	Computer Software	Total
Cost, April 30, 2013	\$ 3,275,785	\$ 273,652	\$ 443,505	\$ 81,455	\$ 4,074,397
Purchases	-	5,595	28,472	56,386	90,453
Transfer of granted patents	-	54,504	(54,504)	-	-
Expired software licenses	-	-	-	(61,805)	(61,805)
Cost, October 31, 2013	3,275,785	333,751	417,473	76,036	4,103,045
Accumulated amortization, April 30, 2013	(2,166,992)	(64,968)	-	(64,993)	(2,296,953)
Amortization	(214,605)	(9,779)	-	(33,786)	(258,170)
Expired software licenses	-	-	-	61,805	61,805
Accumulated amortization, October 31, 2013	(2,381,597)	(74,747)	-	(36,974)	(2,493,318)
Net carrying value, October 31, 2013	\$ 894,188	\$ 259,004	\$ 417,473	\$ 39,062	\$ 1,609,727

CRITICAL OUTCOME TECHNOLOGIES INC
Notes to the Condensed Interim Financial Statements
For the three and six months ended October 31, 2013 and 2012
(All amounts in Canadian dollars)

6. Share capital:

Summary details of the Company's share capital at October 31, 2013 with comparable amounts for April 30, 2013, appear in the following table.

Expiry Date Ranges	October 31, 2013		April 30, 2013	
	Issued	Amount	Issued	Amount
Share capital:				
Authorized:				
Unlimited common shares				
Unlimited preference shares				
Issued and fully paid:				
Common shares, without par value	92,682,499	\$ 17,415,589	78,058,472	\$ 16,416,798
Common share purchase warrants:				
\$0.30 warrants Sep 23 - Oct 26/13	-	-	11,250,000	464,734
\$0.30 compensation warrants Sep 23 - Oct 26/13	-	-	726,686	29,838
\$0.30 warrants Oct 31/13	-	-	12,500,000	1,439,333
\$0.37 warrants Mar 14/14	1,446,481	383,195	1,446,481	383,195
\$0.55 warrants Mar 14/14	129,019	29,711	129,019	29,711
\$0.30 warrants May 31/14	12,500,000	1,659,850	-	-
\$0.20 compensation warrants Jul 29 - Mar 1/15	587,995	71,966	232,652	19,543
\$0.26 warrants Jul 29 - Mar 1/15	18,229,285	722,064	3,605,258	126,761
\$0.30 warrants May 9 - May 26/15	11,250,000	1,899,752	-	-
	44,142,780	4,766,538	29,890,096	2,493,115
		\$ 22,182,127		\$ 18,909,913

A summary of the changes in common share capital is set out below.

	Shares	Amount
Balance April 30, 2013	78,058,472	\$ 16,416,798
Shares issued - private placement (note 6 (a))	4,415,895	326,065
Shares issued - private placement (note 6 (b))	10,208,132	672,726
	14,624,027	998,791
Balance October 31, 2013	92,682,499	\$ 17,415,589

A summary of the changes in warrant capital is set out below.

	Warrants	Amount
Balance April 30, 2013	29,890,096	\$ 2,493,115
Warrants issued - private placement (note 6 (a))	4,415,895	162,324
Warrants issued - private placement compensation (note 6 (a))	88,213	7,011
Warrants issued - private placement (note 6 (b))	10,208,132	432,979
Warrants issued - private placement compensation (note 6 (b))	267,130	45,413
Warrant amended (note 6 (c))	-	1,435,017
Warrants amended (note 6 (d))	-	220,517
Warrants expired (note 6 (e))	(726,686)	(29,838)
	14,252,684	2,273,423
Balance October 31, 2013	44,142,780	\$ 4,766,538

CRITICAL OUTCOME TECHNOLOGIES INC
Notes to the Condensed Interim Financial Statements
For the three and six months ended October 31, 2013 and 2012
(All amounts in Canadian dollars)

Details concerning the share capital transactions are summarized below.

- (a) The Company completed a non-brokered private placement in two tranches, closing on May 31 and June 21, 2013, respectively. Under the private placement, the Company issued 4,415,895 units (Unit) consisting of one common share and one common share purchase warrant at a price of \$0.12 per Unit for gross proceeds of approximately \$529,907. Each common share purchase warrant is exercisable for one common share at a price of \$0.26 for a period of 18 months following the closing date of each tranche. Cash costs of the private placement were \$34,507 consisting of \$23,821 in professional and regulatory fees, and \$10,686 in finders' fees. The Company also issued 88,213 compensation warrants valued at \$7,011 using a Black-Scholes valuation model. Each compensation warrant is exercisable into one common share of the Corporation for a period of 18 months following the closing date of each tranche at an exercise price of \$0.20 per share. The expiry dates for the common share purchase warrants and the compensation warrants from each tranche are November 30 and December 20, 2014, respectively.

