Management's Discussion and Analysis and Financial Review
as at August 16, 2013

The following is Management's Discussion and Analysis ("**MD&A**") of Chinook Tyee Industry Limited (formerly Global Railway Industries Ltd.) financial condition and results of operations for the six month period ended June 30, 2013. This MD&A has been prepared as of August 16, 2013. 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 condition. This analysis should be read in conjunction with the Company's unaudited Condensed Consolidated Interim Financial Statements, which are available on SEDAR at www.sedar.com. The Company's website is www.chinooktyee.com.

In this document, unless the context otherwise requires, the "**Company**" or "**Chinook Tyee**" refers to Chinook Tyee Industry Limited and its subsidiaries.

Forward-Looking Statements

Statements in this management discussion and analysis and financial review, to the extent that they are not based on historical events, constitute forward-looking statements. These statements appear in a number of different places in this report and include statements regarding the intent, belief or current expectations of the Company and its directors or officers, primarily with respect to the future market size and future operating performance of the Company and its subsidiaries. Forward-looking statements include, without limitation, statements regarding the outlook for future operations, forecasts of future costs and expenditures, evaluation of market conditions, the outcome of legal proceedings, the adequacy of reserves, or other business plans. Investors are cautioned that any such forward-looking statements are not guarantees and involve risks and uncertainties, and that actual results may differ from those in the forward-looking statements as a result of various factors such as general economic and business conditions, including changes in interest rates, prices and other economic conditions; actions by competitors; natural phenomena; actions by government authorities, including changes in government regulation; uncertainties associated with legal proceedings; technological development; future decisions by management in response to changing conditions; the ability to execute prospective business plans; and misjudgments in the course of preparing forward-looking statements. Investors are advised that these cautionary remarks expressly qualify in their entirety all forward-looking statements attributable to the Company or persons acting on its behalf contained in this management discussion and analysis and financial review. We note that additional risks not presently known to us or that we may currently deem immaterial may also impair our business and operations. We do not assume any obligation to update any forward-looking statements other than as required by applicable law.

The Company

Chinook Tyee is incorporated under the Business Corporation Act of British Columbia. The Company's common shares trade on the NEX (http://www.tmx.com/en/nex/), which is a separate board of the TSX Venture Exchange, under the trading symbol "XCX.H".

Following the sale of CAD Railway Industries Ltd. ("**CADRI**") during fiscal 2011, the Company ceased to carry business in the railroad industry and initiated the voluntary winding-up of the Company, which was approved by shareholders at a special meeting held on August 30, 2011. The Company paid dividends to shareholders of $15,264,065 or $1.00 per common share on November 2, 2011 and $6,105,626 or $0.40 per common share on May 14, 2012.

On January 31, 2013, at a special meeting of the Company's shareholders, the shareholders passed special resolutions to revoke the Certificate of Intent to Dissolve issued to the Company by the Registrar of Corporations of Alberta and to continue the Company from the jurisdiction of Alberta to the jurisdiction of British Columbia.

On January 30, 2013, the Company received a valid notice of dissent from shareholders holding 1,373,100 common shares (the "**Dissented Shares**") of the Company. Under applicable corporate law, the Company purchased the Dissented Shares for $315,813.

On April 16, 2013, the Company received a Certificate of Continuance to British Columbia from the jurisdiction of Alberta.

On August 8, 2013, at an annual general and special meeting of the Company's shareholders, the shareholders passed a resolution to consolidate all of the Company's issued Class A Voting Common Shares on the basis of four (4) pre-consolidation Common Shares being consolidated into one (1) Common Share. As of August 8, 2013, the Company had 3,472,741 common shares issued and outstanding.

On August 13, 2013, the Company's directors approved a resolution to change the name of the Company to Chinook Tyee Industry Limited.

Overview
The Company is currently seeking to identify and evaluate potential businesses with a view to completing a change of business under the policies of the TSX Venture Exchange. As such, the Company is maintaining most of its assets in cash or short-term investments. As of August 16, 2013, the Company has net cash and short-term investments of approximately $0.95 per share and approximately 3,472,741 common shares outstanding.

Accounting Policies

Statement of compliance
These consolidated interim financial statements are unaudited and have been prepared in accordance with International Accounting Standards ("IAS") 34, "Interim Financial Reporting". These consolidated interim financial statements do not include all of the information required for annual financial statements.

