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**Railtown Capital Corp.**  
**(a capital pool company)**

Condensed Interim Financial Statements

For the three and nine months ended August 31, 2022 and 2021  
(Unaudited - expressed in Canadian Dollars)

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**NOTICE OF NO AUDITOR REVIEW OF  
CONDENSED INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by management and reviewed by the Audit Committee and Board of Directors of the Company.

The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed interim financial statements by an entity's auditor.

**Railtown Capital Corp.**  
**Condensed Interim Statements of Financial Position**  
*(Unaudited - expressed in Canadian dollars)*

	August 31 2022	November 30 2021
	\$	\$
<b>Assets</b>		
<b>Current</b>		
Cash	712,424	800,499
Prepaid expenses	5,817	-
Deferred transaction costs	27,890	-
	746,131	800,499
<b>Total assets</b>	<b>746,131</b>	<b>800,499</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	9,674	5,728
<b>Shareholders' equity</b>		
Share capital (Note 4)	924,733	924,733
Contributed surplus (Note 4)	133,045	133,045
Deficit	(321,321)	(263,007)
	736,457	794,771
<b>Total liabilities and shareholders' equity</b>	<b>746,131</b>	<b>800,499</b>

Nature of and continuance of operations – Note 1

**APPROVED BY THE DIRECTORS**

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*"Cam White"* Director

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*"Claudia Tornquist"* Director

## Railtown Capital Corp.

### Condensed Interim Statement of Loss and Comprehensive Loss

For the three and nine months ended August 31, 2022 and 2021

(Unaudited - expressed in Canadian dollars)

	Three months ended August 31,		Nine months ended August 31,	
	2022	2021	2022	2021
	\$	\$	\$	\$
<b>Expenses</b>				
Consulting fees	-	6,000	1,021	21,000
Filing fees	2,286	347	15,374	21,736
Foreign exchange loss	1	-	11	-
General office and administration	-	-	-	946
Interest and bank charges	201	210	672	571
Professional fees	6,139	4,462	41,236	85,565
Share-based compensation	-	-	-	96,088
<b>Loss and comprehensive loss for the period</b>	<b>(8,627)</b>	<b>(11,019)</b>	<b>(58,314)</b>	<b>(225,906)</b>
<b>Loss per share</b>				
Basic and diluted	(0.00)	(0.00)	(0.00)	(0.02)
<b>Weighted average number of shares outstanding</b>				
Basic and diluted	13,000,000	13,000,000	13,000,000	11,277,372

## Railtown Capital Corp.

### Condensed Interim Statement of Cash Flows

For the nine months ended August 31, 2022 and 2021

(Unaudited - expressed in Canadian dollars)

	Nine months ended August 31,	
	2022	2021
	\$	\$
<b>Cash (used in) provided by:</b>		
<b>Operating activities</b>		
Loss for the period	(58,314)	(225,906)
Items not affecting cash:		
Share-based compensation	-	96,088
Change in non-cash working capital items:		
Accounts payable and accrued liabilities	3,946	(24,107)
Prepaid expenses	(5,817)	-
Net cash used in operating activities	(60,185)	(153,925)
<b>Investing activity</b>		
Deferred transaction costs	(27,890)	-
Net cash used in investing activity	(27,890)	-
<b>Financing activities</b>		
Issuance of shares	-	800,000
Cash share-issuance costs	-	(85,560)
Deferred share issuance costs	-	15,000
Net cash provided by financing activities	-	729,440
<b>(Decrease) increase in cash</b>	(88,075)	575,515
<b>Cash - beginning of period</b>	800,499	229,018
<b>Cash - end of period</b>	712,424	804,533

**Railtown Capital Corp.**  
**Condensed Interim Statement of Changes in Equity**  
For the nine months ended August 31, 2022 and 2021  
*(Unaudited - expressed in Canadian dollars)*

	Number of common shares	Share capital	Contributed surplus	Accumulated deficit	Total
	#	\$	\$	\$	\$
<b>Balance, November 30, 2020</b>	5,000,000	247,250	-	(31,700)	215,550
Shares issued pursuant to initial public offering (Note 4)	5,000,000	500,000	-	-	500,000
Shares issued pursuant to private placement (Note 4)	3,000,000	300,000	-	-	300,000
Less: Share-issuance costs	-	(122,517)	36,957	-	(85,560)
Share-based compensation	-	-	96,088	-	96,088
Loss for the period	-	-	-	(225,906)	(225,906)
<b>Balance, August 31, 2021</b>	<b>13,000,000</b>	<b>924,733</b>	<b>133,045</b>	<b>(257,606)</b>	<b>800,172</b>
Loss for the period	-	-	-	(5,401)	(5,401)
<b>Balance, November 30, 2021</b>	<b>13,000,000</b>	<b>924,733</b>	<b>133,045</b>	<b>(263,007)</b>	<b>794,771</b>
Loss for the period	-	-	-	(58,314)	(58,314)
<b>Balance, August 31, 2022</b>	<b>13,000,000</b>	<b>924,733</b>	<b>133,045</b>	<b>(321,321)</b>	<b>736,457</b>

