
Railtown Capital Corp.
(a capital pool company)

Condensed Interim Financial Statements

For the Three and Nine Months Ended August 31, 2024 and 2023
(Unaudited - expressed in Canadian Dollars)

**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 (Loss) Income and Comprehensive (Loss) Income

For the Three and Nine Months Ended August 31, 2024 and 2023

(Unaudited - expressed in Canadian dollars)

	Three months ended		Nine months ended	
	2024	August 31, 2023	2024	August 31, 2023
	\$	\$	\$	\$
Expenses				
Filing fees	2,585	4,276	12,873	13,341
General office and administration	-	-	240	-
Interest and bank charges	218	239	801	707
Professional fees	6,684	8,646	37,314	44,818
Share-based compensation (Note 5 and 6)	-	-	241,344	-
Loss before other income	(9,487)	(13,161)	(292,572)	(58,866)
Other income				
Interest income (Note 4)	12,606	-	31,705	-
(Loss) income and comprehensive (loss) income for the period	3,119	(13,161)	(260,867)	(58,866)
(Loss) earnings per share				
Basic and diluted	0.00	(0.00)	(0.01)	(0.00)
Weighted average number of shares outstanding				
Basic	19,500,000	13,000,000	19,500,000	13,000,000
Diluted	20,863,107	13,000,000	19,500,000	13,000,000

Railtown Capital Corp.
Condensed Interim Statements of Cash Flows
For the Nine Months Ended August 31, 2024 and 2023
(Unaudited - expressed in Canadian dollars)

	August 31 2024	August 31 2023
	\$	\$
Cash (used in) provided by:		
Operating activities		
Loss for the period	(260,867)	(58,866)
Items not involving cash:		
Share-based compensation (Note 5)	241,344	-
Change in non-cash working capital items:		
Accounts payable and accrued liabilities	(26,775)	(937)
Prepaid expenses	(1,960)	940
Net cash used in operating activities	(48,258)	(58,863)
Decrease in cash and cash equivalents	(48,258)	(58,863)
Cash and cash equivalents - beginning of period	1,295,068	709,970
Cash and cash equivalents - end of period	1,246,810	651,107

Railtown Capital Corp.
Condensed Interim Statements of Changes in Equity
For the Nine Months Ended August 31, 2024 and 2023
(Unaudited - expressed in Canadian dollars)

	Number of common shares	Share capital	Contributed surplus	Accumulated deficit	Total
	#	\$	\$	\$	\$
Balance, November 30, 2022	13,000,000	924,733	133,045	(356,181)	701,597
Loss for the period	-	-	-	(58,866)	(58,866)
Balance, August 31, 2023	13,000,000	924,733	133,045	(415,047)	642,731
Shares issued pursuant to private placement (Note 5)	6,500,000	650,000	-	-	650,000
Less: Share issuance costs (Note 5)	-	(17,224)	-	-	(17,224)
Loss for the period	-	-	-	(16,485)	(16,485)
Balance, November 30, 2023	19,500,000	1,557,509	133,045	(431,532)	1,259,022
Share-based compensation (Note 5)	-	-	241,344	-	241,344
Loss for the period	-	-	-	(260,867)	(260,867)
Balance, August 31, 2024	19,500,000	1,557,509	374,389	(692,399)	1,239,499

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, 2024 and 2023

(Unaudited - expressed in Canadian dollars)

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".

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, 2024, the Company had a deficit of \$692,399 (November 30, 2023 - \$431,532) and working capital of \$1,239,499 (November 30, 2023 - \$1,259,022). 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 IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), effective for the Company's reporting for the period ended August 31, 2024 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 29, 2024.

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, 2023.

4. Cash and cash equivalents

As at August 31, 2024, cash and cash equivalents included \$1,100,000 (November 30, 2023 - \$nil) invested in a 90-day guaranteed investment certificate ("GIC"). The GIC matures on November 6, 2024 and accrues interest at 4% per annum.

During the three and nine months ended August 31, 2024, the Company earned interest income from its GIC and savings account of \$12,606 and \$31,705 (2023 - \$nil and \$nil).

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5. Share capital

a) Authorized: Unlimited common shares without par value.

b) Shares issued

Common shares: 19,500,000 (November 30, 2023 – 19,500,000).

During the nine months ended August 31, 2024, the Company did not issue any shares.

