Critical Outcome Technologies Inc.

Condensed Interim Financial Statements
Fiscal 2013 – Third Quarter
(Unaudited)

For the three and nine months ended January 31, 2013 and 2012

Table of Contents

Notice of No Audit or Review of Condensed Interim Financial Statements

The accompanying interim statements of financial position as at January 31, 2013, and April 30, 2012, of Critical Outcome Technologies Inc., and the interim statements of changes in equity, and interim statements of cash flows for the nine month periods ended January 31, 2013 and 2012, and interim statements of comprehensive loss for the three and nine month periods ended January 31, 2013 and 2012 have been prepared by, and are the responsibility of the Company's management and have been reviewed and approved by the Audit Committee as authorized by the Board of Directors.

Neither an audit nor review of the interim financial statements is required by the Company's independent auditor under regulatory reporting requirements, however, under National Instrument 51-102 paragraph 4.3(3)(a) the Company must advise whether a review has occurred or not. Accordingly, management advises that the Company's independent auditor, KPMG LLP, was not engaged to perform a review of these interim financial statements.

CRITICAL OUTCOME TECHNOLOGIES INC.

Interim Statements of Financial Position

(Unaudited)

As at		**January 31, 2013**		**April 30, 2012**
Assets				
Current assets:				
Cash and cash equivalents	$	541,629	$	901,130
Short-term investment		-		817,541
Miscellaneous receivables		157,988		151,505
Prepaid expenses and deposits		60,441		59,583
		760,058		1,929,759
Non-currents assets:				
Equipment		50,775		55,899
Intangible assets (note 5)		1,859,425		2,163,318
	$	2,670,258	$	4,148,976
Liabilities and Shareholders' Equity				
Current liabilities:				
Accounts payable and accrued liabilities	$	385,226	$	341,505
Shareholders' equity		2,285,032		3,807,471
	$	2,670,258	$	4,148,976

See accompanying notes to financial statements

CRITICAL OUTCOME TECHNOLOGIES INC.

Interim Statements of Comprehensive Loss

(Unaudited)

	Three months ended		Nine months ended	
	January 31, 2013	**January 31, 2012**	**January 31, 2013**	**January 31, 2012**
Revenue:	$ 10,577	$ -	$ 25,000	$ -
Expenses (income):				
Research and product development	201,283	163,640	707,865	495,715
Sales and marketing	104,840	58,966	237,720	185,857
General and administration	433,642	435,715	1,370,589	1,333,394
Investment tax credits	(32,214)	(33,669)	(100,867)	(83,444)
	707,551	624,652	2,215,307	1,931,522
Loss before finance income	(696,974)	(624,652)	(2,190,307)	(1,931,522)
Finance income:				
Interest income, net	463	1,996	6,360	8,200
Foreign exchange gain (loss)	(274)	3,106	1,724	12,985
	189	5,102	8,084	21,185
Loss and comprehensive loss	$ (696,785)	$ (619,550)	$ (2,182,223)	$ (1,910,337)
Loss per share:				
Basic and diluted loss per common share	$ (0.01)	$ (0.01)	$ (0.03)	$ (0.03)

See accompanying notes to financial statements

CRITICAL OUTCOME TECHNOLOGIES INC.

Interim Statements of Changes in Shareholders' Equity

(Unaudited)

For the nine months ended January 31, 2013	Common Shares	Warrants	Total Share Capital	Contributed Surplus	Deficit	Total Equity
Balance, April 30, 2012	$ 16,121,987	$ 1,517,525	$ 17,639,512	$ 2,496,121	$ (16,328,162)	$ 3,807,471
Issuance of shares and warrants (note 6)	304,988	141,087	446,075	-	-	446,075
Share-based compensation expense (note 7)	-	-	-	224,399	-	224,399
Warrant amendments (note 6)	-	741,010	741,010	(751,700)	-	(10,690)
Warrant expiries	-	(26,831)	(26,831)	26,831	-	-
Loss and comprehensive loss	-	-	-	-	(2,182,223)	(2,182,223)
Balance, January 31, 2013	$ 16,426,975	$ 2,372,791	$ 18,799,766	$ 1,995,651	$ (18,510,385)	$ 2,285,032

