

RAILTOWN AI TECHNOLOGIES INC.

Management's Discussion and Analysis of Financial Position and Results of Operations For the period ended March 31, 2026

General

This Management Discussion and Analysis ("MD&A") has been prepared by management as of May 30, 2026 of the financial position of the Company and results of operations for the period ended March 31, 2026 and should be read in conjunction with the audited consolidated financial statements of Railtown AI Technologies Inc. ("Railtown" or the "Company") for the year ended September 30, 2025. The audited consolidated financial statements have been prepared in accordance IFRS Accounting Standards ("IFRS") as issued by International Accounting Standards Board ("IASB").

All amounts are expressed in Canadian Dollars unless otherwise indicated.

Forward Looking Statements

Certain statements in this Management Discussion and Analysis (the "MD&A") are forward-looking statements or information (collectively "**forward-looking statements**"). The Company is providing cautionary statements identifying important factors that could cause the Company's actual results to differ materially from those projected in these forward-looking statements. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "may", "anticipates", "is expected to", "estimates", "intends", "plans", "projection", "could", "vision", "goals", "objective" and "outlook") are not historical facts and may be forward-looking. The Company has based the forward-looking statements largely on its current estimates, assumptions and projections about future events and trends that it believes, as of the date of this MD&A, may affect its business, financial condition, and results of operations. These forward-looking statements include, among other things, statements relating to: the development, functionality, commercialization, release and adoption of the Company's AI software and its various editions; the Company's phased plan to market its software to targeted groups; the business, operations and profitability of the Company; and the business objectives and milestones of the Company.

Forward-looking statements are based on the then-current expectations, beliefs, assumptions, estimates and forecasts about the Company's business and the industry and markets in which it operates. In making the forward-looking statements included in this MD&A, the Company has made various assumptions, including, among others, that: the Company's current corporate activities will proceed as expected; general business and economic conditions will not change in a material adverse manner; budgeted costs and expenditures are and will continue to be accurate; future currency exchange and interest rates will remain consistent with the Company's expectations; the Company will be able to attract and retain skilled personnel; the political, legal and regulatory environments in which the Company operates will remain stable; any required governmental, regulatory and third-party approvals, licenses and permits will be obtained on favourable terms; and financial and capital markets will remain stable. Although management believes that these assumptions are reasonable, they may prove to be incorrect.

By their nature, forward-looking statements involve numerous inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes may not occur or may be delayed. The risks and uncertainties, many of which are beyond the Company's control, include, but are not limited to: the ability of the Company to complete the development of its products and establish a market for them; competitive conditions in the software-as-a-service (SaaS) industry which could prevent the Company from becoming profitable; the effectiveness and efficiency of advertising and promotional expenditures to generate interest in the Company's products; the volatility of the price of the Common Shares on the CSE; the inability to secure additional financing; the Company's intention not to pay dividends; claims, lawsuits and other legal proceedings and challenges; conflicts of interest with directors and management; and other relevant factors.

Factors that could cause the Company's actual results to differ from the forward-looking statements include its history of losses from operations; technology risks; its ability to obtain the additional financing required

RAILTOWN AI TECHNOLOGIES INC.

Management's Discussion and Analysis of Financial Position and Results of Operations **For the period ended March 31, 2026**

to meet long-term goals; its dependence on key personnel, including its executive officers; and uninsured risks. These factors are not exhaustive.

Further, any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by applicable law, the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. There can be no assurance that such information or statements will prove to be accurate, and accordingly, readers should not place undue reliance on forward-looking statements.

All of the forward-looking statements contained in this MD&A are expressly qualified by the foregoing cautionary statements.

It is important to note that:

- Unless otherwise indicated, forward-looking statements in this MD&A describe the Company's expectations as May 30, 2026.
- 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.

Going Concern

As at March 31, 2026, the Company is not able to finance day to day activities through operations. The Company is in the business of building AI developer tools and agentic frameworks that by its nature involves a high degree of risk. There can be no assurance that the Company's business and strategy will enable it to become profitable or sustain profitability in future periods. Additionally, the Company estimates that it will need additional capital to operate for the upcoming year. These material uncertainties may cast significant doubt on 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.

The Company's business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, tariffs, changes in laws, and national and international circumstances. Recent geopolitical events and potential economic global challenges such as the risk of higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company's business.

