



***Third Quarter  
Ended January 31, 2006***

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**TRADING SYMBOL:**

TSX: RVX

**March 7, 2006**

## **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") January 31<sup>st</sup>, 2006 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 led 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 novel approaches 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 continues 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 the establishment of its wholly-owned subsidiary, RVX Therapeutics Inc. (“RVX Therapeutics”) intended to support the Company’s business and strategic objectives. Resverlogix, will continue to 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 as the ongoing work on TGF- $\beta$  Shield technology.

In August 2005, Resverlogix announced that on behalf of its wholly owned subsidiary, RVX Therapeutics, it had 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.

In December 2005, the Company announced that it had received a term sheet for a license agreement of its novel small molecule program, ReVas, for the exclusive use in drug eluting stents and medical devices. The intent of the unnamed leading global medical technology organization is to use the technology for a potential treatment in the market of restenosis. Resverlogix’s board of directors and senior management are in the process of reviewing the terms of the license agreement.

In February 2006, the Company announced that Dr. James K. Liao had joined its Scientific Advisory Board. Dr. Liao is a leading authority in vascular research and his knowledge and experience will provide complimentary medical expertise to the Company’s existing cardiovascular programs and help ensure Resverlogix’s leadership position in ApoAI research. He is currently Director of Vascular Research at the Department of Medicine Brigham & Women’s Hospital and Harvard Medical School in Cambridge, Massachusetts. Dr. Liao has won numerous awards and honors, and has served as scientific consultant to leading pharmaceutical organizations.

Also in February 2006, Hiran Perera, chief financial officer (CFO), announced his resignation in order to execute an entrepreneurial venture with the support of his family. Mr. Perera is available to Resverlogix in a consulting capacity for an interim period until a new CFO is hired.

## **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 to January 31, 2006. Total cost of this program including commissions has been \$646,856.

In the nine months ended January 2006, 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 financing. The Company also received \$93,415 from the exercise of 74,732 agent’s options issued at \$1.25 and \$479,709 from the exercise of 159,903 agent’s options issued at \$3.00 per share to the agents in connection with various brokered private placements.

In the nine months ended January 2006, the Company received \$1,055,830 in total from the exercise of 650,300 options varying in price from \$1.20 to \$2.25.

## **RESULTS OF OPERATIONS**

Resverlogix incurred a net loss for the nine months ended January 31, 2006 of \$4,950,510, or \$0.21 per share. The net loss for the nine months ended January 31, 2005 was \$2,381,362 or \$0.12 per share. For the nine months ended January 31, 2006, \$991,951 was recorded as the cost of stock based compensation as per the CICA guidelines as compared to \$273,722 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 nine months ended January 31, 2006 was \$417,000 as compared to \$223,000 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 \$209,732 for the nine months ended January 31, 2006, as compared to \$107,015 for the nine months ended January 31, 2005.

### *Research and Development*

For the nine months ended January 31, 2006, research and development expenditures totaled \$2,620,907 with a recovery of \$5,203 for government grants through the National Research Council's IRAP program. 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. 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 nine months ended January 31, 2006, general and administrative expenditures totaled \$1,349,172, compared to \$1,106,553 for the nine months ended January 31, 2005. 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 nine months ended January 31, 2006 was salaries, benefits and consulting fees for \$659,290. The Company also incurred \$179,540 for shareholder and investor relations expenses and \$231,906 for professional fees. The remaining expenditures were general operating costs.

## SUMMARY OF QUARTERLY RESULTS

	For the three month period ended			
	Jan. 31 2006	Oct. 31 2005	July 31 2005	April 30 2005
Revenue	\$69,609	\$67,074	\$73,050	\$113,802
Net loss	(\$1,484,679)	(\$2,093,320)	(\$1,372,511)	(\$1,197,622)
Net loss per share (basic and fully diluted)	(\$0.06)	(\$0.09)	(\$0.06)	(\$0.05)

	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)

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 January 31, 2006, cash and near cash investments totaled \$8,635,904 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 January 31, 2006, the Company had working capital of \$8,430,806 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 eighteen months with the assumption of no revenues.

