



*Third Quarter  
Ended January 31, 2005*

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**TRADING SYMBOL:**

TSX: RVX

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**March 4, 2005**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

This management's discussion and analysis of operations and financial position should be read in conjunction with the Company's January 31, 2005 Quarterly Financial Statements. The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles ("GAAP").

### **OVERVIEW**

Resverlogix Corp. is a Canadian biotechnology company engaged in the discovery and development of biopharmaceuticals. Combining expertise with innovation, Resverlogix's NEXVAS™ Program applies advanced medical research to develop therapies that increase high density lipoprotein (HDL), the "good cholesterol," to treat cardiovascular diseases. The TGF-β Shield™ Program utilizes an adoptive immunotherapy approach to target cancers and fibrotic diseases. Resverlogix Corp. is committed to applying the qualities of innovation, integrity and sound business principles in developing novel therapies for the treatment of unmet human diseases.

The Corporation is focused on the primary stages of drug development, leading up to Investigational New Drug (IND) application and early stage clinical studies. This strategy will avoid the significant costs and uncertainty of the final phases of the drug development process (late stage clinical trials) by either licensing or selling its technology. Hence, a major portion of the biotech investment risk should be eliminated.

Shares of Resverlogix trade on the TSX Exchange under the symbol, RVX.

### **HIGHLIGHTS**

In October 2004, the Company acquired the license right to a published patent which expands the number of proprietary compounds that the Company can test, manufacture, market, sell or sublicense. The agreement expires on the later of 20 years or the expiration of the last patent covered under the license agreement. As consideration, the Company paid an initial license fee of U.S. \$25,000. In addition, should the Company choose to select a compound protected by the patent as a nutraceutical in a commercial context, the Company is required to make an additional one-time payment of U.S. \$50,000. Should the Company choose to select a compound protected by the patent as a pharmaceutical compound and proceed into regulatory approved Phase I Clinical Trial, then a one-time payment of U.S. \$300,000 is required to be paid.

On November 3, 2004, Resverlogix announced a pre-clinical research agreement with NAEJA Pharmaceutical Inc., a recognized global leader pre-clinical drug development. NAEJA is a well recognized pharmaceutical contract research and development company with extensive expertise in the areas of cardiovascular, cancer, CNS and infectious disease. NAEJA will provide important biopharmaceutical profiling and lead optimization and will help expedite and further validate our cardiovascular NEXVAS™ technology program.

In December 2004, the Company announced a request for proposal (RFP) process with several leading global life science organizations for an exclusive standstill agreement regarding its NEXVAS technology in cardiovascular disease. Resverlogix is now at a stage of development

gathering official interest from several global pharmaceutical and biotechnology firms to continue in the process for NEXVAS technology. The Company is encouraged with the scientific development and the potential that Apo A1/HDL enhancing technologies like NEXVAS may reduce the burden of cardiovascular disease worldwide.

On January 17, 2005, Resverlogix listed its common shares on the Toronto Stock Exchange. This graduation from TSX Venture Exchange to the TSX was an achievement of a business milestone that the Company had set to broaden its shareholder base. The share trading volume since being listed on the TSX has increased over 100% as compared to the last 3-month average just prior to being listed on the main board. On the marketing front, TSX Venture Exchange has invited Resverlogix to participate in the "Successful Ventures Event" campaign series hosted by them given the Company's rapid and successful graduation.

On January 26, 2005, the Company announced international research collaboration on preclinical animal model data with Cedars-Sinai Medical Center and atherosclerosis researcher, Dr. Prediman Shah. Dr. Shah is ranked among the top cardiovascular specialists in the US, and has made numerous important scientific contributions in the area of atherosclerosis, coronary artery disease and acute coronary syndromes. The collaboration agreement with Cedars-Sinai and Dr. P. Shah represents an important next step in the development, testing and optimization of our NEXVAS lead compounds.

## **FINANCING ACTIVITIES**

On November 23, 2004, the Company closed a \$7,918,899 Brokered Private Placement. Resverlogix issued 2,639,633 common shares at \$3.00 per common share, which was the first leg of an announced total financing of \$11 million. Resverlogix had engaged First Associates Investments Inc. to act as its lead agent to conduct the offering, together with a syndicate including Haywood Securities Inc., Sprott Securities Inc., and Jennings Capital Inc. As consideration for acting as agents, they received a cash commission of \$554,323. At closing, the agents also received a non-transferable agent's option to acquire 184,774 common shares at an exercise price of \$3.00, expiring on May 23, 2006. Share issue costs included \$95,465 for legal fees, \$11,480 for agent's expenses and \$23,538 for regulatory fees. The value of the agent's option granted was recorded as a share issue cost of \$254,988 using the Black-Scholes option pricing model.

