Critical Outcome Technologies Inc.

Management's Discussion and Analysis of Financial Condition and Results of Operations

As at October 23, 2006

Interim Period – Three months ended July 31, 2006

The following discussion and analysis explains trends in Critical Outcome Technologies Inc.'s ("COTI" or the "Company") financial condition and results of operations for its first quarter ending July 31, 2006, and as this is the initial Management Discussion and Analysis of the Company on becoming a reporting issuer, it also includes the MD&A of the Company related to its April 30, 2006 year end. This management discussion and analysis is intended to assist in understanding the dynamics of the Company's business and the key factors underlying its financial results. This document has been prepared as at October 23, 2006 and should be read in conjunction with the Company's annual audited financial statements for the year ended April 30, 2006 and notes thereto and the Company's Annual Information Form which can be found on SEDAR at www.sedar.com. All dollar figures are Canadian dollars, unless specified otherwise.

Certain statements contained hereunder 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. The reader is cautioned not to place undue reliance on these forward-looking statements.

COTI is a reporting issuer as a result of an amalgamation with Aviator Petroleum Corp. ("Aviator: TSX Venture: AVC) on October 13, 2006 to form a new company with the name Critical Outcome Technologies Inc. ("COTI")under the provisions of the Business Corporations Act (Ontario). The amalgamation constitutes the qualifying transaction of Aviator pursuant to the policies of the TSX Venture Exchange Inc. (the "TSXV") and is the means by which COTI has become a public issuer. COTI is a drug discovery company founded in 1999 and based in London, Ontario. 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 optimized lead molecules for the treatment of specific cancers, HIV and Multiple Sclerosis. Currently, five targeted libraries of lead compounds (Small Cell Lung Cancer, Colorectal Cancer, Acute Myelogenous Leukemia in adults, HIV Integrase Inhibitors and Multiple Sclerosis) are under active development. The Press Release related to this amalgamation has not yet been issued at October 23, 2006 pending final approval from the TSXV.

Results of operations for the first quarter of fiscal 2007

For the three month period ended July 31, 2006, the net loss amounted to $163,088 or ($0.01 per share) compared to a net loss of $37,235 ($0.01 per share) for the corresponding period in 2005. This loss per share is lower than the full year loss of $0.06 per share at the April 30, 2006 year end.

Contract services revenue of $2,500 were realized in the quarter compared to no revenue generating activities in the comparable period in 2005.

All expense categories in the quarter ended July 31, 2006 exceeded those expenses in the comparable quarter of July 31, 2005. This reflected the increased activity of the Company as it advanced its technology forward in the latter half of calendar 2005. Those expenses incurring a cost variance greater than $5,000 during the comparable period are discussed below.

- Salaries and benefits increased by $64,256 from $15,489 in 2005 to $79,745 in 2006. The Company started paying salaries in July 2005 and therefore the salary amount was for July only. The salaries in the July 2006 quarter were for 3.5 full-time equivalent staff paid for the entire three month period.

- Professional fees of $12,166 in 2005 increased by $24,790 to $36,956 in 2006. The increase related to; $12,428 in accounting fees anticipated for interim period accounting support for the company's first filing and SR&ED filings support related to the 2005 SR&ED claims; $15,000 in contract consulting costs as part of the sales and marketing of the Company's libraries and its financing efforts; partially offset by slightly lower legal costs of $2,638.

- Marketing costs were $20,035 higher in 2006 with a cost of $20,735 versus $701 in 2005. This cost increase was primarily driven by travel and entertainment costs associated with the financing endeavors and marketing of the molecule libraries to interested pharmaceutical parties.

- In August 2005 the Company contracted for computer services at $3,000 per month, consequently a cost of $9,000 was incurred in the July 31, 2006 quarter versus no expense in the July 31, 2005 period.

