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

Fiscal 2013 – Second Quarter
for the six months ended October 31, 2012

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Overview

The following discussion and analysis by management (MD&A) is a review of the financial condition and results of operations of Critical Outcome Technologies Inc. (COTI or the Company) for the quarter and six months ended October 31, 2012, and has been prepared with all information available up to and including December 20, 2012. This MD&A is intended to assist in understanding the dynamics of the Company's business and the key factors underlying its financial results.

The unaudited condensed interim financial statements (interim financial statements) have been prepared in accordance with International Accounting Standard (IAS) 34: Interim Financial Reporting, and with International Financial Reporting Standards (IFRS).

All dollar amounts are expressed in Canadian dollars. Historic quarterly interim reports, the Company's Annual Information Form (AIF) and annual audited financial statements as well as additional supplementary information concerning the Company can be found on SEDAR at www.sedar.com.

Forward-looking Statements

This MD&A contains certain statements based upon forward-looking information (forward-looking statements or FLS) concerning the Company's plans for its operations and other matters within the meaning of applicable Canadian provincial securities laws. FLS are necessarily based on estimates and assumptions that are inherently subject to significant business, economic and competitive uncertainties and contingencies. All statements that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future are FLS. FLS are subject to a variety of risks and uncertainties that may cause the actual events or results of the Company to differ materially from those discussed in the FLS, and even if such actual events or results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on, the Company.

Any statements that express or involve discussion with respect to predictions, expectations, beliefs, plans, projections, objectives, or assumptions of future events or performance (often, but not always, using words or phrases such as "expects" or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "estimates" or "intends", or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved) are not statements of historical fact and may be FLS. The major FLS included in this MD&A are set out in Table 1.

Table 1: Forward-looking Statements

MD&A Section Heading	Nature of Forward-looking Information Disclosed
Our Business	• Intends to license its targeted molecules • Plans for further testing of COTI-2 leading to an investigational new drug (IND) filing with the United States Food and Drug Administration (FDA) and readiness for a Phase 1 clinical trial • Plans for future application of the CHEMSAS® technology on a collaboration basis • The Company's commercialization strategy for collaborations
Liquidity and Capital Resources	• Expectations of future expenditures on patents and computer software • Plans to seek additional capital resources for operations • Plans for continued research and development spending and additional financing
Financial and Operational Progress & Outlook	• Scientific experiments for COTI-2 progressing to optimize the licensing value of the drug candidate to IND ready status • Collaboration projects ongoing with Western University and Delmar Chemicals Inc.
Industry and Economic Factors Affecting Performance	• The expected continuation of losses until a revenue transaction is secured • Plans to negotiate future licensing agreements • Plans to raise additional financing through different venues and mechanisms available to the Company
Changes in Accounting Policies including Initial Adoption	• The adoption of a new accounting policy related to Joint Arrangements in the quarter and in future quarters related to new joint arrangements • The adoption of new accounting standards issued by the Accounting Standards Board to occur in fiscal 2014

The basis for the FLS is management's current expectations, estimates, projections and assumptions. By their nature, they are not guarantees of future performance as they involve significant risks and uncertainties.

The main assumptions used by management to develop the forward-looking information include the following:

- An ability to obtain sufficient financing to support working capital requirements and fund further research and development initiatives over the long term
- An ability to further enhance and add features to the CHEMSAS® technology to incorporate advances in the state-of-the-art for internal and collaborative purposes

- A continuation of favourable preclinical test results from the COTI-2 program and an ability to meet the requirements for regulatory approval
- Obtaining patent protection for the Company's compounds and other intellectual property
- An ability to attract and retain skilled and experienced personnel and to maintain relationships with third party clinical research organizations

Management of COTI considers the assumptions on which the FLS are based to be reasonable. However, management cautions the reader that because of the many risk factors as set out in the Company's AIF, including those specifically described below which are of particular importance to the assumptions above, actual results could differ materially from those expressed or implied in the FLS. These assumptions may prove to be wrong, and as such, undue reliance should not be placed on any individual FLS.

The main risk factors that will influence the Company's ability to realize on its FLS include:

- The ability to raise sufficient financing for continuing operations and development including maintaining the Company's workforce
- The ability to establish customer relationships leading to licensing agreements for the Company's compounds
- The ability to generate customer demand for outputs from the CHEMSAS® technology
- The ability to continue favourable preclinical test results from the Company's lead oncology compound, COTI-2
- The ability to meet future regulatory requirements to commercialize compounds, in particular COTI-2
- The ability to obtain patent protection for the Company's compounds

The forward-looking information is provided as of the date of this MD&A and the Company does not undertake any obligation to publicly update or revise any forward-looking information, whether because of new information, future events, or otherwise, except as required by securities laws.

The Company

COTI is a London, Ontario based company resulting from the amalgamation on October 13, 2006 of Aviator Petroleum Corp. (Aviator), a public company listed on the TSX Venture Exchange (TSXV), and Critical Outcome Technologies Inc., a private company under the provisions of the *Business Corporations Act* (Ontario). The amalgamation constituted the qualifying transaction for Aviator pursuant to the policies of the TSXV. The amalgamated company adopted the name Critical Outcome Technologies Inc. and its common shares were listed and posted for trading on the TSXV under the symbol COT on October 30, 2006.

On November 27, 2007, the Company completed an acquisition of all the outstanding common shares in the capital of 3015402 Ontario Inc. operating as DDP Therapeutics (DDP), in which the Company had, up to the date of the acquisition, a 10% ownership interest. DDP was formed in early 2005 to develop a library of small cell lung cancer molecules discovered by the Company using its drug discovery technology.