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 did not complete its IPO at that time, maintained its reporting issuer status, and was no longer classified as a Capital Pool Company. On August 15, 2019, the Company changed its name to Railtown AI Technologies Inc. On November 1, 2019, the Company entered into a Technology Transfer

RAILTOWN AI TECHNOLOGIES INC.

Management's Discussion and Analysis of Financial Position and Results of Operations
For the period ended March 31, 2026

Agreement, acquiring from certain vendors the rights to software technology, the development and subsequent commercialization of which became the Company's ongoing business.

The Company has two wholly owned subsidiaries, Railtown AI Tool Corporation, a company incorporated under the Business Corporations Act (British Columbia) on September 23, 2024 and AI Partnerships Corp, a company amalgamated under the Canada Business Corporations Act on October 1, 2025 ("AIP"). AIP was created through the amalgamation of AI Partnerships Corp., a company incorporated under the Canada Business Corporations Act on April 30, 2020 ("Old AIP"), and 17366400 Canada Inc., a company incorporated under the Canada Business Corporations Act on October 1, 2025 ("17366400"), pursuant to the terms of an amalgamation agreement between the Company, Old AIP and 17366400 dated October 6, 2025.

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

The Company operates with two business units: **Railtown** and **AIP**.

Railtown

Railtown provides the frameworks, orchestration, and observability required to build scalable and reliable enterprise-grade agents and agent solutions.

As organizations increasingly rely on large language models and AI agents to perform complex tasks, Railtown bridges the critical gap between model capability and real-world execution. The Company's platform empowers development teams to build intelligent agents that are explainable, observable, cost-controlled, and production-ready — delivering trust, performance, and accountability at scale.

Railtown's platform is designed with three interacting products: **Railtracks™**, which enables construction of the agent; **Railengine™**, which ingests data; and **Conductr™**, which provides observability of the agent. Together, these technologies form a complete, enterprise-grade stack for agentic AI development.

AIP

AIP has created an affiliate network comprising over 180 AI companies delivering solutions across a broad spectrum of industries, including healthcare, manufacturing, fintech and telecommunications. The network brings together innovators, solution providers, and niche specialists, creating a vibrant ecosystem of AI expertise and applied technology.

Railtown's acquisition of AIP allows the Company to extend the reach and utility of its core agentic AI platform. By integrating Railtown's stack with AIP's affiliate network, AIP is expected to become a launchpad for an agent publishing marketplace, enabling network members to:

- **Build and deploy agentic AI solutions faster**, leveraging Railtown's ADK (Railtracks), ingestion engine (Railengine), and observability platform (Conductr).
- **Reach new customers** - through a centralized marketplace, connecting AI solutions to enterprises that require pre-vetted, production-ready agents.
- **Monetize AI innovations efficiently**, turning proprietary models, workflows, or connectors into deployable agent products.

RAILTOWN AI TECHNOLOGIES INC.

Management's Discussion and Analysis of Financial Position and Results of Operations
For the period ended March 31, 2026

- **Collaborate across industries**, combining domain-specific knowledge with advanced AI orchestration to deliver sophisticated, multi-agent solutions.

This synergistic ecosystem permits the Company to both provide the technology infrastructure and, through AIP, provide the expertise and marketplace reach, accelerating the adoption of agentic AI solutions across multiple verticals.

Liquidity and Capital Resources

As at March 31, 2026, the Company had a working capital of \$4,445,656 (September 30, 2025 – working capital deficiency of \$411,798).

During the period ended March 31, 2026, the Company had the following cash flows:

- i) cash used in operating activities of \$2,265,764 (2025 – \$1,734,384) relating to the statement of comprehensive income (loss) adjusted for non-cash items.
- ii) cash used in investing activities of \$81,853 (2025 – \$nil) relating to purchase of equipment and furniture and cash from AIP acquisition.
- iii) cash provided by financing activities of \$5,804,673 (2025 – \$2,034,153) related to proceeds from exercise of warrants.

As such, at March 31, 2026, the Company had cash on hand of \$4,373,236 (September 30, 2025 -- \$752,474).

Subsequent to the period ended March 31, 2026, the Company:

- i) issued 533,465 common shares pursuant to exercise of warrants.
- ii) Issued 100,000 common shares pursuant to exercise of options.

