



Critical Outcome

Technologies Inc.

Letter to Shareholders

**Notice of the
2013 ANNUAL and SPECIAL MEETING of SHAREHOLDERS
to be held on Thursday, December 5, 2013**

and

**the MANAGEMENT INFORMATION CIRCULAR
dated November 7, 2013**

IMPORTANT INFORMATION FOR SHAREHOLDERS



November 7, 2013

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 (the "Meeting") of Critical Outcome Technologies Inc. ("COTI"), which will be held on December 5, 2013 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 Seventh 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 thank you for your continued support as an investor and look forward to the coming year as we build on our accomplishments of 2013. We hope that we will have an opportunity to welcome you at the meeting.

Sincerely,



Mr. John C. Drake
Chairman of the Board



Dr. Wayne R. Danter
President & Chief Executive Officer

Notes

CRITICAL OUTCOME TECHNOLOGIES INC.

Registered Office – London, Ontario

NOTICE OF THE 2013 ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

Notice is hereby given that the 2013 Annual and Special Meeting of Shareholders of Critical Outcome Technologies Inc. (the “Company” or “COTI”) will be held in London, Ontario on Thursday, December 5, 2013 at 9:30 a.m. Eastern time for the following purposes:

- (1) to receive the financial statements for the year ended April 30, 2013 and the report of the auditor thereon;
- (2) to appoint the auditor for the ensuing year and to authorize the directors of the Company to fix their remuneration;
- (3) to fix the number of members of the Board of Directors to be elected at the Meeting at five (5) 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;
- (4) to elect directors of the Company for the ensuing year;
- (5) to consider and, if deemed advisable, to pass a resolution approved by disinterested shareholders amending the Company’s Stock Option Plan to extend the expiry date for options held by certain directors not standing for re-election at the annual general meeting;
- (6) 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,
- (7) 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



London, Ontario
November 7, 2013

Dr. Wayne R. Danter
President & Chief Executive Officer

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 TUESDAY, DECEMBER 3, 2013. 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 November 7, 2013
For the Annual and Special Meeting of
Shareholders to be held on Thursday, December 5, 2013

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 2013 Annual and Special Meeting of Shareholders (the “Meeting”) to be held at the London Club, 177 Queens Avenue, London, Ontario, N6A 1J1 on Thursday, December 5, 2013 at 9:30 a.m. Eastern time and any adjournment thereof for the purposes set forth in the accompanying Notice of the 2013 Annual and Special Meeting of Shareholders. The directors have fixed Thursday, October 31, 2013 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 October 31, 2013, 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 October 31, 2013 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 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 Tuesday, December 3, 2013.

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 or AGAINST, or, FOR or WITHHOLD, as applicable), 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 the external auditor of the Company, an amendment to the Stock Option Plan 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 2013 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 October 31, 2013, there were 92,682,499 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 October 31, 2013, 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, as of October 31, 2013, no person beneficially owns, directly or indirectly or exercises control or direction over Common Shares carrying more than 10% of the votes attached to the Common Shares of the Company.

C. BUSINESS TO BE TRANSACTED AT THE MEETING

1. Financial Statements

The audited financial statements (“F/S”) for the years ended April 30, 2013 and 2012 were filed originally 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. The F/S 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 five (5) 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.

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 five (5) 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 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
Bruno Maruzzo

Wayne R. Danter
David Sanderson

John C. Drake

All of the persons named above are currently members of the Board with the exception of David Sanderson. 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 October 31, 2013 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, Wayne R. Danter, John C. Drake, Bruno Maruzzo and David Sanderson.

In the past, there have been three standing committees of the Board: the Audit Committee, the Compensation Committee and the Governance and Nominating Committee. During fiscal 2013, the mandate of the Governance and Nominating Committee, as well as the Compensation Committee was fulfilled by the Board. Having regard for the reduction in the size of the Board and the fact that the Board has been fulfilling the functions of these latter two committees, these committees will no longer be standing committees of the Board following the AGM.

Directors who are members of the audit committee are identified in the following biographies.

