GLOBAL RAILWAY INDUSTRIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2011

Global Railway Industries Ltd. (the "Company" or "Global") was the parent company of subsidiaries including CAD Railway Industries Ltd. ("CADRI"), its wholly-owned subsidiary, CAD Railway Properties Inc., which were sold on September 23, 2011 to 2290693 Ontario Inc. (the "Buyer"), GBI Industries, Inc., which was wound up on October 14, 2011, and 1703558 Ontario Inc. ("1703558", formerly Bach-Simpson), which commenced a voluntary wind up on September 22, 2011. In accordance with a resolution passed by Global's shareholders at the Company's special meeting held on August 30, 2011, Global's Board of Directors initiated the voluntary wind-up of the Company on October 13, 2011.

The Company voluntarily delisted from trading on the Toronto Stock Exchange (TSX) on November 3, 2011 as it no longer meets the TSX minimum listing requirements. On November 4, 2011, the Company's common shares started trading on the NEX, a separate board of the TSX Venture Exchange, under the ticker symbol "GBI.H".

The following is Management's Discussion and Analysis ("MD&A") of Global's consolidated interim financial statements for the three and nine month periods ended September 30, 2011. This MD&A has been prepared as of November 11, 2011. Except where otherwise indicated, all financial information is expressed in Canadian dollars. This discussion is intended to assist the reader in understanding the key factors underlying the Company's financial results. This analysis should be read in conjunction with the Company's annual consolidated financial statements, together with the MD&A thereof, which are available on SEDAR at www.sedar.com. Additional information regarding Global is contained in its Annual Information Form ("AIF"), also available on SEDAR.

This document contains forward-looking statements, which are qualified by reference to, and should be read together with the "Forward-Looking Statements" cautionary notice, which can be found on page 21 of this MD&A.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management prepared the consolidated interim financial statements for the Company and is responsible for the integrity and fairness of the data presented therein. The consolidated interim financial statements contained in this interim report have been prepared in accordance with International Accounting Standards ("IAS") 34, with International Financial Reporting Standards ("IFRS") 1, First-time Adoption of IFRS ("IFRS 1"). Where IFRS 1 provided alternative accounting policies, Management chose those it deemed most appropriate in the circumstances. This MD&A has been prepared in accordance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations - of the Canadian Securities Administrators.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2011

The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") of the Company are responsible for establishing and maintaining the Company's disclosure controls and procedures and internal controls over financial reporting. The Board of Directors, which is comprised entirely of independent directors, acts to ensure that Management fulfills its financial reporting and internal control responsibilities. In performing its duties, the Board of Directors acts only in an oversight capacity and necessarily relies on the work and assurances of the Company's Management. Relying on reviews and discussions with Management and in light of its roles and responsibilities, the Board of Directors ("Global Board") has approved the Company's third quarter consolidated interim financial statements.

Performance Data

The following represents data for the unaudited three month and nine month periods ended September 30, 2011, with unaudited comparative figures for 2010:

	Q3 - Three months		YTD - Nine months	
	2011	**2010**	**2011**	**2010**
Sales from operations	$ 8,634,063	$ 10,138,593	$ 30,907,423	$ 33,063,167
Loss from operations	$ (13,587,380)	$ (1,490,079)	$ (13,966,021)	$ (2,372,283)
Net earnings (loss)	$ (13,587,380)	$ 21,284,535	$ (13,966,021)	$ 21,925,535
Net earnings (loss) per share				
Basic	$ (0.89)	$ 1.39	$ (0.92)	$ 1.43
Diluted	$ (0.89)	$ 1.39	$ (0.92)	$ 1.43
Operations loss per share				
Basic	$ (0.89)	$ (0.10)	$ (0.92)	$ (0.16)
Diluted	$ (0.89)	$ (0.10)	$ (0.92)	$ (0.16)
Weighted average number of common shares outstanding for operations				
Basic	15,252,399	15,239,900	15,252,399	15,239,900
Diluted	15,252,399	15,239,900	15,252,399	15,239,900
Total Assets	$ 27,593,423	$ 61,110,732	$ 27,593,423	$ 61,110,732
Total Long-Term Liabilities	$ -	$ 2,919,206	$ -	$ 2,919,206

GLOBAL RAILWAY INDUSTRIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2011

Strategy

In the third quarter of 2009, Global's previous "growth through acquisition" strategy was suspended given the Corporation's financial condition and the ongoing strategic and restructuring review undertaken by the Board of Directors and its Special Committee. During the third quarter of 2010, Global sold GBI USA Holdings, Inc. ("GBIH"), the parent company of G&B Specialties, Inc. ("G&B"), and the assets of Bach-Simpson Corporation (now 1703558 Ontario Inc) ("Bach-Simpson") to Wabtec Corporation ("Wabtec") (NYSE: WAB). On August 30, 2011, shareholders approved the sale of CADRI and the wind up of Global. On September 23, 2011, Global sold its remaining operating subsidiary, CADRI, to a company controlled by Global's Acting President and CEO.

Following the sale of CADRI, the Global Board initiated the voluntary winding up of the Company. On November 2, 2011, Global made an initial return of capital to shareholders in the amount of $1.00 per common share. Global intends to distribute its remaining cash to shareholders in one or more instalments as its remaining liabilities and obligations are settled.

