

# **GTECH INTERNATIONAL RESOURCES LIMITED**

(the "Company")

## **Management Discussion and Analysis**

(Form 51-102F1)

For the three-month period ended July 31, 2005

Information current as at September 22, 2005, unless otherwise stated

The following discussion of the results and financial position of the Company for the three-month period ended July 31, 2005 and 2004 should be read in conjunction with the information provided in the Company's unaudited financial statements for the period ended July 31, 2005 and 2004 (the "Financial Statements"). Unless otherwise noted, all currency amounts contained in this Discussion and Analysis and in the Financial Statements are stated in Canadian dollars. The information presented in the Financial Statements is prepared in accordance with Canadian generally accepted auditing standards.

### **Description of Business**

The Company has previously announced that it had decided to focus its activities on identifying a new biotechnology opportunity for the Company to acquire. The Company realised all of its listed securities during the financial year ended April 30, 2004 and now holds the vast majority of its assets in the form of cash deposits.

The Directors anticipate that, once they have identified a suitable biotechnology project, they may convene a Special Meeting of Shareholders to consider and vote on the change of business direction. It is likely that, once a suitable biotechnology project identified and approved by shareholders, further placements will be made to raise additional funds for the project.

Previously, the Company was a junior resource company engaged in the acquisition and exploration of mineral properties in British Columbia and the Yukon Territory. The Company still retains a 1.5% net smelter royalty on the Aurex Property which Expatriate Resources Limited may purchase at any time for \$1,000,000.

### **Results from operations**

The Company reported a net loss for the three-month period ended July 31, 2005 of \$169, compared to a net loss of \$5,822 for the three-month period ended July 31, 2004. Total expenses for the three-month period ended July 31, 2005 were \$2,690, compared to the three-month period ended July 31, 2004 of \$8,093. There were no costs incurred during the period under review in relation to identifying biotechnology opportunities for the Company as stated in the Description of Business section of this Report. Until such time as an appropriate business opportunity is identified, the Company's results from operations are unlikely to change significantly.

Revenue for the three-month period ended July 31, 2005 consisted of interest received of \$2,521 compared to the previous corresponding period of \$2,271.

### **Accounting policies**

Accounting Policies are listed in Note 2 of the Financial Statements of the Company as at July 31, 2005.

### **Changes in accounting policies**

There were no changes in accounting policies during the period under review.

## Summary of quarterly results

The following is a comparison of revenue and earnings for the previous 8 quarters ending with July 31, 2005. Financial information is prepared according to Canadian GAAP and is reported in Canadian dollars.

Quarter ended	Total revenues \$	Net profit/(loss) <sup>(1)</sup> \$	Net profit/(loss) per share \$
July 31, 2005	2,521	(169)	(0.000)
April 30, 2005	2,434	(14,550)	(0.002)
January 31, 2005	2,441	(1,797)	(0.003)
October 31, 2004	2,350	(10,499)	(0.002)
July 31, 2004	2,271	(5,821)	(0.001)
April 30, 2004	2,531	(5,798)	(0.001)
January 31, 2004	110,016	110,810	0.0220
October 31, 2003	55,325	34,815	0.0069

Note: Profit/(loss) before discontinued operations and extraordinary items is the same as net profit/(loss) as there are no discontinued operations or extraordinary items in 2003, 2004 and 2005. Fully diluted earnings/(loss) per share are not presented as the exercise of warrants and stock options would be anti-dilutive.

## Liquidity

As at July 31, 2005, the Company had cash on hand of \$520,885 (April 30, 2005: \$518,486), which is sufficient to meet its obligations as they become due. These funds will be applied towards the investigation of biotechnology opportunities and general working capital. The Company's parent, Genetic Technologies Limited, has indicated its willingness to subscribe for additional shares in the capital of the Company should the need for additional capital be required.

## Directors and Officers

Dr. Mervyn Jacobson	Chairman, Director and CEO
Mr. Thomas G. Howitt	President, Director, Secretary and CFO
Mr. Fred Bart	Director
Ms. Elizabeth Sy	Director

The Company is dependent on a small number of key Directors and Officers. Loss of any of those persons could have an adverse affect on the Company. The Company does not maintain "key-man" insurance with respect to any of its management.

## Transactions with related parties

There were no transactions with related parties during the period under review.

## General and administrative

During the three-month period ended July 31, 2005, \$2,690 (July 31, 2004: \$8,093) was spent on general and administrative expenses.

## Other information

No external investor relations activities were carried out during the period under review. The Company maintains a web site at <http://www.gtechinternational.com>, which gives shareholders the opportunity to review quarterly reports, news releases, corporate profiles, project details and other information. Other information relating to the Company may be found on SEDAR at [www.sedar.com](http://www.sedar.com).

## Outstanding share data as at date of the Report

### Authorized

Unlimited number of common shares without nominal or par value.

### Summary of shares issued and outstanding

	Number of shares	Amount
Balance as at July 31, 2005	5,168,167	\$4,852,410
Balance as at April 30, 2005	5,168,167	\$4,852,410

### Summary of options outstanding

Number outstanding	Exercise price	Expiry date
130,000	\$0.38	22 May 2006

Subsequent to balance date, a total of 200,000 options were issued to two Directors of the Company. Each option entitles the holder to acquire one common share in the Company at a price of \$0.45 at any time up to, and including, August 26, 2010, subject to certain vesting conditions.

## Internal control over financial reporting

The Company had effective disclosure controls and procedures and internal control over financial reporting during the period.

## Forward-looking statements

This discussion includes certain statements that may be deemed “forward-looking statements”. All statements in this discussion, other than statements of historical facts, that address future activities and events or developments that the Company expects, are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, continued availability of capital and financing, and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in forward-looking statements.

BY ORDER OF THE BOARD

*“Mervyn Jacobson”*

DR. MERVYN JACOBSON  
*Chairman, Director and CEO*

*“Thomas G. Howitt”*

MR. THOMAS G. HOWITT  
*President, Director, Secretary and CFO*