### DISCLOSURE OF OUTSTANDING SHARE DATA (as at March 7, 2006)

#### Authorized and Issued Share Capital

Class	Par Value	Authorized	Issued
Common	No par value	Unlimited	24,088,403
Preferred	No par value	Unlimited	Nil

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

<b>Security Type</b>	<b>Number</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
Options	948,700	\$1.60	4/25/08
Options	28,000	\$1.16	7/15/08
Options	50,000	\$1.20	9/5/08
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
Options	50,000	\$6.00	12/15/10
Options (1)	400,000	\$7.60	2/28/10
Agent's Options	93,128	\$3.00	5/23/06
Total	2,851,828	\$1.16 to \$7.60	

#### **Notes:**

1) The option grant is subject to availability under the Stock Option Plan, and upon vesting may require shareholder approval.

#### **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.

These interim financial statements have not been reviewed by an auditor. These interim consolidated financial statements are unaudited and include 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 7, 2006.

signed "Donald J. McCaffrey"  
President and CEO

signed "Whitney O. Ward"  
Chairman of the Audit Committee

# RESVERLOGIX CORP.

## Interim Consolidated Balance Sheets

	January 31, 2006	April 30, 2005
	(unaudited)	(audited)
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 2,510,919	\$ 8,424,837
Marketable securities	6,124,985	3,678,613
Accounts receivable	–	79,473
Prepaid expenses	51,366	29,688
	<u>8,687,270</u>	<u>12,212,611</u>
Property and equipment (note 3)	761,684	545,412
Intellectual property and patents (note 4)	220,382	105,301
	<u>\$ 9,669,336</u>	<u>\$ 12,863,324</u>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 247,954	\$ 412,805
Current portion of equipment leases	8,510	32,930
	<u>256,464</u>	<u>445,735</u>
Shareholders' equity: (note 5)		
Common shares	19,792,435	17,619,707
Preferred shares	–	50,000
Contributed surplus	1,634,492	1,028,321
Warrants	117,228	351,367
Deficit	(12,131,283)	(6,631,806)
	<u>9,412,872</u>	<u>12,417,589</u>
Commitments (note 6)		
	<u>\$ 9,669,336</u>	<u>\$ 12,863,324</u>

See accompanying notes to the interim consolidated financial statements.

# RESVERLOGIX CORP.

## Interim Consolidated Statements of Operations and Deficit

	Three months ended January 31,		Nine months ended January 31,	
	2006	2005	2006	2005
	(unaudited)		(unaudited)	
Revenue:				
Interest income	\$ 69,609	\$ 61,591	\$ 209,732	\$ 107,015
Expenses:				
Research and development	832,835	504,607	2,620,907	1,107,679
Research and development cost recoveries	–	(56,118)	(5,203)	(103,337)
General and administrative	503,722	477,825	1,349,172	1,106,553
Stock based compensation	132,852	237,585	991,951	273,722
Depreciation and amortization	65,708	35,853	174,681	103,760
Foreign exchange loss (gain)	19,171	–	28,734	–
	1,554,288	1,199,752	5,160,242	2,488,377
Loss for the period	1,484,679	1,138,161	4,950,510	2,381,362
Deficit, beginning of period	10,560,726	4,296,023	6,631,806	3,052,822
Share repurchase (note 5)	85,878	–	548,967	–
Deficit, end of period	\$12,131,283	\$ 5,434,184	\$12,131,283	\$ 5,434,184
Loss per common share – basic and diluted	\$ 0.06	\$ 0.05	\$ 0.21	\$ 0.12
Weighted average number of common shares	24,009,882	21,987,670	23,719,721	19,724,635

See accompanying notes to the interim consolidated financial statements.

