



***Interim Management's Discussion and
Analysis
Form 51-102F1
For the Quarter Ended October 31, 2005
December 12, 2005***

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This management's discussion and analysis of operations and financial position should be read in conjunction with Resverlogix Corp.'s ("Resverlogix" or the "Company") October 31st, 2005 Quarterly Financial Statements. The financial statements have been prepared by management in accordance with Canadian Generally Accepted Accounting Principles (GAAP).

OVERVIEW

Resverlogix is a Canadian biotechnology company engaged in the discovery and development of biopharmaceuticals. Resverlogix's principal technology is NEXVAS™ Apolipoprotein AI (ApoAI) Program, a natural physiological approach to increase the serum levels of ApoAI, the primary component of high density lipoprotein (HDL), the "good cholesterol," to treat cardiovascular diseases. The Company's research and discoveries within NEXVAS has lead to expansion of cardiovascular disease applications to address the inflammation and Drug Eluting Stent (DES) markets. Resverlogix's application within the DES market is now referred to as ReVas™. The TGF-β Shield™ Program utilizes an adoptive immunotherapy approach to target cancers and fibrotic diseases. Resverlogix 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 Company is focused on the primary stages of drug development, leading to Investigational New Drug (IND) application and early stage clinical studies. This strategy will avoid the significant costs and unknown results 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 under the symbol, RVX.

HIGHLIGHTS

During the year, the Company announced a Request For Proposal (RFP) process with seven leading global life science organizations for an exclusive standstill agreement regarding its NEXVAS technology in cardiovascular disease (CVD). Resverlogix is continuing to have discussions with these pharmaceutical firms and will not disqualify any candidate until the Company can conclude the formal agreements. Resverlogix's goal remains to establish an early partnership arrangement, via a stand still agreement, with the ideal candidate to accelerate the sale of technology by end of 2006.

The Company is encouraged by the scientific development of NEXVAS technology. The Company's science has progressed very quickly from a drug discovery stage of biotechnology research to proof-of-concept and is now in the process of lead selection for future toxicology testing. The hiring of world renowned experts and a dedicated staff has made a significant contribution to this rapid progression in meeting and exceeding corporate milestones.

The Company announced preclinical findings on its lead NEXVAS technology in October 2005. These research findings come from an expanding body of information illustrating the feasibility of small molecule ApoA1 enhancement in multiple animal models for the potential treatment of cardiovascular diseases and the regression of atherosclerosis. Resverlogix believes that with

the consistency in animal models shown to date, its novel compounds illustrate properties likely to predict significant effects in humans as ApoA1/HDL raisers, eventually rendering them effective products for treating CVD. The results of these experiments have contributed to the continued expansion and development of the *in vitro* and *in vivo* preclinical program.

Resverlogix recently announced that it had established a wholly-owned subsidiary called RVX Therapeutics Inc. (“RVX Therapeutics”) for business and strategic objectives. The parent company, Resverlogix Corp., will still hold its primary asset, NEXVAS ApoAI technology, for HDL applications focused on the dyslipidemia market. The purpose of RVX Therapeutics is to hold alternate technologies, such as the new discoveries for inflammation and DES markets as well the ongoing work on TGF- β Shield technology.

In July 2005, the Company announced exciting new research that could expand the NEXVAS commercial opportunity to acute coronary syndrome in addition to current focus on dyslipidemia (also referred to as the “chronic” market).

In August 2005, Resverlogix announced that on behalf of its wholly owned subsidiary, RVX Therapeutics, it has filed a patent application covering a unique and expanded application of its cardiovascular technology. The Company has discovered pharmaceutical compounds which have the potential to be used with medical devices such as drug-eluting stents. It is estimated that by 2010 the drug-eluting device market will generate revenues in excess of \$8.0 billion U.S. annually.

FINANCING ACTIVITIES

In June 2005, the Company announced a Normal Course Issuer Bid allowing the Company to repurchase up to 250,000 common shares during the period of June 24, 2005 to June 23, 2006 at the market price at the time of repurchase. All common shares repurchased by the Company will be cancelled. Pursuant to the Normal Course Issuer Bid, the Company has acquired 108,100 of its common shares at an average price of \$5.89 per share in the last six months. Total cost of this program including commissions has been \$646,857.

In the six months ended October 2005, the Company received \$21,744 from the exercise of 19,768 agent’s options issued at \$1.10 per share in connection with the 2003 Short Form Offering Document. The Company also received \$46,290 from the exercise of 37,032 agent’s options issued at \$1.25 and \$392,781 from the exercise of 130,927 agent’s options issued at \$3.00 per share to the agents in connection with various brokered private placements.

In the six months ended October 2005, the Company received \$980,330 in total from the exercise of 599,800 options varying in price from \$1.20 to \$2.25.

