

# **RAILTOWN CAPITAL CORP.**

Management's Discussion and Analysis of Financial Position and Results of Operations  
For the period ended March 31, 2016.

## **General**

This Management Discussion and Analysis ("MD&A") has been prepared by management as of May 25, 2016 of the financial position of the Company and results of operations for the period ended March 31, 2016 and should be read in conjunction with the unaudited condensed interim financial statements of Railtown Capital Corp. ("Railtown" or the "Company") for the period ended March 31, 2016, and the audited financial statements for the year ended September 30, 2015. These condensed interim financial statements have been 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.

On November 24, 2015, the Company entered into an agreement (the "Agreement") with Conation, a company in the business of investing in early stage companies, whereby Conation and the Company will amalgamate into one company (the "Resulting Issuer"). The shareholders of the Company will exchange their shares on a basis of 6 Railtown common shares for each Resulting Issuer share. The shareholders of Conation will exchange their common shares of Conation for Resulting Issuer shares on a 1:1 basis. The amalgamation will not be accounted for as a business combination as Railtown is not considered to be a business for accounting purposes. Because the amalgamation will result in the shareholders of Conation having control of the Resulting Issuer, the transaction will be accounted for as if Conation acquired the net liabilities of Railtown for the ultimate purpose of obtaining a listing on the TSX Venture Exchange.

Concurrent with the Agreement, Conation will complete a private placement of a maximum of 6,000,000 units at a price of \$0.25 per unit, for aggregate maximum proceeds of \$1,500,000. Each unit will consist of one common share of Conation, and one half of a Conation share purchase warrant, where each whole warrant will be exercisable at \$0.40 for 18 months following the closing of the private placement.

This transaction is subject to shareholder and 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.

## **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:

## **RAILTOWN CAPITAL CORP.**

Management's Discussion and Analysis of Financial Position and Results of Operations  
For the period ended March 31, 2016.

- Unless otherwise indicated, forward-looking statements in this MD&A describe the Company's expectations as May 25, 2016.
- 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.

### **Going Concern**

As at March 31, 2016, 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 statement of financial position.

### **Liquidity and Capital Resources**

As at March 31, 2016, the Company's working capital deficiency increased to \$48,577 (September 30, 2015 – \$34,316) as a result of expenses during the period. As at March 31, 2016, the Company had cash on hand of \$722 (September 30, 2015 - \$798).

### **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, 2016**

During the six months ended March 31, 2016, the Company was inactive, save for its continued evaluation of potential acquisition targets, and as a result the Company recorded a loss of \$14,261 (2015 – \$7,268) and an loss per share of \$nil (2015 – loss of \$nil).

The loss for the period was primarily due to consulting fee of \$2,100 (2015 - \$nil), filing fees of \$2,407 (2015 - \$2,643) and professional fees of \$9,678 (2015 - \$4,543) paid or accrued for accounting services. The increase over the prior period is mainly due to accrual relating to accounting service recorded.

## RAILTOWN CAPITAL CORP.

Management's Discussion and Analysis of Financial Position and Results of Operations  
For the period ended March 31, 2016.

### Results of Operations for the three months ended March 31, 2016

During the three months ended March 31, 2016, the Company was inactive, save for its continued evaluation of potential acquisition targets, and as a result the Company recorded an loss of \$14,344 (2015 – \$4,125) and a loss per share of \$nil (2015 – loss of \$nil).

The loss for the period was primarily due to consulting fee of \$2,100 (2015 - \$nil) and professional fees of \$10,055 (2015 - \$1,418) paid or accrued for accounting services. The increase over the prior period is mainly due to accrual relating to accounting service recorded.

### Quarterly Information

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

Period	Apr 1 – Jun 30/14	Jul 1 – Sep 30/14	Oct 1 – Dec 31/14	Jan 1 – Mar 31/15
Revenue	\$ -	\$ -	\$ -	\$ -
Gen & Admin	\$ 7,468	\$ 11,089	\$ 3,143	\$ 4,125
Stock Based Comp.	\$ -	\$ -	\$ -	\$ -
Loss for the Period	\$ 7,468	\$ 11,089	\$ 3,143	\$ 4,125
Net Loss / Share	\$ -	\$ -	\$ -	\$ -
Cash	\$ 40,648	\$ 33,222	\$ 17,089	\$ 1,822
Current Assets	\$ 41,358	\$ 33,222	\$ 17,089	\$ 1,822
Working Capital (Deficiency)	\$ (10,802)	\$ (21,891)	\$ (25,034)	\$ (29,159)
Period	Apr 1 – Jun 30/15	Jul 1 – Sep 30/15	Oct 1 – Dec 31/15	Jan 1 – Mar 31/16
Revenue	\$ -	\$ -	\$ -	\$ -
Gen & Admin	\$ 3,518	\$ 1,639	\$ (83)	\$ 14,261
Stock Based Comp.	\$ -	\$ -	\$ -	\$ -
Loss (gain) for the Period	\$ 3,518	\$ 1,639	\$ (83)	\$ 14,261
Net Loss / Share	\$ -	\$ -	\$ -	\$ -
Cash	\$ 1,804	\$ 798	\$ 740	\$ 722
Current Assets	\$ 1,804	\$ 798	\$ 740	\$ 722
Working Capital (Deficiency)	\$ (32,677)	\$ (34,316)	\$ (34,233)	\$ (48,577)

### Transactions with Related Parties

During the year ended September 30, 2015, the Company received a loan from Conation, which has a director in common with the Company in the amount of \$7,743. This loan is unsecured, non-interest bearing with no specific terms of repayment.

During the six month ended March 31, 2016, accounts payable of \$7,784 was paid on behalf the Company by Conation.

## **RAILTOWN CAPITAL CORP.**

Management's Discussion and Analysis of Financial Position and Results of Operations  
For the period ended March 31, 2016.

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, 2016. The directors and officers currently own 50% of the issued and outstanding common shares.

### **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 March 31, 2016 condensed interim financial statements and the audited September 30, 2015 financial statements on [www.sedar.com](http://www.sedar.com) for additional details.

### **Recently adopted accounting policies and future accounting pronouncements**

Please refer to the unaudited March 31, 2016 financial statements on [www.sedar.com](http://www.sedar.com) for all recently adopted accounting policies and future accounting pronouncements.

### **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 25, 2016

#### **Fully diluted:**

5,400,000 common shares as at May 25, 2016

### **Stock options**

The Company has 400,000 stock options outstanding 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 25, 2016.

### **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).