On May 1, 2008, the Company amalgamated with this wholly owned subsidiary under the laws of the Province of Ontario.

Our Business

COTI is a biotechnology company focused on applying its proprietary computer-based technology, CHEMSAS®, to identify, profile, optimize and select potential new drug candidates at the discovery stage of preclinical drug development and thereby reduce the timeline and cost of getting new drug therapies to market. The Company's strategic business model is to license its targeted molecules following synthesis and completion of confirmatory preclinical testing to the IND ready stage in order to address the pipeline needs of pharmaceutical and biotechnology companies.

The Company is developing focused portfolios of novel, proprietary and optimized small molecules as potential drug candidates for specific therapeutic targets in diseases that have high morbidity and mortality rates and currently have either poor or no effective therapies. COTI has concentrated on developing drug candidates for the treatment of various cancers, human immunodeficiency virus (HIV), Alzheimer's disease and multiple sclerosis. Cancer types specifically targeted include small cell lung, adult myelogenous leukemia (AML), ovarian, endometrial, pancreatic, brain, breast and colon.

The Company is currently taking an oncology molecule, COTI-2, forward through various preclinical tests to Phase 1 clinical trials as commercial validation of both the compounds viability as a clinical drug candidate and the underlying CHEMSAS® technology used to discover it. In this regard, COTI is focused on preparing for an IND clinical trial submission based on the positive preclinical test results achieved for COTI-2, its lead cancer molecule, against a number of cancer indications. Current testing initiatives and planning would enable an IND filing in calendar 2013. Upon acceptance of an IND filing, COTI-2 would be available for licensing or co-development as a Phase 1 ready compound.

The Company also seeks to leverage CHEMSAS® to identify targeted lead candidates of commercial interest to pharmaceutical, biotechnology, research and academic organizations on a collaborative basis. The Company's commercialization strategy for collaborations involves an upfront fee and a shared risk/reward revenue model delivered through a series of milestone payments based on preclinical and clinical test results and a royalty on sales. This service

offering provides prospective customers with an efficient and cost effective approach for generating targeted discovery stage compounds while enhancing value to COTI and its shareholders from the underlying CHEMSAS® technology. This collaboration approach resulted in two engagements with multinational pharmaceutical companies in the past few years, one for a cancer target and the other for an HIV target and two collaborations announced in September 2012.

Financial Review of Operations

Revenues

Operating:

Service fee revenue of $11,019 was recognized in the quarter ended October 31, 2012 (Q2-F'13) compared to no operating revenues in the quarter ended October 31, 2011 (Q2-F'12) and $14,423 for the six months ended October 31, 2012 (YTD–F'13) compared to no operating revenues for the six months ended October 31, 2011 (YTD-F'12). The Company entered into a collaboration agreement on July 16, 2012 wherein it was eligible to receive an upfront payment of $25,000 as a fee for the identification of lead candidates under the agreement as discussed more fully under Collaborations and Co-development Projects below. This revenue is being recognized on a percentage of completion basis over a period of six months based upon management's estimate of the length of time necessary for the Company to complete the two-stage identification process of the lead candidates as set out in the agreement.

Non-operating:

Investment tax credit (ITC) income of $32,920 was recognized in Q2-F'13 compared to $19,887 in Q2-F'12, related to scientific research and development tax credits earned on eligible expenditures in the respective quarters.

The Company earned $1,939 in interest income on its cash, cash equivalents and short-term investments in Q2-F'13 compared to $1,700 in Q2-F'12.

Operating Expenses

Operating expenses increased from $657,773 in Q2-F'12 to $775,072 in Q2-F'13, an increase of $117,299. Two major functional expense areas accounted for this comparable quarterly increase:

- research and product development (R&D) expenses increased by $113,453 from $126,134 in Q2-F'12 to $239,587 in Q2-F'13; and,
- general and administration (G&A) expenses increased by $13,866 from $482,353 in Q2-F'12 to $496,219 in Q2-F'13.

These expense increases were offset by an increase of ITCs recoverable of $13,033 from $(19,887) in Q2-F'12 to $(32,920) in Q2-F'13.

Quarterly R&D expenditures increased year over year due to increased *in vivo* and *in vitro* testing for COTI-2. Table 2 provides a breakdown of R&D costs by major expense types for the comparable three and six month fiscal periods ended October 31.

Table 2: R&D Expenses – Comparative Periods Ended October 31

	Q2-F'13	Q2-F'12	Change
R&D testing, consulting and materials	$ 126,160	$ 29,524	$ 96,636
Synthesis	(4,597)	3,004	(7,601)
	121,563	32,528	89,035
Labour including benefits	82,564	80,726	1,838
Professional fees	25,569	-	25,569
Other	9,891	6,754	3,137
	239,587	120,008	119,579
Share-based compensation	-	6,126	(6,126)
Total	$ 239,587	$ 126,134	$ 113,453

	YTD-F'13	YTD-F'12	Change
R&D testing, consulting and materials	$ 282,334	$ 63,719	$ 218,615
Synthesis	4,872	89,752	(84,880)
	287,206	153,471	133,735
Labour including benefits	169,872	159,667	10,205
Professional fees	33,712	-	33,712
Other	15,792	12,811	2,981
	506,582	325,949	180,633
Share-based compensation	-	6,126	(6,126)
Total	$ 506,582	$ 332,075	$ 174,507

R&D testing, consulting and materials increased $96,636 for Q2-F'13 compared to Q2-F'12 due to increased *in vitro* and *in vivo* testing of the Company's lead oncology asset, COTI-2. A decrease in synthesis costs of $7,601 year over year partially offset this increase. The reduction in synthesis costs in the quarter relates to a recovery on an amount prepaid under a contract that was terminated as certain protocols could not be completed based upon the results achieved on earlier steps in the contract. This generated a payment refund of $12,807 that was received subsequent to the quarter end.