As a continuation of the previously announced placement, on January 7, 2005, the Company closed a \$3,081,099 Brokered Private Placement. Resverlogix issued 1,027,033 common shares at \$3.00 per common share. Resverlogix had engaged First Associates Investments Inc. to act as its lead agent to conduct the offering, together with a syndicate including Haywood Securities Inc., Loewen Ondaatje McCutcheon Limited, Sprott Securities Inc., and Jennings Capital Inc. As consideration for acting as agents, they received a cash commission of \$215,677. At closing, the agents also received a non-transferable agent's option to acquire 71,890 common shares at an exercise price of \$3.00, expiring on May 23, 2006. Share issue costs included \$33,602 for legal fees and \$16,777 for regulatory fees. The value of the agent's option granted was recorded as a share issue cost of \$99,208 using the Black-Scholes option pricing model.

In December 2004 and January 2005, the Company received \$58,500 from the exercise of 53,182 Agent's Options issued at \$1.10 per share and \$34,125 from the exercise of 27,300 Agent's Options issued at \$1.25 to the agents in connection with the Short Form Offering Document and brokered private placement respectively.

In December 2004 and January 2005, the Company received \$21,000 in total from the exercise of 14,000 options issued at a price of \$1.50.

## RESULTS OF OPERATIONS

Resverlogix incurred a net loss for the nine months ended January 31, 2005 of \$2,381,362, or \$0.12 per share. The net loss for the nine months ended January 31, 2004 was \$902,408 or \$0.06 per share. The planned increase in expenditures is a result of continued acceleration of the scientific and business progression of the Company. Similarly, all R&D and general & administrative expenses have increased in the current quarter. The average monthly "burn rate", revenues and expenditures excluding non-cash items, for the nine months was \$223,000 as compared to \$88,000 for the same period in the prior year. The burn rate for the 3<sup>rd</sup> Quarter was \$288,000. For the nine months ended January 31, 2005, \$273,722 was recorded as the amortization cost of stock based compensation as per the new CICA guidelines as compared to nil for the same period in the prior year.

### *Revenue*

The revenue of the Company consisted of interest earned on funds invested and earned revenue for compound testing for Cargill, Incorporated. Interest revenue was \$94,161 for the nine months ended January 31, 2005, as compared to \$8,814 for the nine months ended January 31, 2004.

### *Research and Development*

For the nine months ended January 31, 2005, research and development expenditures totaled \$1,107,679 with a recovery of \$103,337 for government grants through the National Research Council's IRAP program. For the nine months ended January 31, 2004, research and development expenditures totaled \$333,104 with a recovery of \$160,213 for government credits through the Scientific Research & Experimental Development (SR&ED) program. These amounts include laboratory rent, salaries and benefits, consulting fees, pharmacology studies, supplies and general laboratory operating expenses. Expenses have increased steadily as additional staff members have been hired and the quantity and scope of experimentation has increased over the last year. New costs are now being incurred for preparation of its novel compounds through chemical synthesis, in-vitro & in-vivo studies and toxicology testing in preparation for Investigational New Drug (IND) application in the near future. The Company expects future research & development costs to increase in the next year as there will be a further increase in quantity and scope of experimentation.

### *General and Administrative*

For the nine months ended January 31, 2005, general and administrative expenditures totaled \$1,106,553, compared to \$626,315 for the nine months ended January 31, 2004. General and administrative expenses includes salaries and other operating costs not directly involved in research and development, as well as professional fees for services, such as legal, audit, tax, investor relations and business development. The major expense category for the nine months was salaries, benefits and recruitment costs for \$466,606. The remaining expenditures were general operating costs. Expenses of \$135,868 were incurred in the quarter for graduating to the Toronto Stock Exchange from the Venture Exchange.

