

# **RAILTOWN CAPITAL CORP.**

Management's Discussion and Analysis of Financial Position and Results of Operations  
For the Period ended March 31, 2014.

## **General**

This Management Discussion and Analysis ("MD&A") has been prepared by management as of May 27, 2014 of the financial position of the Company and results of operations for the quarter ended March 31, 2014 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, 2014, and the audited financial statements for the year ended September 30, 2013. The financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS"), using Accounting Standard 34 – Interim Financial Reporting ("IAS 34"), which include International Accounting Standards and Interpretations adopted by the International Accounting Standards Board. All amounts are expressed in Canadian dollars unless otherwise indicated.

## **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. 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.

## **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 May 27, 2014.
- 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.

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## **Going Concern**

As at March 31, 2014, 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.

## **Liquidity and Capital Resources**

The Company's working capital deficiency increased to \$3,334 from the prior quarter's \$3,505 as a result of the payment of bank fees and filing fees. As at March 31, 2014, the Company had cash on hand of \$40,666 (September 30, 2013 - \$39,801).

During the period ended March 31, 2014, the Company issued 500,000 common shares for gross proceeds of \$10,000.

## **Contractual Obligations**

The Company has no contractual obligations.

## **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.

## **Results of Operations for the six months ended March 31, 2014**

During the six months ended March 31, 2014, the Company was inactive, save for its continued evaluation of potential acquisition targets, and as a result the Company recorded a loss of \$9,849 (2013 - \$4,704) and a loss per share of \$nil (2013 - \$nil).

The loss for the six month period was primarily due to filing fees of \$7,771 (2013 - \$4,674) paid to the transfer agent. The increase over the prior period is due to increased costs related to the transfer agent.

## **Results of Operations for the three months ended March 31, 2014**

During the three months ended March 31, 2014, the Company was inactive, save for its continued evaluation of potential acquisition targets, and as a result the Company recorded a loss of \$9,829 (2013 - \$4,674) and a loss per share of \$nil (2013 - \$nil).

The loss for the three month period was primarily due to filing fees of \$7,771 (2013 - \$3,891). The increase over the prior period is due to increased costs related to the transfer agent.

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### Quarterly Information.

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

Period	Apr 1 – Jun 30/12	Jul 1 – Sep 30/12	Oct 1 – Dec 31/12	Jan 1 – Mar 31/12
Revenue	\$ -	\$ -	\$ -	\$ -
Gen & Admin	\$ 5,760	\$ 11,078	\$ 30	\$ 4,674
Stock Based Comp.	\$ -	\$ -	\$ -	\$ -
Loss for the Period	\$ 5,760	\$ 11,078	\$ 30	\$ 4,674
Net Loss / Share	\$ -	\$ -	\$ -	\$ -
Cash	\$ 176,327	\$ 22,260	\$ 22,230	\$ 17,556
Current Assets	\$ 186,327	\$ 22,260	\$ 22,230	\$ 17,556
Working Capital (Deficiency)	\$ 156,781	\$ 16,510	\$ 16,480	\$ 11,860
Period	Apr 1 – Jun 30/13	Jul 1 – Sep 30/13	Oct 1 – Dec 31/13	Jan 1 – Mar 31/14
Revenue	\$ -	\$ -	\$ -	\$ -
Gen & Admin	\$ 34	\$ 15,258	\$ 20	\$ 9,829
Stock Based Comp.	\$ -	\$ -	\$ -	\$ -
Loss for the Period	\$ 34	\$ 15,258	\$ 20	\$ 9,829
Net Loss / Share	\$ -	\$ -	\$ -	\$ -
Cash	\$ 17,522	\$ 39,801	\$ 38,495	\$ 40,666
Current Assets	\$ 17,522	\$ 39,801	\$ 38,495	\$ 40,666
Working Capital (Deficiency)	\$ 11,772	\$ (3,485)	\$ (3,505)	\$ (3,334)

### 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, 2014. The directors and officers currently own 56% of the issued and outstanding common shares.

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## 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.

The reader should refer to the unaudited March 31, 2014 financial statements and the audited December 31, 2013 financial statements on [www.sedar.com](http://www.sedar.com) for additional details

## Recent accounting pronouncement – Not yet adopted

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements.

IFRS 9 *Financial Instruments* replaces the current standard IAS 39 *Financial Instruments: Recognition and Measurement*, replacing the current classification and measurement criteria for financial assets and liabilities with only two classification categories: amortized cost and fair value. This standard has a tentative effective date of January 1, 2018.

## Share Capital

### Authorized capital:

Unlimited number of common shares and preferred shares without par value

### Issued and outstanding:

5,000,000 common shares as at May 27, 2014

### Fully diluted:

5,400,000 common shares as at May 27, 2014

## Stock options

The Company has granted 400,000 stock options with an exercise price of \$0.10 and an expiry date of September 27, 2016. There are no warrants, or convertible securities, outstanding as at May 27, 2014.

## 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).