<u>John C. Drake</u> LLB London, Ontario, Canada President of Drake Goodwin Corp. Director Since: February 20, 2007 Independent Director	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. During his business career, he has served on the Board of many public and private companies. Until July 2013, he was Vice Chairman of Children’s Choice Learning Centers, a private company and a leading provider of corporate childcare in the United States. He is also co-owner of Redtail Golf Course, an exclusive private golf course located outside of 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 Armoured Corps in 1999. Mr. Drake obtained his BA and LLB degrees from Western University and was a member of the Law Society of Upper Canada from 1973-2012.			
	Other Public Company Directorships in the Past Five Years			
	<ul style="list-style-type: none"> • 2009 to present, iLOOKABOUT Corp., a TSXV listed company. • 2011 to present, Lexam VG Gold Inc., a company listed on the TSX, FWB and OTCQX 			
	Board/Committee Membership		Meeting Attendance	
	Board (Chair)		15 of 16	93.4%
	Combined Total		15 of 16	93.4%
	Equity Ownership⁽¹⁾			
	Common Shares	Stock Options	Warrants	% Ownership ⁽³⁾
	6,364,634	912,174	3,531,178	6.87%

<p><u>Wayne R. Danter</u> MD, FRCPC</p> <p>London, Ontario, Canada</p> <p>President, Chief Executive Officer, and Chief Scientific Officer</p> <p>Director Since: October 13, 2006</p>	<p>Dr. Danter is one of the founders of COTI and the inventor of the Company's proprietary platform drug discovery technology, CHEMSAS®. He trained at Western University (Western) in Internal Medicine and Clinical Pharmacology. Dr. Danter is responsible for the discovery and profiling of the Company's small molecule portfolios, collaboration projects with pharmaceutical partners, and continued development of CHEMSAS®. He 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 Western.</p>			
	<p>Other Public Company Directorships in the Past Five Years</p>			
	<p>None</p>			
	<p>Board/Committee Membership</p>		<p>Meeting Attendance</p>	
	<p>Board</p>		<p>16 of 16</p>	<p>100%</p>
	<p>Audit</p>		<p>8 of 8</p>	<p>100%</p>
	<p>Combined Total</p>		<p>24 of 24</p>	<p>100%</p>
	<p>Equity Ownership⁽¹⁾</p>			
	<p>Common Shares</p>	<p>Stock Options</p>	<p>Warrants</p>	<p>% Ownership⁽³⁾</p>
	<p>6,365,162</p>	<p>784,180</p>	<p>175,028</p>	<p>6.87%</p>

<p><u>Douglas S. Alexander</u> CA</p> <p>London, Ontario, Canada</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 to June 2012, Biorem Inc., a TSXV-listed company. • 2005 to present, Hydrogenics Corporation, a NASDAQ and TSX listed company – Chairman of the Board since March 2009. 			
	<p>Board/Committee Membership</p>		<p>Meeting Attendance</p>	
	<p>Board</p>		<p>15 of 16</p>	<p>93.8%</p>
	<p>Audit (Chair)</p>		<p>8 of 8</p>	<p>100%</p>
	<p>Combined Total</p>		<p>23 of 24</p>	<p>95.8%</p>
	<p>Equity Ownership⁽¹⁾</p>			
	<p>Common Shares</p>	<p>Stock Options</p>	<p>Warrants</p>	<p>% Ownership⁽³⁾</p>
	<p>128,300</p>	<p>626,053</p>	<p>113,300</p>	<p>0.14%</p>

<p><u>Bruno Maruzzo</u> MAsc, MBA</p> <p>Toronto, Ontario, Canada</p> <p>President of TechnoVenture Inc.</p> <p>Director Since: October 13, 2006</p> <p>Independent Director</p>	<p>Mr. Maruzzo has worked with a variety of public and private technology companies in the computer and life science sectors, where he has held positions in a range of areas including business development, corporate development, investor relations, engineering and general management. He has 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.</p>			
	<p>Other Public Company Directorships in the past five years</p>			
	<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, Strike Graphite Corp (formerly Minati Capital), a TSXV-listed company. • 2008 to present, Sintana Energy (formerly 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. • November 2012 to present, Aim Explorations, a TSXV-listed company. 			
	<p>Board/Committee Membership</p>		<p>Meeting Attendance</p>	
	Board		16 of 16	100%
	Audit		8 of 8	100%
	Combined Total		24 of 24	100%
<p>Equity Ownership⁽¹⁾</p>				
Common Shares	Stock Options	Warrants	% Ownership ⁽³⁾	
133,300	654,415	103,300	0.14%	