RESULTS OF OPERATIONS

Resverlogix incurred a net loss for the six months ended October 31, 2005 of \$3,465,831, or \$0.15 per share. The net loss for the six months ended October 31, 2004 was \$1,243,201 or \$0.07 per share. For the six months ended October 31, 2005, \$859,099 was recorded as the cost of stock based compensation as per the CICA guidelines as compared to \$36,137 for the same period of the prior year. Options awarded to key new employees as a recruitment and retention inducement and the first granting of options to the directors since their initial election to the Board in April 2003 resulted in the increase of this non-cash entry. The average monthly “burn rate”, revenues and expenditures excluding non-cash items, for the six months ended October 31, 2005 was \$415,000 as compared to \$190,000 for the same period in the prior year.

The planned increase in cash expenditures is a result of continued acceleration of the scientific and business progression of the Company.

Revenue

The revenue of the Company consisted of interest earned on funds invested. Interest revenue was \$140,123 for the six months ended October 31, 2005, as compared to \$45,424 for the six months ended October 31, 2004.

Research and Development

For the six months ended October 31, 2005, research and development expenditures totaled \$1,788,072 with a recovery of \$5,203 for government grants through the National Research Council's IRAP program. For the six months ended October 31, 2004, research and development expenditures totaled \$603,072 with a recovery of \$47,219 for government grants. Key expense items relate to lead optimization of the Company's novel compounds. These expenses include chemical synthesis, pharmacokinetics studies and toxicology testing in preparation for IND application in the near future. Prominent contract research organizations and renowned academics were hired to expand and validate internal findings. Results are closely monitored for optimization while processes are in place to generate efficiencies in output per contracted employee. Internal expenses include salaries and benefits for R&D staff, consulting fees, supplies and general laboratory operating expenses. Expenses have increased steadily as additional staff members have been hired and the quantity and scope of experimentation have increased over the last year. The Company expects future research and development costs to increase in the next year when third-party pre-IND costs will be incurred.

General and Administrative

For the six months ended October 31, 2005, general and administrative expenditures totaled \$845,450, compared to \$628,728 for the six months ended October 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 for the six months ended October 31, 2005 was salaries, benefits and consulting fees for \$410,284. The Company also incurred \$127,903 for shareholder and IR expenses and \$121,431 for professional fees. The remaining expenditures were general operating costs.

SUMMARY OF QUARTERLY RESULTS

	For the three month period ended			
	Oct. 31 2005	July 31 2005	April 30 2005	Jan. 31 2005
Revenue	\$67,074	\$73,050	\$113,802	\$61,591
Net loss	(\$2,093,320)	(\$1,372,511)	(\$1,197,622)	(\$1,138,161)
Net loss per share (basic and fully diluted)	(\$0.09)	(\$0.06)	(\$0.05)	(\$0.05)

	For the three month period ended			
	Oct. 31 2004	July 31 2004	April 30 2004	Jan. 31 2004
Revenue	\$32,329	\$13,095	\$15,323	\$5,629
Net loss	(\$657,488)	(\$585,713)	(\$1,033,430)	(\$308,632)
Net loss per share (basic and fully diluted)	(\$0.04)	(\$0.03)	(\$0.06)	(\$0.02)

The increase in the quarterly losses is a result of the progression of the research and development activity of the Company and the timing of recording stock-based compensation expenses. In the quarter ended October 31, 2005, a stock-based compensation expense of \$662,737 was recorded. 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 October 31, 2005, cash and near cash investments totaled \$10,204,758 as compared to \$12,103,450 at April 30, 2005. 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 October 31, 2005, the Company had working capital of \$9,792,922 compared to \$11,766,876 at April 30, 2005. Given the overall cash burn, the Company believes that it has sufficient cash reserves to operate for two years with the assumption of no revenues.

DISCLOSURE OF OUTSTANDING SHARE DATA (as at December 12, 2005)

Authorized and Issued Share Capital

Class	Par Value	Authorized	Issued
Common	No par value	Unlimited	24,003,969
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	948,700	\$1.60	4/25/08
Options	28,000	\$1.16	7/15/08
Options	75,000	\$1.20	9/5/08
Options	10,000	\$1.25	2/9/06
Options	200,000	\$1.50	3/15/08
Options	57,000	\$2.25	9/28/08
Options	200,000	\$2.25	9/28/09
Options	75,000	\$2.25	9/28/08
Options	30,000	\$4.50	2/16/09
Options	50,000	\$6.50	4/8/09
Options	20,000	\$7.00	5/6/09
Options	30,000	\$7.00	5/6/10
Options	25,000	\$5.50	6/27/10
Options	85,000	\$6.00	9/13/10
Options	60,000	\$6.00	9/13/07
Options	450,000	\$6.25	10/6/10
Agent's Options	40,586	\$1.25	2/20/06
Agent's Options	101,976	\$3.00	5/23/06
Total	2,486,262	\$1.16 to \$7.00	

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.