GLOBAL RAILWAY INDUSTRIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2011

Global Railway Industries Ltd. (the "Company" or "Global") was the parent company of subsidiaries including CAD Railway Industries Ltd. ("CADRI") and 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 Corporation), 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 met 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 financial condition and results of operations for the year ended December 31, 2011. This MD&A has been prepared as of March 14, 2012. 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 which are available on SEDAR at www.sedar.com.

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 18 of this MD&A.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management prepared the annual consolidated financial statements for the Company and is responsible for the integrity and fairness of the data presented therein. The consolidated financial statements contained in this report have been prepared in accordance with International Accounting Standards ("IAS") 1, and 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.

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 of the Company ("the Global Board"), 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 Global Board 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 Global Board has approved the Company's annual consolidated financial statements.

Performance Data

The following represents data for the unaudited three month and audited twelve month periods ended December 31, 2011, 2010 and 2009:

	Q4 - Three months			YTD - Twelve months		
	2011	2010	2009	2011	2010	2009
Sales from operations	$ -	$ 12,201,081	$10,794,632	$ 30,907,423	$ 45,264,248	$ 36,006,287
Loss from operations	$ (351,833)	$ (8,972,768)	$ (5,332,482)	$(14,317,854)	$ (11,345,051)	$ (14,369,825)
Net earnings (loss)	$ (351,833)	$ (9,131,417)	$ (3,880,062)	$(14,317,854)	$ 12,794,118	$ (6,835,293)
Net earnings (loss) per share						
Basic	$ (0.02)	$ (0.13)	$ (0.27)	$ (0.94)	$ 0.84	$ (0.71)
Diluted	$ (0.02)	$ (0.13)	$ (0.27)	$ (0.94)	$ 0.84	$ (0.71)
Operations loss per share						
Basic	$ (0.02)	$ (0.12)	$ (0.25)	$ (0.94)	$ (0.74)	$ (0.45)
Diluted	$ (0.02)	$ (0.12)	$ (0.25)	$ (0.94)	$ (0.74)	$ (0.45)
Cash dividends distributed per share	$ 1.00	$ -	$ -	$ 1.00	$ -	$ -
Weighted average number of common shares outstanding for operations						
Basic	15,253,371	15,252,399	15,239,900	15,253,371	15,252,399	15,239,900
Diluted	15,253,371	15,252,399	15,239,900	15,253,371	15,252,399	15,239,900
Total Assets	$ 11,456,529	$ 51,425,372	$ 70,667,022	$ 11,456,529	$ 51,425,372	$ 70,667,022
Total Long-Term Liabilities	$ -	$ 2,712,145	$ 5,485,384	$ -	$ 2,712,145	$ 5,485,384

N.B. unaudited three month and audited years ended December 31, 2011 and December 31, 2010 have been prepared in accordance with IFRS as the Company transitioned from Canadian GAAP to IFRS for the year beginning January 1, 2011 with a transition date of January 1, 2010.

Plans for the Company

The sale of CADRI was completed on September 23, 2011. On October 13, 2011, 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. However, the amount and timing of such distributions have yet to be determined by the Global Board.

GLOBAL RAILWAY INDUSTRIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2011

Significant Events in the Fourth Quarter of 2011

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 $15.3 million or $1.00 per common share, which was paid on November 2, 2011.

As at December 31 2011, the Company maintained consolidated cash, short term investments and escrow receivables of $11.2 million. This compares to $19.4 million as at December 31, 2010. The decrease in cash and short term investments from the prior year end of approximately $8.2 million includes the increased proceeds from the sale of CADRI of $11.5 million (including escrow receivables and net of transaction costs and purchase price adjustments related to the sale), less the initial return of capital distribution of $15.3 million, the loss from operations of $2.0 million excluding the loss on sale of CADRI, recognition of customer deposits as a reduction of accounts receivable of $1.1 million, equipment purchases of $219,000 prior to the sale of CADRI, together with other operating uses of cash over the year such as settlement of a working capital deficiency with Wabtec Corporation in connection with the 2010 sale of GBI USA Holdings, Inc. ("GBIH").