During the year ended November 30, 2023, the Company:

- Completed a non-brokered private placement for aggregate gross proceeds of \$650,000 through the issuance of 6,500,000 common shares of the Company ("Shares") at a price of \$0.10 per Share (the "Offering"). Pursuant to the Offering, the Company incurred \$17,224 in cash share issuance costs.

c) Escrowed shares and options

On January 28, 2021, the Company entered into an Escrow Agreement (the "Escrow Agreement") in accordance with Policy 2.4, with certain shareholders and 5,560,000 common shares and 1,300,000 stock options were placed in escrow.

Pursuant to the non-brokered private placement completed during the year ended November 30, 2023, 100,000 common shares were placed in escrow.

During the nine months ended August 31, 2024, the Company granted 600,000 stock options to certain directors and an officer of the Company. The 600,000 stock options were placed in escrow.

Subject to Policy 2.4, the escrowed common shares and stock options will be released from escrow as follows: 25% on the completion of Qualifying Transaction, and 25% on each of the dates 6 months, 12 months and 18 months following the initial release.

As at August 31, 2024, 5,660,000 (November 30, 2023 – 5,660,000) common shares and 1,900,000 (November 30, 2023 – 1,300,000) stock options were held in escrow.

d) 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.

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During the nine months ended August 31, 2024, the Company:

- Granted 600,000 stock options to certain directors and an officer of the Company. Each stock option entitles the holder to purchase one common share of the Company at an exercise price of \$0.53 per share for a 10-year period. The stock options vested immediately. The weighted average fair value per option was \$0.40. The fair value of the options was estimated using the Black-Scholes option pricing model with the following assumptions on the grant date of the options: risk-free rate – 3.52%; stock price - \$0.53; expected life – 5 years; volatility – 100%; dividend rate – 0%; and forfeiture rate – 0%.

During the year ended November 30, 2023, the Company did not grant any stock options.

During the three and nine months ended August 31, 2024, the Company recorded share-based compensation expense of \$nil and \$241,344 (2023 - \$nil and \$nil).

The Company's stock options outstanding as at August 31, 2024 and November 30, 2023 and the changes for the periods then ended are as follows:

	Number of options	Weighted average exercise price
	#	\$
Balance as at November 30, 2023 and 2022	1,300,000	0.10
Granted	600,000	0.53
Balance as at August 31, 2024	1,900,000	0.24

The following table summarizes information about the stock options as at August 31, 2024:

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	6.41	1,300,000	January 28, 2031
\$0.53	600,000	9.51	600,000	March 3, 2034

e) Warrants

The Company's warrants outstanding as at August 31, 2024 and November 30, 2023 and the changes for the periods then ended are as follows:

	Number of warrants	Weighted average exercise price
	#	\$
Balance as at November 30, 2023 and 2022	500,000	0.10
Issued	-	-
Balance as at August 31, 2024	500,000	0.10

The following table summarizes information about the warrants as at August 31, 2024:

Exercise price per share of warrants outstanding	Number of warrants outstanding	Weighted average remaining life (years)	Expiry date
\$0.10	500,000	1.41	January 28, 2026

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6. 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 nine months ended August 31, 2024, the Company granted a total of 600,000 stock options to certain directors and an officer of the Company. The stock options are exercisable for up to 10 years at a price of \$0.53 per share. During the three and nine months ended August 31, 2024, the Company recorded share-based compensation of \$nil and \$241,344 as a result of the grant of the options.

During the three and nine months ended August 31, 2023, the Company did not enter into any transactions with related parties.

During the three and nine months ended August 31, 2024 and 2023, no compensation was paid or payable to key management for employee services.

7. Financial instruments and risk management

Classification of financial instruments

The Company's financial instruments consist of cash and cash equivalents 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, 2024 is shown in the table below.

At August 31, 2024	Assets – Amortized cost	Liabilities – Amortized cost	Total
	\$	\$	\$
Financial assets			
Cash and cash equivalents	1,246,810	-	1,246,810
Total financial assets	1,246,810	-	1,246,810
Financial liabilities			
Accounts payable and accrued liabilities	-	10,818	10,818
Total financial liabilities	-	10,818	10,818

The classification of the financial instruments as well as their carrying values as at November 30, 2023 is shown in the table below.

At November 30, 2023	Assets – Amortized cost	Liabilities – Amortized cost	Total
	\$	\$	\$
Financial assets			
Cash and cash equivalents	1,295,068	-	1,295,068
Total financial assets	1,295,068	-	1,295,068
Financial liabilities			
Accounts payable and accrued liabilities	-	37,593	37,593
Total financial liabilities	-	37,593	37,593

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

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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, 2024, the Company was 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 and cash equivalents 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 and cash equivalents to be immaterial as cash and cash equivalents are 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, 2024, the Company had working capital of \$1,239,499.

8. Management of capital

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.