For the nine months ended January 31, 2012	Common Shares	Warrants	Total Share Capital	Contributed Surplus	Deficit	Total Equity
Balance, April 30, 2011	$ 14,779,916	$ 932,189	$ 15,712,105	$ 2,384,761	$ (13,737,011)	$ 4,359,855
Issuance of shares on patent grant	164,232	-	164,232	-	-	164,232
Exercise of options	33,974	-	33,974	(15,000)	-	18,974
Share-based compensation expense	-	-	-	182,310	-	182,310
Warrant amendments	-	105,042	105,042	(112,189)	-	(7,147)
Warrant expiries	-	(16,562)	(16,562)	16,562	-	-
Loss and comprehensive loss	-	-	-	-	(1,910,337)	(1,910,337)
Balance, January 31, 2012	$ 14,978,122	$ 1,020,669	$ 15,998,791	$ 2,456,444	$ (15,647,348)	$ 2,807,887

See accompanying notes to financial statements

CRITICAL OUTCOME TECHNOLOGIES INC.

Interim Statements of Cash Flows

(Unaudited)

For the nine months ended		January 31, 2013		January 31, 2012
Cash provided by (used in):				
Operating activities:				
Loss	$	(2,182,223)	$	(1,910,337)
Items not involving cash:				
Amortization - equipment		10,235		9,944
Amortization - intangibles		381,264		357,890
Share-based compensation		224,399		182,310
Investment tax credits		(100,867)		(83,444)
Interest income, net		(5,741)		(8,200)
Foreign exchange (gain) loss		(1,724)		(12,985)
		(1,674,657)		(1,464,822)
Change in non-cash operating working capital (note 8)		47,846		(102,760)
Foreign exchange gain		144		7,499
Interest received, net		6,360		9,959
Net cash used in operating activities		(1,620,307)		(1,550,124)
Investing activities:				
Purchase of equipment		(5,111)		(1,793)
(Purchases) redemptions of short-term investments, net		817,541		197,246
Expenditures on intangible assets		(77,371)		(49,844)
Net cash used in investing activities		735,059		145,609
Financing activities:				
Proceeds of common share and warrant issued (net of issuance costs)		446,075		18,590
Investment tax credit recoveries		89,401		89,412
Issuance cost of warrant amendments		(10,690)		(7,147)
Interest paid		(619)		(1,759)
Net cash provided by financing activites		524,167		99,096
Decrease in cash and cash equivalents		(361,081)		(1,305,419)
Unrealized foreign exchange gain (loss) on cash and cash equivalents		1,580		5,486
Cash and cash equivalents, beginning of the period		901,130		1,794,621
Cash and cash equivalents, end of the period	$	541,629	$	494,688
Represented by:				
Cash	$	126,000	$	164,858
Cash equivalents		415,629		329,830
	$	541,629	$	494,688

See accompanying notes to financial statements

1. Corporate information:

Critical Outcome Technologies Inc. (COTI) is a public corporation trading in Canada on the TSX Venture Exchange (TSXV) under the trading symbol "COT" and incorporated under the laws of the Province of Ontario, Canada with its registered office located at Suite 213, 700 Collip Circle, London, Ontario, Canada, N6G 4X8.

2. Going concern:

Financial statements are required to be prepared on a going concern basis unless management either intends to liquidate the Company or ceases trading or has no realistic alternative but to do so within the foreseeable future. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. The accompanying condensed unaudited interim financial statements (interim financial statements) have been prepared assuming that the Company will continue as a going concern. There are material uncertainties related to certain conditions and events that raise significant doubts about the validity of this assumption. In particular, the Company has not yet established commercial operating revenues and operating cash flows continue to be negative. Key financial results for the nine months ended January 31, 2013 and 2012 are indicative of possible concern. These results include: a loss of $2,182,223 (January 31, 2012 - $1,910,337) and negative cash flow from operations of $1,620,653 (January 31, 2012 - $1,553,644). As at January 31, 2013, the Company had an accumulated deficit of $18,510,385 (April 30, 2012 - $16,328,162), which results in shareholders' equity of $2,285,032 (April 30, 2012 - $3,807,471). As at January 31, 2013, the Company had working capital of $374,832 (April 30, 2012 - $1,588,254).

