

Global Railway Announces Sale of CAD Railway Industries Ltd.

Stock Symbol: **GBI**

Listing: **Toronto Stock Exchange**

Outstanding Shares: **15.2 Million**

Web Site: **www.globalrailway.com**

LACHINE, QC, July 5, 2011 /CNW/ - **Global Railway Industries Ltd., - (GBI:TSX)**: Global Railway Industries Ltd., www.globalrailway.com, today announced the signing of an agreement for the sale of its operating subsidiary, CAD Railway Industries Ltd. (CADRI), to 2290693 Ontario Inc., a company controlled by Mr. Fausto Levy, Global and CADRI's President and Chief Executive Officer, with the participation of the Caisse de dépôt et placement du Québec (CDPQ) as a financial partner, as well as other members of CADRI management. The transaction is valued at approximately Cdn.\$12.9 million, including the assumption of debt outstanding of approximately Cdn.\$550,000. Cdn.\$1 million of the purchase price will be held in escrow for one year following the closing for potential indemnification claims under the purchase agreement.

The sale of CADRI represents the culmination of the strategic review process commenced by the Global Board in 2009 to maximize shareholder value and follows the sale of Global's other operating businesses, G&B Specialties and Bach-Simpson, to Wabtec Corporation in the third quarter of 2010. As part of this strategic review process, Global entertained proposals from a number of potential purchasers of the Company as a whole, and of the operating businesses of the Company, including CADRI, separately. After the Special Committee of the Board determined interest in CADRI from third parties was insufficient, it invited management to consider whether they would participate in the sale process and consider submitting an offer for CADRI. The announced transaction represents the most attractive offer available to the Company, and Global's board of directors have unanimously determined it to be in the best interests of Global and its shareholders. In approving the CADRI sale, 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. and a fairness opinion from RSM Richter to the effect that the CADRI sale is fair, from a financial point of view, to the Company.

Mr. Thomas Dea, Chairman of the Global Board, said "We are very pleased that we have concluded the strategic review process by reaching an agreement to sell CADRI to Mr. Levy's company. The Special Committee and its advisors have worked diligently over the past two years to ensure that all alternatives were considered. The Board of Global believes that in the circumstances this is the best possible outcome for the Company and its shareholders."

Mr. Fausto Levy welcomes the participation of CDPQ, one of the largest financial institutions in Canada, in the management buy-out. Mr. Levy added that he is confident the acquisition of CADRI by management will ensure continuity for CADRI's clients and other stakeholders.

The completion of the CADRI sale is conditional on obtaining the approval of the shareholders of Global, as well as other customary conditions including approval of the Toronto Stock Exchange. The closing is currently anticipated to occur in the later part of the third quarter of 2011. The purchase agreement between Global and 2290693 Ontario Inc. provides for, among other things, a non-solicitation covenant by Global, subject to customary provisions that entitle Global to consider and accept a superior proposal relating to Global or CADRI, and the payment by Global to 2290693 Ontario Inc. of an expense reimbursement for out-of-pocket invoiced expenses if the transaction is not completed as a result of a superior proposal.

Global has agreed to call and hold a special meeting of shareholders within 75 days. At the meeting, Global will seek shareholder approval for the CADRI sale by a majority of not less than two-thirds of the votes cast by shareholders voting at the meeting, including a majority of the votes cast by shareholders other than Mr. Levy, 2290693 Ontario Inc. and their "related parties" (within the meaning of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*). The Global Board has unanimously recommended that shareholders vote in favour of the transaction at the meeting. A copy of the formal valuation and fairness opinion prepared by RSM Richter will be included in the management information circular that will be sent to shareholders in connection with the special meeting.

Forward Looking Statements:

This news release contains certain forward-looking statements about the objectives, strategies, financial conditions, results of operations and businesses of Global and CADRI. Statements that are not historical facts are forward-looking and are subject to important risks, uncertainties and assumptions. These statements are based on Global'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 Global's business, failure of any of the conditions precedent to the CADRI sale, indemnification claims or other proceedings in connection with the CADRI sale or the Wabtec transactions, the termination of any of CADRI's material client relationships, or, generally, any other material adverse event that prevents CADRI from implementing its business plans following the sale, or if Global's 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. Significant and reasonably foreseeable factors that could cause Global's results to differ materially from its current expectations are discussed in the section entitled "Business Risks" contained in the Global's Management's Discussion and Analysis for the year ended December 31, 2010 filed by Global with the Canadian securities commissions (available on SEDAR at www.sedar.com), as updated in its most recent Management's Discussion and Analysis for the three months ended March 30, 2011. Global 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.

About Global Railway Industries Ltd.: Global Railway Industries Ltd. is a public company whose shares are listed for trading on the Toronto Stock Exchange (TSX) under the symbol "GBI". For more information: visit www.globalrailway.com or www.investorfile.com.

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