- Amortization of equipment increased $7,266 from $1,046 to $8,312 related to the amortization of a capital lease obligation for computer hardware, software and support equipment which was entered into in October 2005 and was not in place at the July 31, 2005 period.

- Reorganization costs showed a cost recovery in the July 31, 2006 quarter as an accrual for legal costs of $60,000 at the April 30, 2006 year end was over estimated. The reorganization costs related to the Company's capital reorganization in restructuring for an amalgamation with its major shareholder, a holding company, in preparation for a private placement and subsequent amalgamation with a Capital Pool Company on the TSXV.

Liquidity and capital resources

As at July 31, 2006 the Company had available cash of $23,423 compared to $170,464 at April 30, 2006. The decrease is primarily due to funds used in operations and is partially offset by advances of $11,882 from shareholders.

In September 2006 the Company received SR&ED refunds related to its 2005 taxation year from the Canadian Revenue Agency (CRA) and the Ministry of Revenue Ontario (MRO) in the amount of $13,467 including interest of $73. The Company filed its tax returns for the April 11, 2006 taxation year, resulting from the amalgamation which occurred on April 12, 2006 with 1336554 Ontario Inc., a prior holding company and major shareholder, in September 2006. Refundable SR&ED claimed on this filing totaled $61,657 of which $14,957 was received from the MRO in October 2006. At this time the refund from CRA has not yet been approved.

The Company entered into an agreement in April 2006 with Aviator Petroleum Corporation ("AVC") a capital pool company, trading on the TSX Venture Exchange ("TSXV") regarding a proposed amalgamation of the two companies. As a result of the intent to become a public company through this transaction, the Company will no longer be eligible for SR&ED refunds on eligible expenditures from April 12 forward, however, such expenditures will be available as investment tax credits deductible against taxes payable in current and future years.

On October 12, 2006 the Company closed a private placement pursuant to an Amended Confidential Offering Memorandum (the "Offering"), dated September 13, 2006. The Company issued private placement units (the "Units") consisting of one common share and one-half a common share purchase warrant. Each whole common share purchase warrant is exercisable into one additional common share at a price of $0.70 for a period of eighteen months. The issue price of the Units was $0.40. The Company issued 6,594,000 Units for gross proceeds of $2,637,600.

On October 13, 2006, the Company concluded an amalgamation pursuant to an Amended Amalgamation Agreement dated August 31, 2006 with AVC whereby the Company and AVC amalgamated to carry on business as Critical Outcome Technologies Inc. ("Public COTI"). The amalgamation was approved by shareholders' resolutions of COTI and AVC on June 23, 2006 and August 15, 2006, respectively.

Prior to the Amalgamation, COTI had 28,967,332 common shares ("Old COTI Common Shares") issued and outstanding. COTI had also issued: 733,332 common share purchase warrants exercisable into 733,332 Old COTI Common Shares at $0.40 per share ("$0.40 Warrants"); 3,297,000 common share purchase warrants exercisable into 3,297,000 Old COTI Common Shares at $0.70 per share ("$0.70 Warrants"); 40,000 agent's warrants exercisable into 40,000 units of Old COTI at $0.30 per unit ("$0.30 Agent's Warrants"), each unit consisting of one Old COTI Common Share and one $0.40 Warrant; and 659,400 agent's warrants exercisable into 659,400 units of Old COTI at $0.40 per unit ("$0.40 Agent's Warrants"), each unit consisting of one Old COTI Common Share and one-half of one $0.70 Warrant.

After completion of the Amalgamation, the Old COTI Common Shares were exchanged for 28,967,332 Public COTI common Shares with a deemed value of approximately $0.34521 per share. In addition, each outstanding $0.40 Warrant, $0.70 Warrant, $0.30 Agent's Warrant and $0.40 Agent's Warrant was exchanged on a one for one basis for replacement securities of Public COTI with the same terms.