<p><u>David Sanderson</u> LLB</p> <p>London, Ontario, Canada</p> <p>President and CEO, KFL Investment Management Inc.</p> <p>Proposed Director effective: December 5, 2013</p> <p>Independent Director</p>	<p>Mr. Sanderson is the President, CEO and a co-founder, of KFL Investment Management Inc. (KFL), an algorithmic hedge fund and proprietary trading firm based in Waterloo and London, Ontario. He is also an active private investor and co-founded Entertech Systems Inc. and Actual ID, companies that make biometric access, control and time and attendance technology and software. Mr. Sanderson is also a General Partner in a small venture fund that has investments in the medical device and security equipment industries. Prior to his role at KFL, Mr. Sanderson spent 15 years in the financial services industry with his most recent role as a Managing Director at BMO Nesbitt Burns where he managed one of the largest retail brokerage offices in Canada. Prior to this position, he worked in retail brokerage at TD Waterhouse and in distribution at AIM Trimark Investments. Mr. Sanderson has a business degree from The Richard Ivey School of Business at Western University and a law degree from Queen's University. He was called to the Ontario Bar in 1992 and practiced at Stikeman, Elliott in Toronto, Ontario for seven years as a corporate, commercial, and insolvency litigator. Mr. Sanderson has also been active in the community having served on the Board of Directors of London Health Sciences Centre from 2009-2012 and the Fowler Kennedy Sports Injury Clinic from 2009-2012.</p>		
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Other Public Company Directorships in the Past Five Years			
None			
Board/Committee Membership		Meeting Attendance	
Board ⁽²⁾	N/A	N/A	
Equity Ownership⁽¹⁾			
Common Shares	Stock Options	Warrants	% Ownership ⁽³⁾
679,999	None	679,999	0.73% ⁽²⁾

Notes:

- ⁽¹⁾ Number of common shares, stock options and warrants beneficially owned, directly or indirectly, or controlled or directed.
- ⁽²⁾ Mr. Sanderson is standing for election as a new director at the December 5, 2013 AGM and accordingly he was not eligible to attend any Board meetings prior to the date of the AGM.
- ⁽³⁾ % ownership calculated as common shares divided by total common shares outstanding at the date of record of October 31, 2013.

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.

To the knowledge of the Company, no proposed director has been, within the last ten years, a director or executive officer of any company that was subject to an order that was issued while the proposed director was acting in that capacity or an order that was issued after the proposed director ceased to be a director or executive officer which resulted from an event that occurred when that person was acting in that capacity 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.

4. Appointment of Auditor

Management and the Board propose that KPMG LLP be reappointed as auditor 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 the Company became a public company in October 2006.

Management proposes that the shareholders authorize the directors to fix the remuneration of the auditor 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 auditor 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 auditor of the Company and authorize the directors to fix their remuneration.

5. Resolutions Relating to the Stock Option Plan

Under section 5.4 (a) of the Company's Stock Option Plan, options granted to directors who cease to hold office will generally expire 90 days after they cease to hold office. The disinterested shareholders holding Common Shares will be asked at the Meeting, or any adjournment thereof, to consider and, if deemed advisable, to pass the following amendment to the Stock Option Plan:

RESOLVED that subject to regulatory approval, the following additional subclause be added to Section 5 of the Stock Option Plan:

5.7 Notwithstanding the provisions of Section 5.4(a), the Expiry Date of options held by current members of the board of directors who are not standing for re-election at the 2013 annual general meeting of the shareholders of the Company shall be the earlier of (a) April 30, 2015 or (b) the original Expiry Date of such options.

The Company has applied to the TSX Venture Exchange and been granted conditional approval for this amendment subject to receiving the disinterested shareholder approval.

The holders of the Common Shares will also 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 October 31, 2013, there were 5,791,497 options granted and outstanding, and 3,476,753 available for grant under the Plan.

The Board recommends that holders of Common Shares vote in favour of these resolutions.

In order to be approved, the resolutions 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 resolutions.

D. STATEMENT OF EXECUTIVE COMPENSATION

1. Compensation Discussion and Analysis

The Company has not historically had a formal compensation program or strategy related to the compensation earned by the President and Chief Executive Officer and the Chief Financial Officer, both considered “Employee NEO”, and the Company’s Executive Director, all three being the only “executive officers” of the Company at the financial year ended April 30, 2013 (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 was established is relevant to understanding the lack of a historic formal compensation program:

- the Company remains in the commercial validation 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 6 employees; and,
- the Company has limited resources to expend on typical compensation elements.

Compensation of the Employee NEO to the end of fiscal 2013 was 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 the Employee NEO are consistent with salaries paid to Employee 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 Employee NEO that includes option-based awards, incentive based or otherwise, and accordingly no such option-based awards were granted to them in 2013 or prior years. Options granted to NEO occurred first, because of their membership as a director on the Board as described under Director Compensation, second, on a discretionary basis as noted in the footnotes to the Summary Compensation Table – NEO, or third based upon a formal agreement with the Employee NEO or with the Executive Director.