The common share purchase warrants were valued using a Black-Scholes valuation model with the following assumptions:

		Tranche 1		Tranche 2
Common share market price	\$	0.115	\$	0.150
Risk free interest rate		1.177%		1.177%
Expected dividend yield		-		-
Expected common share price volatility		146.86%		144.99%
Expected warrant life in years		1.5		1.5

The warrants were allocated a portion of the proceeds and private placement costs based upon their relative fair market value at the date of issuance. Accordingly, \$176,227 in gross proceeds and \$13,903 in costs were allocated to the common share warrants.

- (b) The Company completed a non-brokered private placement in three tranches, closing on August 16, 28 and 30, 2013, respectively. Under the private placement, the Company issued 10,208,132 units (Units) consisting of one common share and one common share purchase warrant at a price of \$0.12 per Unit for gross proceeds of approximately \$1,224,976. Each common share purchase warrant is exercisable for one common share at a price of \$0.26 per share for a period of 18 months from the closing date of each tranche. Cash costs of the private placement were \$73,858 consisting of \$41,802 in professional and regulatory fees, and \$32,056 in finders' fees. The Company also issued 267,130 compensation warrants valued at \$45,413 using a Black-Scholes valuation model. Each compensation warrant is exercisable into one common share of the Corporation for a period of 18 months following the closing date of each tranche at an exercise price of \$0.20 per share. The expiry dates for the common share

CRITICAL OUTCOME TECHNOLOGIES INC
Notes to the Condensed Interim Financial Statements
For the three and six months ended October 31, 2013 and 2012
(All amounts in Canadian dollars)

purchase warrants and the compensation warrants from each tranche are February 15 and 27, and March 1, 2015, respectively.

The common share purchase warrants were valued using a Black-Scholes valuation model with the following assumptions:

	Tranche 1	Tranche 2	Tranche 3
Common share market price	\$ 0.275	\$ 0.250	0.245
Risk free interest rate	0.996%	1.076%	1.076%
Expected dividend yield	-	-	-
Expected common share price volatility	148.37%	149.79%	149.84%
Expected warrant life in years	1.5	1.5	1.5

The warrants were allocated a portion of the proceeds and private placement costs based upon their relative fair market value at the date of issuance. Accordingly, \$479,249 in gross proceeds and \$46,270 in costs were allocated to the common share warrants.

- (c) On September 12, 2013, the Company amended the expiry date of 11,250,000 common share purchase warrants (Warrants) issued in three tranches of a non-brokered private placement on March 23, April 9 and April 26, 2012. Each Warrant entitled its holder to purchase one common share of the Company at an exercise price of \$0.30 per share for a period of 18 months following the date of issue and accordingly, these were due to expire on September 23, October 9, and October 26, 2013.

The new expiry dates for the Warrants are April 23, May 9 and May 26, 2015, respectively. The new expiry dates of the Warrants will be reduced to a period of 21 days if, for any ten consecutive trading days during the unexpired term of the Warrant (the Premium Trading Days), the closing price of the common shares on the TSXV equals or exceeds \$0.37. If this occurs, the reduced exercise period of 21 days will begin seven calendar days after the tenth Premium Trading Day. The remaining terms and conditions of the Warrants were unchanged.

The net change in the fair value of the warrants upon amendment was recognized using the Black-Scholes valuation model in the amount of \$1,437,500 and was recognized, net of direct cash costs to implement the amendment of \$2,483 as an increase in Warrant Capital and a decrease in Contributed Surplus. The weighted average assumptions used in the model were as follows:

Common share market price	\$0.26
Risk free interest rate	0.99%
Expected dividend yield	-
Expected common share price volatility	114.91%
Expected warrant life in years	1.65

CRITICAL OUTCOME TECHNOLOGIES INC
Notes to the Condensed Interim Financial Statements
For the three and six months ended October 31, 2013 and 2012
(All amounts in Canadian dollars)

- (d) On October 29, 2013, 12,500,000 common share purchase warrants (Warrants) exercisable at \$0.30 and due to expire on October 31, 2013, were amended. The new expiry date is May 31, 2014, and is subject to a reduction to a period of 21 days if, for any ten consecutive trading days during the unexpired term of the Warrant (the Premium Trading Days), the closing price of the common shares on the TSXV equals or exceeds \$0.37. If this occurs, the reduced exercise period of 14 days will begin seven calendar days after the tenth Premium Trading Day. The remaining terms and conditions of the Warrants were unchanged.