Prior to the Amalgamation, Aviator had 5,635,000 common shares ("Aviator Common Shares") and no preferred shares issued and outstanding, and had granted agent's options ("Aviator Agent's Options") to acquire up to 275,000 common shares of Aviator.

After completion of the Amalgamation, the Aviator Common Shares were exchanged for 5,635,000 common shares of Public COTI common shares. In addition, the Aviator Agent's Options were exchanged for agent's options of COTI entitling holders to acquire up to 275,000 Public COTI common shares.

The amalgamation is subject to the final approval of the TSXV which had not yet been received at October 23, 2006.

The Company believes that its available cash following the close of the private placement, any interest income on expected short term investments, refundable investment tax credits received since July 31, 2006, or expected to be received, and any possible exercise of share warrants issued and outstanding, should be sufficient to finance the Company's operations and capital needs for the coming year. However, in light of uncertainties associated with the development of its molecule libraries including identifying and securing suitable pharmaceutical customer prospects, further financing may be required to support the Company's operations in the future.

Results of operations for the year ended April 30, 2006 compared to the year ended April 30, 2005

For the year ended April 30, 2006, COTI reported a loss of $590,929 or $0.06 per common share compared to a loss of $72,750 or a $0.02 loss per common share in the year ended April 30, 2005. This increased loss from operations of $518,179 results from the increased level of activity in COTI as efforts on the CHEMSAS technology development expanded. This is reflected in the creation of the current robust molecule screening systems and the development of five optimized libraries at the April 30, 2006 year end. The major expenses associated with this loss were: (1) the recording of stock option compensation provided to certain executives and employees (2) salaries for a full time chief scientific officer and administrative assistant, (3) research and product development expenses (4) lease costs for computer additional hardware and software and (5) accounting and legal costs associated with reorganizing COTI prior to public financing.

Revenue
COTI recorded its first revenues in the year ended April 30, 2006 of $32,500 which came from contract molecule management supervision and molecule screening services. Additional income was received on refundable scientific research and experimental development tax credits ("SR&ED") of $6,540 which declined from the $56,025 that was received in the year ending April 30, 2005. As SR&ED refunds are contingent upon government review and approval of filed claims such income is generally only recognized in the year in which it is received. The decline in 2006 reflected the lower level of eligible expense in fiscal 2004 compared to that in fiscal 2003.

Expenses
Company expenses increased from $129,919 for the year ended April 30, 2005 to $629,858 for the year ending April 30, 2006, an increase of $499,939.

- Stock Option Compensation - On March 27, 2006 COTI granted stock options to certain directors and employees who had contributed toward the long-term goals of COTI. Options for 439,001 common shares were issued to employees and directors at an option price of $0.00001 and these options were exercised on the same day for total consideration to the Company of $4. The Company determined that the fair value of the stock options granted was $251,000 using a Black-Scholes valuation model. This value was recorded as an expense in 2006.

- Salaries and Benefits - Salaries and benefits increased by $129,012 to $149,465 for the year ended April 30, 2006 up from $20,453 for the same period ended April 30, 2005. The increase is due to the employment of COTI's Founder and Chief Scientific Officer, Dr. Wayne Danter, and an administrative assistant for the full fiscal year. In fiscal 2005 Dr. Danter worked part time for COTI. Management expects that staff levels and salary costs will increase significantly over the coming year as it markets its molecule libraries and develops new systems and libraries.

- Reorganization Costs - COTI incurred $82,580 in reorganization costs during the year compared to zero in fiscal 2005. These costs consisted of professional accounting and legal fees associated with tax planning, share restructuring and related matters associated with two events; first, the amalgamation of COTI with its major shareholder, 1336544 Ontario Inc., an investment holding company, whose sole asset was shares of COTI, and second, structuring COTI to effectively undertake an amalgamation with Aviator Petroleum Corp., a capital pool company.