Significant Operating Events in the Third Quarter of 2011

During the third quarter of 2011, CADRI successfully delivered three locomotives to VIA Rail Canada ("VIA"), in accordance with the agreed upon delivery schedule. These deliveries are in addition to the seven locomotives delivered during the two first quarters of 2011, the fifteen locomotives delivered during 2010 and eight delivered during 2009. CADRI has now delivered a total of 33 of the 53 locomotives to be remanufactured under the VIA contract. A total of 32 locomotives have received Final Acceptance and one additional locomotive received Provisional Acceptance from VIA as at September 30, 2011. Additionally, during the third quarter CADRI repaid $57,000 of customer deposits.

As at September 30 2011, the Company maintained consolidated cash, short term investments and escrow receivables of $27.3 million. This compares to $16.5 million as at June 30, 2011. The increase in cash and short term investments from the second quarter 2011 of approximately $10.8 million represents the proceeds from the sale of CADRI, less corporate costs of $492,000, repayment of $57,000 of customer deposits and capital expenditures of $44,000.

During the first quarter of 2011, CADRI bid on a major contract for the refurbishment of 127 bi-level passenger cars of Metrolinx, an agency of the Government of Ontario. The contract was formally signed on July 13, 2011. Pursuant to the purchase agreement in respect of the sale of CADRI, costs incurred prior to the closing in connection with the Metrolinx contract of $31,000 has been adjusted in the working capital calculation.

During the third quarter of 2011, a QST sales tax audit occurred at CADRI. Due to a large company restriction limiting the refund of input tax credits for hydro, gas and telephone CADRI has reviewed its QST claims since the 2007 purchase of the CADRI and accrued a QST payable of $335,000. There are no assurances that the amount includes all potential liabilities as a result of the audit and CADRI continues to work with Revenue Quebec.

Sales

The Company generated revenues through its sole former operating subsidiary, CADRI, primarily from the remanufacture of locomotives, the repair of rail cars, the sale of rail car parts, and the remanufacture of diesel engines including both locomotive and marine engines.

Total Company sales for the three month period ended September 30, 2011 were $8.6 million which decreased by 14.8% during the third quarter of 2011 compared to the third quarter of 2010. Total Company sales for the nine month period ended September 30, 2011 were $30.9 million, a decrease of 6.5%. Factors contributing to the decline in revenue during the third quarter and year to date include a two week summer shut down, a truncated reporting period given the sale of CADRI on September 23, 2011, and the effect of a strengthening Canadian dollar. Excluding the foreign exchange impact, total Company sales for the third quarter of 2011 compared to the third quarter of 2010 would have fallen by 12.9% instead of 14.8%.

During the third quarter of 2011, 70% (2010 - 70%) of Company's revenues were generated from one transit customer. Sales originate predominantly in Canada and the US, with 3% (2010 – 1%) of revenue generated from sales in other countries during the third quarter 2011. The majority of accounts receivable with other countries are insured under export insurance provided by Export Development Canada.

Although the Company conducts its business and reports its earnings in Canadian dollars, a portion of revenues and expenses are denominated in US dollars. As such, the Company's results are affected by exchange rate fluctuations. The average US$/CDN$ exchange rate for the three month period ended September 30, 2011 was $0.97 compared to $1.04 the same quarter of 2010. The effect of the appreciating value of the Canadian dollar against the United States dollar unfavorably impacted the Company's 2011 third quarter sales growth. Had the exchange rate remained constant year over year, sales would of increased by an additional $161,000 during the third quarter and $469,000 year to date or 1.9% for the quarter and 1.5% year to date.

Prior to the sale of CADRI, fluctuations in the value of the Canadian dollar against the United States dollar affected the Company's results when the United States dollar denominated sales and expenses were translated into Canadian dollars. A strengthening

United States dollar had the effect of increasing the Canadian dollar equivalent of the Company's United States dollar denominated sales and expenses. It also increased overall net income because there were more sales than expenses denominated in United States dollars. During the third quarter of 2011, approximately 28% of the Company's sales were transacted in United States dollars and approximately 24% year to-date. During the comparable 2010 quarter, approximately 29% of the Company's sales were transacted in United States dollars with 33% year to date. The 2010 third quarter percentage of United States dollar denominated sales was 1.2% higher than the 2011 percentage due primarily to a higher proportion of US sales from VIA and the freight business.

Gross Margins

Gross margin for the nine months ended September 30, 2011 increased to 8.5% from 7.3%, for the same period in 2010, due to additional major projects for locomotive and marine customers. However, gross margin for the third quarter alone softened to 0.6% from 1.2% in the third quarter of 2010, as a result of booking a liability based on the results of a QST tax audit, reduced 2011 scientific research and experimental development ("SRED") tax credits and the impact of foreign exchange because the proportion of the Company's sales denominated in United States dollars exceeds the proportion of the Company's expenses denominated in United States dollars.

During the nine months ended September 30, 2011, the Company recorded the benefit of anticipated SRED claims in the amount of $21,000. For the nine months ended September 30, 2010 the Company recorded SRED benefits of $150,000, including $50,000 for the quarter ended September 30, 2010. The value of future SRED claims fluctuates depending on the SRED activities undertaken in any given period. As a result of a CRA audit, Management has re-evaluated the eligibility of its 2011 SRED projects and has taken a much more conservative approach with respect to accruing potential refund claims. In July 2011, the Company engaged a third party SRED advisor to review, recommend, and assist with CADRI's 2011 SRED claims.