The Company’s group benefits plan (“GBP”) was established in October 2007 by a quotation process and offers health care, dental care, vision care and life insurance benefits paid by the Company as well as short and long term disability paid by the employee. Employee NEO participate in the GBP on the same

basis as all employees in the Company. This plan is not available to the Company's directors or consultants. The Company does not offer its NEO any perquisites or personal benefits.

Neither NEO nor directors are permitted to purchase financial instruments designed to hedge or offset a decrease in market value of equity securities granted as compensation to the NEO or directors.

Details of the contractual and non-contractual arrangements with the NEO are set out below. All amounts paid, calculated or disclosed are in Canadian dollars.

Chief Executive Officer

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. Dr. Danter was appointed CEO effective July 1, 2010. The initial term of his employment agreement was five years and expired on April 30, 2011.

There was no change in the employment arrangement with Dr. Danter under his previous agreement up to the Company's April 30, 2012 year end. Effective May 1, 2012 the Company entered into a new employment agreement with Dr. Danter, the significant compensation terms of which are as follows:

- an annual base salary of \$170,000 exclusive of bonuses, benefits and other compensation to which he might become entitled;
- an automatic increase in the annual base salary to \$200,000 upon the Company receiving an upfront licensing payment in excess of \$2,500,000 for its lead oncology compound, COTI-2;
- a grant of 250,000 common share options during fiscal 2013 with terms in accordance with the parameters of the Company's share option plan;
- a vacation entitlement of six (6) weeks;
- a cash bonus in each year upon successful attainment of the milestones or objectives established for each fiscal year by the Board;
- participation in all benefit plans that COTI provides to its employees; and,
- participation in any bonus plans and options to purchase shares of COTI as may be provided by the Board in its discretion.

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. Mr. Kelly's salary was established by the President at the time.

Effective May 1, 2012 the Company entered into an employment agreement with Mr. Kelly, the significant compensation terms of which are as follows:

- an annual base salary of \$130,000 exclusive of bonuses, benefits and other compensation to which he might become entitled;
- an automatic increase in the annual base salary to \$150,000 upon the Company receiving an upfront licensing payment in excess of \$2,500,000 for its lead oncology compound, COTI-2;
- a grant of 200,000 common share options during fiscal 2013 with terms in accordance with the parameters of the Company's share option plan;

- a vacation entitlement of four (4) weeks;
- a cash bonus in each year upon successful attainment of the milestones or objectives established for each fiscal year by the Board;
- participation in all benefit plans that COTI provides to its employees; and,
- participation in any bonus plans and options to purchase shares of COTI as may be provided by the Board in its discretion.

Executive Director

Effective June 1, 2011, the Company entered into an executive management consulting services agreement with one of its directors (the “Executive Director”). The Executive Director was paid a daily rate for invoiced time as services were provided. Under the agreement, the Executive Director was granted 200,000 stock options on June 21, 2011 with 50,000 options vesting on each of September 1 and December 1, 2011, and March 1 and June 1, 2012. The options have a five-year life and an exercise price of \$0.35. The Executive Director was also entitled to certain cash bonuses based upon his material contribution to the Company successfully achieving any or all of a license agreement, a collaboration agreement or a financing. Compensation paid under the agreement for fiscal 2012 included \$169,667 for services and \$33,220 in bonuses.

The initial term of the agreement expired on May 31, 2012 and automatically renewed for a one year term expiring on April 30, 2013. Under this agreement, the Executive Director billed for his services at an agreed daily rate prorated for partial days. The Executive Director was also granted 200,000 stock options with 50,000 vesting on September 10 and December 1, 2012 and March 1 and June 1, 2013. The options have a five-year life with an exercise price of \$0.14. Compensation paid under the agreement for fiscal 2013 included \$175,174 for services and \$5,560 in bonuses. This agreement automatically renewed on June 1, 2013.

The Executive Director was also entitled to participate in the Executive Bonus Plan upon attainment of the milestones or objectives established for fiscal 2013.

The NEO employment agreements do not provide for any post-retirement benefits.

Executive Bonus Plan

Under the employment and consulting agreements effective May 1, 2012, the NEO are eligible to participate in an Executive Bonus Plan (“EBP”) based upon the achievement of specific short and long-term objectives. The EBP for fiscal 2013 recognized the importance of future financing either through cash realized by two key objectives; either obtaining a licensing agreement for the Company’s lead oncology compound, COTI-2, or an equity financing transaction as defined in the EBP.

