



Press Release

FOR IMMEDIATE RELEASE

CRITICAL OUTCOME TECHNOLOGIES INC. ANNOUNCES PILOT PROJECT WITH MERCK SERONO

London, Ontario (October 17, 2007): Critical Outcome Technologies Inc. (TSX Venture: COT), announced today that it has signed a pilot project agreement with Merck Serono, a division of Merck KGaA (FWB: MRK) of Darmstadt, Germany, to identify drug development candidates for a specific oncology cellular target.

“We are pleased to begin a working relationship with a leading global pharmaceutical company like Merck Serono,” said John Drake, Chairman and Chief Executive Officer of Critical Outcome Technologies Inc. (COTI). “We look forward to successfully combining our innovative drug discovery technology CHEMSAS® with the proven capabilities of Merck Serono in developing important therapies for oncology. It is our hope that this project marks the beginning of a successful, long-term relationship.”

The scope of the project consists of COTI utilizing its proprietary technology CHEMSAS® to discover 4 to 6 novel drug candidates built on 2 to 3 scaffolds against a specific cellular target of importance to Merck Serono. Merck Serono will then evaluate the COTI-identified compounds and decide, at its own discretion, to synthesize and test the suitability of the molecules as leads for the cellular target. Merck Serono has the option to develop, independent of COTI, derivatives of the compounds identified by COTI. Merck Serono has agreed to provide confirmatory data to COTI demonstrating superiority of the derivative versus the COTI-proposed compounds.

Financial terms of the agreement call for a project commencement payment from Merck Serono to COTI. Additional payments will be earned based upon achievement of individual milestones in the preclinical development of the drug candidates discovered by COTI. The total amount of milestone payments will be driven by the number of scaffolds Merck Serono decides to take forward and successfully develop.

“Working with Merck Serono on this pilot project affords us the opportunity to further validate our technology via this revenue-driven initiative,” said Dr. Wayne Danter, President and Chief Scientific Officer of COTI. “This pilot project is aligned with COTI’s goal of accelerating the process of getting novel treatments to market.”

About Critical Outcome Technologies Inc. (COTI)

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



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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, please visit the website at www.criticaloutcome.com or contact:

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About Merck KGaA

Merck is a global pharmaceutical and chemical company with sales of EUR 6.3 billion in 2006, a history that began in 1668, and a future shaped by 30,000 employees in 61 countries. Its success is characterized by innovations from entrepreneurial employees. Merck's operating activities come under the umbrella of Merck KGaA, in which the Merck family holds an approximately 70% interest and free shareholders own the remaining approximately 30%. In 1917 the U.S. subsidiary Merck & Co. was expropriated and has been an independent company ever since.

The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this release.