The Company is taking steps to address the going concern risk by seeking potential customers, partners and collaborators as a means of furthering molecule development and generating revenue streams to sustain operations and execute on its business plan. The Company is also pursuing additional financing with the intention of completing a financing late in the fourth quarter of fiscal 2013 or early 2014. The Company is also closely monitoring its discretionary spending including its research and development expenditures to maximize its operational runway on a go forward basis until additional cash resources are obtained. While the Company has a track record of obtaining financing, there is no certainty that this will occur and that any of the aforementioned strategies will enable the Company to alleviate the going concern risk for the balance of fiscal 2013 and for future periods.

These interim financial statements do not include any adjustments to the amounts and classifications of assets and liabilities, or the reported revenues and expenses that might be necessary should the Company be unable to continue as a going concern. Any adjustments to the interim financial statements could be material.

3. Basis of preparation:

(a) Compliance with accounting standards:

These interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and specifically International Accounting Standard (IAS), IAS 34 Interim Financial Reporting, as issued by the International Accounting Standards Board (IASB).

The accounting policies in the fiscal 2013 interim financial statements are consistent with the policies the Company adopted in its annual financial statements as at and for the year ending April 30, 2012, the Company's first annual IFRS reporting date. These accounting policies were disclosed in detail in note 5 of the Company's April 30, 2012 annual audited financial statements. COTI has also prepared these interim financial statements on an individual entity basis, as it has no subsidiaries. Management has determined that the Company operates in one reportable segment based on the business activities reflected in its revenues and expenses since inception.

In preparing these interim financial statements, certain information and disclosures normally included in the notes to the annual audited financial statements are condensed or not presented. These interim financial statements should be read in conjunction with the Company's most recent annual audited financial statements as of April 30, 2012, and related notes prepared in accordance with IFRS.

These interim financial statements were approved for issuance by the Audit Committee on March 27, 2013.

(b) Basis of measurement:

The financial statements have been prepared mainly on a historical cost basis unless otherwise noted and described in the applicable notes herein.

(c) Functional and presentation currency:

These interim financial statements are presented in Canadian dollars, which is the Company's functional currency.

(d) Use of estimates and judgments:

The preparation of these financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. There is a high degree of measurement uncertainty inherent in management's estimates and assumptions and accordingly, changes in these estimates and assumptions could result in material adjustments to the carrying amounts of assets and liabilities in future periods. There has been no material change in the significant estimates and assumptions as described in note 4(d) of the annual audited financial statements for the year ended April 30, 2012.

4. Significant accounting policies:

The accounting policies set out in detail in note 5 of the annual financial statements for the year ended April 30, 2012 have been applied consistently to all periods presented in these interim financial statements.

(a) Adoption of new accounting pronouncements:

During the second quarter, the Company entered into two agreements for the discovery of drug compounds with other entities. Consequently, the Company elected to early adopt IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interests in Other Entities, IFRS 10 Consolidated Financial Statements, IAS 27 (2011) Separate Financial Statements and IAS 28 (2011) Investments in Associates and Joint Ventures in the interim financial statements. In the third quarter, the Company entered into another agreement for the discovery of compounds which has been accounted for in accordance with the new accounting pronouncements adopted in the second quarter.

These standards are required to be applied for annual periods beginning on January 1, 2013; however, early adoption is permitted.

(i) IFRS 11 Joint Arrangements:

IFRS 11 replaces the guidance in IAS 31 Interests in Joint Ventures. IFRS 11 focuses on the rights and obligations of an arrangement, rather than its legal form and establishes accounting principles in classifying interests in joint arrangements as either joint ventures or joint operations. The standard requires interests in jointly controlled entities to be accounted for under the equity method.

A joint arrangement not structured through a separate vehicle is considered a joint operation. Under the standard, the two agreements entered into by the Company during the quarter have each been determined to be a joint operation. In a joint operation the contractual arrangement establishes the parties' rights to the assets, and obligations for the liabilities, relating to the arrangement, and the parties' rights to the corresponding revenues and obligations for the corresponding expenses. Accordingly, each joint operator recognizes in its financial statements the assets and liabilities used for the specific task, and recognizes its share of the revenues and expenses in accordance with the contractual arrangement.