## SUMMARY OF QUARTERLY RESULTS

	For the three month period ended			
	Jan. 31 2005	Oct. 31 2004	July 31 2004	April 30 2004
Revenue	\$61,591	\$32,329	\$13,095	\$15,323
Net loss	(\$1,138,161)	(\$657,488)	(\$585,713)	(\$1,033,430)
Net loss per share (basic and fully diluted)	(\$0.05)	(\$0.04)	(\$0.03)	(\$0.06)

	For the three month period ended			
	Jan. 31 2004	Oct. 31 2003	July 31 2003	April 30 2003
Revenue	\$5,629	\$1,725	\$1,460	\$0
Net loss	(\$308,632)	(\$193,074)	(\$400,702)	(\$332,385)
Net loss per share (basic and fully diluted)	(\$0.02)	(\$0.01)	(\$0.03)	(\$0.04)

The increase in the quarterly losses is a result of the progression of the research & development activity of the Company. Also, in the fourth quarter of the 03/04 fiscal year (quarter ending April 30, 2004), a stock-based compensation expense of \$578,286 was recorded as the Company chose to early adopt the fair value method of accounting for options granted under its Stock Option Plan. The amortization of stock-based compensation is a non-cash expense.

### LIQUIDITY

As at January 31, 2005, cash and near cash investments totaled \$12,076,150 as compared to \$3,159,818 at April 30, 2004. The Company's policy is to invest its cash reserves in low risk investments with a maturity of three months to two years at the time of purchase. The fixed income instrument maturity dates are usually matched to expected cash flow requirements. At January 31, 2005, the Company had working capital of \$11,970,889 compared to \$3,095,097 at April 30, 2004. Given the overall low cash burn, the Company believes that it has sufficient cash reserves to operate for several years with the assumption of no revenues.

### DISCLOSURE OF OUTSTANDING SHARE DATA (as at March 4, 2005)

#### Authorized and Issued Share Capital

Class	Par Value	Authorized	Issued
Common	No par value	Unlimited	22,828,269
Preferred	No par value	Unlimited	2,000,000 (Series A)

### **Description of Options, Warrants and Convertible securities outstanding.**

<b>Security Type</b>	<b>Number</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
Options	1,205,000	\$1.60	4/25/08
Options	32,000	\$1.16	7/15/08
Options	200,000	\$1.20	9/5/08
Options	60,000	\$1.25	2/9/06
Options	275,000	\$1.50	3/15/08
Options	70,000	\$2.25	9/28/08
Options	128,000	\$2.25	8/31/07
Options	275,000	\$2.25	9/28/08
Options	30,000	\$4.50	2/16/09
Agent's Warrants	365,262	\$1.60	4/25/05
Agent's Options	45,436	\$1.10	1/23/06
Agent's Options	107,700	\$1.25	2/20/06
Agent's Options	256,664	\$3.00	5/23/06

### **RISKS AND UNCERTAINTIES**

Resverlogix is at an early stage of development and has incurred losses to date. Developing new technologies will require further time and costs for research and development. It may be a number of years before the technology begins to generate revenues. There is no assurance that any of the Company's developments will be successful.

The success of Resverlogix is dependent on its ability to obtain patents and the proposed technology meeting acceptable cost and performance criteria in the marketplace. The Company will be dependent on ongoing marketing efforts in licensing of its technology.

### **ADDITIONAL INFORMATION**

Additional information relating to the Company can also be found on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Notice to Reader**

The management of Resverlogix Corp. is responsible for the preparation of the accompanying interim consolidated financial statements. The interim consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada and are considered by management to present fairly the financial position, operating results and cash flows of the Company.

The comparative figures included in these interim financial statements , being the three and nine month periods ended January 31, 2004, have not been reviewed by our auditor. These interim consolidated financial statements are unaudited and included all adjustments, consisting of normal and recurring items, that management considers necessary for a fair presentation of the consolidated financial position, results of operations and cash flows.

Dated March 4, 2005.

signed "Donald J. McCaffrey"  
President and CEO

signed "Hiran Perera"  
CFO

# RESVERLOGIX CORP.

## Interim Consolidated Balance Sheets

	January 31, 2005	April 30, 2004
	(unaudited)	(audited)
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 8,262,240	\$ 276,447
Marketable securities	3,813,910	2,883,371
Accounts receivable	99,397	—
Prepaid expenses	20,187	36,265
	<u>12,195,734</u>	<u>3,196,083</u>
Property and equipment (note 3)	502,038	500,358
Intellectual property and patents (note 4)	100,482	818
	<u>\$ 12,798,254</u>	<u>\$ 3,697,259</u>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 192,682	\$ 71,138
Current portion of equipment leases	32,163	29,848
	<u>224,845</u>	<u>100,986</u>
Equipment leases	8,510	32,930
Shareholders' equity (note 5)		
Common shares	16,316,632	5,197,767
Warrants	829,929	785,748
Preferred shares	50,000	50,000
Contributed surplus	802,522	582,650
Deficit	(5,434,184)	(3,052,822)
	<u>12,564,899</u>	<u>3,563,343</u>
Commitments (notes 4 and 6)		
	<u>\$ 12,798,254</u>	<u>\$ 3,697,259</u>

See accompanying notes to the interim consolidated financial statements.