Acquisition of AIP

On November 26, 2025 the "Effective Date"), the Company issued 49,476,251 common shares (the "Consideration Shares") at a fair value of 22,759,075 pursuant to an Amalgamation Agreement with AI Partnerships Corp. ("AIP") to acquire all the outstanding share of AIP. These common shares are subject to certain escrow and contractual obligations on the following basis:

- i) Approximately 10 million common shares (the "Escrow Shares") are placed in escrow upon closing on the following basis:
 - a. Approximately 1 million Escrow Shares (the "Indemnity Shares") will be subject to cancellation for no consideration in the event Railtown makes an indemnification claim prior to the date that is 12 months from the Effective Date, with one common share being cancelled for every \$0.50 of the Company's claim; and
 - b. 50% of the Escrow Shares (including any Indemnity Shares that were not cancelled) will be eligible for release from escrow upon the Company recording annual recurring revenue from AIP Affiliates equal to or greater than \$1 million from the Effective Date to the date that is 36 months from the Effective Date (the "First Milestone") and the remaining 50% of the Escrow Shares will be eligible for release from escrow upon Railtown recording annual recurring revenue from AIP Affiliates equal to or greater than \$2,000,000 (the "Second Milestone") from the Effective Date to the date that is 36 months from the Effective Date. If the First Milestone and/or Second Milestone are not met by the date that is 36 months from the

RAILTOWN AI TECHNOLOGIES INC.

Management's Discussion and Analysis of Financial Position and Results of Operations For the period ended March 31, 2026

Effective Date, the Escrow Shares that were to be released upon satisfaction of such milestone will be cancelled for no consideration.

- c. All other Consideration Shares received by the Key AIP Shareholders (the "Key Shareholder Shares") are placed into escrow on the Effective Date and released in equal quarterly instalments during the 36 months following the Effective Date; and
- d. All other Consideration Shares are subject to a contractual restriction on transfer pursuant to the Amalgamation Agreement with 10% of such shares being released from any restriction on transfer as of the Effective Date and the remainder being released in six equal instalments of 15% on a quarterly basis until the date that is 18 months from the Effective Date.

The acquisition was accounted for under IFRS 3 – Business Combinations and not as an asset acquisition. The consideration paid and the allocation of the consideration to the fair value of the assets acquired and liabilities assumed in the acquisition on November 26, 2025 are as follows:

Purchase Consideration:		
Share capital	\$	22,759,075
		22,759,075
Net assets acquired		
Cash		84,852
Non-trade receivables		74,600
Fair Value of net assets		159,452
Goodwill	\$	22,599,623

Goodwill is attributed to AIP's partnerships and world-wide affiliate network of AI-as-a-Service based companies.

Contractual Obligations

Leased Office

The Company is committed to a 5-year agreement for an office space located at suite 490 – 580 Hornby Street, until May 2027.

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.

RAILTOWN AI TECHNOLOGIES INC.

Management's Discussion and Analysis of Financial Position and Results of Operations

For the period ended March 31, 2026

Results of Operations for the six months ended March 31, 2026

For the six months ended March 31, 2026, the Company had a net loss of \$1,192,717 (2025 - \$2,386,557).

The significant differences between the two fiscal years include:

- Consulting fees of \$ 467,294 (2025 - \$196,563) increased due to an increased expenditure on consultants engaged in areas related to Corporate Finance during the current period in addition to onboarding AIP personnel receiving compensation as consultants.
- Gain on change in fair value of warrants of \$1,308,049 (2025 - \$457,745) primarily increased due to the revaluation of the derivative liability associated with the unit warrants and their expiry during the current period.
- Filing fees of \$91,421 (2025 - \$47,427) increased due to increased listing costs due the the increase in the Company's market capitalization.
- Investor relations of \$202,173 (2025 - \$201,188) had no material change compared to the prior period.
- Marketing and promotion of \$32,621 (2025 - \$394,070) decreased primarily due to a reduction of the Company's efforts to increase market awareness of its products in the United States compared to the prior period. The Company's marketing and promotional spending in the prior period was intended to build off the heightened profile of the Company generated by its investor relations expenditures to enhance its visibility potential customers and investors alike.
- Professional fees of \$332,132 (2025 - \$52,474) increased primarily due to increased legal services rendered in conjunction with the acquisition of AIP during the current period and included expenditures incurred by AIP.
- Office expenses of \$114,313 (2025 - \$99,546) increased due to increased overall activities during the current period.
- Product development of \$33,023 (2025 - \$47,855) decreased due to a decrease in the utilization of AMII resources during the current period.
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- Share-based compensation of \$66,589 (2025 - \$973,490) decreased due to options being granted and vested in the prior period.
- Salaries of \$1,178,215 (2025 - \$763,579) increased due to new hires and bonus payments to certain employees of the Company during the current period.