There is no material impact on the Company’s interim financial statements as a result of this adoption. The nature of the Company’s joint operations is more fully described in note 10.

(ii) IFRS 12 Disclosure of Interests in Other Entities:

IFRS 12 contains the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (joint operations or joint ventures), associates and unconsolidated structured entities. The disclosure requirements widely define interests as contractual and non-contractual involvement that exposes an entity to variability of returns from the performance of the other entity. The required disclosures aim to provide information in order to enable users to evaluate the nature of, and the risks associated with, an entity's interest in other entities, and the effects of those interests on the entity's financial position, financial performance and cash flows. Disclosures required by this standard are included in note 10.

(iii) IFRS 10 Consolidated Financial Statements:

IFRS 10 replaces the guidance in IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation – Special Purpose Entities. IAS 27 (amended 2011) survives as Separate Financial Statements, to only carry forward the existing accounting requirements for separate financial statements. IFRS 10 provides a single model to be applied in the control analysis for all investees, including entities that currently are Special Purpose Entities in the scope of SIC-12. In addition, the consolidation procedures are carried forward substantially unmodified from IAS 27 (amended 2008). The Company assessed the impact of this amended standard and has determined there to be no impact on its financial statements.

(iv) IAS 27 (amended 2011) Separate Financial Statements:

This amended pronouncement removes the requirements for consolidated statements from IAS 27 and moves it over to IFRS 10 Consolidated Financial Statements. The amendment mandates that when a company prepares separate financial statements, investment in subsidiaries, associates, and jointly controlled entities are accounted for using the cost method or in accordance with IFRS 9 Financial Instruments. The Company assessed the impact of this amended standard and has determined there to be no impact on its financial statements.

(v) IAS 28 (amended 2011) Investments in Associates and Joint Ventures:

This amended pronouncement requires any retained portion of an investment in an associate or joint venture that has not been classified as held for sale to be measured using the equity method until disposal. After disposal, if the retained interest continues to be an associate or joint venture, the amendment requires this retained interest to continue to be accounted for under the equity method. The amendment also disallows the remeasurement of any retained interest in an investment upon the cessation of significant influence or joint control. The Company has assessed the impact of this amended standard and has determined there to be no impact on its financial statements.

(vi) IFRS 7 Financial Instruments: Disclosures:

In October 2010, the IASB amended IFRS 7 Financial Instruments: Disclosures. This amendment enhances disclosure requirements to aid financial statement users in evaluating the nature of, and risks associated with, an entity's continuing involvement in derecognized financial assets. The amendment is effective for the Company's interim and annual financial statements commencing May 1, 2012. The Company assessed the impact of this amended standard and has determined there to be no impact on its financial statements.

5. Intangibles:

Summary details of the Company's intangible assets appear in the following table.

	Molecules	Granted Patents	Pending Patents	Computer Software	Total
Gross carrying amount, April 30, 2012	$ 3,275,785	$ 269,972	$ 345,753	$ 123,638	$ 4,015,148
Purchases	-	2,536	69,676	5,159	77,371
Removal of fully depreciated assets	-	-	-	(61,833)	(61,833)
Gross carrying amount, January 31, 2013	3,275,785	272,508	415,429	66,964	4,030,686
Accumulated amortization, April 30, 2012	(1,737,782)	(49,007)	-	(65,041)	(1,851,830)
Amortization	(321,907)	(11,939)		(47,418)	(381,264)
Removal of fully depreciated assets	-	-	-	61,833	61,833
Accumulated amortization, January 31, 2013	(2,059,689)	(60,946)	-	(50,626)	(2,171,261)
Net carrying value, January 31, 2013	$ 1,216,096	$ 211,562	$ 415,429	$ 16,338	$ 1,859,425