*The accompanying notes are an integral part of these condensed interim financial statements*

# Railtown Capital Corp.

## Notes to the Condensed Interim Financial Statements

For the nine months ended August 31, 2022 and 2021

(Unaudited - expressed in Canadian dollars)

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### 1. Nature of and continuance of operations

Railtown Capital Corp. (the "Company") was incorporated pursuant to the provisions of the Business Corporations Act of British Columbia on June 22, 2020. The Company listed on the TSX Venture Exchange ("TSXV") and classified as a capital pool company as defined by TSXV Policy 2.4 ("Policy 2.4"). The Company's objective is to complete a Qualifying Transaction ("QT") as defined under Policy 2.4 by identifying and evaluating potential business acquisitions and to subsequently negotiate acquisition or participation agreements subject to regulatory and shareholder approvals. The shares in the Company were listed on the TSXV on February 1, 2021 under the trading symbol "RLT.P".

On March 17, 2022, the Company signed a non-binding letter of intent (the "LOI") with Selten Metal Corp. ("Selten Metal"), an arm's length private company incorporated under the laws of British Columbia, to effect a transaction that would result in a reverse takeover of Railtown by Selten Metal.

These condensed interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for the next twelve months. As at August 31, 2022, the Company had working capital of \$736,457 (November 30, 2021 - \$794,771). The Company estimates it has sufficient funds to continue operations for the next twelve months.

The Company's corporate office is located at Suite 2200 - 885 West Georgia Street, Vancouver, BC V6C 3E8.

### 2. Basis of preparation

#### Statement of compliance

These condensed interim financial statements have been presented in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"), effective for the Company's reporting for the period ended August 31, 2022 including IAS 34, *Interim Financial Reporting*.

#### Basis of measurement and functional currency

These condensed interim financial statements have been prepared on a historical cost basis, except for any financial assets and liabilities held at fair value, as explained in the accounting policies set out below. These condensed interim financial statements are presented in Canadian dollars, which is also the functional currency of the Company.

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

These condensed interim financial statements were approved by the board of directors on October 24, 2022.

### 3. Accounting policies and judgements

These condensed interim financial statements have been prepared on a basis consistent with the significant accounting policies disclosed in the annual financial statements for the year ended November 30, 2021.

### 4. Share capital

a) **Authorized:** Unlimited common shares without par value.

#### b) Shares issued

Common shares: 13,000,000 (November 30, 2021 – 13,000,000).

## Railtown Capital Corp.

### Notes to the Condensed Interim Financial Statements

For the nine months ended August 31, 2022 and 2021

(Unaudited - expressed in Canadian dollars)

During the period ended August 31, 2022, the Company did not issue any shares.

During the year ended November 30, 2021, the Company:

- Completed its initial public offering (the "Offering" or "IPO") on January 28, 2021, issuing 5,000,000 common shares ("Common Shares") in the capital of the Company at a price of \$0.10 per Common Share for gross proceeds of \$500,000. Pursuant to the completion of the IPO, the Company paid \$85,560 in cash share issuance costs and issued 500,000 agents' warrants, each warrant exercisable into one Common Share at an exercise price of \$0.10, expiring 60 months from the date that the Common Shares are listed on the TSXV; and
- Concurrent with the IPO, the Company completed a non-brokered private placement, issuing 3,000,000 common shares at a price of \$0.10 per Common Share for gross proceeds of \$300,000.

#### c) Stock options

The Company adopted a stock option plan whereby the Company may grant options with a maximum term of ten years, for up to 10% of the Company's issued and outstanding common shares, to directors, officers, employees and consultants at exercise prices to be determined by the market value on the date of grant. The number of common shares reserved for issuance to any individual director or officer will not exceed 5% of the issued and outstanding common shares, and the number of common shares reserved for issuance to all technical consultants will not exceed 2% of the issued and outstanding common shares. Incentive stock options issued have an immediate vesting term, unless vesting is imposed by the Company's board of directors.

The Company's share options outstanding as at August 31, 2022 and November 30, 2021 and the changes for the periods then ended are as follows:

	Number of options	Weighted average exercise price
	#	\$
<b>Balance as at November 30, 2020</b>	-	-
Granted – January 28, 2021	1,300,000	0.10
<b>Balance as at August 31, 2022 and November 30, 2021</b>	<b>1,300,000</b>	<b>0.10</b>

The following table summarizes information about the share options as at August 31, 2022:

Exercise price per share of options outstanding	Number of options outstanding	Weighted average remaining life (years)	Number of options exercisable	Expiry date
\$0.10	1,300,000	8.42	1,300,000	January 28, 2031

During the nine months ended August 31, 2022, the Company recorded share-based compensation expense of \$nil (2021 - \$96,088). The fair value of options recognized in the period has been estimated using the Black-Scholes option pricing model with the following assumptions on the grant date of the options:

	2022	2021
Risk-free rate	-	0.41%
Expected life of options (years)	-	5 years
Annualized volatility	-	100%
Grant date fair value per option	-	\$0.07
Dividend rate	-	Nil
Forfeiture rate	-	Nil