A purchase price adjustment related to the sale of CADRI of $21,559 to reflect a deficiency in CADRI's net working capital at closing, relative to the amount agreed upon in the Share Purchase Agreement, was paid to the Buyer by Global on December 20, 2011.

Sales

During the first three quarters of 2011, the Company generated revenues through its 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. As a result of the sale of CADRI, no sales were recorded during the fourth quarter of 2011. Total Company sales for the three month period ended December 31, 2010 were $12.2 million. Total Company sales for the year ended December 31, 2011 were $30.9 million, a decrease of 32% from the previous year. The primary cause of the decline in revenue over the past two years was the sale of Global's three operating subsidiaries: GBIH (Parent company of G&B Specialties) in July 2010, Bach-Simpson Corporation in August 2010, and CADRI in September 2011.

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 year ended December 31, 2011 was $0.99 compared to $1.04 the

2010 year. Had the exchange rate remained constant year over year, 2011 sales would have increased by an additional $469,000 year to date or 1.5%.

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.

Global does not expect to generate any revenue in 2012 as it proceeds with its wind-up.

Gross Margins

Gross margin for the year ended December 31, 2011 increased to 7.9% from 3.3% for the same period in 2010, due to additional major projects for locomotive and marine customers.

During the year ended December 31, 2011, the Company recorded the benefit of anticipated SRED claims in the amount of $21,000. For the year ended December 31, 2010, the Company recorded SRED benefits of $60,000. As a result of a Canada Revenue Agency 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 SRED claims. In July 2011, the Company engaged a third party SRED advisor to review, recommend, and assist with CADRI's 2011 SRED claims. The value of future SRED claims fluctuates depending on the SRED activities undertaken in any given period. The benefit of all future SRED claims will accrue to the new owners of CADRI.

Depreciation

During 2011, the Company recorded depreciation expense of $288,000, representing a decrease of $914,000 over the comparable 2010 period as a result of a lower net book value of the Company's plant, equipment, intangible assets following the sale of GBIH and Bach-Simpson Corporation in the third quarter of 2010. Reductions were also due to a $9.7 million impairment charge recorded for the year ended December 31, 2010.

Impairment

No impairment of long lived assets was recorded as at December 31, 2011 as there were no further indicators that would require any assets be tested for impairment and CADRI, which held all of the long-lived assets, was sold on September 23, 2011. Goodwill, as well as all intangible assets relating to operations, had previously been fully written off in 2010.

Corporate costs

The Company incurs corporate costs, including audit 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. All the corporate costs of the Company are included as Administration expenses in the Consolidated Statements of Comprehensive Income (Loss) and can be detailed as follows:

Corporate Costs	Q4 - Three months		YTD - Twelve months	
(in thousands of Canadian dollars)	2011	2010	2011	2010
Bank fees	1	1	11	244
Professional fees	6	99	74	297
Salaries	-	74	609	903
Service agreement	44	-	44	-
Corporate development	-	24	51	(363)
Insurance costs	20	15	76	15
Legal fees	260	58	376	215
Review, Audit and IFRS	5	179	629	886
Tax advice	(8)	36	90	86
Miscellaneous	42	147	255	665
	370	633	2,215	2,947

Corporate costs, as defined in the table above, for the three months ended December 31, 2011 were $370,000, compared with $633,000 for the same period in 2010 as the Company continued to reduce corporate costs related to professional fees, corporate development, tax advice, audit and legal.

Following the sale of CADRI during the third quarter of 2011, the only administrative expenses incurred by the Company were the corporate costs as presented in the table above, for the three months ended December 31, 2011.

Other Operating expenses

There were no selling expenses during the fourth quarter of 2011 compared to selling expenses of $219,000 for the three months ended December 31, 2010.

Administrative expenses and selling expenses for the year ended December 31, 2011 were $4.5 million or 14.7% of sales, compared with $6.6 million or 14.6% for the same period in 2010 as the Company continued to reduce administrative costs and ceased incurring selling expenses following the sale of CADRI.

