

**RAILTOWN AI TECHNOLOGIES INC.**  
**(FORMERLY RAILTOWN CAPITAL CORP.)**

Management's Discussion and Analysis of Financial Position and Results of Operations  
For the year ended September 30, 2019.

**General**

This Management Discussion and Analysis ("MD&A") has been prepared by management as of January 27, 2020 of the financial position of the Company and results of operations for the year ended September 30, 2019 and should be read in conjunction with the financial statements of Railtown AI Technologies Inc. (formerly Railtown Capital Corp.) ("Railtown" or the "Company") for the year ended September 30, 2019. These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

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 remained that of identifying and evaluating businesses and assets suitable for acquisition.

On November 1, 2019, Railtown AI Technologies Inc. entered into a technology transfer agreement (the "TTA") with a group of vendors to acquire the rights to certain software technology, the development and subsequent commercialization of which is expected to become the Company's ongoing business.

The technology will consist of software that uses proprietary, state-of-the-art artificial-intelligence data science deployed as an "AI-as-a-Service" cloud-based platform, to support efficient software development at scale, by deriving operational insights and optimization in the development process. More specifically, the software platform will utilize data at every stage of the development life cycle in complex, agile environments to provide feedback cycles suggesting training areas for developers, predicting weak areas/modules and suggesting areas/modules to fix quickly, identifying each process, person or code library changes.

The Company anticipates developing the software platform for development teams within the context of larger-scale enterprise organizations that produce sophisticated software solutions which could potentially realize significant operating efficiencies – cost, time and QoS improvements – by deploying a data-science based development process platform.

Pursuant to the TTA and in consideration for acquiring the technology, the Company paid the vendors \$1,000,000 in the form of 50,000,000 common shares in the capital of Railtown at a deemed price of \$0.02 per share.

The head office of the Company is located at 3148 Highland Boulevard, North Vancouver, British Columbia, V7R 2X6. The registered office of the Company is located at Unit 104, 8337 Eastlake Drive, Burnaby, British Columbia, V5A 4W2. 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.

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It is important to note that:

- Unless otherwise indicated, forward-looking statements in this MD&A describe the Company's expectations as January 27, 2020.
- 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 September 30, 2019, 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 September 30, 2019, the Company's working capital increased to \$50,642 (2018 – deficiency of \$145,190) as a result of expenses incurred during the year. As at September 30, 2019, the Company had cash on hand of \$63,346 (2018 - \$2,440).

**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 year ended September 30, 2019**

During the year ended September 30, 2019, the Company was inactive, save for its continued evaluation of potential acquisition targets, and as a result the Company recorded a net income of \$185 (2018 – net loss of \$45,117).

The net income for the year was primarily due to issuance of 5,032,332 common shares valued at \$100,647 to settle outstanding indebtedness of \$148,067, which resulted in a gain of \$47,420.

**Results of Operations for the three months ended September 30, 2019**

During the three months ended September 30, 2019, the Company was inactive, save for its continued evaluation of potential acquisition targets, and as a result the Company recorded a net income of \$34,930 (2018 – loss of \$9,147).

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**Quarterly Information**

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

| Period                        | Oct 1 – Dec 31/17 | Jan 1 – Mar 31/18 | Apr 1 – Jun 30/18 | Jul 1 – Sep 30/18 |
|-------------------------------|-------------------|-------------------|-------------------|-------------------|
| Revenue                       | \$ -              | \$ -              | \$ -              | \$ -              |
| Gen & Admin                   | \$ 8,914          | \$ 17,905         | \$ 8,183          | \$ 10,115         |
| Stock Based<br>Comp.          | \$ -              | \$ -              | \$ -              | \$ -              |
| Loss (gain) for<br>the Period | \$ 8,914          | \$ 17,905         | \$ 8,183          | \$ 10,115         |
| Net Loss / Share              | \$ (0.02)         | \$ (0.02)         | \$ (0.01)         | \$ (0.07)         |
| Cash                          | \$ 20,705         | \$ 6,292          | \$ 3,481          | \$ 2,440          |
| Current Assets                | \$ 20,705         | \$ 6,292          | \$ 3,481          | \$ 2,440          |
| Working Capital<br>Deficiency | \$ (108,987)      | \$ (126,892)      | \$ (136,043)      | \$ (145,190)      |

| Period                          | Oct 1 – Dec 31/18 | Jan 1 – Mar 31/19 | Apr 1 – Jun 30/19 | Jul 1 – Sep 30/19 |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|
| Revenue                         | \$ -              | \$ -              | \$ -              | \$ -              |
| Gen & Admin                     | \$ 9,675          | \$ 22,064         | \$ 3,006          | \$ 12,490         |
| Stock Based<br>Comp.            | \$ -              | \$ -              | \$ -              | \$ -              |
| Loss (Income) for<br>the Period | \$ 9,675          | \$ 22,064         | \$ 3,006          | \$ (34,930)       |
| Net Loss / Share                | \$ (0.01)         | \$ (0.02)         | \$ -              | \$ (0.08)         |
| Cash                            | \$ 1,314          | \$ 2,621          | \$ 2,002          | \$ 63,346         |
| Current Assets                  | \$ 1,314          | \$ 2,621          | \$ 2,002          | \$ 66,128         |
| Working Capital<br>(Deficiency) | \$ (154,865)      | \$ (161,929)      | \$ (165,005)      | \$ 50,642         |

**Fourth Quarter**

During the fourth quarter ended September 30, 2019, the Company did not have any significant events or transactions and recorded a net income in the amount of \$34,930 (2018 – loss of \$9,147) major factor contributing to this figure was gain on shares for debt settlement. The increase in working capital was the result of closing of the private placement during the year.

**Transactions with Related Parties**

|                                     | Due to related parties |
|-------------------------------------|------------------------|
| Balance at September 30, 2017       | \$ 76,078              |
| Additions                           | 53,518                 |
| Balance at September 30, 2018       | 129,596                |
| Issuance of 5,032,332 common shares | (127,874)              |
| Balance at September 30, 2019       | \$ 1,722               |

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During the year ended September 30, 2019, the Company incurred consulting fees of \$15,350 (2018 - \$25,200) and rent expenses of \$2,057 (2018 - \$1,500) to a corporation controlled by a director of the Company.

During the year ended September 30, 2019, the Company issued 5,032,332 common shares valued at \$100,647 to settle outstanding indebtedness of \$148,067, of which \$127,874 indebtedness was owed to a corporation controlled by a director of the Company.

**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.

Readers should refer to the September 30, 2019 audited 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 audited September 30, 2019 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 without par value

**Issued and outstanding:**

60,940,882 common shares as at January 27, 2020.

**Fully diluted:**

60,940,882 common shares as at January 27, 2020.

**Convertible securities**

There are no stock options outstanding as at January 27, 2020.

There are no warrants or convertible securities outstanding as at January 27, 2020.