Results of Operations for the three months ended March 31, 2026

For the three months ended March 31, 2026, the Company had a net loss of \$1,416,274 (2025 - \$306,389).

The significant differences between the two fiscal periods include:

- Consulting fees of \$169,339 (2025 - \$84,655) increased due to an increased expenditure on consultants engaged in areas related to Corporate Finance during the current period in addition to onboarding AIP personnel receiving compensation as consultants.

RAILTOWN AI TECHNOLOGIES INC.

Management's Discussion and Analysis of Financial Position and Results of Operations

For the period ended March 31, 2026

- Gain on change in fair value of warrants of \$1,481 (2025 - \$455,032) decreased due to their expiry during the current period.
- Investor relations of \$145,868 (2025 - \$109,125) increased due to the Company's efforts to promote investor relationships in conjunction with the private placement during the current period.
- Marketing and promotion of \$13,246 (2025 - \$1,313) increased primarily due to the Company's concentrated efforts to increase market awareness of their products during the current period.
- Professional fees of \$246,556 (2025 - \$38,798) increased primarily due to increased legal services rendered in conjunction with the acquisition of AIP during the current period and included expenditures incurred by AIP.
- Office expenses of \$56,338 (2025 - \$46,871) increased slightly due to increased overall activities during the current period.
- Product Development of \$8,933 (2025 - \$29,118) decreased due to a decrease in the utilization of AMII resources during the current period.
- Share-based compensation of \$17,577 (2025 - \$70,891) decreased due option granted and vested during the prior period.
- Salaries of \$725,449 (2025 - \$395,859) increased due to bonus payments to certain employees of the Company during the current period.

Quarterly Information

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

Period	Jan 1 – Mar 31/26	Oct 1 – Dec 31/25	Jul 1 – Sep 30/25	Apr 1 – Jun 30/25
Revenue	\$ -	\$ -	\$ -	\$ -
Gain (loss) for the Period	\$ (1,416,274)	\$ 223,557	\$ (1,835,896)	\$ (1,095,687)
Net Loss / Share	\$ (0.01)	\$ (0.00)	\$ (0.01)	\$ (0.01)
Cash	\$ 4,373,236	\$ 517,893	\$ 752,474	\$ 886,860
Current Assets	\$ 4,726,949	\$ 868,711	\$ 1,146,674	\$ 1,576,463
Working Capital	\$ 4,445,656	\$ 532,004	\$ (411,798)	\$ 175,584

Period	Jan 1 – Mar 31/25	Oct 1 – Dec 31/24	Jul 1 – Sep 30/24	Apr 1 – Jun 30/24
Revenue	\$ -	\$ -	\$ -	\$ -
Loss for the Period	\$ (306,389)	\$ 2,140,582	\$ 2,998,414	\$ 2,241,403
Net Loss / Share	\$ (0.00)	\$ (0.02)	\$ (0.02)	\$ (0.01)
Cash	\$ 1,968,290	\$ 2,496,242	\$ 1,668,521	\$ 1,924,099
Current Assets	\$ 2,153,573	\$ 2,786,685	\$ 2,075,367	\$ 2,286,059
Working Capital	\$ 1,124,504	\$ 1,217,044	\$ 481,047	\$ 795,861

During the quarter ended March 31, 2026, the Company had a loss of \$1,416,274 (December 31, 2025 – \$223,557).

RAILTOWN AI TECHNOLOGIES INC.

Management's Discussion and Analysis of Financial Position and Results of Operations

For the period ended March 31, 2026

During the quarter ended June 30, 2024, the Company had a loss of \$2,241,403 (March 31, 2024 – \$1,087,062). The increase was primarily due to consulting fees of \$284,662, salaries of \$381,763, and loss on change in fair value of warrants of \$611,082 during the quarter.

During the quarter ended September 30, 2024, the Company had a loss of \$2,998,414 (June 30, 2024 – \$2,241,403). The increase was primarily due to consulting fees of \$305,333, salaries of \$356,596, and investor relations of \$456,264 and marketing of \$1,391,372 during the quarter.

During the quarter ended December 31, 2024, the Company had a loss of \$2,140,582 (September 30, 2024 – \$2,998,414). The decrease was primarily due to consulting fees of \$111,909, investor relations of \$92,063, marketing of \$422,756, and product development of \$18,736 during the quarter.