The modest increase in R&D labour costs year over year primarily related to the allocation of the Chief Scientific Officer's (CSO) salary costs between two functional expense areas; G&A and

R&D. The allocation is based on time commitments to activities in these two areas. There were no changes in R&D staff levels during the comparable periods.

Professional fees during the quarter related to consultants' costs supporting the COTI-2 mechanism of action and other test results for $13,763 ($21,906 – YTD-F'13) and to the Company's proprietary CHEMSAS® process for $11,806 ($11,806 – YTD-F'13). There were no comparable costs in Q2-F'12 or YTD-F'12.

Table 3 provides a breakdown of G&A costs by major expense types for the comparable three and six month fiscal periods ended October 31.

Table 3: G&A Expenses – Comparative Periods Ended October 31

	Q2-F'13	Q2-F'12	Change
Salaries and benefits	$ 96,329	$ 98,185	$ (1,856)
Amortization	130,750	118,849	11,901
Corporate governance	29,999	31,158	(1,159)
Promotion and travel	9,492	7,428	2,064
Professional fees	101,644	132,938	(31,294)
Rent	9,346	9,346	-
Insurance	14,454	14,866	(412)
Other	6,033	11,563	(5,530)
	398,047	424,333	(26,286)
Share-based compensation	98,172	58,020	40,152
Total	$ 496,219	$ 482,353	$ 13,866

	YTD-F'13	YTD-F'12	Change
Salaries and benefits	$ 197,013	$ 209,940	$ (12,927)
Amortization	260,939	238,123	22,816
Corporate governance	50,287	48,242	2,045
Promotion and travel	22,222	16,917	5,305
Professional fees	201,518	219,736	(18,218)
Rent	18,692	18,692	-
Insurance	28,921	29,833	(912)
Other	16,798	16,993	(195)
	796,390	798,476	(2,086)
Share-based compensation	140,558	99,202	41,356
Total	$ 936,948	$ 897,678	$ 39,270

The three major expense items that affected the G&A expense increase are as follows:

- Amortization increased year over year due to an increase in the value of the underlying molecules being amortized. The issuance of a patent from the United States Patent and

Trademark Office on October 11, 2011 met one of the development milestones underlying contingent share consideration provided in the acquisition of DDP Therapeutics in November 2007. Accordingly, on October 12, 2011, the Company issued 715,720 common shares as payment for one-half of the contingent consideration and increased the purchase cost of the molecules. The common shares had a market value of $164,616 based upon the closing market price of the Company's shares on October 11, 2011;

- Professional fees decreased $31,294 from $132,938 in Q2-F'12 to $101,644 in Q2-F'13 as Q2-F'12 included consulting services to assist the Company in its transition from Canadian Generally Accepted Accounting Principles to International Financial Reporting Standards required by all Canadian public companies; and,

- Share-based compensation increased $40,152 in Q2-F'13 compared to Q2-F'12 primarily due to share options granted to officers and a consultant with a value recognized for these share options in the amount of $33,236 in Q2-F'12.

There were no significant changes in sales and marketing (S&M) expenses on a quarterly or year over year basis. Table 4 provides a breakdown of S&M costs by major expense types for the comparable three and six month periods ended October 31. The S&M expenses increased modestly by $3,013 from $69,173 in Q2-F'12 to $72,186 in Q2-F'13. This modest increase was consistent for the year to date period as well with an overall increase of $5,989.

Table 4: S&M Expenses – Comparative Periods Ended October 31

	Q2-F'13	Q2-F'12	Change
Salaries and benefits	$ 19,979	$ 46,391	$ (26,412)
Marketing and travel	12,625	19,638	(7,013)
Professional fees	38,970	-	38,970
Other	612	573	39
	72,186	66,602	5,584
Share-based compensation	-	2,571	(2,571)
Total	$ 72,186	$ 69,173	$ 3,013

	YTD-F'13	YTD-F'12	Change
Salaries and benefits	$ 38,880	$ 91,059	$ (52,179)
Marketing and travel	30,076	30,814	(738)
Professional fees	62,971	-	62,971
Other	953	2,447	(1,494)
	132,880	124,320	8,560
Share-based compensation	-	2,571	(2,571)
Total	$ 132,880	$ 126,891	$ 5,989

Salaries and benefits expense decreased from $46,391 in Q2-F'12 to $19,979 in Q2-F'13 due to a lower head count in Q2-F'13. This lower cost was offset by an increase of $38,970 in consulting expense recorded in the Professional fees category.

Financial Results Summary by Quarter

Table 5 summarizes the financial results of COTI by quarter for the past two fiscal years including the most recent quarter.

Table 5: Summary of Quarterly Financial Results

FYE 2013	Q1 31-Jul	Q2 31-Oct	Q3 31-Jan	Q4 30-Apr	Year to Date
Revenue	$ 3,404	$ 11,019	$ -	$ -	$ 14,423
Loss	(722,770)	(762,669)	-	-	(1,485,439)
Loss per common share	$ (0.01)	$ (0.01)	$ -	$ -	$ (0.02)

FYE 2012	Q1 31-Jul	Q2 31-Oct	Q3 31-Jan	Q4 30-Apr	Full Year
Revenue	$ -	$ -	$ -	$ -	$ -
Loss	(642,256)	(648,530)	(619,550)	(680,815)	(2,591,151)
Loss per common share	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.04)

FYE 2011	Q1 31-Jul	Q2 31-Oct	Q3 31-Jan	Q4 30-Apr	Full Year
Revenue	$ -	$ -	$ -	$ -	$ -
Loss	(558,950)	(334,498)	(634,345)	(473,585)	(2,001,378)
Loss per common share	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.04)

The majority of the variation by quarter across the years, and year over year, is explained by four expense categories as set out in Table 6.