Depreciation

During the third quarter of 2011, the Company recorded depreciation expense of $92,000, representing a decrease of $123,000 over the comparable 2010 period as a result of a lower net book value of the Company's plant and equipment and intangible assets and an overall lower level of property, plant and equipment due to the sale of GBIH and Bach-Simpson in the third quarter of 2010. Year to date, the Company recorded depreciation expense of $288,000, representing a decrease of $432,000 over the comparable 2010 period as a result of a lower net book value of the Company's plant and equipment and intangible assets and the sale of GBIH and Bach-Simpson in

the third quarter of 2010. Both reductions are due to a $9.7 million impairment charge recorded under IFRS for the year ended December 31, 2010.

Impairment

No impairment has been recorded during the current quarter as there were no further indicators that would require any assets be tested for impairment and CADRI was sold on September 23, 2011. Goodwill, as well as all intangible assets relating to operations, had previously been fully written off.

Other Operating Expenses

The Company incurs corporate costs and other costs including public accounting and IFRS, bank fees, professional fees, legal fees as well as other costs directly associated to the operating and maintenance of a publicly traded company as follows;

Corporate Costs	Q3 - Three months		YTD - Nine months	
(in thousands of Canadian dollars)	2011	2010	2011	2010
Bank fees	5	4	10	241
Professional fees	(42)	54	68	195
Salaries	190	673	372	803
Corporate development	-	(800)	51	(295)
Insurance costs	18	-	57	-
Legal fees	64	26	116	177
Public accounting & IFRS	247	200	624	645
Tax advice	59	28	98	46
Miscellaneous	111	224	215	488
	652	409	1,611	2,300
Financial expenses (income) and taxes :				
Foreign exchange	(52)	(189)	(22)	(53)
Interest	(45)	-	(153)	-
Income tax	(131)	627	(152)	383
Other	68	-	68	-
	492	848	1,352	2,630

Administrative expenses (including corporate costs excluding financial expenses (income) and taxes noted in the table) and selling expenses for the three months ended September 30, 2011 were $1,441,000 or 16.7% of sales, compared with $2,161,000 or 21.3% for the same period in 2010 as the Company continued to reduce corporate costs. Administrative expenses for the three months ended September 30, 2011 were

$1,341,000 or 15.5% of sales including corporate costs of $652,000 (excluding financial expenses and taxes noted in the table), compared with $1,956,000 or 19.3% of sales including corporate costs of $409,000 (excluding financial expenses and taxes noted in the table) for the same period in 2010 as the Company had a smaller gain on foreign exchange and reduced costs related to corporate development, bank fees, audit and legal. Selling expenses for the three months ended September 30, 2011 were $154,000 or 1.8% of sales compared with $205,000 or 2% of sales for the same period in 2010.

Administrative expenses (including corporate costs excluding financial expenses (income) and taxes noted in the table) and selling expenses year to date were $4,166,000 or 13.5% of sales, compared with $5,013,000 or 15.2% for the same period in 2010 as the Company continued to reduce costs. Administrative expenses for the nine months ended September 30, 2011 were $3,704,000 or 12% of sales including corporate costs of $1.6 million (excluding financial expenses (income) and taxes noted in the table), compared with $4,399,000 or 13.3% of sales including corporate costs of $2.3 million (excluding financial expenses (income) and taxes noted in the table) for the same period in 2010 as the Company continued to reduce costs related to corporate development, bank fees, audit and foreign exchange. Selling expenses for the nine months ended September 30, 2011 were $462,000 or 1.5% of sales compared with $614,000 or 1.9% of sales and unchanged from the same period in 2010.

Finance Income/Costs

During the three month period ended September 30, 2011, net finance income was $57,000 or $99,000 less than the comparable period in 2010. During the nine month period ended September 30, 2011, net finance costs were $13,000 or $375,000 less than the comparable period in 2010. Both reductions were due to the absence of bank renegotiation and extension fees that were paid for the term and operating facilities during the third quarter of 2010.

Foreign Exchange

The Company recorded a foreign exchange gain of $85,000 during the third quarter of 2011, compared with a foreign exchange gain of $186,000 during the same period in 2010. During the first nine months of 2011, the Company recorded a foreign exchange gain of $64,000, compared with a foreign exchange gain of $10,000 during the same period in 2010. The difference in the 2011 foreign exchange gain is due in large part to a foreign exchange loss on a US denominated escrow receivable as well as the end of foreign exchange activity arising from intercompany transactions, following the sale of GBIH to Wabtec during the third quarter of 2010.

Net Earnings (Loss)

Loss from operations for the third quarter of 2011 was $13,587,000, after corporate costs of $652,000 (excluding financial expenses (income) and taxes noted in the table) compared to a loss from operations of $1,490,000 for the same period in 2010 after corporate costs of $409,000 (excluding financial expenses (income) and taxes noted in the table). Loss from operations for the nine months ended September 30, 2011 were $13,966,000, after corporate costs of $1,611,000 (excluding interest and foreign exchange noted in the table), including the costs of audit and review, corporate strategic review and the IFRS conversion, compared to loss from operations of $2,372,000 for the same period in 2010 after corporate costs of $2,300,000 (excluding financial expenses (income) and taxes noted in the table).

