



Press Release

FOR IMMEDIATE RELEASE

CRITICAL OUTCOME TECHNOLOGIES INC. REPORTS FIRST QUARTER 2009 FINANCIAL RESULTS

London, Ontario (September 29, 2008): Critical Outcome Technologies Inc. (TSX Venture: COT) today announced its financial results for the first quarter of fiscal 2009 which ended on July 31, 2008.

The Company is pleased to advise that progress continues with positive results on its development programs. Operating highlights during the quarter included:

- A targeted marketing campaign for COTI-2 to prospective multi-national pharmaceutical licensing partners based upon continued positive preclinical test results and the identification of a novel and potentially first in class mechanism of action. Experiments conducted in triplicate confirmed that COTI-2 has a strong effect on caspase-9 enzyme activation through inhibition of Akt also known as protein kinase B, an essential cell signaling protein. The resulting activation of caspase 9 leads to apoptosis i.e. programmed cell death in cancer cells.
- Identification of a series of potential drug candidates under the pilot project with Merck Serono, a division of Merck KGaA, in 90 days and the decision by Merck Serono to move ahead with synthesis of six compounds from the candidates presented.
- Positive preclinical test results for the cellular mechanism of action of COTI-219 and the completion of synthesis of COTI-4.

The Company reported a net loss of \$(858,771) or \$(0.02) per share compared to a net loss of \$(500,458) or \$(0.01) per share for the comparable quarter ended July 31, 2007. There were no operating revenues recorded in either the quarter ended July 31, 2008 or the comparable quarter in the prior year. The increased loss of \$358,313 resulted from four main expenses; increased research and product development of \$114,325, amortization of the small cell lung cancer molecules acquired in fiscal 2008 of \$97,224, increased stock-based compensation of \$72,212 and increased corporate governance costs of \$52,054.

Financing activities during the quarter ended July 28, 2008 consisted of 1,041,125 warrants exercised and common shares issued for gross proceeds of \$626,950. Offsetting this cash raise was the payment of \$353,247 for a maturing promissory note on July 31, 2008. At July 31, 2008, the Company had cash, cash equivalents and short-term investments of \$5,853,715. Since April 30, 2008, the balance of cash,

cash equivalents and short-term investments declined by \$359,994 from \$6,213,709 reflecting the use of cash in operations.

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 compounds are under active development: small cell lung cancer, HIV integrase inhibitors, acute adult leukemia, multiple sclerosis and colorectal cancer.

Forward-looking Statements

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. Specifically, the statement "novel and potentially first in class mechanism of action (MOA)" is a forward-looking statement. This statement was based upon research test results on the molecule, an understanding of the current therapies both in use and in trials for cancer and includes patent research and the socializing of the data package with a significant number of Pharmaceutical companies of various sizes. 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 and regulated 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 because 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.

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

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

Critical Outcome Technologies Inc.
(a development stage company)
Balance Sheets

	Unaudited July 31, 2008	Audited April 30, 2008
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,816,883	\$ 3,113,220
Short term investments	4,136,832	3,100,489
Miscellaneous receivables	131,789	135,357
Prepaid expenses and deposits	25,415	31,462
	6,110,919	6,380,528
Equipment	115,841	131,151
Molecules	2,851,905	2,949,129
Patents	301,228	253,310
Trademark	609	-
	\$ 9,380,502	\$ 9,714,118
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 342,672	\$ 317,022
Due to shareholders	78,540	432,340
Notes payable	20,000	20,000
Current portion of capital lease obligations	14,760	20,024
	455,972	789,386
Capital lease obligations	1,263	1,263
Shareholders' equity:		
Share capital and warrants	12,805,136	12,179,189
Contributed surplus	1,240,881	1,008,259
Deficit	(5,122,750)	(4,263,979)
	8,923,267	8,923,469
Commitments		
Subsequent events		
	\$ 9,380,502	\$ 9,714,118