Table 6: Selected Quarterly Expense Categories [(1)]

FYE 2013	Q1 31-Jul	Q2 31-Oct	Q3 31-Jan	Q4 30-Apr	Year to Date
General and administration	$ 398,344	$ 398,046	$ -	$ -	$ 796,390
Research and product development	266,995	239,587	-	-	506,582
Investment tax credit recovery	(35,733)	(32,920)	-	-	(68,653)
Share-based compensation	42,385	98,173	-	-	140,558
Total of expense categories	671,991	702,886	-	-	1,374,877
Total expense for the quarter	$ 732,684	$ 775,072	$ -	$ -	$ 1,507,756
Expense categories as a % of total expense	91.7%	90.7%	0.0%	0.0%	91.2%

FYE 2012	Q1 31-Jul	Q2 31-Oct	Q3 31-Jan	Q4 30-Apr	Full Year
General and administration	$ 374,144	$ 424,332	$ 361,305	$ 406,956	$ 1,566,737
Research and product development	205,941	120,008	163,640	223,134	712,723
Investment tax credit recovery	(29,890)	(19,887)	(33,669)	(50,326)	(133,772)
Share-based compensation	41,182	66,717	74,411	39,675	221,985
Total of expense categories	591,377	591,170	565,687	619,439	2,367,673
Total expense for the quarter	$ 649,094	$ 657,774	$ 624,652	$ 677,619	$ 2,609,139
Expense categories as a % of total expense	91.1%	89.9%	90.6%	91.4%	90.7%

FYE 2011	Q1 31-Jul	Q2 31-Oct	Q3 31-Jan	Q4 30-Apr	Full Year
General and administration	$ 360,708	$ 351,097	$ 367,233	$ 307,468	$ 1,386,506
Research and product development	196,374	137,220	125,255	133,893	592,742
Investment tax credit recovery	-	(122,244)	-	(72,185)	(194,429)
Stock-based compensation	(57,157)	(90,878)	71,069	45,287	(31,679)
Total of expense categories	499,925	275,195	563,557	414,463	1,753,140
Total expense for the quarter	$ 562,452	$ 335,758	$ 635,959	$ 469,924	$ 2,004,093
Expense categories as a % of total expense	88.9%	82.0%	88.6%	88.2%	87.5%

(1) The presentation noted in this table does not conform to the IFRS functional presentation in the Company's interim financial statements. Share-based compensation included in General and Administration, and Research and Product Development in the financial statements has been removed from the functional disclosure and shown separately in this table.

The year over year quarterly and six month comparison is relatively consistent except for the increase in R&D expense in Q2-F'13, which was explained above under Operating Expenses in the discussion of the Financial Review of Operations for the current quarter.

Liquidity and Capital Resources

At the end of Q2-F'13, the Company had cash, cash equivalents and short-term investments of $575,530 compared to $1,718,671 in cash, cash equivalents and short-term investments at FYE 2012 reflecting a decrease of $1,143,141. Table 7 summarizes the changes in cash resources for the comparable three month periods ending October 31 for Q2-F'13 and Q2-F'12. The difference in the year over year cash positions is $437,816.

Table 7: Summary of Changes in Capital Resources [(1)]

	Q2-F'13	Q2-F'12
Increase (decrease) from:		
Operating activities	$ (1,166,047)	$ (969,436)
Investing activities	(61,491)	(23,946)
(Decrease) in capital resources before issuance of common shares and warrants	(1,227,538)	(993,382)
Proceeds (costs) from issuance of common shares and amending warrant	(6,312)	11,762
Financing activities not including proceeds from common shares issued	89,036	(23,165)
(Decrease) increase in capital resources	(1,144,814)	(1,004,785)
Unrealized foreign exchange gain(loss) on cash and cash equivalents	1,673	4,011
Capital resources - beginning of the year	1,718,671	2,094,917
Capital resources - end of quarter	$ 575,530	$ 1,094,143

(1) See Use of Non-GAAP Financial Measures

Investing activities in Q2-F'13 and Q2-F'12 related to intangible asset expenditures for computer software and patents in the amount of $56,379 and computer equipment of $5,112. Investment in such items will continue into the future as the Company relies heavily on computing technology to run its CHEMSAS® process, and investing in patents for the molecules identified from the process ensures that the licensing value of this intellectual property is protected.

Financing activities YTD-F'13 related primarily to the receipt of ITC of $17,570 related to fiscal 2011 tax filings and $71,831 related to fiscal 2012 tax filings for total ITC recovered year to date of $89,401. There were no options exercised in Q2-F'13 or Q2-F'12. No warrants were exercised in either quarter. However, on September 20, 2012, 12,500,000 warrants exercisable at $0.30 and due to expire September 24, October 6 and 20, 2012 were amended. The amendment was for the expiry date only and the new expiry date is October 31, 2013. All other provisions of the warrants remained the same. Exercise of these warrants represents potential gross cash proceeds to the Company of $3,750,000.

