Railtown Capital Corp.

September 30, 2013
(Expressed in Canadian Dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED ACCOUNTANTS & BUSINESS ADVISORS
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Railtown Capital Corp.

We have audited the accompanying financial statements of Railtown Capital Corp., which comprise the statements of financial position as at September 30, 2013 and 2012, and the statements of comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Railtown Capital Corp. as at September 30, 2013 and 2012, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 to the financial statements which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about Railtown Capital Corp.'s ability to continue as a going concern.

DMCL

DALE MATHESON CARR-HILTON LLP
CHARTERED ACCOUNTANTS

Vancouver, Canada
February 27, 2014

RAILTOWN CAPITAL CORP.

Statements of financial position
(Expressed in Canadian dollars)

	September 30, 2013	September 30, 2012
Assets		
Current assets		
Cash	**$ 39,801**	$ 22,260
	$ 39,801	$ 22,260
Liabilities and Shareholders' Equity (Deficiency)		
Current liabilities		
Trade payables and accrued liabilities (Note 4)	**$ 43,286**	$ 5,750
Shareholders' equity (deficiency)		
Share capital (Note 5)	**90,000**	90,000
Share based payment reserve (Note 5)	**29,832**	29,832
Deficit	**(123,317)**	(103,322)
	(3,485)	16,510
	$ 39,801	$ 22,260

Approved for issuance on behalf of the Board on February 27, 2014:

"Ben Catalano" - Director

"Jason Moreau" - Director

See accompanying notes to financial statements.

RAILTOWN CAPITAL CORP.
Statements of comprehensive loss
(Expressed in Canadian dollars)

		Year ended September 30, 2013		Year ended September 30, 2012
Expenses				
Bank charges	**$**	**155**	$	178
Filing fees		**5,177**		13,485
Financing fees		**-**		10,000
Listing fees		**-**		5,000
Office expenses		**-**		463
Professional fees		**14,663**		24,065
Rent expenses		**-**		2,250
Net and comprehensive loss	**$**	**(19,995)**	$	(55,441)
Weighted average number of common shares outstanding – basic and diluted		**4,500,000**		-
Basic and diluted loss per common share	**$**	**(0.00)**	$	-

See accompanying notes to financial statements.

RAILTOWN CAPITAL CORP.
Statements of cash flows
(Expressed in Canadian dollars)

	Year ended September 30, 2013	Year ended September 30 , 2012
Cash provided by (used in):		
Operating activities:		
Net loss	**$ (19,995)**	$ (55,441)
Changes in non-cash items		
Financing fee	-	10,000
Trade and other payables	**37,536**	(10,410)
Net cash provided by (used) in operating activities	**17,541**	(55,851)
Financing activities:		
Return of capital	-	(135,000)
Subscription received	**-**	50,010
Net cash used in financing activities	**-**	(84,990)
Increase (decrease) in cash	**17,541**	(140,841)
Cash, beginning of year	**22,260**	163,101
Cash, end of year	**$ 39,801**	$ 22,260

See accompanying notes to financial statements

RAILTOWN CAPITAL CORP.

Statements of changes in shareholders' equity (deficiency)
(Expressed in Canadian dollars)

	Share capital					
	Shares	Amount	Share based payment reserve	Subscriptions receivable	Deficit	Total
Balance, September 30, 2011	**4,500,000**	**$ 215,000**	**$ 29,832**	**$ (50,010)**	**$ (47,881)**	**$ 146,941**
Subscription received	–	–	–	50,010	–	50,010
IPO related share issuance cost (Note 5)	–	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	–	–	–	–	(19,995)	(19,995)
Balance, September 30 , 2013	**4,500,000**	**$ 90,000**	**$ 29,832**	**$ –**	**$ (123,317)**	**$ (3,485)**

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 currently seeking business opportunities.

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 September 30, 2013, 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.

2. Significant accounting policies and basis of preparation

Statement of compliance with International Financial Reporting Standards

The financial statements of the Company comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of preparation

The financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars unless otherwise noted.

Significant estimates and assumptions

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the recoverability and measurement of deferred tax assets.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

2. Significant accounting policies and basis of preparation (continued)

Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. Cash is classified as loans and receivable.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets to the extent they are expected to be realized within 12 months after the end of the reporting period. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary financial assets.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost and includes trade payables.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the group commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

The Company does not have any derivative financial assets and liabilities.

(Expressed in Canadian dollars)

2. Significant accounting policies and basis of preparation (continued)

Income taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:

Deferred income tax is recognized, using the asset and liability method, on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

3. Accounting standards issued by not yet applied

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods beginning after January 1, 2013 or later periods.

The following new standards, amendments and interpretations that have not been early adopted in these financial statements, is not expected to have a material effect on the Company's future results and financial position:

a) IFRS 9 Financial Instruments (New; to replace IAS 39 and IFRIC 9);
b) IFRS 10 Consolidated Financial Statements (New; to replace consolidation requirements in IAS 27 (as amended in 2008) and SIC-12);
c) IFRS 11 Joint Arrangements (New; to replace IAS 31 and SIC-13);
d) IFRS 12 Disclosure of Interest in Other Entities; and
e) IFRS 13 Fair Value Measurement.

4. Trade payables and accrued liabilities

		September 30, 2013		September 30, 2012
Trade payables	$	31,286	$	-
Accrued liabilities		12,000		5,750
Total	$	43,286	$	5,750

(Expressed in Canadian dollars)

5. Share capital

Authorized

Unlimited number of common shares without par value.

Transactions

During the year ended September 30, 2012, the Company expensed $10,000 as a finance fee, which was previously netted against share capital, as a share issue cost as the financing to which it related will not take place.

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 being returned to the shareholders with a corresponding reduction in share capital.

Share-based payment reserve

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

6. Income taxes

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

		Year ended September 30, 2013		Year ended September 30, 2012
Net loss before income taxes	**$**	**(19,995)**	$	(55,441)
Statutory tax rate		**25%**		26%
Expected income tax recovery at the statutory tax rate	**$**	**(4,999)**	$	(14,415)
Effect of changes in tax rates		**-**		554
Changes in valuation allowance		**4,999**		13,861
Actual income tax recovery	**$**	**-**	$	-

The Company has the following tax effected deductible temporary differences for which no deferred tax asset has been recognized:

	September 30, 2012	September 30, 2012
Non-capital loss carry-forwards	**31,830**	26,331
Share issuance costs	**1,500**	2,000
Valuation allowance	**(33,330)**	(28,331)
Net deferred income tax assets	-	-

The Company's has $127,317 in non-capital tax losses of which $47,881 will expire in 2031, $57,441 will expire in 2032 and $21,995 will expire in 2033.

7. 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.

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.

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.