



# Press Release

**FOR IMMEDIATE RELEASE**

## **CRITICAL OUTCOME TECHNOLOGIES INC. ANNOUNCES LETTER OF INTENT TO PURCHASE THE SHARES OF DDP THERAPEUTICS**

**London, Ontario (September 17, 2007): Critical Outcome Technologies Inc. (TSX Venture: COT)** announced today, that following a period of due diligence since its June 26, 2007 press release concerning a proposal (Proposed Transaction) received from shareholders (Sellers), of 6441513 Canada Inc. operating as DDP Therapeutics (DDP), representing all the outstanding common shares not already owned by Critical Outcome Technologies Inc. (COTI), that COTI has signed a non-binding letter of intent to acquire these outstanding shares (Shares) and certain 5% promissory notes (Notes) owing by DDP to two of the Sellers.

DDP was formed in 2005 to develop a library of small cell lung cancer molecules (Molecules) discovered by COTI using its CHEMSAS® technology. Ownership of DDP upon formation and at present consists of: COTI 10%, Dr. Wayne Danter, President of COTI, 10%, Whippoorwill Holdings, a wholly owned company of Mr. John Drake the CEO of COTI, 40%, and 40% by 2080084 Ontario Inc., an unrelated third party.

The purchase price for the Shares will be calculated immediately prior to closing based on 90% of the net book value of DDP and using an agreed value for the Molecules of \$5,500,000 in the calculation. The estimated share purchase price is \$4,270,000. The purchase price for the Notes will be equal to the face value of the Notes in the amount of \$740,000 plus accrued interest estimated to be \$80,200 to the date of settlement for a total Note purchase price of \$820,200.

The consideration is payable \$1,000,000 in cash (Cash Consideration) and the balance of the purchase price by the issuance of common shares of COTI (Share Consideration) issued at the same issue price per share as is payable by the purchasers of a private placement (Private Placement) conditional to closing the Proposed Transaction. One-half of the Share Consideration will be issued on closing of the Proposed Transaction (Closing) and the remainder of the Share Consideration will be conditionally allotted and reserved for issuance to the Sellers upon the Molecules achieving the following development milestones (Milestones). One-half of the remaining Share Consideration will be issued on the first to occur of: the issuance by the Federal Food and Drug Administration of the United States (FDA) of notification of acceptance of an investigational new drug (IND) filing in respect of any of the Molecules and receipt of the IND acceptance # document in respect of the Molecule; or the issuance of a final patent in respect of any of the Molecules by European or US patent authorities. The remaining one-half of the remaining Share Consideration will be issued to the Sellers on the first to occur of: the issuance by the FDA of notification of acceptance of an IND filing for any Molecule in respect of which a final patent has been issued in the US or Europe; or the issuance of a final patent in the US or Europe for any Molecule in respect of which the FDA has given notice of acceptance of an IND filing and has issued the IND acceptance number document.

Should the Milestones not be reached by the eighth anniversary of the Closing, COTI has the option to either (i) issue the remaining Share Consideration to the Sellers or (ii) pay the Sellers the amount, if any, by which the fair value of the Molecules exceeds the amount invested in the Molecules by COTI, including the amount of the investment of Share Consideration issued to the Sellers up to that point. The determination of the fair value of the Molecules shall be made by agreement between COTI and the Sellers or, failing such agreement, shall be determined by arbitration with the assistance of an appraiser or valuator on a basis to be described in the definitive documents for the Proposed Transaction. The amount of the investment by COTI in the Molecules shall be verified by COTI's auditors if requested by the Sellers. If the fair value of the Molecules at that time is less than the amount invested in the Molecules by COTI, no amount shall be payable to the Sellers.

As at September 14, 2007 COTI has 39,246,694 shares outstanding and the issuance of all Share Consideration on the Proposed Transaction including those shares issuable upon completion of milestones is estimated to be in the range of 5-6 % of the current shares outstanding and of that, 55.6% is attributable to the related parties referred to above.

The Proposed Transaction is conditional upon, among other things, the completion of a Private Placement financing to raise not less than \$5,000,000, the net proceeds of which will be used, first, to the extent of \$1,000,000 to fund payment of the Cash Consideration; second, to fund the continued development of the Molecules and any excess to be added to the working capital of COTI and used for its general corporate purposes.

These securities will not be registered under the U.S. Securities Act of 1933, as amended (the "Act"), and may not be offered or sold in the United States unless registered under the Act or unless an exemption from registration is available.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any Province or jurisdiction in which such offer, solicitation or sale would be unlawful.

COTI has until September 30, 2007 to conduct its due diligence related to the Proposed Transaction and to determine whether the Proposed Transaction can be satisfactorily completed.

Closing of the Proposed Transaction is targeted for October 31, 2007 subject to approval by COTI's Board of Directors of the terms of the Private Placement and Proposed Transaction and final acceptance of the completed Private Placement and Proposed Transaction by the TSX Venture Exchange, and any other applicable required approvals.

### **Notice to Readers**

Information contained in this press release may contain certain statements which constitute "forward-looking statements" within the meaning of the *Securities Act* (Ontario) and applicable securities laws. These forward-looking statements, by their nature, are not guarantees of future performance and are based upon management's current expectations, estimates, projections and assumptions. COTI operates in a highly competitive environment that involves significant risks and uncertainties which could cause actual results to differ materially from those anticipated in these forward-looking statements. Management of COTI considers the assumptions on which these forward-looking statements are based to be reasonable, but as a result of the many risk factors, cautions the reader that

actual results could differ materially from those expressed or implied in these forward looking statements. Information in this press release should be considered accurate only as of the date of the release and may be superseded by more recent information disclosed in later press releases, filings with the securities regulatory authorities or otherwise.

**About Critical Outcome Technologies Inc.**

COTI is formed around a unique computational platform technology called CHEMSAS®, which allows for the accelerated identification, profiling and optimization of targeted small molecules potentially effective in the treatment of human diseases for which current therapy is either lacking or ineffective. COTI's business is focused on the discovery and pre-clinical development of libraries of novel, optimized lead molecules for the treatment of specific cancers, HIV and multiple sclerosis. Currently, five targeted libraries of lead compounds (small cell lung cancer, multiple sclerosis, HIV integrase inhibitors, colorectal cancer, and acute myelogenous leukemia in adults) are under active development.

For further information, visit the website at [www.criticaloutcome.com](http://www.criticaloutcome.com) or contact:

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