# RESVERLOGIX CORP.

## Interim Consolidated Statements of Operations and Deficit

	Three months ended		Nine months ended	
	January 31,		January 31,	
	2005	2004	2005	2004
	(unaudited)		(unaudited)	
Revenue:				
Interest and other income	\$ 61,591	\$ 5,629	\$ 107,015	\$ 8,814
Expenses:				
Research and development	504,607	116,838	1,107,679	333,104
Research and development cost recoveries	(56,118)	(37,440)	(103,337)	(160,213)
General and administrative	477,825	201,266	1,106,553	626,315
Stock based compensation	237,585	—	273,722	—
Depreciation and amortization	35,853	33,597	103,760	112,016
	1,199,752	314,261	2,488,377	911,222
<b>Loss for the period</b>	<b>1,138,161</b>	<b>308,632</b>	<b>2,381,362</b>	<b>902,408</b>
Deficit, beginning of period	4,296,023	1,710,760	3,052,822	1,116,984
<b>Deficit, end of period</b>	<b>\$ 5,434,184</b>	<b>\$ 2,019,392</b>	<b>\$ 5,434,184</b>	<b>\$ 2,019,392</b>
Loss per common share				
– basic and diluted	\$ 0.05	\$ 0.02	\$ 0.12	\$ 0.06
Weighted average number of common shares	21,987,670	15,770,295	19,724,635	15,279,831

See accompanying notes to the interim consolidated financial statements.

# RESVERLOGIX CORP.

## Interim Consolidated Statements of Cash Flows

	Three months ended January 31,		Nine months ended January 31,	
	2005	2004	2005	2004
	(unaudited)		(unaudited)	
Cash provided by (used in):				
Operations:				
Loss for the period	\$ (1,138,161)	\$ (308,632)	\$ (2,381,362)	\$ (902,408)
Items not involving cash:				
Depreciation and amortization	35,853	33,597	103,760	112,602
Gain on disposal of capital assets	–	–	–	(586)
Issue of preferred shares for acquisition of technology	–	–	–	50,000
Stock based compensation	237,585	2,014	273,722	4,363
	(864,723)	(273,021)	(2,003,880)	(736,029)
Changes in non-cash working capital:				
Accounts receivable	(56,118)	122,773	(99,397)	43,988
Prepaid expenses	(6,392)	11,524	16,078	(10,971)
Accounts payable and accrued liabilities	45,245	8,631	121,544	(68,463)
	(881,988)	(130,093)	(1,965,655)	(771,475)
Financing:				
Issue of common shares for cash, net of costs	10,049,136	1,808,219	10,425,336	1,953,626
Proceeds from exercise of options and warrants	113,625	–	683,860	–
Capital leases	(7,552)	(6,836)	(22,105)	3,031
	10,155,209	1,801,383	11,087,091	1,956,657
Investing:				
Sale of marketable securities	(1,394,367)	–	(930,539)	–
Patent additions	(31,358)	–	(101,793)	–
Property and equipment additions	(54,050)	(1,066)	(103,311)	(90,148)
SR&ED ITC capital refund	–	85,334	–	85,334
Proceeds on disposition of property and equipment	–	–	–	33,620
	(1,479,775)	84,268	(1,135,643)	28,806
Increase (decrease) in cash and cash equivalents	7,793,446	1,755,558	7,985,793	1,213,988
Cash and cash equivalents, beginning of period	468,794	314,724	276,447	856,294
Cash and cash equivalents, end of period	\$ 8,262,240	\$ 2,070,282	\$ 8,262,240	\$ 2,070,282

See accompanying notes to the Interim consolidated financial statements.