The Company's working capital at the end of Q2-F'13 was $436,510 compared to $1,588,254 at FYE 2012. Current assets continue to remain liquid, as there are no restrictions on the use of these assets. Cash equivalents are invested in instruments with maturities of three months or less. Short-term investments are held in a flexible guaranteed investment certificate, which became cashable without penalty after June 14, 2012. Current assets decreased to $750,073 at Q2-F'13 from $1,929,759 at FYE 2012 for a decrease of $1,179,686, primarily due to the decrease in cash, cash equivalents and short-term investment. Current liabilities decreased $27,942 to $313,563 at Q2-F'13 from $341,505 at FYE 2012 because of decreased project accruals, reduced trade payables related to professional fees, and an increase in Unearned Revenue related to an upfront payment on a collaboration contract noted in Revenues: Operating.

The Company's exposure to fluctuations in the recoverability of its financial assets is limited as cash not required for current purposes is held in interest bearing cash accounts. Miscellaneous receivables are of high credit quality. The short periods to maturity of these instruments and their capacity for prompt liquidation result in future settlement amounts that are consistent with carrying values. Given the nature of the Company's financial liabilities, there is also limited risk that future settlement amounts will differ from carrying values. The Company does not have any derivative financial instruments, nor does it engage in hedging transactions, as risk exposure is limited.

The Company has no long-term contractual obligations. Short-term contractual commitments existing at the quarter end for R&D testing are summarized in Table 8. The last R&D contract commitment for $3,900 expires on January 31, 2014. The Company's premises lease is on a month-to-month basis with a 90-day notice period.

Table 8: Contractual Obligations

Obligation	Total	2013	2014
Research and development contracts	119,119	115,219	3,900
Total contractual obligations	$ 119,119	$ 115,219	$ 3,900

Future Plans Impact

The Company has development objectives for the balance of fiscal 2013 to advance the testing of COTI-2 thereby enhancing its value to potential licensees and to move the AML project and other projects forward. However, current cash resources are insufficient to enable these development plans to advance robustly. Accordingly, the Company's primary focus is on pursuing additional financing to sustain operations and execute on its business plan with an anticipated close on additional cash resources in the first quarter of calendar 2013. The Company is also taking steps to address going concern risk by seeking potential customers, partners and collaborators as a means of furthering molecule development and generating revenue streams and in this regard has its primary focus on negotiating a licensing deal for COTI-2 (see Financial and Operational Progress & Outlook). 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.

Off-Balance Sheet Arrangements

The Company has not historically utilized, nor is it currently utilizing any off-balance sheet financial instruments.

Foreign Exchange Exposure

During Q2-F'13, the Company recorded a foreign exchange loss of $555 compared to a gain of $7,543 in Q2-F'12. The loss recorded in the first six months of F'13 reflects $1,673 in unrealized gains resulting from holding foreign currency balances at the quarter end compared to $4,011 in unrealized gains in the first six months of F'12. The foreign currency exposure at the end of Q2-F'13 was immaterial and consistent with Q2-F'12.

Related Party Transactions

Material transactions with related parties during the quarter were in the ordinary course of business. These were measured at the transaction amount, being the amount of consideration established and agreed to by the related parties and included:

(a) a grant of 200,000 share options to an officer of the Company on September 10, 2012, as provided under their employment contract;
(b) a grant of 1,592,507 share options to the directors on September 25, 2012 following the annual general meeting as a retainer for the next year of service on the Board and its committees;
(c) a grant of 250,000 share options to an officer of the Company on September 25, 2012, as provided under their employment contract; and,
(d) consulting fees paid or accrued for $51,046 (Q2-F'12 totaled $48,750) and 200,000 share options granted under a fee for service contract with a director.

Outstanding Share Information

Outstanding share information at the close of business on December 20, 2012 is set out in Table 9.

Table 9: Outstanding Share Information

	Outstanding	Expiry Date
Common shares		
Authorized - unlimited		
Issued	74,453,214	
Fully diluted [(1)]	106,391,692	
Weighted average outstanding [(2)]	74,453,214	
Common share warrants		
$0.55 warrants	129,019	Jan 31/13
$0.37 warrants	1,446,481	Jan 31/13
$0.30 warrants	3,125,000	Sep 23/13
$0.30 warrants	6,250,000	Oct 9/13
$0.30 warrants	1,875,000	Oct 26/13
$0.30 warrants	8,152,500	Oct 31/13
$0.30 warrants	2,187,500	Oct 31/13
$0.30 warrants	2,160,000	Oct 31/13
$0.30 compensation warrants	157,937	Sep 23/13
$0.30 compensation warrants	371,874	Oct 9/13
$0.30 compensation warrants	196,875	Oct 26/13
	26,052,186	
Common share options		
$0.01 - $0.50	5,365,108	Sep 9/14 - Sep 24/17
$0.51 - $1.00	521,184	Jun 9/13 - Feb 16/14
	5,886,292	

[(1)] Assumes conversion of all outstanding common share options and warrants.

[(2)] Weighted average shares outstanding calculated from May 1, 2012 to December 20, 2012.

Financial and Operational Progress & Outlook

The Company's primary focus for the last half of fiscal 2013 is on obtaining additional financial resources to sustain operations and execute on its business plan. Its secondary focus is on negotiating a license agreement for COTI-2, which supports the financing efforts and would generate revenues providing financial resources in support of future operating activities. Its final focus is on the execution of its obligations in two collaboration agreements entered into during Q2-F'13 and a third agreement signed subsequent to quarter end that can also generate revenue in future periods and support operations.

Strategic Focus

The Company continues to execute on its two-pronged strategy for commercial validation of its underlying CHEMSAS® technology.