# RESVERLOGIX CORP.

## Interim Consolidated Statements of Cash Flows

	Three months ended		Nine months ended	
	January 31,		January 31,	
	2006	2005	2006	2005
	(unaudited)		(unaudited)	
Cash provided by (used in):				
Operations:				
Loss for the period	\$ (1,484,679)	\$ (1,138,161)	\$ (4,950,510)	\$ (2,381,362)
Items not involving cash:				
Depreciation and amortization	65,708	35,853	174,681	103,760
Stock based compensation	132,852	237,585	991,951	273,722
	(1,286,119)	(864,723)	(3,783,878)	(2,003,880)
Changes in non-cash working capital:				
Accounts receivable	–	(56,118)	79,473	(99,397)
Prepaid expenses	(666)	(6,392)	(21,678)	16,078
Accounts payable and accrued liabilities	(197,729)	45,245	(164,851)	121,544
	(1,484,514)	(881,988)	(3,890,934)	(1,965,655)
Financing:				
Issue of common shares for cash, net of costs	–	10,049,136	–	10,425,336
Proceeds from exercise of options and warrants	209,553	113,625	1,650,699	683,860
Share repurchase (note 5)	(99,977)	–	(646,856)	–
Cancellation of preferred shares	(50,000)	–	(50,000)	–
Equipment leases	(8,343)	(7,552)	(24,420)	(22,105)
	51,233	10,155,209	929,423	11,087,091
Investing:				
Marketable securities	(3,406,024)	(1,394,367)	(2,446,373)	(930,539)
Property and equipment additions	(31,673)	(54,050)	(384,307)	(103,311)
Patent additions	(103,900)	(31,358)	(121,727)	(101,793)
	(3,541,597)	(1,479,775)	(2,952,407)	(1,135,643)
Increase (decrease) in cash and cash equivalents	(4,974,878)	7,793,446	(5,913,918)	7,985,793
Cash and cash equivalents, beginning of period	7,485,797	468,794	8,424,837	276,447
Cash and cash equivalents, end of period	\$ 2,510,919	\$ 8,262,240	\$ 2,510,919	\$ 8,262,240

See accompanying notes to the interim consolidated financial statements.

# RESVERLOGIX CORP.

## Notes to Interim Consolidated Financial Statements

As at January 31, 2006 and 2005

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, 2005. 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, 2005.

### 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) NEXVAS™:

The Company's lead technology NEXVAS™ is an ApoA1/high-density lipoprotein (HDL) enhancement program. ApoA1 is the key building block cardio protective protein of HDL (the good cholesterol). ApoA1/HDL enhancement technology focuses on the treatment of numerous cardiovascular diseases including the reversal of atherosclerotic plaque.

#### (b) TGF-β Shield™:

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,		
	2006	2005	2006	2005	
NEXVAS	\$ 817,005	\$ 465,948	\$2,467,531	\$ 986,518	\$4,678,113
TGF-β Shield	15,830	38,659	153,376	121,161	466,993

As the Company has no established revenue base, it is reliant on equity financing for funding its projects under development. At January 31, 2006, the Company had \$8.4 million of working capital including \$8.6 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, 2007.

# RESVERLOGIX CORP.

Notes to Interim Consolidated Financial Statements, page 2

As at January 31, 2006 and 2005

## 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, 2006	Cost	Accumulated depreciation	Net book value
Laboratory equipment	\$ 788,775	\$ 267,267	\$ 521,508
Office furniture and equipment	44,437	22,503	21,934
Computer equipment	102,562	61,646	40,916
Computer software	57,893	17,187	40,706
Leasehold improvements	245,965	109,345	136,620
	<u>\$ 1,239,632</u>	<u>\$ 477,948</u>	<u>\$ 761,684</u>
April 30, 2005			
Laboratory equipment	\$ 643,039	\$ 189,987	\$ 453,052
Office furniture and equipment	39,052	16,048	23,004
Computer equipment	81,760	39,633	42,127
Computer software	16,243	9,818	6,425
Leasehold improvements	75,231	54,427	20,804
	<u>\$ 855,325</u>	<u>\$ 309,913</u>	<u>\$ 545,412</u>

## 4. Intellectual property and patents:

January 31, 2006	Cost	Accumulated amortization	Net book value
Acquired property (NEXVAS)	\$ 818	\$ 80	\$ 738
Patents	232,404	12,760	219,644
	<u>\$ 233,222</u>	<u>\$ 12,840</u>	<u>\$ 220,382</u>
April 30, 2005			
Acquired property (NEXVAS)	\$ 818	\$ 45	\$ 773
Patents	110,677	6,149	104,528
	<u>\$ 111,495</u>	<u>\$ 6,194</u>	<u>\$ 105,301</u>

