

# RAILTOWN CAPITAL CORP.

## Management's Discussion and Analysis of Financial Position and Results of Operations For the Period ended June 30, 2012

### General

This Management Discussion and Analysis ("MD&A") has been prepared by management as of August 29, 2012 of the financial position of the Company and results of operations for the quarter ended June 30, 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 March 31, 2012, 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 August 29, 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 was classified as a Capital Pool Company as defined in the TSX Venture Exchange (“TSX-V”) Policy 2.4. Subsequent to the end of the reporting period described in this MD&A, the company chose to not complete its IPO and is no longer classified as a Capital Pool Company, however, its mandate remains that of identifying and evaluating business’ and assets suitable for acquisition.

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 June 30, 2012, the Company recorded a loss of \$1,568 (2011 - \$nil) and a loss per share of \$nil (2011 - \$nil). The loss for the period was comprised of office expenses of \$1,500 (2011 - \$nil) and bank charges \$68 (2011 - \$nil). The Company incurred no filing or professional fees this quarter due to the abandonment of its IPO, compared to filing fees of \$1,249 and professional fees of \$22,591 in Q2 (ended Mar 31/12); and filing fees of \$13,703 and professional fees of \$nil in Q1 (ended Dec 31/11).

## Quarterly Information

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

Period	Apr 1 - Jun 30/12	Jan 1 - Mar 31/12	Sep 30 - Dec 31/11	9 Mo.s ended June 30/12
Revenue	\$ -	\$ -		\$ -
Gen & Admin	\$ 1,568.00	\$ 24,698.00	\$ 13,904.00	\$ 40,170.00
Stock Based Comp.	\$ -	\$ -		
Loss for the Period	\$ 1,568.00	\$ 24,698.00	\$ 13,904.00	\$ 40,170.00
Net Loss/Share	\$ -	\$ 0.01	\$ -	\$ 0.01
Cash & Cash Equiv.	\$ 176,327.00	\$ 138,065.00	\$ 147,900.00	
Current Assets	\$ 186,327.00	\$ 138,065.00	\$ 149,197.00	
Working Capital	\$ 156,781.00	\$ 108,339.00	\$ 133,037.00	

## Liquidity and Capital Resources

The Company’s working capital increased to \$156,781 from the prior quarter’s \$108,339 as a result of the settling of subscriptions receivable in the amount of \$50,010. As at June 30, 2012, the company had cash on hand of \$176,327.

During the three months ended March 31, 2012, the Company incurred operating expenditures of approximately \$1,568, made up of office expenses in the amount of \$1,500 and bank charges of \$68. This compares to the prior quarter’s similar amounts of \$840 and \$18 respectively.

## **Contractual Obligations**

Subsequent to quarter end, the company has terminated its agreement with Haywood Securities Inc. (the "Agent"), the Agent's expenses are expected to be slightly in excess of the \$10,000 retainer on deposit. This retainer is 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 June 30, 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 August 29, 2012

### **Fully diluted:**

4,900,000 common shares as at August 29, 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 August 29, 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

August 29, 2012