

# RXT 110 INC.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

The following discussion and analysis of the financial results for the interim period ended December 31, 2011 should be read in conjunction with the Company's unaudited interim statements and related notes contained in this report and audited financial statements for the year ended September 30, 2011.

## **RISK AND UNCERTAINTIES**

Certain statements included in this discussion may constitute forward-looking statements that involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance and achievements expressed or implied by such forward-looking statements. Such factors include changes in government regulations, general economic conditions and business conditions, which among other things may affect demand for the Company's activities and the ability of the Company to implement its business strategy.

## **RESULTS OF OPERATIONS**

The interim statements of operations indicate net loss of \$360,431 for the three month period ended December 31, 2011.

## **QUARTERLY INFORMATION**

Quarter Ended	Total Revenue	Net Loss	Net Loss per Share
December 31, 2011	0	360,431	0.01002
September 30, 2011	0	845,648	0.03094
June 30, 2011	0	190,768	0.00675
March 31, 2011	0	45,224	0.00165
September 30, 2010	0	481,873	0.02758
June 30, 2010	0	4,037	0.00023
March 31, 2010	0	2,599	0.00015

## **LIQUIDITY**

RXT 110 Inc.'s working capital stands at a deficiency of \$90,107 compared to \$1,042,284 in the beginning of the period, comprised of cash, accounts receivable and prepaid expenses.

## **IMPORTANT TRANSACTIONS**

On February 22, 2012, the Company announced the closing of the second tranche of the private placement of up to 14,135,000 units at a price of \$0.20 for gross proceeds of up to \$2,827,000 ("the Offering") announced July 14, 2011. The Company issued and sold 1,847,500 units for aggregate consideration of \$369,500, each unit consisting of one Class A Share and one Class A Share purchase warrant ("Unit"). Each warrant will entitle the holder to purchase one additional Class A Share in the capital of the Corporation (a "Warrant Share") at an exercise price of \$0.30 per Warrant Share to the extent such Warrant is exercised on or before the date that is 18 months from the closing of the Offering.

In connection with the issue and sale of certain of the Units in the Offering, the Company paid a finder's fee, in Units, for aggregate consideration of \$3,500. All securities issued will be subject to a four-month hold period. The proceeds will be used for working capital purposes and in furtherance of the Company's activities in connection with the license agreement.

On March 7, 2012, the Company announced that it has reached a binding settlement of the litigation against Donald Meade, Rx110 Inc., RX100 Inc. and certain other persons and entities (the "Defendants") in respect of an intellectual property license granted by Rx110 Inc. to the Company. Pursuant to the terms of the settlement agreement, the Defendants have agreed to deliver to the Company 8,552,123 Class A shares for cancellation. Of this total, 3,113,926 Class A shares have been cancelled and the cancellation of the remaining shares is in process.

On March 7, 2012, the Company also announced that it has commenced legal proceedings against MVB Asset Management Inc. ("MVB") and certain of its principals for a declaration that a consulting agreement entered into with MVB in April 2011 is in breach of the terms of such agreement. The Company is seeking cancellation of options previously issued to certain principals of MVB and damages.

On March 19, 2012, the Company announced that it has entered into an amended and restated license agreement with respect to the license of certain intellectual property. The amended and restated license agreement is substantially the same as the original

license agreement except a co-licensor has been added as a party to the agreement, certain intellectual property not originally covered by the license agreement has been added, including intellectual property utilized in the manufacture of Zeromold, and the aggregate interim license consideration has been increased to \$300,000.

On March 19, 2012, the Company also announced that it has exercised its right to convert the interim license granted under an intellectual property license agreement as amended and restated, into an assignable, transferable, perpetual, world-wide exclusive license (the "License"). In connection with the exercise of the right to acquire the License and in accordance with the terms of the license agreement, the Company will issue 20,000,000 fully paid and non-assessable Class A shares of the Company to the Licensors. The Company has given the Licensors notice of the exercise of the Company's right to convert the interim license into the perpetual, world-wide exclusive license effective April 10, 2012 or such later date as the Company and the Licensors agree, and the Company will issue the Share Consideration to the Licensors on such date. The completion of the transaction is subject to the Company and the Licensors entering into an escrow agreement, and compliance with all applicable laws and the requirements of regulatory authorities, including the Canadian National Stock Exchange (the "CNSX").

Marcus Martin, a director of the Company, will acquire beneficial ownership of 10,000,000 Class A Shares in the Company. Mr. Martin currently does not own or control any securities of the Company. As of the date hereof, the Company has 35,809,841 issued and outstanding Class A Shares. Following the issuance of the Share Consideration to the Licensors, Mr. Martin will beneficially own or control approximately 27.9% of the issued and outstanding Class A Shares of the Company.

Edward Pardiak, a director of the Company, will acquire beneficial ownership of 10,000,000 Class A Shares in the Company. Mr. Pardiak currently does not own or control any securities of the Company. Following the issuance of the Share Consideration to the Licensors, Mr. Pardiak will beneficially own or control approximately 27.9% of the issued and outstanding Class A Shares of the Company.

#### **DISCLOSURE OF OUTSTANDING SHARE DATA**

The Company can issue an unlimited number of Class A shares, voting and participating. As at the date hereof 35,809,841 shares were issued.

**ADDITIONAL INFORMATION AND CONTINUOUS DISCLOSURE**

This Management's Discussion and Analysis has been prepared as at March 30, 2012. Additional information on the Company is available through regular filings of press releases; financial statements and its annual information posted on SEDAR ([www.sedar.com](http://www.sedar.com)).