The change in the fair value of the warrants upon amendment was recognized using the Black-Scholes valuation model in the amount of \$225,000 and was recognized, net of direct cash costs to implement the amendment of \$4,483 as an increase in Warrant Capital and a decrease in Contributed Surplus. The assumptions used in the model were as follows:

Common share market price	\$0.175
Risk free interest rate	0.20%
Expected dividend yield	-
Expected common share price volatility	88.21%
Expected warrant life in years	0.5863

- (e) A total of 726,686 compensation warrants exercisable at a price of \$0.30 relating to a private placement that was completed in three tranches in 2012 expired as follows: 157,937 on September 23, 437,499 on October 9 and 131,250 on October 26, 2013. As a result, the net fair market value allocated to these warrants of \$29,838 was transferred to Contributed Surplus.

7. Share-based compensation:

Share-based compensation transactions occurring during the quarter ended October 31, 2013, were as follows:

- (a) On October 2, 2013, 250,000 share options were granted to a consultant with an exercise price of \$0.25, a five-year life and vesting occurring as follows: 125,000 immediately and 62,500 options vesting on each of November 12, 2013 and February 12, 2014.
- (b) On October 15, 2013, 200,000 share options were granted to a consultant with an exercise price of \$0.24, a five-year life and vesting occurring as follows: 50,000 immediately and 50,000 on each of December 1, 2013, and March 1 and June 1, 2014.

CRITICAL OUTCOME TECHNOLOGIES INC
Notes to the Condensed Interim Financial Statements
For the three and six months ended October 31, 2013 and 2012
(All amounts in Canadian dollars)

The assumptions used in the Black-Scholes option-pricing model were as follows:

	Consultants
Risk free interest rate	0.96 - 1.03%
Expected dividend yield	-
Expected average share volatility	129.1 - 140.2%
Expected average option life in years	0.49 - 1.44
Estimated total stock option compensation	\$ 47,250

For the three months ended October 31, 2013, the Company recognized share-based compensation expense of \$36,189 (October 31, 2012 - \$140,588) related to the vesting of share options granted during the quarter and granted in prior periods that did not vest immediately upon initial grant. These amounts were included in General and administration expense.

At October 31, 2013, there were 5,791,497 unexercised options with 5,516,497 of these vested and exercisable at exercise prices ranging from \$0.14 to \$0.90 per share.

8. Supplementary cash flow information:

As at October 31	2013	2012
Change in non-cash working capital:		
Miscellaneous receivables	\$ 33,581	\$ (7,577)
Prepaid expenses and deposits	38,882	23,368
Accounts payable and accrued liabilities	(32,677)	(27,941)
	\$ 39,786	\$ (12,150)

The Company also engaged in financing transactions that did not involve the use of cash as set out below:

As at October 31	2013	2012
Compensation warrants issued as a cost of private placement (note 6 (a))	\$ 7,011	\$ -
Compensation warrants issued as a cost of private placement (note 6 (b))	45,413	-
Amendments to warrant capital outstanding	1,662,500	653,400
	\$ 1,714,924	\$ 653,400

9. Government assistance:

The Company has recognized \$3,290 (October 31, 2012 - \$2,677) of government assistance as a reduction in Research and product development expense under an Industrial Research Assistance Program grant with the National Research Council of Canada in the current year. The grant provides support for the development of the Company's acute myelogenous leukemia program. The total amount recognized under the grant since its inception in July 2010 is \$182,748.

10. Commitments:

At the quarter-end, the Company had commitments to pay \$74,631 for the completion of research and development contracts and \$6,156 for an insurance financing contract during the remainder of fiscal 2014.

11. Related party transactions:

There were no material transactions with related parties during the quarter that were not in the ordinary course of business. Those incurred were measured at the transaction amount, being the amount of consideration established and agreed to by the related parties and included:

- (a) consulting fees paid or accrued under a fee for service executive consulting agreement with a director in the amount of \$34,168 (October 31, 2012 - \$51,046); and,
- (b) a grant of 200,000 share options under the executive consulting agreement (note 7 (b)).

12. Subsequent events:

- (a) Grant of share options:

On December 5, 2013, the Company granted 821,168 share options to its directors and 150,000 share options to an officer under the Company's Stock Option Plan (SOP). The options have an exercise price of \$0.18 and a five-year life. The options vest over the first year on an equal basis at the end of each quarter from the date of grant.

- (b) Amendment of share option expiry dates:

At the Company's Annual General and Special Meeting of Shareholders (AGM) held on December 5, 2013, the shareholders approved an amendment to the Company's stock option plan allowing the expiry date of options held by members of the Board who were not standing for re-election at the 2013 AGM to be the earlier of (i) April 30, 2015 or (ii) the original expiry date of such options. This amendment related to 2,204,800 stock options held by four former directors with option prices ranging from \$0.15 to \$0.90.

- (c) Amendment of share option vesting dates:

On December 5, 2013, the Board of Directors, under the authority of its SOP, approved on behalf of one of its directors who did not stand for election at the AGM, the immediate vesting of 100,000 options scheduled to vest equally on March 1 and June 1, 2014. These options have an exercise price of \$0.24.