Condensed Interim Financial Statements of

Railtown Capital Corp.

Three Months ended December 31, 2011
(Expressed in Canadian Dollars)
(Unaudited)

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

RAILTOWN CAPITAL CORP.
Condensed interim statements of financial position
(Expressed in Canadian dollars)
(Unaudited)

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	December 31, 2011	September 30, 2011
Assets		
Current assets		
Cash	**$ 147,900**	$ 163,101
Prepaid expenses	**1,297**	-
Total assets	**149,197**	163,101
Liabilities and Shareholders' Equity		
Current liabilities		
Trade and other payables	**$ 16,160**	$ 16,160
Shareholders' equity		
Share capital (note 4)	**215,000**	215,000
Subscriptions receivable (note 4)	**(50,010)**	(50,010)
Share based reserve (note 4)	**29,832**	29,832
Deficit	**(61,785)**	(47,881)
	133,037	146,941
	$ 149,197	$ 163,101

Nature of operations (note 1)

Commitments (note 5)

Approved on behalf of the Board:

See accompanying notes to financial statements.

RAILTOWN CAPITAL CORP.

Condensed interim statements of loss and comprehensive loss
(Expressed in Canadian dollars)
(Unaudited)

		For the three months ended December 31, 2011
Expenses		
Bank charges	$	58
Filing fees		13,703
Foreign exchange		-
Professional fees		-
Office expenses		143
Stock-based compensation		-
Net and comprehensive loss	$	(13,904)
Weighted average number of common shares outstanding – basic and diluted		-
Basic and diluted loss per common share	$	-

See accompanying notes to financial statements.

RAILTOWN CAPITAL CORP.
Condensed interim statements of financial position
(Expressed in Canadian dollars)
(Unaudited)

		For the three months ended December 31, 2011
Cash provided used in:		
Operating activities:		
Net loss	$	**(13,904)**
Change in non-cash working capital item:		
Prepaid expenses		**(1,297)**
Net cash used in operating activities		**(15,201)**
Decrease in cash		**(15,201)**
Cash, beginning of period		**163,101**
Cash, end of period	$	**147,900**
Supplemental cash flow information:		
Cash paid for interest	$	**–**
Cash paid for income taxes	$	**–**

See accompanying notes to financial statements.

RAILTOWN CAPITAL CORP.
Condensed interim statements of equity
(Expressed in Canadian dollars)
(Unaudited)

	Share capital									
	Shares		Amount		Share based reserve		Subscriptions receivable	Deficit		Total shareholders' equity
Balance, May 11, 2011	–	$	–	$	–	$	–	–	$	–
Common shares issued, net	4,500,000		215,000		–		–	–		215,000
Subscription receivable	–		–		–		(50,010)	–		(50,010)
Stock options issued	–		–		29,832		–	–		29,832
Net and comprehensive loss	–		–		–		–	(47,881)		(47,881)
Balance, September 30, 2011	4,500,000	$	225,000	$	29,832	$	(50,010)	(47,881)	$	146,941
Net and comprehensive loss	–		–		–		–	(13,904)	$	(13,904)
Balance, December 31, 2011	**4,500,000**	**$**	**225,000**	**$**	**29,832**	**$**	**(50,010)**	**(61,785)**	**$**	**(133,037)**

See accompanying notes to financial statements.

1. Nature of operations

Railtown Capital Corp. (the "Company") was incorporated by a Certificate of Incorporation issued pursuant to the provisions of the *Business Corporations Act* (British Columbia) on May 11, 2011.

The Company is a Capital Pool Company as its principal activity is the identification and evaluation of companies, assets or business with a view to completing a Qualifying Transaction ("QT") in accordance with Policy 2.4 of the TSX Venture Exchange ("Exchange"). Such a transaction will be subject to shareholder and regulatory approval. The Company intends to complete an Initial Public Offering ("IPO") on the Exchange to raise $500,000 through the issuance of 5,000,000 common shares of the Company at $0.10 per share, subject to regulatory approval.

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to identify and negotiate a QT.

2. Basis of presentation

Statement of compliance
These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The financial statements are presented in Canadian dollars.

These unaudited condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with Company's annual financial statements for the year ended September 30, 2011.

3. Standards issued but not yet effective

Recent accounting pronouncement – Not yet adopted

The IASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods and which the Company has decided not to early adopt. A discussion of those future requirements and their impact on the Company is as follows:

In November 2009 the IASB issued the new accounting standard IFRS 9 'Financial Instruments' and the resulting amending standard 'Amendments to Other IFRSs and Guidance.' These Standards are applicable retrospectively and amend the classification and measurement of financial assets. The Company has not yet determined any potential impact on the financial statements.

The changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortized cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;

3. Standards issued but not yet effective (continued)

Recent accounting pronouncement – Not yet adopted (continued)

- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortized cost;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortized cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognized in profit or loss and there is no impairment or recycling on disposal of the instrument; and
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows.

The Company does not anticipate early adoption of any of the above Accounting Standards and Interpretations.

4. Share capital

Authorized

Unlimited number of common shares without par value.

Issued

Pursuant to subscription agreements dated June 7, 2011, 2,500,000 common shares at $0.05 per share were issued for gross proceeds of $125,000. Pursuant to subscription agreements dated September 21, 2011, 2,000,000 common shares at $0.05 per share were issued for gross proceeds of $100,000. The Company received $50,010 for these shares subsequent to December 31, 2011.

Pursuant to an escrow agreement, all of the 4,500,000 common shares issued are held in escrow. Under the escrow agreement, 10% of the escrowed common shares will be released from escrow on the date of the issuance of the final Exchange bulletin (the "Initial Release") upon completion of the IPO, and an additional 15% will be released every six months following the Initial Release over a period of thirty six months.

4. Commitments

On August 1, 2011, the Company signed an agency agreement with Haywood Securities Inc. ("Haywood") pursuant to which Haywood will act as the agent or underwriter of the Company in connection with any future brokered equity financing until the Company has completed the IPO and its shares are listed on the Exchange.

In addition, the Company will pay a corporate finance fee and reimburse Haywood for all of its reasonable legal fees and other expenses. As at December 31, 2011, the Company has paid $10,000 in share issuance costs in connection with the agreement, representing a $10,000 retainer.

5. Financial instruments

Financial risk management

The Company is exposed in varying degrees to a variety of financial instrument related risks.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank account, which at December 31, 2011 was $147,900. As a majority of the Company's cash is held by a Canadian bank, there is a concentration of credit risk with one bank in Canada. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company operates only in Canada and is therefore not exposed to foreign exchange risk arising from transactions denominated in a foreign currency.

Interest rate risk

Interest rate risk is the risk that an investment's value will change due to a change in the level of interest rates. The Company is exposed to interest rate risk as its bank account earns interest income at variable rates. The income earned on the bank account is subject to the movements in interest rates. Management considers the risk to be minimal.

Liquidity risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash and seeking equity financing when needed. As at December 31, 2011, the Company was holding cash of $147,900 and is planning an IPO of $500,000.

7. Capital disclosure

Management's objective is to manage its capital to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern through the optimization of its capital structure. The capital structure consists of share capital and working capital.

In order to achieve this objective, management makes adjustments to it in light of changes in economic conditions and risk characteristics of the underlying assets. To maintain or adjust capital structure, management may invest its excess cash in interest bearing accounts of Canadian chartered banks and/or raise additional funds externally as needed. The Company is not subject to externally imposed capital requirements.