In addition to the two key objectives, the fiscal 2013 EBP also recognized the importance of three contingent objectives. A cash payment for achievement of these objectives was contingent upon achievement of at least one of the key objectives.

There were no bonuses determined to be payable under the EBP for fiscal 2013 as the two key objectives were not achieved.

2. Summary Compensation Table – NEO

The following table provides compensation information for each of the NEO during the financial years ended April 30 respectively. In accordance with Form 51-102F6 (1.3) (2) (a), it is permitted to omit a table column if the content of such column does not apply to the company. As COTI does not have any Share-based Award program or a Pension Plan, such columns were omitted from the table below.

Name and Principal Position	Year ⁽³⁾	Salary (\$) ⁽⁴⁾	Option-Based Awards (\$) ⁽⁶⁾	Non-equity incentive plan compensation (\$) ⁽⁹⁾		All Other Compensation (\$) ⁽¹⁰⁾	Total Compensation (\$) ⁽¹¹⁾
				Annual Incentive Plans	Long Term Incentive Plans		
Michael Cloutier ⁽¹⁾ Chief Executive Officer	2013	-	-			-	-
	2012	-	-			-	-
	2011	44,951	⁽⁶⁾ 15,000			⁽¹⁰⁾ 2,000	61,951
Dr. Wayne Danter President, Chief Executive Officer & Chief Scientific Officer	2013	170,000	⁽⁶⁾⁽⁷⁾ 37,344			⁽¹¹⁾ 2,013	209,357
	2012	170,000	⁽⁶⁾⁽⁷⁾ 20,915			⁽¹¹⁾ 1,799	189,299
	2011	170,000	⁽⁶⁾ 17,500			⁽¹¹⁾ 1,907	189,407
Gene Kelly Chief Financial Officer	2013	130,000	⁽⁷⁾ 13,385			⁽¹¹⁾ 1,555	144,940
	2012	130,000	⁽⁷⁾ 2,612			⁽¹¹⁾ 1,385	133,997
	2011	130,000	-			⁽¹¹⁾ 1,468	131,468
Dr. Brent Norton ⁽²⁾ Executive Director	2013	⁽⁵⁾ 175,174	⁽⁶⁾⁽⁸⁾ 35,293	5,560		⁽¹⁰⁾ 2,000	218,027
	2012	⁽⁵⁾ 169,667	⁽⁶⁾⁽⁸⁾ 42,900	33,220		⁽¹⁰⁾ 2,500	248,287
	2011	-	-	-		-	-

Notes:

- (1) Effective July 1, 2010, Mr. Cloutier resigned as Chief Executive Officer and Dr. Danter was appointed as the new CEO.
- (2) Dr. Norton entered into an annual executive consulting agreement with the Company effective June 1, 2011 that was renewed on June 1, 2012.
- (3) All fiscal years are 12 calendar months ending on April 30.
- (4) Reflects actual paid earnings for the year specified.
- (5) Amounts based upon invoices for services rendered under the contract.
- (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. These grants were made in addition to any compensation received as an NEO. These options vested evenly on a quarterly basis from the date of grant. 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) At the discretion of the Board, NEO received option grants with immediate vesting for their management performance in lieu of salary increases.
- (8) In addition to director option grants, Dr. Norton was awarded 200,000 share options each year under his consulting agreement with a fair market value at grant in 2013 of \$17,800 (2012 - \$25,400).
- (9) The Company does not have any annual or long-term non-equity incentive plans. The annual incentive payment reflects a bonus paid to Dr. Norton for achieving certain objectives under his consulting agreement.
- (10) Directors' meeting fees paid.
- (11) Taxable life insurance benefits.

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. Neither the Board nor the Compensation Committee has conducted a detailed review of the risk implications associated with the Company’s compensation policies and practices. However, given the nature of the compensation currently used by the Company the risks are considered negligible.

The Company’s stock option plan (“SOP”) is administered on a discretionary basis by the Board. To date options have been awarded under the SOP 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, 2013 are set out in the table below.