# RESVERLOGIX CORP.

Notes to Interim Consolidated Financial Statements, page 3

As at January 31, 2006 and 2005

## 5. Share capital:

(a) Issued and outstanding:

Common shares	Number of shares	Amount
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	936,533	1,410,136
Issued on exercise of stock options	69,000	90,420
Transfer from warrants on exercise of warrants		714,145
Transfer from contributed surplus on exercise of options		64,830
Share issue costs		(1,261,789)
Balance, April 30, 2005	23,242,614	17,619,707
Issued on exercise of warrants	254,403	594,869
Issued on exercise of stock options	650,300	1,055,830
Transfer from warrants on exercise of warrants		234,139
Transfer from contributed surplus on exercise of options		385,780
Shares repurchased and cancelled	(108,100)	(97,890)
Balance, January 31, 2006	24,039,217	\$19,792,435

  

Series A Preferred shares	Number of shares	Amount
Balance, April 30, 2005	2,000,000	\$ 50,000
Cancellation and return to treasury	(2,000,000)	(50,000)
Balance, January 31, 2006	—	\$ —

On November 1, 2005, termination and variation agreements were signed by Dr. Norman Wong and Dr. Koichiro Mihara to cancel all the preferred shares and return them to treasury for no monetary value or conversion to common shares.

# RESVERLOGIX CORP.

Notes to Interim Consolidated Financial Statements, page 4

As at January 31, 2006 and 2005

## 5. Share capital (continued):

### (b) Normal Course Issuer Bid:

On June 16, 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 the 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. The excess of the purchase price over the stated capital of the common shares has been charged to the deficit.

### (c) 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 one to five year term.

	January 31, 2006		April 30, 2005	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at beginning of period	2,314,000	\$ 1.82	1,830,000	\$ 1.51
Granted	720,000	6.21	553,000	2.76
Exercised	(650,300)	1.62	(69,000)	1.31
Outstanding at end of period	2,383,700	\$ 3.20	2,314,000	\$ 1.82
Weighted average remaining contractual life	3.1 years		3.1 years	

The weighted average fair value of the options granted during the nine months ending January 31, 2006 was \$3.77 per option using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk free interest rate	4%
Expected life	2 to 5 years
Expected volatility (calculated once a year)	73%

# RESVERLOGIX CORP.

Notes to Interim Consolidated Financial Statements, page 5

As at January 31, 2006 and 2005

## 5. Share capital (continued):

### (d) Warrants:

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

	Number of warrants	Amount	Weighted average exercise price
Outstanding, April 30, 2004	1,051,586	\$ 785,748	\$ 1.47
Granted in connection with private placement	256,664	279,764	3.00
Exercised during period	(936,533)	(714,145)	1.50
Outstanding, April 30, 2005	371,717	351,367	2.43
Exercised during period	(254,403)	(234,139)	3.00
Outstanding, January 31, 2006	117,314	\$ 117,228	\$ 2.64

The following table summarizes information about the common share purchase warrants outstanding and exercisable at January 31, 2006.

Outstanding	Exercise price	Expiry
24,186	\$ 1.25	February 20, 2006
93,128	\$ 3.00	May 23, 2006
117,314		

### (e) Contributed surplus:

The changes in contributed surplus balance are as follows:

	Amount
Balance, April 30, 2004	\$ 582,650
Options exercised	(64,830)
Fair value of options granted	510,501
Balance, April 30, 2005	1,028,321
Options exercised	(385,780)
Fair value of options granted	991,951
Balance, January 31, 2006	\$ 1,634,492

# RESVERLOGIX CORP.

Notes to Interim Consolidated Financial Statements, page 6

As at January 31, 2006 and 2005

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## 5. Share capital (continued):

(f) 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, 2006, the Company was committed to operating lease payments for office and laboratory premises as follows:

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2007	\$	100,176
2008		100,176
2009		65,128
2010		31,736

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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.

A special bonus is payable to directors, officers and employees conditional on the sale of the Nexvas technology on or before April 30, 2007. The special bonus is subject to final approval by the Board of Directors.

## 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, 2006 was approximately \$6.1 million (April 30, 2005 - \$3.7 million).