

RAILTOWN CAPITAL CORP.

Management's Discussion and Analysis of Financial Position and Results of Operations For the Period ended December 31, 2011

General

This Management Discussion and Analysis ("MD&A") has been prepared by management as of March 9, 2012 and should be read in conjunction with the unaudited condensed financial statements of Railtown Capital Corp. ("Railtown" or the "Company") for the period ended December 31, 2011 and the audited financial statements for the period ended September 30, 2011 contained in the Company's prospectus dated December 22, 2011.

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") which include International Accounting Standards and Interpretations adopted by the International Accounting Standards Board. All amounts are expressed in Canadian dollars unless otherwise indicated.

This MD&A may contain forward-looking statements based on current expectations and various estimates, factors and assumptions and involve known and unknown risks, uncertainties and other factors. Forward-looking statements look into the future and provide an opinion as to the effect of certain events and trends on the business. Forward-looking statements may include words such as "plans", "intends", "anticipates", "should", "estimates", "expects", "believes", "indicates", "suggests" and similar expressions.

It is important to note that:

- Unless otherwise indicated, forward-looking statements in this MD&A describe the Company's expectations as of March 9, 2012.
- Readers are cautioned not to place undue reliance on these statements as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that forward-looking statements will materialize.
- The Company assumes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason.

Description of business

The Company was incorporated under the Business Corporations Act (British Columbia) on May 11, 2011 and is classified as a Capital Pool Company as defined in the TSX Venture Exchange ("TSX-V") Policy 2.4. The principal activity of the Company is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction ("QT").

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to the lesser of 30% of the gross proceeds realized by the Company in respect of the sale of its securities or \$210,000, may be used for purposes other than evaluating businesses or assets. These restrictions apply until completion of a QT by the Company as defined under the policies of the

TSX-V. The Company is required to complete its QT on or before two years from the date the Company receives regulatory approval.

The head office of the Company is located at Suite 108, 329 Main Street, Vancouver, British Columbia, V6A 2S9. The registered office of the Company is located at Suite 108, 329 Main Street, Vancouver, British Columbia, V6A 2S9. The Company does not have any subsidiaries.

Results of Operations

The Company incurred overhead expenses of \$201.20 (bank service charges of \$58.00 and office expenses of \$143.20) and stock exchange related fees of \$13,702.80 (filing fee of \$8,702.80 and listing fee of \$5,000) and recorded a net loss of \$13,904.00 (\$0.00 per share) for the three month period ended December 31, 2011. This compares with overhead expenses consisting solely of bank service charges of \$34.00, stock exchange related filing fees of \$1,120.00, foreign exchange fees of \$735.00, professional fees of \$16,160, and stock-based compensation (related to options granted) of \$29,832 for a net loss of \$47,881.00 for the period from inception to September 30th, 2011.

Summary of Quarterly Results

Period	October 1 to Dec. 31, 2011	May 11 to Sep. 30, 2011
Total Revenues	\$0.00	\$0.00
Net Loss	\$13,904.00	\$47,881.00
Net Loss per share	\$0.00	\$0.01
Total Assets	\$149,197.00	\$163,101

Financing Activities

The Company issued 4,500,000 seed common shares at a price of \$0.05 per share. The 4,500,000 common shares will be held in escrow and released pro-rata to the shareholders as to 10% of the escrow shares upon issuance of a Final Exchange Bulletin by the TSX-V and as to the remainder in six equal tranches of 15% every six months thereafter for a period of 36 months. These escrow shares may not be transferred, assigned or otherwise dealt with without the consent of the regulatory authorities. If a Final Exchange Bulletin is not issued the shares will not be released from escrow and if the Company is delisted, the shares will be cancelled.

The 4,500,000 common shares outstanding as of December 31, 2011 are contingently cancellable as per TSX-V Policy 2.4.

Liquidity and Capital Resources

The Company has \$147,899.80 in cash and working capital of \$133,037.00 at December 31, 2011. Compared to cash of \$163,101 and working capital of \$146,941 at September 30, 2011. The reduction of cash and working capital arises from the payment of bank fees of \$58.00, stock exchange listing fees of \$5,000, stock exchange filing fees of \$8,702.80, and office expenses of \$143.20.