This strategy consists of first; taking one of the compounds forward to a licensing deal to demonstrate that a compound discovered and optimized using CHEMSAS® can successfully move through preclinical testing as predicted and be licensed for clinical trials. This compound is COTI-2 and more details on the successful development of the compound are discussed below.

The second part of the strategy is to enter into R&D collaboration agreements with third parties for therapeutic targets of interest to them. This approach creates a ready customer to achieve commercial validation of the Company's CHEMSAS® platform by having these third parties use COTI technology to find lead compounds faster and more cost effectively than historic approaches by such parties. The agreements entered into during the quarter as discussed below contain a revenue "tail" – that is upfront amounts received by COTI are modest/cost sharing but the backend payoff can be very significant through further agreements leading to upfront and milestone payments and royalties. These collaborations also build on the number and types of parties that can benefit from using CHEMSAS®, which is important to demonstrate the breadth and depth of CHEMSAS® as a drug discovery tool.

Operations Review and Outlook for Remainder of F'2013

The Company remains focused on licensing COTI-2 not only for the monetary benefit to its shareholders but the opportunity COTI-2 presents for further development in the clinic and ultimately for the benefit of oncology patients. In this regard, the Company continued to meet with prospective licensing partners during Q2-F'13 and anticipates being positioned to negotiate a licensing deal for COTI-2 in the first half of calendar 2013. To support these efforts actively, the Company engaged a life science commercialization consulting firm, Destum Partners, Inc., with considerable experience and contacts in the industry to assist. This consulting engagement

is primarily a performance based agreement and will add greatly to COTI's own efforts to license COTI-2.

The results of the experiments completed during Q2-F'13 and the two major testing areas of the two-species toxicity and the MOA activity around p53 mutations ongoing in Q3-F'13 will increase the value of COTI-2 for a licensing transaction and are critical in moving COTI-2 towards readiness for Phase 1 human clinical trials in mid 2013.

While COTI-2 licensing is a major part of the strategy for commercial validation, the Company's announcements around collaborations to utilize CHEMSAS® in discovering, profiling and optimizing compounds for specific targets for interested parties is also an important part of the validation strategy. During the third quarter, work will continue on the three initiatives described under Collaborations and Co-development Projects below.

R&D expenditures have historically been conducted with contract research organizations in the most cost effective manner considering the opportunity for refundable ITCs in identifying least cost, best value suppliers. In this regard, the Company contracted with Charles Rivers Laboratories of Montreal, a well known international contract research organization to undertake the two-species toxicity studies. Similarly, Advanced Solutions Group of Canada, a division of Ockham Inc., also a well known international contract research organization was engaged to lead the IND documentation preparation and submission and provide consultation services on the final testing activities. Working with these leading organizations provides the Company with confidence in successfully concluding the testing and IND filing in the coming months of fiscal 2013.

The Company's strategy to complement the development of COTI-2 and its ultimate licensing, by advancing other drug discovery projects such as the AML program along parallel tracks, slowed during Q2-F'13 as the Company focused its resources on COTI-2 testing and licensing. This is expected to continue until additional financing can be obtained to move this testing forward.

Expenditures on G&A and S&M activities for fiscal 2013 have been trending below budget and are expected to remain consistent with this trend with actual results for the first six months lower than budget by approximately $130,781.

Product Development Progress – Q2-F'13 and Future Outlook

The Company continued to make progress in developing its drug candidate pipeline during Q2-F'13 with primary focus on COTI-2, the Company's lead oncology compound, and to a lesser extent its AML program. Because of limited financial resources, the Company has a number of drug compounds and programs whose further development remains on hold. The Company is

exploring a variety of ways to realize value on these compounds or further their development through co-development projects.

COTI-2

During the quarter, the Company continued development of COTI-2 by carrying out additional experiments and laboratory work in preparation for an IND clinical trial submission. A summary of key milestones in this development is set out below.

- On September 11, 2012, the Company announced that it had identified the final oral formulation to be used in completing the two-species toxicity testing for the COTI-2 clinical submission package and in the Phase 1 human clinical trial. The candidate was selected based upon a number of criteria including ease of manufacturing, efficacy, and its pharmacodynamic and pharmacokinetic profile, including bioavailability.

- Also on September 11, 2012, the Company announced the completion of the validation of the COTI-2 detection method for measuring the drug's concentration in human plasma as part of the IND submission package.

- On September 18, 2012, the Company announced the initiation of the final series of toxicity experiments in two animal species for COTI-2 using the oral formulation. The data from these experiments are an important part of the toxicity package required by the US Food and Drug Administration for first in human trials.

- On September 20, 2012, the Company announced the broadening of the mechanism of action (MOA) of COTI-2 beyond AKT inhibition. Previous preclinical MOA work clearly showed that COTI-2 modulated the PI3K/AKT/mTOR pathway. However, new data derived from gene profiling and *in vitro* testing with COTI-2 indicates that the drug is particularly effective in treating cancer cell lines with p53 mutations, an effect that is not associated with AKT inhibitors. The effectiveness of COTI-2 based on the status of p53, a tumor suppressing gene, could make this compound and class an important new treatment for cancer, as at least 50% of human cancers harbor a p53 mutation. These findings improved the understanding of COTI-2's MOA and help clarify some of the positive results seen in earlier experiments and trials that were not explained by AKT inhibition alone.

Acute Myelogenous Leukemia (AML)

COTI's AML discovery efforts have been focused on identifying and optimizing multi-kinase inhibitors. This strategy reflects our understanding that AML is the result of numerous gene mutations affecting multiple cell signaling kinase pathways. With few exceptions, traditional therapies targeting a single abnormal kinase have produced disappointing long-term results.

