Condensed Interim Financial Statements of

Railtown Capital Corp.

Three Months ended December 31, 2012
(Expressed in Canadian Dollars)
(Unaudited)

NOTICE TO READER

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 consolidated financial statements have been prepared by and are the responsibility of the management. In the opinion of management, the unaudited condensed interim financial statements have been prepared within acceptable limits of materiality and in accordance with International Accounting Standard 34 – Interim Financial Reporting (“IAS 34”), consistent with International Financial Reporting Standards (“IFRS”) appropriate in the circumstances.

The Company's independent auditor has not performed a review of these financial statements in accordance with the 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)

	December 31, 2012	September 30, 2012
Assets		
Current assets		
Cash	$ 22,230	$ 22,260
Total assets	22,230	22,260
Liabilities and Shareholders' Equity		
Current liabilities		
Trade and other payables	$ 5,750	$ 5,750
Shareholders' equity		
Share capital (note 4)	90,000	90,000
Subscriptions receivable (note 4)	-	-
Share based payment reserve	29,832	29,832
Deficit	(103,352)	(103,322)
	16,480	16,510
	$ 22,230	$ 22,260

Nature of operations (note 1)

Approved on behalf of the Board:

__*"Martin Woodward"*____ - Director　　____*"Jason Moreau"*____ - Director

See accompanying notes to financial statements.

RAILTOWN CAPITAL CORP.
Condensed interim statement of comprehensive loss
(Expressed in Canadian dollars)
(Unaudited)

		For the three months ended December 31, 2012
Expenses		
Bank charges	$	(30)
Net and comprehensive loss	$	(30)
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 statement of cash flows
(Expressed in Canadian dollars)
(Unaudited)

		For the three months ended December 31, 2012
Cash provided by (used in):		
Operating activities:		
Net loss	$	(30)
Changes in non-cash items		
Stock-based compensation		-
Change in non-cash working capital item:		
Trade and other payables		-
Net cash used in operating activities		(30)
Financing activities:		
Subscription receivable		-
Common shares issued for cash, net		-
Net cash provided by financing activities		-
Increase (decrease) in cash		-
Cash, beginning of period		22,260
Cash, end of period	$	22,230

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
Balance, May 11, 2011	–	$ –	$ –	$ –	$ –	$ –
Common shares issued (Note 5)	4,500,000	225,000	–	–	–	225,000
Share issuance costs	–	(10,000)	–	–	–	(10,000)
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	215,000	29,832	(50,010)	(47,881)	146,941
Subscription receivable	–	–	–	50,010	–	50,010
IPO related share issuance cost	–	10,000	–	–	–	10,000
Return of Capital (Note 5)	–	(135,000)	–	–	–	(135,000)
Net and comprehensive loss	–	–	–	–	(55,441)	(55,441)
Balance, September 30, 2012	4,500,000	90,000	29,832	–	(103,322)	16,510
Net and comprehensive loss	–	–	–	–	(30)	(30)
Balance, December 31 , 2012	4,500,000	$ 90,000	$ 29,832	$ –	$ (103,352)	$ 16,480

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 head office, principal address and the registered and records office of the Company are located at 108 – 329 Main Street, Vancouver, British Columbia, Canada.

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. As at December 31, 2012, the Company is not able to finance day to day activities through operations. The continuing operations of the Company are dependent upon its ability to identify a viable business opportunity. This indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs with loans from directors and companies controlled by directors and or private placement of common shares. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its consolidated statement of financial position.

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, 2012.

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.

3. Standards issued but not yet effective (continued)

Recent accounting pronouncement – Not yet adopted (continued)

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;

- 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. As at March 31, 2012 $50,010 in subscriptions was receivable. The Company paid $10,000 in financing fees is association with these transactions.

During the year ended September 30, 2012, the shareholders of the Company approved the return of capital of $0.03 per share. This resulted in $135,000 returned to the shareholders with a corresponding reduction in share capital.

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.

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. All of its cash is deposited in a bank account held with a major bank in Canada. As most of the Company's cash is held by one bank three is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. The Company's secondary exposure to risk is on its other receivables. This risk is minimal as receivables consist primarily of refundable government value added taxes

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.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

6. 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.