During the quarter ended March 31, 2025, the Company had a loss of \$306,389 (December 31, 2024 – \$2,140,582). The decrease was primarily due to a gain on change in fair value of warrants of \$455,032, a stock-based compensation of \$70,891, and marketing of \$1,313, during the quarter.

During the quarter ended June 30, 2025, the Company had a loss of \$1,095,687 (March 31, 2025 – \$306,389). The increase in loss was primarily due to a gain on change in fair value of warrants of \$455,032 in the prior period compared to a loss of \$142,804, a consulting fees of \$293,092, and marketing of \$13,653, during the quarter.

During the quarter ended September 30, 2025, the Company had a loss of \$1,835,896 (June 30, 2025 – \$1,095,687). The increase in loss was primarily due to a loss on change in fair value of warrants of \$378,439 in the current period compared to a loss of \$142,804, along with an increase in professional fees of \$488,654, and consulting fees of \$326,438, during the quarter.

During the quarter ended December 31, 2025, the Company had income of \$223,557 (September 30, 2025 – \$1,835,896). The income was primarily due to a gain on change in fair value of warrants of \$1,306,568 in the current period compared to a gain of 2,713, along with an decrease in marketing and promotions of \$403,381, and share-based compensation of \$853,587, during the quarter.

During the quarter ended March 31, 2026, the Company had a loss of \$1,416,274 (December 31, 2025 – \$223,557). The loss was primarily due to a gain on change in fair value of warrants of \$1,481 in the current period compared to a gain of \$1,306,568 in the prior quarter, along with an increase in professional fess of \$160,980, and salaries and benefits of \$314,048, during the current quarter.

Related Party Transactions

During the six months ended March 31, 2026, the Company paid or accrued:

- salaries of \$255,850 (2025 - \$240,000) paid or accrued to directors and officers of the Company,
- bonuses of \$225,000 (2025 - \$nil) paid or accrued to directors and officers of the Company and
- consulting fees of \$nil (2025 - \$20,000) paid or accrued to a company associated with a director of the Company.

	2026		2025	
	Salary	Bonus	Salary	Consulting
Cory Brandolini	\$ 75,000	\$ -	\$ 75,000	\$ -
Marwin Haddad	81,250	-	75,000	-
Jane Woodward	24,600	75,000	22,500	-
Paul Woodward	75,000	150,000	67,500	-
Catalyst Ventures ¹	-	-	-	20,000
	\$ 255,850	\$ 225,000	\$ 240,000	\$ 20,000

RAILTOWN AI TECHNOLOGIES INC.

Management's Discussion and Analysis of Financial Position and Results of Operations For the period ended March 31, 2026

1. Catalyst Ventures is 100% owned by Robert Goehring, a director of Railtown

As at March 31, 2026, trade payables and accrued liabilities include \$nil (September 30, 2025 – \$93) owing to related parties.

The amount due to related parties is unsecured, non-interest bearing and has no specific terms of repayment.

Financial Instruments

Readers should refer to the September 30, 2025 audited consolidated financial statements on www.sedarplus.ca for additional details.

Recently adopted accounting policies and future accounting pronouncements

Please refer to the September 30, 2025 audited consolidated financial statements on www.sedarplus.ca 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:

214,165,047 common shares as at the date of this MD&A.

Options:

The following options are outstanding as at the date of this MD&A:

Expiry Date	Exercise Price	Number of Options Outstanding	Number of Options Exercisable
February 9, 2028	\$0.25	1,250,000	1,250,000
November 1, 2028	\$0.25	1,100,000	680,000
November 22, 2029	\$0.50	2,800,000	2,355,000
		5,150,000	4,285,000

Warrants:

The following warrants are outstanding as at the date of this MD&A:

RAILTOWN AI TECHNOLOGIES INC.

Management's Discussion and Analysis of Financial Position and Results of Operations
For the period ended March 31, 2026

Expiry Date	Exercise Price	Number of Warrants Outstanding
June 21, 2026	\$0.25	2,622,368
June 21, 2026	\$0.15	51,447
June 27, 2026	\$0.25	977,000
June 27, 2026	\$0.15	26,800
December 9, 2026	\$0.60	3,282,500
December 9, 2026	\$0.30	523,602
June 7, 2029	US\$0.125	262,666
January 9, 2027	\$0.75	600,000
August 27, 2027	\$0.45	5,666,665
August 27, 2027	\$0.30	533,333
		<u>14,456,381</u>

Fully diluted:

233,861,428 common shares as at the date of this MD&A.