Administrative expenses for the year ended December 31, 2011 were $4.1 million or 13.2% of sales including corporate costs of $2.2 million, compared with $5.8 million or 12.7% of sales including corporate costs of $2.9 million 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 year ended December 31, 2011 were $462,000 or 1.5% of sales, compared with $833,000 or 1.8% of sales in 2010. The primary cause of the decline in selling expenses over the past two years was the sale of GBIH in July 2010, Bach-Simpson in August 2010 and CADRI in September 2011.

Finance Income/Costs

During the three month period ended December 31, 2011, net finance income was $64,000 or $101,000 more than the comparable period in 2010. During the year ended December 31, 2011, net finance income was $50,000 or $475,000 more than the comparable period in 2010. Both increases 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, and the repayment of the majority of the Company's bank loans in the third quarter of 2010.

Foreign Exchange

During 2011, the Company recorded a net foreign exchange gain of $77,000, compared with a net foreign exchange loss of $34,000 during the same period in 2010. The difference in the 2011 foreign exchange gain is due to the end of foreign exchange activity arising from intercompany transactions, following the sale of G&B Specialties (and its parent, GBIH) to Wabtec during the third quarter of 2010 and loss on a US dollar denominated escrow receivable.

Net Earnings (Loss)

Loss from operations for the year ended December 31, 2011 was $14.3 million after a loss on the sale of CADRI of $12.1 million, corporate costs of $2.2 million, including the costs of audit and review, corporate strategic review and the IFRS conversion, compared to loss from operations of $11.3 million for the same period in 2010 after corporate costs of $2.9 million.

Earnings from discontinued operations for the year ended December 31, 2011 were nil compared to $24.1 million for the same period in 2010.

Other comprehensive loss, net of income taxes for the year ended December 31, 2011 was nil compared to a comprehensive loss, net of income taxes of $177,000 in the same period of 2010.

As at December 31, 2011 the Company had comprehensive loss of $14.3 million versus comprehensive income of $12.6 million in the year ended December 31, 2010 due to the loss on sale of CADRI in 2011 compared to a gain on sale of GBIH and Bach-Simpson Corporation in 2010.

Quarterly Financial Results ('000's)

	Q4'11	Q3 '11	Q2 '11	Q1 '11	Q4 '10	Q3 '10	Q2 '10	Q1 '10
Sales	$ -	$ 8,634	$ 10,094	$12,180	$ 12,201	$10,139	$11,927	$10,998
Earnings (loss) from operations	$ (352)	$(13,587)	$ (581)	$ 202	$ (1,818)	$ (1,511)	$ (823)	$ (601)
Net earnings (loss)	$ (352)	$(13,587)	$ (581)	$ 202	$ (1,976)	$18,045	$ 535	$ 118
Earnings (loss) per share								
Basic	$ (0.02)	$ (0.89)	$ (0.04)	$ 0.01	$ (0.13)	$ 1.18	$ 0.04	$ 0.01
Diluted	$ (0.02)	$ (0.89)	$ (0.04)	$ 0.01	$ (0.13)	$ 1.18	$ 0.04	$ 0.01
Earnings (loss) per share from operations								
Basic	$ (0.02)	$ (0.89)	$ (0.04)	$ 0.01	$ (0.12)	$ (0.10)	$ (0.05)	$ (0.04)
Diluted	$ (0.02)	$ (0.89)	$ (0.04)	$ 0.01	$ (0.12)	$ (0.10)	$ (0.05)	$ (0.04)

Note: 2010 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. 2011 results are presented under IFRS. 2010 results are presented under Canadian GAAP.

Liquidity and Capital Resources

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

As at December 31, 2011, cash and short-term investments on hand totaled $7.1 million compared to $11.6 million as at December 31, 2010. Additionally, of the $7.8 million escrow receivable outstanding at December 31, 2010 in connection with the sale of GBIH and Bach-Simpson, $3.7 million (plus accrued interest) was released to Global during 2011 and $384,000 was released to Wabtec Corporation in settlement of a net working capital deficiency. During 2011, in connection with the sale of CADRI, an additional escrow receivable of $1.0 million was created and is expected to be released in September 2012, subject to Global's indemnification obligations discussed below under "Contractual Obligations". As at December 31, 2011, an amount of $3.2 million (plus accrued interest) in connection with the sale of GBIH and Bach-Simpson remained in escrow pending satisfaction of the final release condition. On March 7, 2012, this amount was released (See Subsequent Event).