Critical Outcome Technologies Inc.
(a development stage company)
Statements of Operation and Deficit
(Unaudited)

	Three Months Ended		Cumulative
	July 31,		period April 30,
	2008	2007	1999 (inception)
	to July 31, 2008		
Revenues:			
Contract services	\$ -	\$ -	\$ 63,322
Screening services	-	-	2,500
	-	-	65,822
Expenses:			
Salaries and benefits	150,380	159,123	1,409,982
Stock-based compensation	232,621	159,909	1,270,853
Research and product development	133,214	18,889	719,383
Professional fees	113,303	92,577	798,495
Amortization of molecules	97,224	-	259,264
Marketing	48,569	38,849	337,060
Corporate governance	56,148	4,094	165,337
General and administration	38,444	27,536	318,807
Amortization of equipment	20,206	21,440	167,786
Interest and bank charges	6,087	2,039	64,277
Amortization of patents	1,435	-	5,705
Loss on asset disposals	-	-	1,977
Amortization of trademark	132	218	4,482
Reorganization costs	541	-	111,136
	898,304	524,674	5,634,544
Loss before other income	(898,304)	(524,674)	(5,568,722)
Other income:			
Investment tax credit refund	-	-	187,727
Interest income	39,533	24,216	258,245
	39,533	24,216	445,972
Loss	(858,771)	(500,458)	(5,122,750)
Deficit accumulated during development stage, beginning of the period	(4,263,979)	(2,361,607)	-
Deficit accumulated during development stage, end of the period	\$ (5,122,750)	\$ (2,862,065)	\$ (5,122,750)
Basic and diluted loss per common share	\$ (0.02)	\$ (0.01)	
Weighted average number of common shares outstanding	45,855,637	37,756,637	

Critical Outcome Technologies Inc.
(a development stage company)
Statements of Cash Flows
(Unaudited)

	Three Months Ended July 31,		Cumulative period April 30, 1999 (inception)
	2008	2007	to July 31, 2008
Cash provided by (used in):			
Operating activities:			
Loss	\$ (858,771)	\$ (500,458)	\$ (5,122,750)
Items not involving cash:			
Stock-based compensation	232,621	159,909	1,270,853
Amortization	118,997	21,658	437,237
Loss on disposal of equipment	-	-	1,977
Change in non-cash operating working capital	35,266	(30,025)	136,318
	(471,887)	(348,916)	(3,276,365)
Investing activities:			
Increase in short-term investments	(1,036,343)	-	(4,136,832)
Purchase of equipment	(4,895)	(59,945)	(185,257)
Purchase of molecules	-	-	(737,153)
Investment in DDP Therapeutics	-	(5,106)	-
Additions to patents and trademark	(50,095)	(5,058)	(312,026)
	(1,091,333)	(70,109)	(5,371,268)
Financing activities:			
Issuance of common shares and warrants	625,947	939,559	10,501,402
Research advances	-	-	269,745
Notes payable and other advances	-	-	20,000
Decrease in obligations under capital lease	(5,264)	(4,940)	(35,171)
Due to shareholders	(353,800)	(7,850)	(291,460)
	266,883	926,769	10,464,516
Increase in cash	(1,296,337)	507,744	1,816,883
Cash and cash equivalents, beginning of period	3,113,220	2,417,801	-
Cash and cash equivalents, end of period	\$ 1,816,883	\$ 2,925,545	\$ 1,816,883
Represented by:			
Cash	\$ 253,171	\$ 425,545	\$ 253,171
Cash equivalents	1,563,712	2,500,000	1,563,712
	\$ 1,816,883	\$ 2,925,545	\$ 1,816,883
Supplemental cash flow information:			
Interest paid	\$ 5,723	\$ 20,988	\$ 40,658
Non-cash transactions:			
Acquisition of equipment under capital leases	\$ -	\$ -	\$ 62,274