



***Interim Management's Discussion and
Analysis
Form 51-102F1
For the Quarter Ended January 31, 2005
March 4, 2005***

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 3rd 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.

Security Type	Number	Exercise Price	Expiry Date
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.