

Railtown Capital Corp.

Management's Discussion and Analysis for the Period Ended August 31, 2023

This Management's Discussion and Analysis ("MD&A") for the period ended August 31, 2023, prepared as of October 19, 2023, should be read in conjunction with the unaudited condensed interim financial statements for the three and nine months ended August 31, 2023 of Railtown Capital Corp. (the "Company" or "Railtown"), together with the audited financial statements of the Company for the year ended November 30, 2022, as well as the accompanying MD&A for the period then ended (the "Annual MD&A"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts included in this MD&A are expressed in Canadian dollars unless otherwise indicated.

COMPANY OVERVIEW

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 is 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".

COMPANY HIGHLIGHTS

Current highlights (including subsequent events up to October 19, 2023) include:

Proposed Qualifying Transaction

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. On September 15, 2022, the LOI with Selten Metal expired and the parties have decided not to renew the LOI. As a result, the Company will be continuing its efforts to identify and evaluate alternative potential business acquisitions.

BUSINESS OVERVIEW

Railtown is working to complete a QT in order to qualify as a Tier 1 or Tier 2 Issuer on the TSXV. Any proposed qualifying transaction is still subject to approval by the Exchange and there can be no assurance that in the event that a QT is secured and approved that the Company will be able to secure any necessary financing.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of the Company's quarterly results for the last eight quarters ending with the most recently completed quarter, being August 31, 2023:

Three months ended (\$)	August 31, 2023	May 31, 2023	February 28, 2023	November 30, 2022
	\$	\$	\$	\$
Net loss	(13,161)	(29,628)	(16,077)	(34,860)
Net loss per share – (basic and diluted) ¹	(0.00)	(0.00)	(0.00)	(0.00)
Total assets	654,201	682,279	690,653	714,004

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Three months ended (\$)	August 31, 2022	May 31, 2022	February 28, 2022	November 30, 2021
	\$	\$	\$	\$
Net loss	(8,627)	(28,100)	(21,587)	(5,401)
Net loss per share – (basic and diluted) ¹	(0.00)	(0.00)	(0.00)	(0.00)
Total assets	746,131	801,480	792,952	800,499

¹ The basic and diluted loss per share calculation results in the same value due to the net loss, and resulting anti-dilutive effect of outstanding options and warrants.

RESULTS OF OPERATIONS**Three and Nine months ended August 31, 2023**

During the three and nine months ended August 31, 2023, the Company reported a net loss of \$13,161 and \$58,866, respectively or a loss of \$0.00 and \$0.00 per share (2022 - \$8,627 and \$58,314 or a loss of \$0.00 and \$0.00 per share). The most significant expenses were as follows:

Professional fees - \$8,646 and \$44,818 (2022 - \$6,139 and \$41,236)

The Company incurred \$8,646 and \$44,818 in professional fees for the three and nine months ended August 31, 2023. Professional fees include legal assistance for corporate and regulatory matters as well as accounting fees.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES**Net working capital including cash**

As at August 31, 2023, the Company had \$651,107 in cash and working capital of \$642,731. The decrease in working capital during the period was primarily due to the Company's net loss of \$58,866 less changes in non-cash working capital items.

Operating activities

Cash used in operating activities for the nine months ended August 31, 2023 was \$58,863. The cash used in operating activities related to the Company's net loss for the period as well as the Company's changes in working capital items.

Capital expenditures

There were no capital expenditures during the period.

Liquidity and capital resources

As at August 31, 2023, the Company had a working capital of \$642,731. The Company is dependent on external financing to fund its activities. There can be no assurance that financing, whether debt or equity, will always be available to the Company in the amount required at any particular time or for any particular period or, if available, that it can be obtained on terms satisfactory to it.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

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, 2023 and 2022, the Company did not enter into any transactions with related parties.

During the three and nine months ended August 31, 2023 and 2022, no compensation was paid or payable to key management for employee services.

FINANCIAL INSTRUMENTS

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.

The classification of the financial instruments as well as their carrying values as at August 31, 2023 is shown in the table below

At August 31, 2023	Assets – Amortized cost	Liabilities – Amortized cost	Total
	\$	\$	\$
Financial assets			
Cash	651,107	-	651,107
Total financial assets	651,107	-	651,107
Financial liabilities			
Accounts payable and accrued liabilities	-	11,470	11,470
Total financial liabilities	-	11,470	11,470

The classification of the financial instruments as well as their carrying values as at November 30, 2022 is shown in the table below.

At November 30, 2022	Assets – Amortized cost	Liabilities – Amortized cost	Total
	\$	\$	\$
Financial assets			
Cash	709,970	-	709,970
Total financial assets	709,970	-	709,970
Financial liabilities			
Accounts payable and accrued liabilities	-	12,407	12,407
Total financial liabilities	-	12,407	12,407

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

Financial and capital risk management

The Company thoroughly 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, 2023, 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.

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. As at August 31, 2023, the Company has working capital of \$642,731.