Comprehensive loss for the third quarter of 2011 was $13,587,000 compared to a comprehensive income of $20,901,000 in the same period of 2010. At September 30, 2010 the Company had recognized earnings from discontinued operations of $22,775,000, from the sale of GBIH and Bach-Simpson and had an unrealized loss of $384,000 in the third quarter of 2010 on translation differences due to a self-sustaining foreign operation. Comprehensive loss for the nine months ended September 30, 2011 was $13,966,000 compared to a comprehensive income of $21,749,000 in the same period of 2010. As at September 30, 2010 the Company had recorded earnings from discontinued operations of $24,298,000 and an unrealized loss of $177,000 in the first nine months of 2010 on translation differences due to a self-sustaining foreign operation.

Outlook

Refer to Subsequent Events.

Financial Results ('000's)

	Q3 '11	Q2 '11	Q1 '11	Q4 '10	Q3 '10	Q2 '10	Q1 '10	Q3 '09
Sales from operations	$ 8,634	$ 10,094	$12,180	$ 12,201	$10,139	$ 11,927	$10,998	$ 9,454
Net earnings (loss) from operations	$(13,587)	$ (581)	$ 202	$ (1,818)	$ (1,511)	$ (823)	$ (601)	$(1,511)
Net earnings (loss)	$(13,587)	$ (581)	$ 202	$ (1,976)	$18,045	$ 535	$ 118	$ (532)
Net earnings (loss) per share								
Basic	$ (0.89)	$ (0.04)	$ 0.01	$ (0.13)	$ 1.18	$ 0.04	$ 0.01	$ (0.03)
Diluted	$ (0.89)	$ (0.04)	$ 0.01	$ (0.13)	$ 1.18	$ 0.04	$ 0.01	$ (0.03)
Earnings (loss) per share from operations								
Basic	$ (0.89)	$ (0.04)	$ 0.01	$ (0.12)	$ (0.10)	$ (0.05)	$ (0.04)	$ (0.10)
Diluted	$ (0.89)	$ (0.04)	$ 0.01	$ (0.12)	$ (0.10)	$ (0.05)	$ (0.04)	$ (0.11)

Note: 2010 and 2009 results have been restated to reflect impact of reclassification adjustments between operations (CADRI) and discontinued operations (G&B and Bach-Simpson). Net earnings for Q3 2010 include a one-time gain on the sale of G&B and Bach-Simpson. Q1 2011, Q2 2011, Q1 2010 and Q2 2010 are presented under IFRS. All other quarters are presented under Canadian GAAP.

Liquidity and Capital Resources

On September 23, 2011, following the sale of CADRI, Global's bank facilities were cancelled and financial obligations relating to CADRI transferred to the Buyer.

As at September 30, 2011, cash and short-term investments on hand totaled $23.1 million compared to $11.6 million as at December 31, 2010 and $12 million at September 30, 2010. Additionally, $4.2 million of escrow funds receivable were outstanding as at September 30, 2011 compared to $7.8 million as at December 31, 2010 and $7.8 million at September 30, 2010 for total cash, short term investments, and escrow receivables of $27.3 million as at September 30, 2011 compared to $19.4 million as at December 31, 2010 and $19.9 million at September 30, 2010

For the nine months ended September 30, 2011, cash from operating activities was $1.3 million, including the receipt of $4.7 million of escrow receivables. Cash used in operating activities, excluding escrow receivables, was $3.4 million due to net change in trade and other payables of $1.3 million, accelerated payments to suppliers, repayment of customer deposits of $283,000 and an increase of $719,000 to costs and estimated earnings on uncompleted contracts in excess of billings. Additionally, the acquisition of

property, plant and equipment comprised of lab testing equipment, lab improvements, work station enhancements and improvements, were financed from cash resources.

During the nine months ended September 30, 2010, cash used in operating activities was $2.7 million, driven by the loss from operations. The increase in cash and cash equivalents for the nine months ended September 30, 2010 of $9.8 million was due to the sale of GBIH and Bach-Simpson and repayment of customer deposits.

As at September 30, 2011, Global had no bank obligations. The Company expects to maintain sufficient cash resources in both the near-term and long-term to fund the wind up.

As at September 30, 2011, the Company did not have any off-balance sheet financial arrangements.

Capital Expenditures

As Global is in the process of winding up, Management has no plans or outstanding commitments for additional capital expenditures.

For the three and nine months ended September 30, 2011, the Company's capital expenditures totaled $44,000 and $219,000, respectively.

Contractual Obligations

As at September 30, 2011, the Company had no lease commitments.

Pursuant to the share purchase agreement entered into in connection with the sale of CADRI (the "CADRI Sale Agreement"), Global has agreed to indemnify the Buyer for any losses resulting from any breach of representation or warranty of Global (provided that the Buyer and the Acting President and CEO were not aware of such breach as of the date the CADRI Sale Agreement was entered into), non-performance of Global's obligations under the CADRI Sale Agreement, warranty or guarantee claims for products and services delivered by CADRI prior to the closing of the CADRI sale (provided that Global will be responsible for only 50% of such losses), and tax and environmental claims against CADRI under the asset and share purchase agreement entered into between Global and Wabtec Corporation in connection with the sale of G&B and Bach-Simpson (the "Wabtec Sale Agreement"). Notice of any indemnification claim must be given within one year of the closing of the CADRI sale. The maximum liability of Global for indemnification claims is $1 million; provided that, pursuant to a letter agreement entered into between Global and the Buyer, Global's liability for certain warranty claims will be limited to 50% of the amounts paid to a maximum of $500,000.