## Railtown Capital Corp.

### Notes to the Condensed Interim Financial Statements

For the nine months ended August 31, 2022 and 2021

(Unaudited - expressed in Canadian dollars)

#### d) Warrants

The Company's warrants outstanding as at August 31, 2022 and November 30, 2021 and the changes for the periods then ended are as follows:

	Number of warrants	Weighted average exercise price
	#	\$
Balance as at November 30, 2020	-	-
Granted – January 28, 2021	500,000	0.10
<b>Balance as at August 31, 2022 and November 30, 2021</b>	<b>500,000</b>	<b>0.10</b>

The following table summarizes information about the warrants as at August 31, 2022:

Exercise price per share of warrants outstanding	Number of warrants outstanding	Weighted average remaining life (years)	Expiry date
\$0.10	500,000	3.41	January 28, 2026

The fair value of warrants recognized in the period has been estimated using the Black-Scholes option pricing model with the following assumptions on the grant date of the warrants:

	2022	2021
Risk-free rate	-	0.41%
Expected life of options (years)	-	5 years
Annualized volatility	-	100%
Grant date fair value per warrant	-	\$0.07
Dividend rate	-	Nil
Forfeiture rate	-	Nil

#### 5. Related party transactions

The Company's related parties consist of key management, which includes the Company's directors and officers, and any companies associated with them.

During the three and nine months ended August 31, 2022, there were no transactions with related parties:

During the three and nine months ended August 31, 2021, the Company entered into the following transaction with related parties:

- Effective January 28, 2021, the Company issued a total of 1,300,000 incentive stock options to directors and officers of the Company in accordance with the terms of the Company's stock option plan. The options are exercisable for up to 10 years at a price of \$0.10 per share. The Company recognized \$nil and \$96,088 in share-based compensation vested to directors and officers of the Company.

#### 6. Financial instruments and risk management

##### Classification of financial instruments

The Company's financial instruments consist of cash and accounts payable and accrued liabilities. These financial instruments are classified as financial assets and liabilities at amortized cost and are reported at amortized cost.

## Railtown Capital Corp.

### Notes to the Condensed Interim Financial Statements

For the nine months ended August 31, 2022 and 2021

(Unaudited - expressed in Canadian dollars)

The classification of the financial instruments as well as their carrying values as at August 31, 2022 is shown in the table below.

<b>At August 31, 2022</b>	<b>Assets – Amortized cost</b>	<b>Liabilities – Amortized cost</b>	<b>Total</b>
	\$	\$	\$
<b>Financial assets</b>			
Cash	712,424	-	712,424
Total financial assets	712,424	-	712,424
<b>Financial liabilities</b>			
Accounts payable and accrued liabilities	-	9,674	9,674
Total financial liabilities	-	9,674	9,674

The classification of the financial instruments as well as their carrying values as at November 30, 2021 is shown in the table below.

<b>At November 30, 2021</b>	<b>Assets – Amortized cost</b>	<b>Liabilities – Amortized cost</b>	<b>Total</b>
	\$	\$	\$
<b>Financial assets</b>			
Cash	800,499	-	800,499
Total financial assets	800,499	-	800,499
<b>Financial liabilities</b>			
Accounts payable and accrued liabilities	-	5,728	5,728
Total financial liabilities	-	5,728	5,728

Note that the fair values approximate the carrying values due to their short-term nature.

#### Financial and capital risk management

The Company examines the various financial instruments and risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include foreign currency risk, interest rate risk, credit risk, and liquidity risk. Where material, these risks are reviewed and monitored by the Board of Directors.

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

Discussions of risks associated with financial assets and liabilities are detailed below:

##### a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a cash loss is limited as the Company's liabilities are non-interest bearing. As at August 31, 2022, the Company is not exposed to any significant interest rate risk.

##### b) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash held with banks and financial institutions. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The Company considers credit risk with respect to its cash to be immaterial as cash is held through large Canadian financial institutions.

## **Railtown Capital Corp.**

### **Notes to the Condensed Interim Financial Statements**

For the nine months ended August 31, 2022 and 2021

*(Unaudited - expressed in Canadian dollars)*

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#### **c) Liquidity risk**

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they become due. The Company manages its liquidity risk by continuously monitoring forecasted and actual cash flows, as well as anticipated investing and financing activities. Accounts payable and accrued liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. The Company has working capital of \$736,457 at August 31, 2022.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern. In the management of capital, the Company includes its components of shareholders' equity.

The capital structure of the Company consists of equity attributable to common shareholders, comprised of issued capital and deficit. The Company maintains and adjusts its capital structure based on changes in economic conditions and the Company's planned requirements. The Company may adjust its capital structure by issuing new equity, issuing new debt, or acquiring or disposing of assets, and controlling the capital expenditures program. The Company does not have a source of revenue. As such, the Company is dependent on external financing to fund its activities. In order to pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

Management reviews its capital management policies on an ongoing basis. The Company is not subject to any externally imposed capital requirements.