Accordingly, COTI scientists believe a therapeutic approach targeting multiple kinases commonly mutated in AML will have a higher probability of success in improving outcomes for patients. The central kinase target of the COTI program is FLT3 with lesser emphasis on PDGF-R, CSF-1R, cAbl and cKIT.

On October 9, 2012, the Company announced that a number of preclinical tests initiated earlier this year have been successfully completed for AML program. The compounds were evaluated for their *in vitro* effectiveness, kinase targets and *in vitro* ADME/Tox properties. A number of the compounds were found to be active in multiple leukemia cell lines including human cell lines with the FLT3 mutant kinase which is found in 40% of AML cell lines. Evaluation of kinase screening results from two independent labs confirmed *in vitro* activity against FLT3 mutant kinase as well as wildtype FLT3 kinase. The *in vitro* ADME/tox screen did not identify any liabilities that would preclude further development of the compounds.

Collaborations and Co-Development Projects

In addition to the validation of the CHEMSAS® technology, the collaboration agreements achieved in the last few months highlight that the CHEMSAS® platform is not restricted to a single disease type or class of drugs but can be used across multiple diseases. In this regard, the Company announced two agreements in the quarter and a third one subsequent to the quarter with therapies targeted at CNS scarring, cancer and a confidential target that is not cancer as follows:

1. University of Western Ontario

On July 25, 2012, the Company signed a collaborative research agreement (CRA) effective for two years 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 for potential therapies designed to minimize Central Nervous System (CNS) scarring following trauma or stroke. This is an area of clear unmet medical need with at least 1.7 million incidents annually of traumatic brain injury in the United States alone with no effective therapies available to minimize the scarring that results from the injury.

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 right, 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 is being recognized in income over the six month period estimated for COTI to complete its performance under the agreement with approximately one-third of the estimated cost incurred at the quarter end. All costs associated with COTI's performance under the CRA are being expensed at fair market value as incurred in Research and product development in the Statements of Comprehensive Loss.

2. Delmar Chemicals Inc.

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 address a number of drug target opportunities. COTI will also be responsible for filing provisional composition of matter patents on any compounds forwarded to a major pharmaceutical company for their evaluation and managing the relationship with that company. 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 CRA.

At October 31, 2012, COTI had not incurred significant costs for the project with an estimate that one-quarter of the project salary costs had been incurred. 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.

3. Multinational Pharmaceutical Company

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 non-oncology 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 on commercially reasonable terms. Such terms are expected to include an upfront licensing fee, preclinical and clinical milestones and a single digit royalty. The agreement has a term of the later of one year or the delivery of the final testing report. 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.

Industry and Economic Risk Factors Affecting Performance

The biotechnology industry is regarded as high risk given the uncertain nature of developing drug candidates and limited access to capital. On the other hand, success in this industry can be highly rewarding. COTI operates in the discovery and preclinical stage of the drug development cycle. The realization of COTI's long-term potential is dependent upon the successful development and commercialization of molecules discovered using the Company's drug discovery technology either for its own account or in collaboration agreements for others, and in utilizing the technology to provide profiling and screening services on a fee for service basis. The major industry and economic risk factors affecting realization of this potential in Q2-F'13 remain substantially unchanged from the analysis discussed at length in the Company's 2012 AIF filed in July 2012 and the risks discussed in the FYE 2012 MD&A.

The four risk categories having the greatest affect on the Company during the quarter were:

1. the uncertainties related to research;
2. the lack of product revenues;
3. securing licensing agreements; and,
4. access to capital.

Uncertainties Related to Research

Like other biotech and pharmaceutical companies, COTI's research programs are based on scientific hypotheses and experimental approaches that may not lead to desired results. In addition, the timeframe for obtaining test results may be considerably longer than originally anticipated, or may not be possible given time, resources, and financial, strategic, and scientific constraints. Success in one stage of testing is not necessarily an indication that a particular compound or program will succeed in later stages of testing and development. It is not possible to guarantee, based upon studies in *in vitro* models and in animals, whether any of the compounds made for a therapeutic program will prove to be safe, effective, and suitable for human use. Each compound will require additional research and development, scale-up, formulation and extensive clinical testing in humans. COTI believes its CHEMSAS® process serves to mitigate or reduce this risk by virtue of its profiling across many variables in identifying

compounds with high probability of successfully becoming drugs, however, it remains a probability only and failure can occur. COTI's lead compound, COTI-2, continued to progress through preclinical testing and to perform as predicted during Q2-F'13.

Lack of Product Revenues

The revenue cycle for drug development is a long one; typically 5 to 10 years depending upon the point along development that monetization of the asset occurs. Since inception as a public company in October 2006, COTI has worked to develop relationships with prospective customers, and strived to obtain licensing and collaboration agreements for its own products and therapeutic targets of interest to partners. The continued development of COTI-2 and the nurturing of relationships with licensees concerning the strong scientific test results are critical to achieving a revenue realization stage. Accordingly, operating losses are expected to be incurred until upfront licensing, milestone and royalty payments are sufficient to generate revenues to fund continuing operations. COTI is unable to predict with any certainty when it will become profitable, or the extent of any future losses or profits.

Securing Adequate Licensing Agreements

The Company's ability to commercialize its products successfully will depend first, on meeting the scientific due diligence requirements of prospective customers and second, on its ability to negotiate satisfactory licensing terms with pharmaceutical or biotechnology organizations for preclinical compounds. While positive test results during fiscal 2013 continued to generate positive feedback from potential licensees, these test outcomes have not translated into a contractual agreement to date. Licensing discussions during Q2-F'13 continued to find interest for early stage deals of novel compounds or classes of compounds. This reflects the macro events occurring within the pharmaceutical industry such as; the large number of blockbuster drugs that continue to come off patent protection; the need to find drugs to replace the revenues lost to generic competition and lower margins on the unprotected brand; and the continued productivity challenges of the pharmaceutical industry in generating new compounds from their R&D spending.