In addition, Global continues to have indemnification obligations to Wabtec Corporation pursuant to the Wabtec Sale Agreement in respect of certain tax, environmental and operational matters. Claims under the Wabtec Sale Agreement can be made until the earlier of the third anniversary of the closing of the G&B and Bach-Simpson sales and the completion of the wind up of Global. The maximum liability of Global for indemnification claims is 50% of the purchase price for G&B and Bach-Simpson.

As at September 30, 2011, Management has identified an amount of $75,000 of potential warranty amounts that are likely to be owing under these indemnities and, accordingly, have been accrued in the September 30, 2011 consolidated financial statements in respect of such indemnities.

Share Capital

At September 30, 2011, the Company had 15,252,399 common shares outstanding which represents an additional 12,499 common shares compared to September 30, 2010. During the three month period ended September 30, 2011, no stock options were exercised, no options expired, 215,834 stock options were cancelled and no additional options were granted in accordance with the Company's Stock Option Plan. During the three month period ended September 30, 2011, 210,000 options owned by the Global's Acting President and CEO and 5,834 options owned by other employees were cancelled. If all of the outstanding options were exercised, the Company would have 15,314,065 shares outstanding.

Related Party Transactions

During the third quarter of 2011, the Company paid $92,000 for management services provided by a company owned by the Acting President and CEO of Global, compared with $390,000 paid during the same period in 2010. During the first nine months of 2011, the Company paid $336,000 for management services provided by a company owned by the Acting President and CEO of Global, compared with $544,000 paid during the same period in 2010. In the normal course of business, CADRI purchased approximately US$525,000 of inventory from a company owned by the Acting President and CEO of Global during the three months ended September 30, 2011, compared with US$799,000 during the same period of 2010 ($2,303,000 for the nine months ended September 30, 2011 and $2,920,000 for the nine months ended September 30, 2010). These inventory purchases were made under normal commercial terms and conditions comparable to those of CADRI's other suppliers.

On September 23, 2011, Global sold CADRI to a company controlled by the Acting President and CEO for a purchase price of $12.8 million (before transaction costs, purchase price adjustments and net working capital adjustments), including the assumption of VIA customer deposits of approximately $434,000 as at September 22,

2011. One million dollars of the purchase price has been deposited into escrow for one year for potential indemnification claims. The purchase price remains subject to a post-closing net working capital adjustment and an upward adjustment to reflect costs related to CADRI's refurbishment contract with Metrolinx incurred prior to closing.

The net proceeds from the sale were $11,429,000 after the Company assumed transaction costs of $616,000, purchase price adjustments of $253,000 and net working capital adjustments of $102,000.

The sale of CADRI was approved by Global shareholders representing more than two-thirds of the votes cast by shareholders, including a majority of the votes cast by shareholders other than the Acting President and CEO, the Buyer, other members of CADRI management and their "related parties" (within the meaning of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*), at a special meeting of shareholders held on August 30, 2011.

In approving the sale of CADRI and recommending it to shareholders, the Global Board considered, among other things, the advice of its financial and legal advisors, a formal valuation of CADRI prepared by RSM Richter Inc., a fairness opinion from RSM Richter to the effect that the CADRI sale is fair, from a financial point of view, to the Company, the costs of to operate CADRI as a public company and the limited interest in CADRI from potential third party purchasers, both during the 2009 auction process that resulted in the sale of G&B and Bach-Simpson and during a 70-day marketing period following the execution of the letter of intent with the Buyer.

The book value of the net assets sold as well as the accounting loss on the sale of CADRI is as follows:

Assets:	
Trade and other receivables	$ 3,727,650
Inventories	5,976,360
Prepaid expenses	592,771
Costs and estimated earnings on uncompleted contracts in excess of billings	6,073,235
Property, plant and equipment, net	8,849,331
Deferred tax assets	4,799,570
Total assets	30,018,917
Liabilities:	
Bank indebtedness	35,547
Trade and other payables	4,374,485
Billings on uncompleted contracts in excess of costs and estimated earnings	336,665
Customer deposits	433,960
Provisions	1,176,425
Deferred tax liabilities	11,346
Total liabilities	6,368,428
Book value of net assets sold	23,650,489
Cash purchase price	12,400,000
Transaction costs	(616,461)
Purchase price adjustements	(252,604)
Net working capital adjustments	(101,559)
Total consideration	11,429,376
Loss on sale of subsidiary	$ (12,221,113)

Subsequent Events

On October 13, 2011, the Global Board initiated the wind-up of Global, which was approved by shareholders at the special meeting held on August 30, 2011. In connection with the wind-up, the Global Board also declared initial return of capital to shareholders in the amount of $15,264,165 or $1.00 per common share, which was paid on November 2, 2011. Global intends to distribute its remaining cash to shareholders in one or more instalments as its remaining liabilities and obligations are settled; however, the amount and timing of such distributions have yet to be determined by Management.

On October 14, 2011, the Company filed a Certificate of Dissolution for a Nevada Profit Corporation for GBI Industries Inc., with the Corporation Service Company (CSC).

