

# **RAILTOWN CAPITAL CORP.**

Management's Discussion and Analysis of Financial Position and Results of Operations  
For the period ended June 30, 2016.

## **General**

This Management Discussion and Analysis ("MD&A") has been prepared by management as of August 22, 2016 of the financial position of the Company and results of operations for the period ended June 30, 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 June 30, 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.

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:

- Unless otherwise indicated, forward-looking statements in this MD&A describe the Company's expectations as August 22, 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.

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## **Going Concern**

As at June 30, 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 June 30, 2016, the Company's working capital deficiency increased to \$57,231 (September 30, 2015 – \$34,316) as a result of expenses during the period. As at June 30, 2016, the Company had cash on hand of \$704 (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 nine months ended June 30, 2016**

During the nine months ended June 30, 2016, the Company was inactive, save for its continued evaluation of potential acquisition targets, and as a result the Company recorded a loss of \$22,915 (2015 – \$10,786) and an loss per share of \$nil (2015 – loss of \$nil).

The loss for the period was primarily due to consulting fee of \$8,400 (2015 - \$nil), filing fees of \$2,643 (2015 - \$2,643) and professional fees of \$11,778 (2015 - \$8,043) paid or accrued for accounting services. The increase over the prior period is mainly due to accrual relating to accounting service recorded.

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### Results of Operations for the three months ended June 30, 2016

During the three months ended June 30, 2016, the Company was inactive, save for its continued evaluation of potential acquisition targets, and as a result the Company recorded an loss of \$8,654 (2015 – \$3,518) and a loss per share of \$nil (2015 – loss of \$nil).

The loss for the period was primarily due to consulting fee of \$6,300 (2015 - \$nil) and professional fees of \$2,100 (2015 - \$3,500) 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	Jul 1 – Sep 30/14	Oct 1 – Dec 31/14	Jan 1 – Mar 31/15	Apr 1 – Jun 30/15
Revenue	\$ -	\$ -	\$ -	\$ -
Gen & Admin	\$ 11,089	\$ 3,143	\$ 4,125	\$ 3,518
Stock Based Comp.	\$ -	\$ -	\$ -	\$ -
Loss for the Period	\$ 11,089	\$ 3,143	\$ 4,125	\$ 3,518
Net Loss / Share	\$ -	\$ -	\$ -	\$ -
Cash	\$ 33,222	\$ 17,089	\$ 1,822	\$ 1,804
Current Assets	\$ 33,222	\$ 17,089	\$ 1,822	\$ 1,804
Working Capital (Deficiency)	\$ (21,891)	\$ (25,034)	\$ (29,159)	\$ (32,677)
Period	Jul 1 – Sep 30/15	Oct 1 – Dec 31/15	Jan 1 – Mar 31/16	Apr 1 – Jun 30/16
Revenue	\$ -	\$ -	\$ -	\$ -
Gen & Admin	\$ 1,639	\$ (83)	\$ 14,344	\$ 8,654
Stock Based Comp.	\$ -	\$ -	\$ -	\$ -
Loss (gain) for the Period	\$ 1,639	\$ (83)	\$ 14,344	\$ 8,654
Net Loss / Share	\$ -	\$ -	\$ -	\$ -
Cash	\$ 798	\$ 740	\$ 722	\$ 704
Current Assets	\$ 798	\$ 740	\$ 722	\$ 704
Working Capital (Deficiency)	\$ (34,316)	\$ (34,233)	\$ (48,577)	\$ (57,231)

### 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 nine months ended June 30, 2016, accounts payable of \$8,851 was paid on behalf the Company by Conation.

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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, 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 June 30, 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 June 30, 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 August 22, 2016

#### **Fully diluted:**

5,400,000 common shares as at August 22, 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 August 22, 2016.

### **Change in Management and Directors**

Effective August 18, 2016, the board of directors appointed Mr. Paul Woodward as the Company's President, CEO, CFO and director. Mr. Woodward is the President of Conation Capital Corp., and has over 30 years of experience working with, and financing public companies. The Company is also pleased to announce that Mr. Glenn Kerr has been appointed as a director; Mr. Kerr brings over 40 years' experience in the venture markets.

Mr. Woodward and Mr. Kerr replace Mr. Jason Moreau and Mr. Alan Ji who have resigned from the board of directors effective August 18, 2016.

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### **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).