Access to Capital

The Company continually monitors its cash resources to support its R&D programs in an effort to move its compounds, particularly COTI-2, as rapidly as possible through development. If additional funding cannot be obtained, COTI may be required to delay, reduce, or eliminate one or more of its R&D programs or obtain funds through corporate partners or others who may require it to relinquish significant rights to its product candidates or obtain funds on less favourable terms than COTI would otherwise accept. COTI's success in obtaining future capital requirements will depend on many factors, such as establishing and maintaining investment industry relationships, collaborative partnering relationships, achieving a licensing agreement

for COTI-2, and the general economic conditions and access to capital in the equity markets for biotechnology companies. Despite the Company's financing efforts, there can be no assurance additional funding can be obtained.

Use of Non-GAAP Financial Measures

Management has included a non-GAAP financial measure, Capital Resources, to supplement information contained in the MD&A. This non-GAAP measure does not have any standardized meaning prescribed under IFRS and therefore it may not be comparable to similar measures when presented by other issuers. Capital Resources is defined and calculated by the Company as cash, cash equivalents and short-term investments. This differs from IFRS disclosure where cash and cash equivalents are included in the Statement of Financial Position as cash and the Statement of Cash Flows is reconciled to this cash balance. Short-term investments are disclosed separately in the Statement of Financial Position and changes in short-term investments are disclosed separately in the Statement of Cash Flows in determining cash. The short-term investment is a guaranteed investment certificate encashable at any time up to its maturity date and with such high liquidity characteristics is a readily available source of capital. Consequently, the Company uses Capital Resources, which includes short-term investments in this measure as its view on readily available cash with respect to the liquidity of the Company.

Table 10: Reconciliation to Capital Resources

	Q2-F'13	Q2-F'12
Cash and cash equivalents	$ 354,144	$ 791,960
Short-term investment	221,386	302,183
	$ 575,530	$ 1,094,143

Changes in Accounting Policies including Initial Adoption

There was one change in the quarter that affected the Company's reporting under International Financial Reporting Standards. During the quarter, the Company entered into two agreements for the discovery of drug compounds with other entities. Consequently, the Company has 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 these interim financial statements.

These standards are required to be applied for annual periods beginning on January 1, 2013; however, early adoption is permitted. The Company does not expect the new policies to have a material impact on the financial statements during the current year because of the nature of the Company's interests in the agreements as more fully described in note 10 to the financial

statements and as described earlier in the MD&A under Collaborations and Co-development Projects.

(a) 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 Q2-F'13 have each been determined to be a joint operation as no separate vehicle was created. 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.

(b) 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. As described in Collaborations and Co-developments, the parties to the agreements are primarily responsible for their own costs incurred to complete their activities under the agreements. COTI's estimate of its costs under each agreement is not anticipated to be material. The disclosures required by this standard were included in note 10 to the interim financial statements and as described under Collaborations and Co-development Projects.

(c) 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 carry forward only 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 determined there to be no impact on its financial statements.

(d) 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 determined there to be no impact on its financial statements.

(e) 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 assessed the impact of this amended standard and determined there to be no impact on its financial statements.

(f) IFRS 7 - Financial Instruments: Disclosures

In October 2010, the IASB amended IFRS 7 - Financial Instruments: Disclosures. This amendment enhanced 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 was effective for the Company's interim and annual financial statements commencing May 1, 2012. The Company assessed the impact of this amended standard in Q1-F'13 and determined there to be no impact on its financial statements.

Future Accounting Policy Changes

Certain pronouncements have been issued by the International Accounting Standards Board (IASB) or the International Financial Reporting Interpretation Committee that are mandatory for annual periods beginning subsequent to the current reporting period. Many of these updates are not applicable to COTI or are inconsequential to the Company. The following accounting pronouncements are applicable beginning on or after January 1, 2013 and accordingly would affect COTI for its fiscal year beginning May 1, 2013:

- IAS 1 - Presentation of Financial Statements
- IFRS 9 - Financial Instruments – Classification and Measurement
- IFRS 12 - Disclosure of Interests in Other Entities
- IFRS 13 - Fair Value Measurement

A brief description of each accounting pronouncement may be found at pages 26 and 27 of the Company's fiscal 2012 MD&A and note 5(p) of the Company's audited financial statements for the year ended April 30, 2012. The Company is assessing the impact of these accounting pronouncements on its financial statements and does not expect adoption to have a material impact on its financial statements.

In addition to these pronouncements, the IASB published Annual Improvements in May 2012 to IFRSs – 2009-2011 Cycle as part of its annual improvements process to make non-urgent but necessary amendments to IFRS. These amendments are effective for annual periods beginning on or after January 1, 2013, with retrospective application permitted. The new cycle of improvements contains amendments to the following standards and interpretations:

- IAS 1 Presentation of Financial Statements
    - Comparative information beyond minimum requirements
    - Presentation of the opening statement of financial position
- IAS 16 Property, Plant and Equipment
    - Classification of servicing equipment
- IAS 32 Financial Instruments: Presentation
    - Income tax consequences of distributions
- IAS 34 Interim Financial Reporting
    - Segment assets and liabilities

The Company intends to adopt the amendments to the standards in its financial statements for the annual period beginning on May 1, 2013. The extent of the impact of adoption of the amendments has not yet been determined.