Global's common shares were delisted from the TSX on November 3, 2011 and its listing was transferred to the NEX board operated by the TSX Venture Exchange on November 4, 2011. Global was delisted from the TSX because it is no longer able to meet the TSX's listing requirements following the sale of CADRI. Global obtained a listing on the NEX in order to maintain liquidity in its common shares during the wind up process; however, Global cannot give any assurance that an active or liquid market for its common shares will develop or be sustained.

Business Risks

The Company's primary business risks are listed below:

Warranty Returns

Under the CADRI Sale Agreement, Global bears 50% of the risk associated with warranty claims made before the first anniversary of the closing of the CADRI sale in respect of products delivered by CADRI prior to the closing. Consistent with industry practice, customers return products for warranty repair or replacement. Although the Company provides allowances for anticipated returns, and believes that its policies have resulted in the establishment of allowances that are adequate, there is no assurance that such product returns will not exceed such allowances in the future, and as a result, may have a material adverse effect on future operating results. Should any of the distributed products prove to be defective, the Company may be required to refund the price of or replace those specific products or all such products previously distributed. Replacement or recall of such products may cause significant expense and adversely affect the reputation of the Company and its products.

Liquidity of Small Cap Stocks

The current economic uncertainty and financial market volatility make it challenging at times for investors to liquidate their investment in small cap companies. In addition, the Company was delisted from the TSX on November 3, 2011 following the closing of the CADRI sale and payment of the initial distribution of capital to shareholders.

Return of Capital and Winding Up following CADRI Sale

The process of voluntarily winding up a public company such as Global involves significant uncertainties that affect both the amount that can be distributed to shareholders and the time to complete the winding up process. Some of the principal uncertainties relate to the timing and quantum of sale proceeds released from escrow in connection with the G&B, Bach-Simpson and CADRI transactions, the process of obtaining tax clearance certificates and the potential for tax liabilities or other contingent liabilities. Until completion of the winding up process, the Company will remain a

"reporting issuer" under the securities law of certain Canadian provinces and will incur the attendant costs. Accordingly, the amount of cash to be distributed to shareholders cannot currently be quantified with certainty, and shareholders may receive substantially less than their *pro rata* share of the current estimate of the amount available for distribution set forth in the Circular.

Under the *Business Corporations Act* (Alberta) (the "ABCA"), the Company's governing statute, despite the winding up and dissolution of the Company, each shareholder to whom any of the Company's property has been distributed is liable to any person claiming under section 227 of the ABCA to the extent of the amount received by that shareholder upon the distribution, and an action to enforce such liability may be brought. Section 227 of the ABCA provides that, despite the dissolution of the Company, a civil, criminal or administrative action or proceeding may be brought against the Company as if the Company had not been dissolved and provides, among other things, that any property that would have been available to satisfy any judgment or order if the Company had not been dissolved, remains available for such purpose. The potential for shareholder liability regarding a distribution continues until the statutory limitation period for the applicable claim has expired. Under the ABCA, the dissolution of the Company does not remove or impair any remedy available against the Company for any right or claim existing, or any liability incurred, prior to its dissolution or arising thereafter.

On October 14, 2011, the Company was issued a Certificate of Intent to Dissolve under the ABCA by the Alberta Registrar of Corporations and, upon conclusion of the winding up process, the Company intends to apply for a Certificate of Dissolution.

Critical Accounting Policies and Estimates

The Company's audited consolidated financial statements for the years ended December 31, 2010 and 2009 were prepared in accordance with Canadian generally accepted accounting principles prior to the adoption of International Financial Reporting Standards ("IFRS"). On January 1, 2011, Global adopted IFRS. The adoption date of January 1, 2011 requires the restatement of the Company's consolidated financial statements for comparative purposes for its quarterly and annual consolidated financial statements for the year ended December 31, 2010, and the opening consolidated balance sheet as at January 1, 2010. Global's Consolidated Interim Financial Statements for the three and nine month periods ended September 30, 2011 and 2010 have been prepared in accordance with IFRS. An understanding of the Company's accounting policies is necessary for a complete analysis of results, financial position, liquidity and trends.

Financial statements prepared in accordance with IFRS require Management to make estimates and assumptions relating to reported amounts of revenue and expenses, reported amounts of assets and liabilities and disclosures of contingent assets and

liabilities. Management regularly evaluates the assumptions and estimates that are used in the preparation of the Company's consolidated interim financial statements.
Estimates and assumptions used by Management are based on past experience and other factors deemed reasonable in the circumstances. These estimates and assumptions are based on Management's best estimates and judgments. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, which Management believes to be reasonable under the circumstances. Management adjusts such estimates and assumptions when facts and circumstances dictate. Illiquid credit markets and declines in customer spending have combined to increase the uncertainty inherent in such estimates and assumptions. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates. Changes in those estimates resulting from continuing changes in the economic environment will be reflected in the financial statements in future periods. Critical accounting policies and estimates include the following:

New Accounting Standards

In February 2008, the Accounting Standards Board ("AcSB") confirmed that IFRS would be mandatory in Canada for profit-orientated public accountable entities for fiscal periods beginning on or after January 1, 2011. Our first annual IFRS financial statements were for the year ending December 31, 2011 and included the comparative period of 2010. Starting with the March 31, 2011 quarterly report, we have provided unaudited consolidated quarterly financial information in accordance with IFRS including comparative figures for 2010. Please refer to note 13 in the Third Quarter Unaudited Interim Consolidated Financial Statements for a summary of the differences between our financial statements previously prepared under Canadian GAAP and to those under IFRS as at January 1, 2010, for the three and nine months ended September 30, 2010, and as at and for the year ended December 31, 2010. The Consolidated Interim Financial Statements do not include all of the information required for full annual Consolidated Financial Statements.