The year-end reduction in liquidity and capital resources results primarily from the $15.3 million return of capital distribution paid to shareholders on November 2, 2011 and net cash outflows from operations during 2011, partially offset by the net proceeds from the CADRI sale.

For the year ended December 31, 2011, cash used in operating activities was $540,000 including the receipt of $3.7 million of escrow receivables and accrued interest thereon. Cash used in operating activities, excluding escrow receivables, was $4.2 million due primarily to loss from operations, increased supplier payments and recognition of customer deposits.

During the year ended December 31, 2010, cash used in operating activities was $2.0 million, due primarily to income tax expenses relating to SRED adjustments and tax arrears and withholding taxes payable by GBIH. The increase in cash and cash equivalents of $3.4 million includes $2.3 million for continuing operations and $1.1 million discontinued operations, given net proceeds from sale of $36.3 million, repayment of debt of $24.1 million and purchase of short terms investments of $6.3 million and cash used in operating activities of $2.0 million.

As at December 31, 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 December 31, 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 year ended December 31, 2011, the Company's capital expenditures totaled $219,000 for assets purchased prior to the sale of CADRI.

Contractual Obligations

As at December 31, 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: i) 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), ii) non-performance of Global's obligations under the CADRI Sale Agreement, iii) 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 iv) 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 Specialties 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 earliest 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 GBIH and Bach-Simpson.

As at December 31, 2011, Management has estimated $250,000 of potential warranty amounts that are likely to be owed under the indemnity to the Buyer of CADRI and, accordingly, such indemnity has been accrued in the December 31, 2011 consolidated financial statements.

Share Capital

At December 31, 2011, the Company had 15,264,065 common shares outstanding which represents an additional 11,666 common shares compared to December 31, 2010. During the year ended December 31, 2011, 11,666 share options were exercised, no options expired, 265,834 share options were cancelled and no additional options were granted in accordance with the Company's Stock Option Plan. During the three month period ended December 31, 2011, 50,000 options owned by two former officers were cancelled. There are currently no options issued or outstanding.

Related Party Transactions

During 2011, the Company paid $661,000 for management services provided by a company owned by the Acting President and CEO of Global, compared with $903,000 paid during the same period in 2010. In the normal course of business, CADRI purchased approximately US$2.3 million inventory from a company owned by the Acting President and CEO of Global during the year ended December 31, 2011, compared with US$3.9 million during the same period of 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 net proceeds from the sale were $11.5 million after transaction costs of $616,000, purchase price adjustments of $253,000 and net working capital adjustments of $21,559.

The sale of CADRI was approved by Global's 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 was 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 Specialties 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
Consideration received or receivable:		
Cash		11,125,837
Transaction costs		(616,461)
		10,509,376
Held in escrow		1,000,000
Total consideration		11,509,376
Loss on sale of subsidiary	$	(12,141,113)

In connection with the closing of the CADRI sale, Global entered into a Services Agreement with FTM Capital Inc., for the services of Mr. Fausto Levy and Mr. Ross Corcoran (for the purposes of the Services Agreement, Messrs. Levy and Corcoran are referred to as the "Designated Executives"). FTM Capital Inc. is a company controlled by Mr. Levy and is an affiliate of the Buyer. The provision of the Services Agreement was requested by the Global Board to facilitate the post-closing administration of the Company on a cost-effective basis.

Pursuant to the Services Agreement, FTM Capital Inc. provides, through the Designated Executives, the following administrative services to Global:

- Monitor compliance with the Wabtec Sale Agreement and the escrow agreement entered into in connection therewith and co-ordinate with Global's legal counsel in the event of any escrow claim under the Wabtec Agreement.

- Prepare and file with appropriate governmental authority all tax returns required to be filed by Global and its subsidiaries.

- Remit all taxes required to be remitted by Global in accordance with applicable statutes, all outstanding Canada Pension Plan contributions and employment insurance premiums, and assist in obtaining clearance certificates from all governmental bodies, including Canada Revenue Agency.

- Prepare and (on approval of by the Global Board) cause to be filed with the appropriate governmental authority all financial statements and reports required to be filed by Global.