Management of capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of and retention of its mineral properties. 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, reserves 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 is not subject to externally imposed capital requirements.

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. There were no changes in the Company's approach to capital management during the nine months ended August 31, 2023.

CRITICAL JUDGMENTS IN APPLYING ACCOUNTING POLICIES

The critical judgments that the Company's management has made in the process of applying the Company's accounting policies with the most significant effect on the amounts recognized in the Company's financial statements are as follows:

a) Going concern

In preparing the financial statements on a going concern basis, Management's critical judgment is that the Company will be able to meet its obligations and continue its operations for the next twelve months. As at August 31, 2023, the Company had a deficit of \$415,047 (November 30, 2022 - \$356,181), and working capital of \$642,731 (November 30, 2022 - \$701,597). The Company estimates it has sufficient funds to continue operations for the next 12 months.

KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements requires that the Company's management make assumptions and estimates of effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period. Actual results may differ from those estimates as the estimation process is inherently uncertain. Actual future outcomes could differ from present estimates and assumptions, potentially having material future effects on the Company's financial statements. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

The significant assumptions about the future and other major sources of estimation uncertainty as at the end of the reporting period that have a significant risk of resulting in a material adjustment to the carrying amounts of the Company's assets and liabilities are as follows:

a) Deferred income taxes

Deferred income tax assets and liabilities are measured using enacted or substantively enacted tax rates at the reporting date in effect for the period in which the temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized as part of the provision for income taxes in the period that includes the enactment date. The recognition of deferred income tax assets is based on the assumption that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

b) Share-based compensation

Management uses the Black-Scholes option pricing model to determine the fair value of employee stock options. This model requires assumptions of the expected future price volatility of the Company's common shares, expected life of the options, future risk-free interest rates and the dividend yield of the Company's common shares.

SECURITIES OUTSTANDING

Authorized share capital: The Company can issue an unlimited number of common shares with no par value.

Issued and Outstanding Common Shares as at October 19, 2023	13,000,000
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	Expiry date	Exercise Price	Number
Options	January 28, 2031	0.10	1,300,000
Warrants	January 28, 2026	0.10	500,000

Fully Diluted	14,800,000
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DISCLOSURE OF CONTROLS AND PROCEDURES

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the condensed interim financial statements for the three and nine months ended August 31, 2023 and this accompanying MD&A (together, the "Interim Filings").

In contrast to the full certificate under NI 52-109 the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information, the reader should refer to the Venture Issuer Basic Certificates filed by the Company with its filings on SEDAR+ at www.sedarplus.ca.

RISKS AND UNCERTAINTIES

Financing risks

The Company has incurred losses since inception. The continued operations of the Company are dependent on its ability to generate future cash flow and obtain additional financing. The Company has financed its cash requirements through the issuance of common shares. As at August 31, 2023, the Company estimates it has sufficient funds to continue its operations for the next 12 months.

The Company is currently in the process of identifying and evaluating potential business acquisitions in order to complete a QT and has no source of revenue. There can be no assurance that the Company will successfully identify a business to complete a QT or have the necessary financial resources to complete a QT. There can be no assurance that the Company will be able to successfully obtain the necessary financing in the future.

FORWARD-LOOKING INFORMATION

The Company's condensed interim financial statements for the period ended August 31, 2023, and this accompanying MD&A, contain statements that constitute "forward-looking statements" within the meaning of National Instrument 51-102, Continuous Disclosure Obligations of the Canadian Securities Administrators. It is important to note that, unless otherwise indicated, forward-looking statements in this MD&A describe the Company's expectations up to the date of the MD&A.

Forward-looking statements often, but not always, are identified by the use of words such as "seek", "anticipate", "believe", "plan", "estimate", "expect", "targeting" and "intend" and statements that an event or result "may", "will", "should", "could", or "might" occur or be achieved and other similar expressions. Forward-looking statements in this MD&A include statements regarding the Company's future plans and expenditures, the satisfaction of rights and performance of obligations under agreements to which the Company is a part, the ability of the Company to hire and retain employees and consultants and estimated administrative assessment and other expenses. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements

of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Factors that could cause the actual results to differ include market prices, continued availability of capital and financing, inability to obtain required regulatory approvals and general market conditions. These statements are based on a number of assumptions, including assumptions regarding general market conditions, the timing and receipt of regulatory approvals, the ability of the Company and other relevant parties to satisfy regulatory requirements, the availability of financing for proposed transactions and programs on reasonable terms acceptable to the Company and the ability of third-party service providers to deliver services in a timely manner. Some of these risks and uncertainties are identified under the heading **"RISKS AND UNCERTAINTIES"** as disclosed elsewhere in this MD&A. Additional information regarding these factors and other important factors that could cause results to differ materially may be referred to as part of particular forward-looking statements.

Forward-looking statements contained herein are made as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise except as required by securities law. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

OUTLOOK

Railtown Capital Corp. is continuing to work towards completing a Qualifying Transaction in order to qualify as a Tier 1 or Tier 2 Issuer on the TSXV.