# RESVERLOGIX CORP.

## Notes to the Interim Consolidated Financial Statements

As at January 31, 2005 and 2004

The interim consolidated financial statements of Resverlogix Corp. (the "Company") were prepared by management using accounting policies and methods of their application consistent with those used in the preparation of the Company's audited consolidated financial statements for the year ended April 30, 2004, except as noted below. The disclosure, which follows, is incremental to the disclosure included with the annual consolidated financial statements. These interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes thereto for the year ended April 30, 2004.

### 1. Nature of operations:

The Company is currently in the development stage and has no established commercial revenue and customer base.

The Company has the following projects under development:

#### (a) APO A-1

In March 2001, the Company acquired the rights to the research and development of the "phenolic" compound which aids in the regulation of cholesterol. The Company filed multiple patent applications that expand the coverage of the original subject matter. These applications claim compounds and methods of their use for treating patients suffering from diseases such as dyslipidemia, dyslipoproteinemia, and atherosclerosis.

#### (b) TGF-Beta Shield Technology

This technology is an approach to suppress the ability of cancers to avoid the immune system's cancer killing activity, and has been re-engineered to treat fibrotic diseases of the eye, liver, lung, heart and kidney. The initial technology was acquired in June 2003. In July 2004, the Company filed a patent application to protect the therapeutic applications of this technology.

Research and development expenditures on these projects are as follows:

	Three months ended		Nine months ended		Cumulative since inception
	January 31,		January 31,		
	2005	2004	2005	2004	
APO A-1	\$ 465,948	\$ 116,838	\$ 986,518	\$ 333,104	\$ 1,636,518
TGF-Beta Shield Technology	38,659	-	121,161	-	271,161

As the Company has no established revenue base, it is reliant on equity financing for funding its projects under development. For the nine months ended January 31, 2005, the Company raised \$12.1 million through private placements and the exercise of options and warrants, and at January 31, 2005, has \$12.0 million of working capital including \$12.1 million of cash and marketable securities. Management has concluded that it has sufficient working capital to fund its development and corporate operations beyond January 31, 2006.

# RESVERLOGIX CORP.

Notes to the Interim Consolidated Financial Statements, page 2

As at January 31, 2005 and 2004

## 2. Significant accounting policies:

Costs incurred in obtaining patents, all legal expenses to file, revise and defend patents, and all regulatory body fees relating to the patents are capitalized. Patent costs are amortized on a straight-line basis over the estimated life of the respective patents, being 18 years. On an ongoing basis, management reviews the valuation, taking into consideration circumstances which might have impaired the value.

## 3. Property and equipment:

January 31, 2005	Cost	Accumulated depreciation	Net book value
Laboratory equipment	\$ 586,033	\$ 168,366	\$ 417,667
Office furniture and equipment	36,266	14,129	22,137
Computer equipment	63,802	33,423	30,379
Computer software	14,865	8,464	6,401
Leasehold improvements	73,886	48,432	25,454
	<u>\$ 774,852</u>	<u>\$ 272,814</u>	<u>\$ 502,038</u>
April 30, 2004			
Laboratory equipment	\$ 505,138	\$ 108,572	\$ 396,566
Office furniture and equipment	28,096	9,168	18,928
Computer equipment	56,851	17,760	39,091
Computer software	14,865	4,748	10,117
Leasehold improvements	66,590	30,934	35,656
	<u>\$ 671,540</u>	<u>\$ 171,182</u>	<u>\$ 500,358</u>

## 4. Intellectual property and patents:

January 31, 2005	Cost	Accumulated amortization	Net book value
Acquired property (APO A-1)	\$ 818	\$ -	\$ 818
Patents	101,793	2,129	99,664
	<u>\$ 102,611</u>	<u>\$ 2,129</u>	<u>\$ 100,482</u>
April 30, 2004			
Acquired property (APO A-1)	\$ 818	\$ -	\$ 818

# RESVERLOGIX CORP.

Notes to the Interim Consolidated Financial Statements, page 3

As at January 31, 2005 and 2004

## 4. Intellectual property and patents (continued):

In October 2004, the Company entered into an exclusive license agreement that expands the number of proprietary compounds that the Company can test, manufacture, market, sell or sublicense. The agreement expires on the later of 20 years or the expiration of the last patent covered under the license agreement. As consideration the Company paid an initial license fee of U.S. \$25,000. In addition, the Company is required to make additional payments of U.S. \$50,000 upon the discovery of each nutraceutical which contains a compound protected by the patent which will be used in a commercial context and a payment of U.S. \$300,000 upon the first enrolment of a patient into a regulatory approved Phase I Clinical Trial for a pharmaceutical compound protected by the patent.