IAS 27, Separate Financial Statements

In May 2011, the IASB amended IAS 27, Separate Financial Statements ("IAS 27"). This amendment removes the requirements for consolidated statements from IAS 27, and moves it over to IFRS 10 "Consolidated Financial Statements". The amendment mandates that when a company prepares separate financial statements, investment in subsidiaries, associates, and jointly controlled entities are to be accounted for using either the cost method or in accordance with IFRS 9 "Financial Instruments". Finally, this amendment determines the treatment for recognizing dividends, the treatment of certain group reorganizations, and some disclosure requirements. This new standard is effective for the Company's interim and annual consolidated financial statements

commencing January 1, 2013. The Company is assessing the impact of this new standard on its consolidated financial statements.
IAS 28, Investments in Associates and Joint Ventures

In May 2011, the IASB amended IAS 28, Investments in Associates and Joint Ventures ("IAS 28"). This amendment requires non-current assets held for sale and discontinued operations be measured using the equity method for any retained portion of an investment, until the portion is disposed of. The amendment also disallows remeasurement of the cessation of significant influence and joint ventures when there is a gain to profit or loss. This new standard is effective for the Company's interim and annual consolidated financial statements commencing January 1, 2013. The Company is assessing the impact of this new standard on its consolidated financial statements.

IFRS 7, Financial Instruments: Disclosures

In October 2010, the IASB amended IFRS 7, Financial Instruments: Disclosures ("IFRS 7"). This amendment enhances this disclosure requirement for transfers of financial assets that result in Derecognition. This amendment is effective for the Company's interim and annual consolidated financial statement commencing January 1, 2012. The Company is assessing the impact of this new standard on its consolidated financial statements.

IFRS 9, Financial Instruments

In October 2010, the IASB amended IFRS 9, Financial Instruments ("IFRS 9"), which replaces IAS 39, Financial Instruments: Recognition and Measurement, establishes principles for financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. This new standard is effective for the Company's interim and annual consolidated financial statements commencing January 1, 2013. The Company is assessing the impact of this new standard on its consolidated financial statements.

IFRS 10, Consolidated Financial Instruments

In May 2011, the IASB issued IFRS 10 Consolidated Financial Instruments ("IFRS 10") which replaces the consolidation requirement of SIC-12 Consolidated-Special Purpose Entities and IAS 27 Consolidated and Separate Financial Statements, establishes principals for the presentation and preparation consolidated financial statements when an entity controls one or more other entities. This new standard is effective for the Company's interim and annual consolidated financial statements commencing January 1, 2013. The Company is assessing the impact of this new standard on its consolidated financial statements.

IFRS 11, Joint Arrangements

In May 2011, the IASB issued IFRS 11, Joint Arrangements ("IFRS 11") which replaces the guidance in IAS 31, Interests in Joint Ventures, provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangements, rather than its legal form (as is currently the case). The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. This new standard is effective for the Company's interim and annual consolidated financial statements commencing January 1, 2013. The Company is assessing the impact of this new standard on its consolidated financial statements.

IFRS 12, Disclosure of Interests in Other Entities

In May 2011, the IASB issued IFRS 12, Disclosure of Interests in Other Entities ("IFRS 12"). IFRS 12 establishes new and comprehensive disclosures requirement for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. This new standard is effective for the Company's interim and annual consolidated financial statements commencing January 1, 2013. The Company is assessing the impact of this new standard on its consolidated financial statements.

IFRS 13, Fair Value Measurement

In May 2011, the IASB issued IFRS 13, Fair Value Measurement ("IFRS 13"). IFRS 13 replaces the fair value guidance contained in individual IFRSs with a single source of fair value measurement guidance. The standard completes the IASBs project to converge fair value measurement in IFRS and United States Generally Accepted Accounting Principles. This new standard is effective for the Company's interim and annual consolidated financial statements commencing January 1, 2013. The Company is assessing the impact of this new standard on its consolidated financial statements.

IAS 1, Presentation of Financial Statements

In June 2011, the IASB amended IAS 1, Presentation of Financial Statements ("IAS 1"). Thus amendment retains the 'one or two statement' approach to presenting the Statement of Income and Comprehensive Income at the option of the entity and only revises the way other comprehensive income is presented. This new standard is effective for the Company's interim and annual consolidated financial statements commencing January 1, 2013. The Company is assessing the impact of this new standard on its consolidated financial statements.

The Company intends to adopt these standards and the amendment to the standards noted above in its financial statements for the annual period beginning on January 1, 2013. The Company does not expect these to have a material impact on the financial statements.