Outstanding Share-Based and Option-Based Awards – NEO ⁽⁶⁾

Name	Option-based Awards			
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	⁽⁴⁾ Option expiration date	⁽⁵⁾ Value of unexercised in-the-money options (\$)
Dr. Wayne Danter, CEO, President & CSO	⁽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	nil
	⁽¹⁾ 85,366	\$0.30	September 26/16	nil
	⁽²⁾ 15,385	\$0.25	October 17/16	nil
	⁽²⁾ 250,000	\$0.16	September 24/17	nil
	^{(1) (3)} 163,934	\$0.16	September 24/17	nil
	784,180			
Gene Kelly, CFO	⁽²⁾ 48,936	\$0.47	February 11/15	nil
	⁽²⁾ 11,765	\$0.25	October 17/16	nil
	⁽²⁾ 200,000	\$0.14	September 9/17	nil
	260,701			
Dr. Brent Norton, Executive Director	⁽¹⁾ 56,818	\$0.15	March 30/16	nil
	⁽⁴⁾ 200,000	\$0.35	June 21/16	nil
	⁽¹⁾ 85,366	\$0.30	September 26/16	nil
	^{(4) (3)} 200,000	\$0.14	September 9/17	nil
	^{(1) (3)} 163,934	\$0.16	September 24/17	nil
	706,118			

Notes:

⁽¹⁾ Options granted in role as a director.

⁽²⁾ Options granted at the Board’s discretion in role as an NEO.

⁽³⁾ All options are vested and have a five-year life with the exception of options granted to Dr. Danter and Dr. Norton as directors, and options granted to Dr. Norton under his consulting agreement. Directors’ options vest evenly on a quarterly basis from the grant date of September 25, 2012 and the consulting options vest evenly on a quarterly basis from June 1, 2012.

- (4) Options granted as part of his compensation under a consulting agreement with the Company.
- (5) Based upon the net difference between the closing price for the common shares at April 30, 2013 of \$0.13 and the exercise price for options vested at that date.
- (6) The Company does not have any share-based awards and accordingly columns requiring disclosure of such information have been omitted from the table in accordance with National Instrument 51-102F6 Item 1 (1.3) (2) (a).

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, 2013 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 (\$)
Dr. Wayne Danter, President & CEO	nil		
Gene Kelly, Chief Financial Officer	nil		
Dr. Brent Norton, Executive Director	nil		

Notes:

- (1) Options granted during the year to the CEO and Executive Director as directors vested on a quarterly basis commencing from the date of grant on September 25, 2012. Accordingly, the vesting dates that occurred during fiscal 2013 were December 25, 2012 and March 25, 2013 with vesting date market prices of \$0.14 and \$0.115 respectively. Options granted to the Executive Director under the consulting agreement vested quarterly on September 10 and December 1, 2012 and March 1, 2013, with vesting date market prices of \$0.14, \$0.11, and \$0.14 respectively. Options granted in roles as NEO vested upon the date of grant being September 10 and 25, 2012 with vesting date market prices of \$0.14 and \$0.16 respectively.
- (2) Calculated based upon the net difference between the closing price for the common shares at the vesting date and the option exercise price, multiplied by the number of options granted.
- (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

Dr. Danter's May 1, 2012, employment agreement provides for termination as follows:

- without notice or pay in lieu of such notice for cause;
- any time by Dr. Danter upon 90 days written notice to the Company;
- by COTI without cause by paying in lieu of notice, an amount equal to two year's salary of Dr. Danter's then current annual base salary; benefits as prescribed under the terms of the Company's benefits plan; and, any additional compensation entitlements under a bonus plan or share purchase plan in effect at the time of termination to which Dr. Danter would be entitled at the time of termination; and,

- by Dr. Danter upon prior written notice to COTI at any time within 180 days after a Change of Control of COTI in which case COTI shall pay to the Dr. Danter an amount equal to two years of Dr. Danter's then current annual base salary.

Mr. Kelly's May 1, 2012, employment agreement provides for termination as follows:

- without notice or pay in lieu of such notice for cause;
- any time by Mr. Kelly upon 90 days written notice to the Company;
- by COTI without cause by paying in lieu of notice, an amount equal to one year's salary plus one month's salary for every year of service greater than 10 years of service to a maximum of two years of Mr. Kelly's then current annual base salary; benefits as prescribed under the terms of the Company's benefits plan; and, any additional compensation entitlements under a bonus plan or share purchase plan in effect at the time of termination to which Mr. Kelly would be entitled at the time of termination; and,
- by Mr. Kelly upon prior written notice to COTI at any time within 180 days after a Change of Control of COTI in which case COTI shall pay to Mr. Kelly an amount equal to one year of Mr. Kelly's then current annual base salary.

Amounts payable upon termination for either Dr. Danter or Mr. Kelly are to be paid over the term of the severance on a continuous pay period basis after the date of termination. Should employment be obtained during the installment payment period, the amount of such installments remaining to be paid after the date of this employment will be reduced by 50%.