6. Share capital and warrants:

		January 31, 2013		April 30, 2012	
	Expiry Date Ranges	Issued	Amount	Issued	Amount
Share capital:					
Authorized:					
Unlimited common shares					
Unlimited preference shares					
Issued:					
Common shares, without par value		78,058,472	$ 16,426,974	74,453,214	$ 16,121,987
Share purchase warrants:					
$0.20 compensation warrants	Jul 29/14	232,652	8,552		
$0.26 warrants	Jul 29/14	3,605,258	132,534		
$0.30 compensation warrants	Sep 24 - Oct 21/12	-	-	507,500	26,831
$0.30 warrants	Oct 31/13	12,500,000	1,327,400	12,500,000	673,998
$0.37 warrants	Mar 14/14	1,446,481	378,270	1,446,481	297,834
$0.55 warrants	Mar 14/14	129,019	31,464	129,019	24,290
$0.30 warrants	Sep 23 - Oct 27/13	11,250,000	464,734	11,250,000	464,734
$0.30 compensation warrants	Sep 23 - Oct 27/13	726,686	29,838	726,686	29,838
		29,890,096	2,372,792	26,559,686	1,517,525
			$ 18,799,766		$ 17,639,512

Details concerning the share capital transactions occurring in the quarter are summarized below:

(a) On January 29, 2013, 1,575,500 warrants issued as part of a private placement in April and May 2010 and due to expire on January 31, 2013 were amended. The amendment was for the expiry date only and the new expiry date was set as March 14, 2014. The warrants consisted of 129,019 warrants exercisable to buy one common share at $0.55 and 1,446,481 warrants exercisable to buy one common share at $0.37 (the $0.37 Warrants). The expiry date for the $0.37 Warrants will be reduced to a period of fourteen days if, for any ten consecutive trading days during the unexpired term of the warrant (the Premium Trading Days), the closing price of the common shares equals or exceeds $0.55. The reduced exercise period of fourteen days will begin seven calendar days after the tenth Premium Trading Day. The fair market value of the warrants upon amendment was recognized in Contributed Surplus using the Black-Scholes option pricing model in the amount of $87,610 along with the direct costs associated with effecting the amendment were approximately $5,345.

b) The Company completed a private placement of 3,605,258 units on January 30, 2013, consisting of one common share and one common share purchase warrant at $0.14 per unit for gross proceeds of $504,736. Each common share purchase warrant is exercisable into one common share at a price of $0.26 for 18 months following the closing date. Costs of the private placement included $25,124 in professional fees, $32,571 in cash finders' fees and 232,652 compensation warrants valued at $9,771 using a Black-Scholes option pricing model. The compensation warrants are exercisable into one common share at a price of $0.20 for 18 months following the closing date. The expiry date for the common share purchase warrants and compensation warrants is July 29, 2014.

The common share purchase warrants were valued using a Black-Scholes option pricing model using the following assumptions:

Market Price at grant date	$0.17
Risk free interest rate	1.054%
Dividend yield	nil
Volatility	114.894%
Expected life in years	1.5

The warrants were then allocated a prorata share of the proceeds and private placement costs based upon their relative fair market value of the total fair market value at the date of issuance. Accordingly, an allocation of $151,421 in gross proceeds and $20,105 in costs were made to the warrants.

7. Share-based compensation:

There were no share-based compensation transactions in the quarter ended January 31, 2013.

There were no options exercised in the quarter.

For the three and nine months ended January 31, 2013, the Company recorded share-based compensation expense of $83,841 and $224,399 (January 31, 2012 - $74,416 and $182,310 respectively) related to share option grants to employees, officers, directors and consultants in the current and prior year. These amounts are included in general and administration expense.

At January 31, 2013, there were 5,886,292 unexercised options with 4,616,910 of these vested and exercisable at exercise prices ranging from $0.14 to $0.90 per share.

8. Change in non-cash operating working capital:

		January 31, 2013		January 31, 2012
Miscellaneous receivables	$	4,983	$	(32,395)
Prepaid expenses and deposits		(858)		(2,136)
Accounts payable and accrued liabilities		43,721		(68,227)
	$	47,846	$	(102,758)

9. Government assistance:

In the current year, the Company has recognized $14,881 (January 31, 2012 - $66,420) of government assistance under an Industrial Research Assistance Program grant with the National Research Council of Canada. Under the agreement, the Company is eligible for reimbursement of up to $210,958 for salaries and contractors' costs with no liability for repayment. The total amount recognized under the grant since its inception in July 2010 is $127,541. Government assistance accrued has been credited against the underlying research and development expense accounts related to salaries and contractors' services.