On December 22, 2011, the Company filed a prospectus with the securities regulatory authorities in British Columbia and Alberta and with the TSX-V, offering 5,000,000 common shares at \$0.10 per share as an initial public offering ("IPO").

Contractual Obligations

Pursuant to an engagement letter between the Company and Haywood Securities Inc. (the "Agent"), the Agent will receive a cash commission equal to 10% of the gross proceeds, be paid a fee of 100,000 shares, and be reimbursed for its reasonable expenses and legal fees plus disbursements and taxes, estimated at \$10,000, and be issued Agent's warrants to acquire up to 500,000 common shares at \$0.10 per share exercisable for a period of 24 months from the date the common shares of the Company are listed on the TSX-V. The transaction is subject to regulatory approval.

As of December 31, 2011, the Company has paid a \$10,000 retainer to the Agent, reflected as share issuance costs and resulting in a \$10,000 reduction in share capital.

Transactions with Related Parties

There are no transactions with related parties and management did not receive any compensation during the period from incorporation on May 11, 2011 to December 31, 2011. The directors and officers currently own 56% of the issued and outstanding common shares.

Critical Accounting Estimates

The Company's financial statements are impacted by the significant accounting policies used, and the estimates and assumptions made, by management during their preparation. The accounting estimates considered to be significant to the Company include the computation of stock-based compensation expense.

The Company uses the fair-value method of accounting for stock-based compensation related to incentive stock options granted, modified or settled. Under this method, compensation cost attributable to all incentive stock options granted is measured at fair value at the grant date and expensed over the vesting period with a corresponding increase to contributed surplus. In determining the fair value, the Company makes estimates of the expected volatility of the stock as well as an estimated discount rate. Changes to these estimates could result in the fair value of the stock-based compensation being less than or greater than the amount recorded.

Off-Balance Sheet Arrangements

The Company has not entered into any material off-balance sheet arrangements such as guarantee contracts, contingent interests in assets transferred to unconsolidated entities, derivative financial obligations, or with respect to any obligations under a variable interest equity arrangement.

Financial Instruments

The Company's financial instruments consist of cash. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of the financial instruments approximate their amortized cost value due to their short-term nature. Cash is stated at cost plus accrued value, which approximates market value. Investments of cash are of sufficient quality and diversity to ensure a high probability of liquidity at the accrued value, at such times as needed to meet financial obligations.

Outstanding Share Data

Authorized Capital:

Unlimited number of common shares and preferred shares without par value

Issued and outstanding:

4,500,000 common shares as at December 31, 2011

Fully diluted:

4,900,000 common shares as at December 31, 2011

The Company has granted 400,000 stock options with an exercise price of \$0.10 and an expiry date of 5 years after the grant date of September 27, 2011. There are no warrants, or convertible securities, outstanding as at March 9, 2012.

Disclosure Controls over Financial Reporting

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Company's Chief Executive Officer and Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure. Management of the Company, with the participation of the Chief Executive Officer and the Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures as required by Canadian securities laws. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer, have concluded that, as of December 31, 2011, the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the Company's annual filings and interim filings (as such terms are defined under Multilateral Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings) and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws and that material information is accumulated and communicated to management of the Company, including the Chief Executive Officer and the Chief Financial Officer, as appropriate to allow for accurate disclosure to be made on a timely basis.

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. The Chief Executive Officer and Chief Financial Officer have also concluded that there has been no change in the Company's internal control over financial reporting during the three month period ended December 31, 2011 that has materially affected, or is reasonably likely to affect, the Company's internal control over financial reporting.

Other Information

Additional information related to the Company, including its Prospectus, is available for viewing on SEDAR at www.sedar.com.

On behalf of the Board of Directors,

A handwritten signature in black ink, appearing to read 'Jason Moreau', with a long horizontal stroke extending to the right.

Jason Moreau
President and Director
March 09, 2012