- Maintain the continuous disclosure requirements applicable to Global under all applicable securities laws.

- Maintain a listing for the common shares of Global to the extent determined appropriate by the Global Board.

- Assist in the liquidation and dissolution of Global and each of its remaining subsidiaries, or assisting any liquidator in respect thereof to the extent determined appropriate by the Global Board.

- Report to the Global Board in respect of the foregoing.

In consideration of the foregoing services, FTM Capital Inc. is entitled to a monthly work fee from Global of $15,000 during the term of the Services Agreement. The Designated Executives are not entitled to any other compensation from Global for their services as Acting President and CEO and Vice President, CFO and Corporate Secretary, respectively.

Global agreed to indemnify FTM Capital Inc. and the Designated Executives from and against all liabilities arising from the services provided under the Services Agreement, other than liabilities arising as a result of their fraud, gross negligence or willful misconduct. Global also agreed to maintain its existing directors' and officers' insurance for the benefit of the Designated Executives.

The Services Agreement will be effective until the completion of winding up of the Company, provided that Global may terminate the Services Agreement without penalty on 30 days prior written notice and FTM Capital Inc. may terminate the Services Agreement without penalty effective immediately on written notice if the obligations under the Services Agreement become incompatible with Mr. Levy's fiduciary duties as an officer of CADRI.

Subsequent Event

On March 7, 2012, the Company recovered the final installment of escrowed sale proceeds from the sale of GBIH and Bach-Simpson. The amount of this installment, net of interest, was $3,157,642.

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. A potential warranty expense of $250,000 in connection with the CADRI Sale Agreement has been accrued in the Company's annual consolidated financial statements for the year ended December 31, 2011.

Liquidity of Small Cap Stocks

Potential 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 transferred its listing from the TSX to the NEX in November 2011 following the closing of the CADRI sale and payment of the initial distribution of capital to shareholders due to its inability to meet TSX listing standards. 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.

Return of Capital and Winding Up

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 Specialties, 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 estimate of the amount available for distribution set forth in Global's management information circular dated July 25, 2011.

On November 2, 2011, Global made an initial return of capital to shareholders in the amount of $1.00 per common share. However, the amount and timing of any further distributions have yet to be determined by the Global Board.

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

On January 1, 2011, Global adopted International Financial Reporting Standards ("IFRS") and Global's audited consolidated financial statements for the year ended December 31, 2011 and December 31, 2010 have been prepared in accordance with IFRS. The Company's audited consolidated financial statements for the year ended December 31, 2010 were originally prepared in accordance with Canadian generally accepted accounting principles prior to the adoption of IFRS. The adoption date of January 1, 2011 requires the restatement of the Company's consolidated financial statements for the year ended December 31, 2010, and the opening consolidated balance sheet as at January 1, 2010, for comparative purposes. 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 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. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates. Changes in those estimates will be reflected in the financial statements in future periods.

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 IAS 34 including comparative figures for 2010. Please refer to note 33 in the audited consolidated financial statements for the year ended December 31, 2011 for a summary of the differences between Global's financial statements previously prepared under Canadian GAAP and to those under IFRS as at January 1, 2010, and as at and for the year ended December 31, 2010.

The International Accounting Standards Board ("IASB") and International Financial Reporting Interpretations Committee ("IFRIC") have issued the following standards that have not been applied in preparing the Consolidated Financial Statements as their effective dates fall within annual periods beginning subsequent to the current reporting period. Refer to note 4 of the Consolidated Financial Statements for a summary of the following description.

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"). This 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 should the voluntary wind-up of the Company initiated October 13, 2011 not be completed. The Company does not expect these to have a material impact on the financial statements.

Forward Looking Statements

This MD&A contains certain forward-looking statements about the objectives, 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 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 [12] 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.

Additional information about the Company, including its annual consolidated financial statements, is available on SEDAR at www.sedar.com.

GLOBAL RAILWAY INDUSTRIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2011

DIRECTORS **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	**CORPORATE OFFICE** **Global Railway Industries Ltd.** 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 November 4, 2011, Global transferred its listing to the NEX, a separate board of the TSX Venture Exchange