

# **RAILTOWN CAPITAL CORP.**

## **Management's Discussion and Analysis of Financial Position and Results of Operations For the Period ended March 31, 2012**

### **General**

This Management Discussion and Analysis ("MD&A") has been prepared by management as of June 14, 2012 of the financial position of the Company and results of operations for the quarter ended March 31, 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.

### **Forward Looking Statements**

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 June 14, 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

During the three months ended March 31, 2012, the Company recorded a loss of \$24,698 (2011 - \$nil) and a loss per share of \$0.01 (2011 - \$nil). The loss for the period was comprised primarily of professional fees incurred in the preparation of the Company's prospectus.

### Quarterly Information

The following table sets forth selected unaudited financial information prepared by management of the Company:

Period	Jan. 1 to Mar.31, 2012	Oct. 1 to Dec. 31, 2011	May 11 to Sep. 30, 2011
Revenue	\$0.00	\$0.00	\$0.00
Gen. & Admin	\$24,698	\$13,904	\$18,049
Stock based comp.	\$0.00	\$0.00	\$29,832
Loss for the period	\$24,698	\$13,904.00	\$47,881.00
Net Loss per/share	\$0.01	\$0.00	\$0.01
Cash & cash equiv.	\$138,065	\$147,900	\$163,101
Current assets	\$138,065	\$149,197	\$163,101
Working capital	\$108,339	\$133,037	\$146,941

### Liquidity and Capital Resources

The Company commenced fiscal 2012 with a working capital position of \$133,037.00 and \$147,899.80 in cash. As at March 31, 2012, the company had a working capital position of \$108,339 and cash of \$138,065.

During the three months ended March 31, 2012, the Company incurred operating expenditures of approximately \$24,698, primarily for professional fees related to preparation of the Company's prospectus and amendments thereto.

### 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 March 31, 2012, 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 March 31, 2012. The directors and officers currently own 56% of the issued and outstanding common shares.

### **Proposed Transactions**

The Company does not currently have any proposed transactions approved by the Board of Directors.

### **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.

### **Share Capital**

#### **Authorized Capital:**

Unlimited number of common shares and preferred shares without par value

#### **Issued and outstanding:**

4,500,000 common shares as at June 14, 2012

**Fully diluted:**

4,900,000 common shares as at June 14, 2012

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 June 14, 2012.

**Other Information**

Additional information related to the Company, including its Prospectus, is available for viewing on SEDAR at [www.sedar.com](http://www.sedar.com).

On behalf of the Board of Directors,

*“Jason Moreau”*

**Jason Moreau**

President and Director

June 14, 2012

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