# Press Release

## CRITICAL OUTCOME TECHNOLOGIES REPORTS YEAR-END FINANCIAL AND OPERATING RESULTS

### *Key commercialization initiatives advanced during fiscal 2014*

**London, Ontario (July 24, 2014): Critical Outcome Technologies Inc. ("COTI" or the "Company") (TSX Venture: COT; OTCQB: COTQF)** reported its financial and operating results today for the fourth quarter and the year ended April 30, 2014 ("FYE 2014").

Highlights for the fiscal year included:

- Receiving further positive test results from MD Anderson Cancer Center confirming that the Company's lead cancer drug candidate, COTI-2, is most active in mutant p53 tumors and the effect seen in many specific p53 mutations is striking, suggesting that clinical trials are warranted;
- Receiving a fifth patent grant from the United States Patent & Trademark Office for COTI-2 with this latest patent related to using COTI-2 in various combination therapies;
- Initiating the final toxicity studies including the 28-day two-species study for COTI-2 as the last major test data needed to prepare an Investigational New Drug ("IND") filing leading to a Phase 1 clinical trial; and,
- Submitting an application for Orphan Drug Designation for COTI-2 in the treatment of ovarian cancer.

"In fiscal 2014, we made substantial progress with respect to three core initiatives focused on future revenue generation," said Dr. Wayne Danter, COTI's President & Chief Executive Officer. "First, is the development and commercialization of COTI-2; second, the advancement of research and development collaborations entered into during the prior fiscal year; and third, the application of the core functionality of CHEMSAS® and the Company's scientific and technical knowledge in the development of new product applications."

"Fiscal 2015 is off to a great start," said Mr. John Drake, COTI's Chairman. "In June, COTI-2 received an Orphan Drug Designation from the U.S. Food and Drug Administration for the treatment of ovarian cancer. This is an important milestone for COTI-2 and moves us one step closer to bringing this exciting compound to ovarian cancer patients. Also in June, our common shares commenced trading on the OTCQB, improving our visibility and exposure in the U.S. We look forward to keeping you abreast of what we expect to be an exciting year for our Company."

**Financial Results**

Fourth Quarter

The Company reported a quarterly net loss of $1,226,521 or $0.01 per share, compared to a net loss of $443,579 or $0.01 per share, for the fourth quarter a year earlier. The increase of $782,942 in the loss related primarily to an increase of $502,261 in research and development ("R&D") expenditures and $312,122 in general and administrative ("G&A") expenditures partially offset by an increase of $42,495 in investment tax credits.

The increased R&D expenditures related primarily to *in vivo* and *in vitro* testing that increased by $414,497 reflecting the 28-day two-species toxicity tests being conducted for COTI-2 and the related supporting tests necessary to prepare an IND filing with the U.S. Food and Drug Administration. The major cause of the G&A increase was higher spending for strategic financial advisory services of $276,592 to assist in the Company's plans to raise capital in the U.S.

Fiscal Year

The Company reported a loss of $2,996,179 or $0.03 per share for FYE 2014 compared to a net loss of $2,625,804 or $0.03 per share for fiscal 2013. The increased loss of $370,375 resulted primarily from increases in R&D expense of $242,999 and G&A expense of $239,781 partially offset by a decrease in sales and marketing ("S&M") expense of $176,376.

R&D expenses increased year-over-year primarily due to increases in testing related to COTI-2, with the primary focus of the testing being the final two-species toxicity testing package and the associated tests supporting the preparation of a COTI-2 IND filing. The increase in G&A expenses related to higher consulting fees primarily associated with U.S. financial advisory services offset by a decrease in salaries and benefits, and share-based compensation. The decrease in S&M expenses year-over-year related to decreases in consulting fees, marketing and travel, and salaries and benefits related to a staffing reduction.

Financing

During the year, the Company realized gross proceeds of approximately $2.8 million through private placements with accredited investors and the issuance of a debenture to provide funding for operations. At FYE 2014, the Company had $830,275 in cash and cash equivalents to provide funding for operations in fiscal 2015 compared to $169,347 at FYE 2013. Subsequent to year-end, the Company announced a private placement financing for approximately $895,000 to further support operations.

More detailed operating and financial results can be found in the Company's Annual Audited Financial Statements and Management Discussion and Analysis for the year ended April 30, 2014, which can be found on SEDAR at www.sedar.com.

**About Critical Outcome Technologies Inc. (COTI)**

COTI is a leading-edge bioinformatics company specializing in accelerating the discovery and development of small molecules – dramatically reducing the time and cost to bring new drugs to market. COTI's proprietary artificial intelligence system, CHEMSAS®, utilizes a series of predictive computer models to identify compounds with a high probability of being successfully developed from disease specific drug discovery through chemical optimization and preclinical testing. These compounds are targeted for a variety of diseases, particularly those for which current treatments are either lacking or ineffective.

For more information, visit www.criticaloutcome.com or contact:


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