

EARLY WARNING REPORT

This report is made pursuant to Section 102.1 of the *Securities Act (Ontario)* and similar provisions of other Provincial Securities Legislation

(a) Name and Address of Offeror:

2262554 Ontario Inc. ("226")
2200 Yonge Street, Suite 603
Toronto, Ontario M5S 2C6

(b) The designation and number or principal amount of securities and the offeror's security holdings percentage in the class of securities of which the offeror acquired ownership or control in the transaction or occurrence giving rise to the obligation to file the news release, and whether it was ownership or control that was acquired in those circumstances:

On April 10, 2012, 226 acquired 20,000,000 Class A Shares ("Common Shares") in the capital of RXT 110 Inc. ("RXT"), representing approximately 35.8% of the total issued and outstanding Common Shares. The Common Shares were issued to 226 in consideration for an intellectual property license granted to RXT pursuant to the terms of an intellectual property license agreement entered into among RXT, 226, 2320696 Ontario Inc. and the co-inventors (the "License Agreement").

(c) The designation and number or principal amount of securities and the offeror's security holding percentage in the class of securities immediately after the transaction or occurrence giving rise to the obligation to file the news release:

Immediately after the transaction, 226 owns 20,000,000 Common Shares of RXT, representing approximately 35.8% of the total issued and outstanding Common Shares.

(d) The designation and number or principal amount of securities and percentage of outstanding securities of the class of securities referred to in paragraph (c) over which:

(i) the offeror, either alone or together with any joint actors, has ownership and control:

226 directly owns 20,000,000 Common Shares, representing approximately 35.8% of the total issued and outstanding Common Shares. No person has acted jointly or in concert with 226.

(ii) the offeror, either alone or together with any joint actors, has ownership but control is held by other persons or companies other than the offeror or any joint actor:

Not applicable.

(iii) the offeror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership:

Not Applicable.

- (e) ***The name of the market in which the transaction or occurrence that gave rise to the reporting obligation took place:***

Not Applicable.

- (e1) ***the value, in Canadian dollars, of any consideration offered per security if the offeror acquired ownership of a security in the transaction or occurrence giving rise to the obligation to file a news release;***

The closing price of the Common Shares of RXT on the CNSX on the last day the Common Shares traded prior the issuance of the 20,000,000 Common Shares was \$0.20.

- (f) ***The purpose of the offeror and any joint actors in effecting the transaction or occurrence that gave rise to the news release, including any future intention to acquire ownership of, or control over, additional securities of the reporting issuer:***

The Common Shares were acquired pursuant to the terms of the License Agreement. The 20,000,000 Common Shares are subject to an escrow agreement for a minimum period of three years. 226 presently intends to hold the Common Shares for investment purposes. 226 has no present intention to acquire additional Common Shares or to dispose of Common Shares.

- (g) ***The general nature and the material terms of any agreement, other than lending arrangements, with respect to securities of the reporting issuer entered into by the offeror, or any joint actor, and the issuer of the securities or any other entity in connection with the transaction or occurrence giving rise to the news release, including agreements with respect to the acquisition, holding,, disposition or voting of any of the securities:***

Pursuant to the terms of the License Agreement, RXT exercised its right to acquire a perpetual, world-wide exclusive license to the intellectual property (the "License") and in connection therewith issued 226 20,000,000 fully paid and non-assessable Common Shares or RXT as the initial consideration therefor.

226 also entered into a securities pledge agreement with RXT as of April 10, 2012 (the "Securities Pledge Agreement") pursuant to which 226 pledged the Common Shares to RXT, for the period of time that the Common Shares are subject to escrow as provided in an escrow agreement entered into as of the same date (the "Escrow Agreement"), securing the obligations of 226 to RXT in respect of the License Agreement and the Escrow Agreement.

The Escrow Agreement provides that the Common Shares shall remain in escrow for a period of three years and thereafter will be released in equal installments as to 1/8 of the original number of the escrowed securities on the first day of the commencement of each financial quarter of RXT, provided that (1) RXT has not given notice under the License Agreement of any breach, inaccuracy or misrepresentation of any representation or warranty or any non-compliance with any term or provision of the License Agreement, or of any event that might result in an obligation to indemnify the Company thereunder and (2) there is no breach, inaccuracy or misrepresentation of any representation or warranty, or non-compliance with any term, nor an event of default which is continuing under, the Securities Pledge Agreement. 226 is permitted to sell up to 50% of the escrowed securities in a permitted secondary offering (as defined in National Policy 46-201 – *Escrow For Initial Public Offerings*, (the "Policy")), subject to the consideration

therefrom being held subject to and released in accordance with the terms of the Escrow Agreement. The escrow will be released earlier in the event of a default under the Securities Pledge Agreement and enforcement of the security interest created thereunder by RXT. The escrow may also be released early, but not prior to the third anniversary of the Escrow Agreement, in the event that the Company becomes an established issuer (as defined in the Policy). In the event of a business combination (as defined in the Policy), the escrow relating to the Common Shares will be terminated early at the request of 226 but the consideration received in connection with the business combination will be held in escrow and subject to release from escrow in accordance with the terms of the Escrow Agreement. Neither 226 nor any shareholder, principal, officer or director is permitted to directly or indirectly sell, assign, charge, mortgage, pledge, grant a security interest over or enter into a derivative transaction or otherwise deal with the escrowed securities during the period of the escrow.

(h) *The names of any joint actors in connection with the disclosure required by this report:*

See item (d) above

(i) *In the case of a transaction or occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, the nature and value of the consideration paid by the offeror;*

The consideration for the license granted pursuant to the License Agreement was the issuance from treasury of 20,000,000 Common Shares. The closing price of the Common Shares on the CNSX on the last day the Common Shares traded prior to the issuance of the 20,000,000 Common Shares was \$0.20.

(j) *If applicable, a description of any change in any material fact set out in a previous report by the entity under the early warning requirements or Part 4 in respect of the reporting issuer's securities:*

Not Applicable

(k) *If applicable, a description of the exemption from securities legislation being relied upon by the offer and the facts supporting that reliance.*

The Common Shares acquired pursuant to the transaction referenced above were issued under the exemption from prospectus requirements set forth in section 2.12 of National Instrument 45-106.

Signed the 12th day of April 2012.

2262554 ONTARIO INC.

Edward Pardiak