These consolidated interim financial statements have been prepared following the same accounting policies and methods of computation as the consolidated financial statements of the Company for the year ended December 31, 2012. The disclosures provided below are incremental to those included with the annual consolidated financial statements and certain disclosures, which are normally required to be included in the notes to the annual consolidated financial statements, have been condensed or omitted. These consolidated interim financial statements should be read in conjunction with the consolidated financial statements and notes thereto in the Company's annual consolidated financial statements for the year ended December 31, 2012.

These consolidated financial statements were approved by the Company's Board of Directors on August 16, 2013.

Basis of preparation
These consolidated financial statements have been prepared on a going concern basis, under the historical cost convention, except for financial instruments which are measured at fair value.

Basis of consolidation
The consolidated financial statements include the accounts of Chinook Tyee and its wholly-owned subsidiary 1703558 Ontario Inc., which was wound up on September 21, 2011 and subsequently dissolved on July 10, 2013.

Control over a subsidiary exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of the entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

All intercompany balances and any unrealized gains and losses or income and expenses arising from intercompany transactions are eliminated in preparing the consolidated financial statements.

Functional and presentation currency
These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency.

Financial Instruments

Fair value
The Company's financial instruments consist of cash, short-term investments, receivables and trade and other payables. As at June 30, 2013 and December 31, 2012, the fair value of these financial instruments approximates their carrying value due to the relatively short periods to maturity of the instruments.

Risks and Uncertainties

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Company's credit risk associated with cash and short-term investments is minimized by ensuring these financial assets are invested with highly rated financial institutions.

The Company also has credit risk attributable to its receivables. The amounts disclosed in the Consolidated Statement of Financial Position are net of allowances for impairment, estimated based on prior experience.

Currency risk
The Company is exposed to foreign exchange risks arising from fluctuation in exchange rates on its U.S. dollar denominated monetary assets.

As at June 30, 2013, the Company's exposure to foreign currency risk was cash of $1,340 (December 31, 2012 - $2,869).

Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate because of changes in market interest rates. The Company's variable rate financial assets are comprised of short-term investments. The Company has no interest bearing financial liabilities.

Liquidity risk
Liquidity risk is the risk that the Company will not have sufficient cash resources to meet financial obligations as they fall due. The Company manages liquidity risk through management of its capital structure as outlined in Note 8 in Notes to the condensed consolidated interim financial statements.

Selected Financial Data
The following selected financial data as reported by the Company for the past eight business quarters have been summarized from the Company's unaudited quarterly financial statements and are qualified in their entirety by reference to, and should be read in conjunction with, such financial statements.

	2013		2012				2011		
	(In thousands, except per share amounts)								
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue	$ 11	$ 12	$ -	$ -	$ -	$ -	$ -	$ 8,634	$ 10,094
Earnings (loss)	$ 137	$ (152)	$ (192)	$ (248)	$ (135)	$ (131)	$ (352)	$ (13,587)	$ (581)
Earnings (loss) per share basic and diluted	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.02)	$ (0.01)	$ (0.01)	$ (0.02)	$ (0.89)	$ (0.04)

Liquidity and Capital Resources
The Company's principal sources of funds are its available cash resources and public financing. The Company's recurring cash requirements include general and administrative and regulatory and shareholder communication expenses. As at June 30, 2013, the Company's debt consisted of trade and other payables of $46,706 and income tax payable of $254,985. Subsequent to June 30, 2013, the tax payable in the amount of $254,985 was reversed and taken into income, as any indemnification obligations related to the taxes payable expired on July 14, 2013.

As at June 30, 2013, cash increased to $2,407,923 compared to $650,969 for the period ended December 31, 2012, due largely from the sale of short-term investments to cash. The Company defines short-term investments as interest-bearing securities with maturities at purchase date of more than three months, but less than one year. Additional sources of liquidity at June 30, 2013, included $1,019,234 in short-term investments, receivables of $49,051 and prepaid expenses of $113,002. Prepaid expenses predominantly include director and officer insurance to former directors who resigned during fiscal 2012 and directors' fees for current directors. Total current assets as at June 30, 2013 declined to $3.6 million compared to $4.2 million for the corresponding comparative period due largely to the repurchase and cancellation of common shares at a cost of $315,813 and operating costs incurred during the period.

