

FOR IMMEDIATE RELEASE

CRITICAL OUTCOME TECHNOLOGIES INC. AND WESTERN UNIVERSITY SIGN COMMERCIAL COLLABORATION AGREEMENT

London, Ontario (September 6, 2012): Critical Outcome Technologies Inc. (COTI) (TSX Venture: COT) announced today that Western University (Western) has engaged COTI in a commercial collaboration to discover and advance potential therapies designed to minimize Central Nervous System (CNS) scarring following trauma or stroke.

Under this engagement COTI will utilize its proprietary technology CHEMSAS® to discover and optimize novel drug candidates against a specific cellular target of importance to Western researcher Dr. Arthur Brown that can effectively target a number of CNS scarring indications where current treatments are lacking or ineffective. This is an area of clear unmet medical need with at least 1.7 million incidents of traumatic brain injury in the United States alone annually with no effective therapies available to minimize the scarring that results from the injury. Dr. Brown and Western will then evaluate the identified compounds to test the suitability of the molecules as leads for the cellular target. With any of the candidates that meet pre-determined development criteria, COTI and Western will work jointly to move the candidates towards clinical confirmation of activity and a commercial licensing transaction.

“We are excited to work with a world-renowned research institution and medical researcher on this project in an area where current therapies are largely ineffective,” said Dr. Wayne Danter, President and Chief Executive Officer of COTI. “This important risk and reward sharing collaboration allows COTI to use its proprietary drug discovery engine, CHEMSAS® to help advance Dr. Brown’s world class research towards commercialization.”

Western University has received federal funding to work with COTI on this CNS project to support early validation of the lead compounds identified through CHEMSAS® and Dr. Brown’s testing and evaluation of these compounds.

“This is a prototypical example of how complementing expertise from Western and a local and innovative biotech company can be leveraged to advance a cutting edge therapeutic approach, for the benefit of both parties, and potentially the healthcare system,” adds Paul Paolatto, Executive Director of WORLDdiscoveries, the commercialization arm of Western. “We are very pleased at the pace of this collaboration, and the additional value that it will bring to our anti-scarring technology portfolio.”

CHEMSAS® utilizes a series of computer simulations to discover, optimize and select novel targeted compounds for rapid patent submission and preclinical development. CHEMSAS® is built on a series of proprietary algorithms that are applied to complex 3D molecular structures of small molecules to produce unique 2D data patterns composed of more than 300 proprietary descriptors. These unique

molecular data patterns are then used to develop hybrid predictive models relating molecular structure to specific biological properties that previously required expensive and time consuming *in vitro* and/or *in vivo* tests. The computer optimized structures are then edited and further optimized with final potential lead candidates then selected based on an optimal profile of probable physical, chemical, biological, efficacy and ADMET properties.

About Critical Outcome Technologies Inc.

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

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

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