10. Joint arrangements:

The Company has entered into three joint arrangements during the year determined to be joint operations. Individually these joint operations were not considered material to the Company's financial results for the quarter. The detail concerning these joint operations is as follows:

a) During the third quarter, on December 6, 2012, the Company announced the signing of a drug discovery agreement with a multinational pharmaceutical company whereby COTI will use its proprietary artificial intelligence drug discovery system, CHEMSAS®, to identify and optimize a number of small molecules against a target of commercial interest to the pharmaceutical company.

Under the terms of the agreement, COTI will be responsible for the discovery, profiling and optimization of targeted drug candidates in a two step approach. COTI will identify and deliver an initial set of compounds discovered using CHEMSAS®. The pharmaceutical company will then evaluate these compounds and provide COTI with the results of their analysis. Based upon this feedback, COTI will further optimize the compounds. The pharmaceutical company will test and evaluate the final optimized compounds and during an option period, decide the suitability of the molecules as leads for the proposed cellular target and conclude a license. If a licensing agreement is not reached, COTI will retain all intellectual property rights to the data and compounds and will be able to engage other interested parties for this program.

The Company commenced the first step of the project during the quarter and delivered an initial set of compounds in early February 2013. Costs incurred during the quarter consisted primarily of internal labour and $3,444 in third party contract costs.

b) During the second quarter, the Company signed a collaborative research agreement (CRA) effective for two years from July 25, 2012, with the University of Western Ontario (Western) located in London, Ontario, Canada, to utilize the Company's proprietary technology CHEMSAS® to discover and optimize novel drug candidates against a specific cellular target of importance to a Western researcher. The researcher and Western will evaluate the identified compounds to test the suitability of the molecules as leads for the cellular target. COTI is solely responsible for its internal costs associated with the performance of its obligations under the CRA. Western is solely responsible for identifying and securing the funding to perform its obligations under the CRA. Western and COTI will jointly own all rights, title and interests in and to Intellectual Property (IP) that is developed by COTI researchers and Western researchers in collaboration. Ownership of the joint IP will be equal unless decided otherwise by the two parties. If any of the candidates 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.

Under the CRA, COTI received a payment of $25,000 from Western as a service fee for its screening and validation performance. This payment was recognized in income over the six month period estimated for COTI to complete its performance under the agreement and was completely recognized as revenue at the end of the third quarter. All costs associated with COTI's performance under the CRA were expensed at fair market value as incurred in Research and product development in the Statements of Comprehensive Loss.

c) During the second quarter, on August 22, 2012, the Company entered into a research and development collaboration agreement (RDCA) to advance selected small molecules with Delmar Chemicals Inc. (Delmar) of Montreal, Quebec, Canada. The companies will work together to discover, select, screen and synthesize compounds for highly desirable commercial and therapeutic targets that have been identified as being of specific interest to major pharmaceutical companies. The agreement does not have a specific end date and may encompass a number of compound targets over several years; however, the agreement may be terminated subject to sixty days notice by either party. Under the RDCA, COTI will utilize CHEMSAS® to discover and optimize novel drug candidates designed to effectively address a number of opportunities. COTI will also be responsible for filing provisional composition of matter patents on any compounds forwarded to a major pharmaceutical company (Pharma) for their evaluation and managing the relationship with such Pharma. Delmar will provide medicinal chemistry analysis of the chemical structures as well as the synthesis of the most promising candidates. Each party is solely responsible for its internal costs associated with the performance of its obligations under the RDCA.

   At January 31, 2013, COTI was nearing completion of the identification, profiling and optimization of the library of compounds to be sent to Delmar for their assessment on synthesis. The Company estimates that three-quarters of the project salary costs had been incurred at the quarter end. All costs associated with COTI's performance under the RDCA are being expensed at fair market value as incurred in Research and product development in the Statements of Comprehensive Loss.

11. Related party transactions:

There were no material transactions with related parties during the quarter that were not in the ordinary course of business. Those material items in the ordinary course of business were measured at the transaction amount, being the amount of consideration established and agreed to by the related parties and included:

a) directors and officers participation in the private placement closed on January 30, 2013 (note 6 (b)) in the amount of \$97,594 for 697,100 units at \$0.14 per unit representing 19.3% of the private placement; and,

b) consulting fees paid or accrued under a fee for service contract with a director in the amount of \$48,127.