Under Dr. Norton's consulting contract, should COTI complete an objective in respect of which the Consultant has made a material contribution and for which NEO are eligible for a bonus following the expiry of his agreement, Dr. Norton would be eligible for a performance bonus in keeping with the bonus plan in place for NEO as follows:

Period Following Expiry of Term	Bonus Payment
First three months	As provided in the Executive Bonus Plan
Second three months	One-half of the amount provided in the Executive Bonus Plan

7. Director Compensation

Standard Compensation Arrangements

Each director of the Company received; (i) an annual retainer fee paid by a grant of share options determined by formula using a notional cash value of \$15,000 divided by the fair value of the exercise price of the share 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 NEO of the Company 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 was paid by a grant of share 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 received 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, 2013. In accordance with Form 51-102F6 (1.3) (2) (a), it is permitted to omit a table column if the content of such column does not apply to the company. As COTI does not have any Share-based Award program, Non-Equity Incentive Plan Compensation or a Pension Plan, such columns were excluded from the table below.

⁽¹⁾ Name	⁽²⁾ Meeting Fees Paid	⁽³⁾ ⁽⁴⁾ Option-Based Awards	⁽⁵⁾ All Other Compensation	Total Compensation
John Drake	\$ 2,000	\$ 30,124	-	\$ 32,124
Douglas Alexander	3,500	24,990	-	28,490
Kathleen Ferguson	2,000	22,440	-	24,440
Bruno Maruzzo	3,500	22,440	-	25,940
Murray Wallace	3,500	20,060	-	23,560
Thomas Wellner	-	18,171	-	18,171
TOTALS	\$ 14,500	\$ 138,225	-	\$ 152,725

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.
- ⁽³⁾ 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. All options granted during the year vested quarterly from the date of grant on September 25, 2012.
- ⁽⁴⁾ Based upon the grant date fair value of the award using a Black Scholes valuation model.
- ⁽⁵⁾ The Company did not provide “Other Compensation” to its directors other than as described below under “Directors’ and Officers’ Insurance”.

Outstanding Share-Based and Option-Based Awards – Directors ⁽³⁾

Name	Option-based Awards			
	⁽¹⁾ Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	⁽²⁾ Value of unexercised in-the-money options (\$)
John Drake	80,022	\$0.75	June 9/13	nil
	61,111	\$0.90	February 16/14	nil
	111,111	\$0.050	September 9/14	nil
	232,558	\$0.165	October 27/15	nil
	146,342	\$0.30	September 26/16	nil
	281,030	\$0.16	September 25/17	nil
	912,174			
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	nil
	121,951	\$0.30	September 26/16	nil
	234,192	\$0.16	September 25/17	nil
	626,053			
Kathleen Ferguson	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	nil
	109,756	\$0.30	September 26/16	nil
	210,773	\$0.16	September 25/17	nil
	644,870			
Bruno Maruzzo	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	nil
	109,756	\$0.30	September 26/16	nil
	210,773	\$0.16	September 25/17	nil
	654,415			
Murray Wallace	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	nil
	97,561	\$0.30	September 26/16	nil
	187,354	\$0.16	September 25/17	nil
	671,040			
Thomas Wellner	17,838	\$0.28	July 10, 2017	nil
	140,515	\$0.16	September 25/17	nil
	158,353			

Notes:

- ⁽¹⁾ All options were granted for role as a director in lieu of cash for retainer and committee membership. All options are vested except a portion of those from the grant on September 25, 2012. Options under these grants vest quarterly from the date of grant.
- ⁽²⁾ Based upon the net difference between the closing price for the common shares at April 30, 2013 of \$0.13 and the exercise price for vested options at that date.
- ⁽³⁾ The Company does not have any share-based awards and accordingly columns requiring disclosure of such information have not been included in the table in accordance with NI 51-102F6 Item 1 (1.3) (2) (a).

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, 2013 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 (\$)
John Drake	nil		
Douglas Alexander	nil		
Kathleen Ferguson	nil		
Bruno Maruzzo	nil		
Murray Wallace	nil		
Thomas Wellner	nil		

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 September 25, 2012 and accordingly vesting during the fiscal year occurred on December 25, 2012 and March 25, 2012 with closing market prices on the vesting dates of \$0.14 and \$0.115 respectively.

⁽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 2013 was approximately \$28,728. Directors and officers do not pay any portion of the premiums and no indemnity claims were made or became payable in 2013.

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 during the Company's most recently completed financial year ending April 30, 2013 or in any proposed transaction, which has materially affected or would materially affect the Company subsequent to the this year-end.