- Professional Fees - Professional fees declined from $66,606 for the year ending April 30, 2005 to $48,335 for the year ended April 30, 2006. This resulted from $10,000 less in finance consulting fees in 2006 than 2005 plus lower accounting fees of $26,652 which were offset by higher legal costs of $13,381 in 2006. The decline in accounting fees relates to the lower SR&ED refunds upon which certain tax consulting fees were based under a three year SR&ED consulting support engagement which ended with the 2005 fiscal year.

- Research and Product Development - Research and product development costs increased from $788 for the year ending April 30, 2005 to $27,000 for the year ending April 30, 2006. This increase is a direct result of COTI's initiative to push forward the development of its CHEMSAS process and new optimized IP libraries of small molecules. A contract computer scientist was engaged starting in August 2005 to work exclusively on the molecular mining databases and various enhancements to the molecule mining process. It is expected that these costs and a large percentage of the salary costs associated with Dr. Danter's efforts will be eligible for inclusion in the determination of the SR&ED tax credit filing for the fiscal 2006 year.

- Computer Expense and Amortization of Equipment - Computer expense increased $3,171 to

$8,180 in 2006 compared to $5,009 in fiscal 2005. Amortization of equipment increased $18,360 from $4,182 in 2005 to $22,542 in 2006. Both of these cost increases primarily relate to additional investments in hardware and software (including computer hardware acquired through capital lease) needed to support enhancements to the CHEMSAS process.

Liquidity and capital resources for the year ended April 30, 2006

Since inception, COTI financed its research and product development costs through contributions of time from its founders and from cash advances from the shareholders which at April 30, 2006 totaled $127,194. SR&ED refunds received since inception provided $62,565 in financing. During 2006 research advances received from a third party to fund a research program which totaled $269,745 at April 30, 2005 were exchanged for a common share equity interest in COTI. A further $100,000 in financing was raised from a shareholder, Whippoorwill Holdings Limited, in May of 2005 for common shares. In February 2006 a letter of intent with Aviator Petroleum Corporation ("Aviator"), a capital pool company, trading on the TSX Venture ("TSXV") Exchange was signed regarding the proposed amalgamation of the two companies. Under Policy 2.4 of the TSX Venture, Aviator agreed to advance the sum of $25,000 as a non-refundable, unsecured advance to support the ongoing operations of COTI. In April 2006, a further private placement of common shares and warrants was completed for gross proceeds of $220,000 with an unrelated group of investors.

As at April 30, 2006 COTI had total assets of $288,781 of which $170,464 was cash compared to total assets of $84,993 for the year ending April 30, 2005 and $1,820 in cash.

Total liabilities at April 30, 2006 were $393,113 compared to $425,686 at April 30, 2005. At April 30, 2006 total liabilities included $171,266 (April 30, 2005 - $89,191) in accounts payable and accrued liabilities. Of the accounts payable balance at April 30, 2006, $103,432 related to accrued and billed professional fees associated with the reorganization and amalgamation activities initiated in March and April of 2006. Research advances were nil at April 30, 2006 (April 30, 2005 - $269,745) as a result of the debt for equity exchange noted above. Due to shareholders increased $80,444 to $127,194 at April 30, 2006(April 30, 2005 - $46,750) and notes payable increase $25,000 to $45,000 (April 30, 2005 - $20,000). The increase in notes payable reflected a $25,000 non-refundable advance received from Aviator to support the operations of COTI until the proposed amalgamation with Aviator was consummated.

COTI's working capital deficit as at April 30, 2006 was $175,041, an improvement of $219,294 over the working capital deficit of $394,335 at April 30, 2005. Cash used in operations was $218,994 at April 30, 2006, an increase of $199,537 from $19,457 at April 30, 2005.

During 2006 COTI financed operations from debt and equity offerings. COTI raised $306,544 (April 30, 2005 – nil) from the sale of units through private placements. In addition, COTI received net proceeds of $80,444 (April 30, 2005 - $(17,986)) from shareholder advances and a $25,000 non-refundable advance from Aviator.