For the reported period ending June 30, 2013, the Company generated cash of $1,756,954 from operations, investing and financing activities. Cash flow from operations used $458,219, predominantly from the reported loss for the period of $289,233 and adjustments for changes in non-cash working capital items of $145,814. Investing activities generated cash of $2,530,986 from the sale of short-term investments to cash. Financing activities for the reported period used cash of $315,813 for the repurchase and cancellation of shares.

Total equity declined to $3.3 million as of June 30, 2013 compared to $3.9 million for the comparative period due largely to the repurchase and cancellation of shares and operating costs during the reported period. As at June 30, 2013, the Company did not have any off-balance sheet financial arrangements.

Operating Results

For the six months ended June 30, 2013
The following analysis of the Company's operating results for the six months ended June 30, 2013, includes a comparison to the corresponding comparative period for the six months ending June 30, 2012.

For the six months ending June 30, 2013, revenues, which were basically generated from interest income, decreased to $23,172 compared to $51,123 for the corresponding comparative period, due largely to the decline in short-term investments between the comparative periods. The Company paid dividends to shareholders of $6,105,626 or $0.40 per common share on May 14, 2012.

Operating expenses decreased slightly to $312,395 for the six months ending June 30, 2013 compared to $316,754 for the corresponding comparative period and included general and administrative costs of $270,184, regulatory and shareholder communications of $21,627 and independent directors' fees of $19,500. General and administrative costs included professional fees of $192,534, rent and insurance of $30,646, salaries and benefits of $29,509 and office and supplies of $17,495. Professional fees include $60,750 for management services provided by a company owned by the Company's former acting President and Chief Executive Officer. The management service contract has been cancelled. No management fees, salaries or stock options have been paid or received by the current management since their appointment other than $16,785 to the Chief Financial Officer for accounting services provided during the reported period.

The comprehensive loss for the six months ending June 30, 2013 was $289,233 compared to $265,631 for the corresponding comparative period. Basic and diluted income (loss) per common share was ($0.02) for the respective periods.

For the three months ended June 30, 2013

The following analysis of the Company's operating results for the three months ended June 30, 2013, includes a comparison to the corresponding comparative period for the three months ending June 30, 2012.

For the three months ending June 30, 2013, revenues, which were basically generated from interest income, decreased to $11,574 compared to $27,173 for the corresponding comparative period.

Operating expenses totaled $148,832 for the three months ending June 30, 2013 compared to $161,861 for the comparative period and included independent directors' fees of $10,500, general and administrative costs of $132,364, and regulatory and shareholder communications of $4,926.

The comprehensive loss for the three months ending June 30, 2013 was $137,258 compared to a loss of $134,688 for the corresponding comparative period. Basic and diluted loss per common share were ($0.01), respectively for the three months ending June 30, 2013 and for the corresponding comparative period.

Contractual Obligations

As at June 30, 2013, the Company had no lease commitments.

Chinook Tyee 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 (July 14, 2013) and the completion of the wind up of Chinook Tyee. The maximum liability of Chinook Tyee for indemnification claims is 50% of the purchase price for GBIH and Bach-Simpson.

Disclosure of Outstanding Share Data

At June 30, 2013, the Company had 13,890,965 common shares outstanding. During the six months ended June 30, 2013, 1,373,100 common shares were repurchased for $315,813 and cancelled. There were no share options outstanding as at June 30, 2013.

Related Party Transactions

During the six months ended June 30, 2013, the Company entered into the following related party transactions:

(a) Paid or accrued fees of $19,500 (2012 - $33,173) to directors of the Company.

(b) Paid $60,750 (2012 - $90,000) for management services provided by a company owned by the Company's former acting President and former Chief Executive Officer.

(c) Paid or accrued consulting fees of $16,785 (2012 – $Nil) to the Chief Financial Officer of the Company.

Management Assessment of Internal Controls

During the most recent interim quarter ending June 30, 2013, there have not been changes in the design of the Company's internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

Subsequent Events

On August 8, 2013, at an annual general and special meeting of the Company's shareholders, the shareholders passed a resolution to consolidate all of the Company's issued Class A Voting Common Shares on the basis of four (4) pre-consolidation Common Shares being consolidated into one (1) Common Share. As of August 8, 2013, the Company had 3,472,741 common shares issued and outstanding.

On August 13, 2013, the Company's directors approved a resolution to change the name of the Company to Chinook Tyee Industry Limited.

Subsequent to June 30, 2013, the tax payable in the amount of $254,985 was reversed and taken into income, as any indemnification obligations related to the taxes payable expired on July 14, 2013.

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