11. Retirement Policy for Directors

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

12. Securities Authorized for Issuance Under Equity Compensation 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, 2013, 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	5,584,437	\$0.43	2,221,410
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	5,584,437	\$0.43	2,221,410

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 Shareholders since then in accordance with the regulations of the TSXV for a rolling SOP. 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 share 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 October 31 2013, options to purchase an aggregate of 5,791,497 Common Shares, representing approximately 6.25% of the issued and outstanding Common Shares are outstanding under the SOP. There were no shares issued during fiscal 2013 from the exercise of options granted under the SOP. 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 share option is not to be more than five years. Share options are granted subject to vesting requirements. The SOP allows the expiry date of share options granted thereunder to be the tenth day following the end of a Company imposed blackout period on trading securities of the Company in the event that the share 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 re-priced any of the share 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 Board. Subject to receipt of requisite regulatory approval, where required, and without further shareholder approval, the Board may make the following amendments to the SOP: (a) housekeeping changes; (b) a change to the termination provisions of the SOP or of a share option as long as the change does not permit the Company to grant a share option with a termination date of more than five years from the date of the grant or to extend an outstanding share 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 International Financial Reporting Standards (IFRS). The key assumptions used in the option pricing model and the total estimated share-based compensation for all NEO and directors for the respective years are set out in the table below.

Assumption	2011	2012	2013
Risk free interest rate	2.11 - 2.57%	1.12 - 1.53%	1.04 - 1.33%
Expected dividend yield	-	-	-
Expected share volatility	144%	123.3 - 139.8%	113.1 - 114.8%
Expected average option life in years	5.0	2.79 - 5	2.5 - 2.8
Estimated stock option compensation	\$161,250	\$209,678	\$206,447

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 eight directors, one of whom, Dr. Danter, is an executive officer of the Company and is thus considered to have a material relationship with it. A second 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 six directors are independent. Accordingly, the majority (75%) of the current directors are independent.

As set out in the Business to be Transacted at the Meeting, it is proposed that the size of the Board be reduced from eight directors to five of which four of the proposed directors will be independent, with Dr. Danter being the only non-independent director.

2. Directorships

The directors of the Company who are directors of other reporting issuers in Ontario or any other 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 an independent director as it has been more than three years since he was 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; and,
- 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 auditor’s 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. Board Committees

Historically, in addition to the Audit Committee, the Board has had standing committees for the Governance and Nominating Committee and the Compensation Committee. In view of the reduction in the size of the Board, going forward these committees will be eliminated as standing committees and the Board will perform the functions of these committees. In particular, new candidates for Board nomination will now be identified by current directors or management. Compensation for directors and the CEO will be reviewed and determined by the Board based on prevailing rates in the industry having regard for the resources of the Company.

8. Board Assessments

There was no Board assessment conducted in the past year.

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 (NI) for the Audit Committee:

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

Note:

⁽¹⁾ As defined in NI 52-110.

As Mr. Wallace will not be standing for election at the AGM, a replacement will be named at the Board meeting following the AGM.

2. Relevant Education and Experience

The members of the Committee are each experienced senior business executives. Mr. Alexander, the chair of the Committee is a member of the Institute of Chartered Accountants of Ontario. Mr. Wallace is a Fellow 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 Audit 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 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 Auditor's Engagement Services Policy setting out the services the independent auditors are permitted to perform, 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 auditor.

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, 2013	\$57,750	\$1,100	\$2,525	⁽³⁾ \$16,403	\$77,778
April 30, 2012	\$57,750	⁽¹⁾ \$41,676	\$6,900	\$7,800	\$114,126
April 30, 2011	\$57,750	⁽²⁾ \$32,740	\$5,850	\$2,100	\$98,440

Notes:

- ⁽¹⁾ Included specific engagements to review the Company's accounting policies on the application of IFRS to its financial reporting upon transition to IFRS and the implementation of these policies in the Company's first quarterly reporting under IFRS at July 31, 2011.
- ⁽²⁾ Includes \$31,200 related to transition planning to IFRS for Canadian public entities for fiscal years beginning after January 1, 2011.
- ⁽³⁾ Process documentation project.

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 as of October 31, 2013. 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 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, 2013 and the Company's Annual Information Form filed in August 2012 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 7th day of November, 2013.



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 using 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
AMENDED JULY 24, 2012

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 auditor 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 International Financial Reporting Standards (IFRS), 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 IFRS 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, if any, 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 auditor wishes to bring to the attention of the Board has been addressed; and
- (m) at least once per year, meet with the external auditor 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 AUDITOR

- (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 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 preparing or issuing an auditor's 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.

Notes