Disclosure Controls and Internal Controls over Financial Reporting

The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") are responsible for designing disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICOFR") as defined in National Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings ("52-109"), or causing them to be designed under their supervision, in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Global's DC&P have been designed to provide reasonable assurance that material information relating to Global is made known to the CEO and the CFO by others and that information required to be disclosed by Global in its annual filings, interim filings or other reports filed or submitted by Global under securities legislation is recorded, processed, summarized and reported within the time periods specified in applicable securities legislation. On January 1, 2011, Global adopted IFRS as its framework for financial reporting. In connection with the adoption of IFRS, Global updated its internal controls over financial reporting, as necessary, to facilitate the respective IFRS convergence and transition activities performed. Other than the adoption of IFRS, no other significant changes in internal controls over financial reporting occurred during the period ended September 30, 2011. Our ICOFR have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The effectiveness of the Company's disclosure controls and procedures rests essentially upon Management's ability to remain informed of the activities of the various accounting standard-setting bodies and market regulators. Management stays informed in many ways including attending educational seminars and webinars, reading relevant literature and through consultation with the Company's advisors.

Because of their inherent limitations, DC&P and ICOFR may not prevent or detect all misstatements, errors or fraud. Control systems, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control systems are met.

As of September 30, 2011, Global's Management, with the participation of the CEO and the CFO, have evaluated the effectiveness of the Company's ICOFR and concluded they are not effective based on such evaluations. Accordingly the Company has concluded

that the disclosure controls and procedures are also not effective. On September 23, 2011 CADRI was sold and as a result weaknesses previously attributed to CADRI have now been removed from our analysis of DC&P and ICOFR. In connection with this assessment, Management has identified areas of concern in:

1. Segregation of duties

   Segregation of duties and user access control deficiencies have been identified within the Company's accounting and finance departments and its financial information systems. Specifically, certain duties within the accounting and finance departments were not properly segregated due to the limited number of individuals employed in these areas. These deficiencies may be considered a material weakness resulting in a more than remote likelihood that a material misstatement of the Company's annual or interim financial statements would not be prevented or detected.

   Management continues to review accounting processes with a view to improve/expand segregation of duties and reduce access control deficiencies. However, future mitigation is limited by the relatively small number of personnel within the Company's accounting and finance departments.

2. Reliance on spreadsheets

   Accounting personnel rely less heavily on the use of accounting spreadsheets to generate the Company's quarterly and annual financial reporting.

   During the third quarter 2011 management has integrated trial balance and record keeping for all companies within one standard accounting software.

3. Complex and non-routine transactions

   As required, the Company records complex and non-routine transactions. Sometimes, these transactions are extremely technical in nature and require an in-depth understanding of IFRS and Canadian tax regulations. The Company's Chief Financial Officer is responsible for IFRS and Canadian tax regulations. The Company's CFO consults with third party expert advisors as needed in connection with the recording and reporting of complex and non-routine transactions. In addition, quarterly reviews of the financial statements are completed by the Company's auditors, and an annual audit is completed. The financial statements are also presented to the Audit Committee for its review and approval.

GLOBAL RAILWAY INDUSTRIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2011

Forward Looking Statements

This MD&A contains certain forward-looking statements about the objectives, strategies, financial conditions, results of operations and businesses of Global. The use of any of the words "expect", "anticipate", "continue", "objective", "will", "should", "believe", "plan", "intend", "ongoing", "estimate", "may", "project" or similar expressions are intended to identify forward-looking statements. Statements that are not historical facts are forward-looking and are subject to important risks, uncertainties and assumptions. These statements are based on the Company's current expectations about its business and the markets in which it operates, and upon various estimates and assumptions. The results or events predicted in these forward-looking statements may differ materially from actual results or events if known or unknown risks, trends or uncertainties affect the Company's business, or if its estimates or assumptions turn out to be inaccurate. As a result, there is no assurance that the circumstances described in any forward-looking statement will materialize.

Readers are cautioned that expectations, estimates, projections and assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements.

Significant and reasonably foreseeable factors that could cause the Company's results to differ materially from its current expectations are discussed in the section entitled "Business Risks" beginning at page [14] of this MD&A.

The Company disclaims any intention or obligation to update any forward-looking statement even if new information becomes available, as a result of future events or for any other reason.

For additional guidance, please review the Company's annual consolidated financial statements and Annual Information Form, which are available on SEDAR at www.sedar.com.

GLOBAL RAILWAY INDUSTRIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2011

DIRECTORS	CORPORATE OFFICE
Thomas Dea [1] Chairman of the Board **Laurie Bennett, CA** [1] Chair, Audit Committee **Jacques Cote** [1] **Alan Sellery** **OFFICERS** **Fausto Levy** Acting President & Chief Executive Officer **Ross Corcoran, MBA** Vice President Finance, Chief Financial Officer & Secretary	**Global Railway Industries Ltd.** **Administrative Public company** 155 Montreal-Toronto Blvd, Lachine, Quebec, H8S 1B4 Phone (514) 634-3131, Ext. 136 Fax (514) 634-3932 Email info@globalrailway.com Web site: www.globalrailway.com **BANKERS** BMO – Montreal, Quebec **AUDITORS** KPMG LLP London, Ontario **LEGAL COUNSEL** Davies Ward Phillips & Vineberg LLP Montreal, Quebec Toronto, Ontario **TRANSFER AGENT** Computershare Trust Company of Canada 600, 530 - 8th Avenue S.W. Calgary, Alberta T2P 3S8 Phone 1-800-564-6253 **STOCK EXCHANGE** NEX[2] Symbol: GBI.H

[1] Member of Audit Committee
[2] Effective on November 4th 2011. Global moved voluntarily to NEX, a unique and separate board as part of TSX Venture Exchange