## 5. Share capital:

(a) Issued and outstanding:

Common shares	Number of shares	Amount
Balance, April 30, 2003	14,882,280	\$ 1,876,226
Issued for cash in private placements	1,546,955	1,911,656
Issued for cash in short-form offering document	1,818,180	1,999,998
Issued on exercise of stock options	135,000	33,750
Share issue costs		(623,863)
Balance, April 30, 2004	18,382,415	5,197,767
Issued for cash in private placements	3,854,666	11,404,198
Issued on exercise of warrants	420,438	918,595
Issued on exercise of stock options	57,000	129,130
Share issue costs		(1,333,058)
Balance, January 31, 2005	22,714,519	\$16,316,632

Series A Preferred shares	Number of shares	Amount
Balance, April 30, 2004	2,000,000	\$ 50,000
Balance, January 31, 2005	2,000,000	\$ 50,000

# RESVERLOGIX CORP.

Notes to the Interim Consolidated Financial Statements, page 4

As at January 31, 2005 and 2004

## 5. Share capital (continued):

### (b) Stock options:

The Company has a stock option program whereby the Company may grant options to its directors, officers, employees and consultants for up to 10% of the issued and outstanding common shares. The majority of options vest immediately and have a two to five year term.

	January 31, 2005		April 30, 2004	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at beginning of period	1,830,000	\$ 1.51	1,340,000	\$ 1.46
Granted	473,000	2.25	625,000	1.35
Exercised	(57,000)	1.32	(135,000)	0.25
Outstanding at end of period	2,246,000	\$ 1.67	1,830,000	\$ 1.51
Weighted average remaining contractual life	3.3 years		3.9 years	

The weighted average fair value of the options granted during the nine months ending January 31, 2005 was \$1.55 per option using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk free interest rate	4%
Expected life	4 years
Expected volatility (calculated once a year)	96%

# RESVERLOGIX CORP.

Notes to the Interim Consolidated Financial Statements, page 5

As at January 31, 2005 and 2004

## 5. Share capital (continued):

### c) Warrants:

The following table summarizes the changes in common share purchase warrants outstanding:

	Number of warrants	Amount	Weighted average exercise price
Outstanding, April 30, 2003	729,768	\$ 591,112	\$ 1.60
Granted in connection with short form offering document	181,818	103,636	1.10
Granted in connection with private placement	140,000	91,000	1.25
Outstanding, April 30, 2004	1,051,586	785,748	1.47
Granted in connection with private placement	256,664	354,196	3.00
Exercised during period	(420,438)	(310,015)	1.45
Outstanding, January 31, 2005	887,812	\$ 829,929	\$ 1.92

The following table summarizes information about the common share purchase warrants outstanding and exercisable at January 31, 2005.

Outstanding	Exercise price	Expiry
446,512	\$ 1.60	April 25, 2005
74,436	\$ 1.10	January 23, 2006
110,200	\$ 1.25	February 20, 2006
256,664	\$ 3.00	May 23, 2006
887,812		

### (d) Contributed surplus:

The changes in contributed surplus balance are as follows:

	Amount
Balance, April 30, 2003	\$ —
Fair value of options granted	582,650
Balance, April 30, 2004	582,650
Options exercised	(53,850)
Fair value of options granted	273,722

# RESVERLOGIX CORP.

Notes to the Interim Consolidated Financial Statements, page 6

As at January 31, 2005 and 2004

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Balance, January 31, 2005	\$ 802,522
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## 5. Share capital (continued):

(e) Per share amounts:

The loss per share has been calculated based on the weighted average shares outstanding during the period. The effect upon the conversion of stock options and warrants is anti-dilutive.

## 6. Commitments:

As at January 31, 2005, the Company was committed to operating lease payments for office and laboratory premises as follows:

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2005	\$ 19,026
2006	57,104
2007	47,604
2008	47,604
2009	47,604
2010	19,835

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The Company has an outstanding letter of credit for \$60,000 from a Canadian chartered bank. The letter of credit is secured by a short-term investment.

## 7. Financial instruments:

The fair value of monetary assets and liabilities, except the Company's marketable securities, approximate their carrying values, due to the short-term nature of these instruments. The market value of the marketable securities at January 31, 2005 was approximately \$3.9 million (April 30, 2004 - \$2.9 million).