

# railtown.ai

## PUBLIC OFFERING OF COMMON SHARES

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### Term Sheet

July 9, 2021

*A preliminary prospectus dated July 9, 2021 (the "preliminary prospectus") containing important information relating to the securities described in this document has been filed with the securities regulatory authorities in British Columbia, Alberta and Ontario. A copy of the preliminary prospectus, and any amendment, is required to be delivered with this document.*

*The preliminary prospectus is still subject to completion. There will not be any sale or any acceptance of an offer to buy the securities until a receipt for the final prospectus has been issued.*

*This document does not provide full disclosure of all material facts relating to the securities offered. Investors should read the preliminary prospectus, the final prospectus and any amendment for disclosure of those facts, especially risk factors relating to the securities offered, before making an investment decision.*

<b>Issuer:</b>	Railtown AI Technologies Inc. (" <b>Railtown</b> " or the " <b>Company</b> ").
<b>Offering:</b>	Offering of a minimum of 7,500,000 and up to a maximum of 12,500,000 common shares in the capital of the Company (the " <b>Common Shares</b> ") from treasury.
<b>Offering Price:</b>	\$0.40 per Common Share.
<b>Offering Size:</b>	Minimum offering of \$3,000,000 (the " <b>Minimum Offering</b> ") and a maximum offering of \$5,000,000 (the " <b>Maximum Offering</b> ") (approximately \$3,450,000 to \$5,750,000, respectively, if the Over-Allotment Option is exercised in full).
<b>Over-Allotment Option:</b>	The Company has granted the Agent (as defined below) an over-allotment option (the " <b>Over-Allotment Option</b> "), exercisable, in whole or in part, in the sole discretion of the Agent at any time up to 48 hours prior to the Closing Date (as defined below), to purchase up to an aggregate number of additional Common Shares as is equal to 15% of the aggregate number of Common Shares issued pursuant to the Offering at a price equal to the Offering Price to cover over-allocations, if any, and for market stabilization purposes.
<b>Transaction Structure:</b>	Commercially reasonable efforts public offering of the Common Shares by long-form prospectus.
<b>Qualifying and Selling Jurisdictions:</b>	The Common Shares will be eligible for sale in British Columbia, Alberta, and Ontario and in jurisdictions other than Canada that are mutually agreed to by the Company and ROTH Canada, ULC (the " <b>Agent</b> ").
<b>Use of Proceeds:</b>	The Company intends to use the net proceeds from the Offering for software development, sales and marketing and general working capital purposes.
<b>Shares Outstanding:</b>	Assuming completion of the Minimum Offering, the Company's issued and outstanding share capital will consist of an aggregate of 78,439,299 Common Shares. Assuming completion of the Maximum Offering, the Company's issued and outstanding share capital will consist of an aggregate of 83,439,299 Common Shares (85,314,299 will be issued and outstanding if the Over-Allotment Option is exercised in full).
<b>Lock-up Agreements:</b>	In connection with the completion of the Offering, the Company's directors, officers and insiders, holding an aggregate of 62.96% of the Company's issued and outstanding common shares (assuming completion of the Maximum Offering, that the Over-Allotment is exercised in full and that the Agent elects to receive the Agent's Fee in cash), will agree that he, she or it will not, directly or indirectly, without the prior written consent of the Agent, such consent not to be unreasonably withheld sell or agree to sell (or announce any intention to do so), any Common Shares,

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retained interest securities, or any securities convertible or exchangeable into Common Shares for a period of 180 calendar days after the Closing Date.

**Concurrent Offerings:**

The Company will not, directly or indirectly, issue, sell, offer, grant an option or right in respect of, or otherwise dispose of, or agree to or announce any intention to issue, sell, offer, grant an option or right in respect of, or otherwise dispose of, any additional Common Shares or any securities convertible into or exchangeable for Common Shares, other than pursuant to (i) the grant or exercise of stock options and other similar issuances pursuant to any stock option plan or similar share compensation arrangements in place prior to the Closing Date; (ii) the issue of Common Shares upon the exercise of convertible securities outstanding prior to the Closing Date; and (iii) previously scheduled property and/or other corporate acquisitions from the date hereof and continuing for a period of 90 days from the Closing Date without the prior written consent of the Agent, such consent not to be unreasonably withheld.

**Listing:**

The Company intends to apply to list the Common Shares for trading on the Canadian Securities Exchange.

**Lead Agent:**

ROTH Canada, ULC.

**Eligibility for Investment:**

Eligible for RRSPs, RRIFs, RDSPs, DPSPs, RESPs and TFSAs.

**Closing Date:**

Expected the week of August 31, 2021, or such other date as the Company and the Lead Agent may agree to (the "**Closing Date**").