

**Form 51-102F3**  
**MATERIAL CHANGE REPORT**

**ITEM 1: NAME AND ADDRESS OF REPORTING ISSUER**

Global Railway Industries Ltd. ("Global")  
155 boul. Montreal-Toronto  
Lachine, QC  
H8S 1B4

**ITEM 2: DATE OF MATERIAL CHANGE**

July 5, 2011

**ITEM 3: NEWS RELEASE**

On July 5, 2011, a press release was issued from Lachine, Quebec and disseminated by newswire through CNW Group.

**ITEM 4: SUMMARY OF MATERIAL CHANGE**

On July 5, 2011, Global announced the signing of an agreement for the sale of its operating subsidiary, CAD Railway Industries Ltd., to 2290693 Ontario Inc., a company controlled by Mr. Fausto Levy, Global's President and Chief Executive Officer.

**ITEM 5: FULL DESCRIPTION OF MATERIAL CHANGE**

On July 5, 2011, Global announced the signing of an agreement (the "Purchase Agreement") for the sale of its operating subsidiary, CAD Railway Industries Ltd. ("CADRI"), to 2290693 Ontario Inc. (the "Buyer"), a company controlled by Mr. Fausto Levy, Global'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 certain other members of CADRI management ("Management Shareholders"). 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 (the "Transaction") represents the culmination of the strategic review process commenced by the board of directors of Global

(the "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 Global as a whole, and of the operating businesses of Global, 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 represented the most attractive offer available to Global, and the Board unanimously determined it to be in the best interests of Global and its shareholders. In approving the CADRI sale, the Board considered, among other things, the advice of its financial and legal advisors, a formal valuation of CADRI prepared by RSM Richter Inc. ("RSM Richter") and a fairness opinion from RSM Richter to the effect that the CADRI sale is fair, from a financial point of view, to Global. A copy of the formal valuation and fairness opinion prepared by RSM Richter will be included in the management information circular (the "Circular") that will be sent to shareholders in connection with the special meeting of shareholders to be held to approve the Transaction (the "Meeting"). The Board, comprised entirely of directors independent of Global and the Buyer, has unanimously recommended that shareholders vote in favour of the Transaction at the Meeting.

Completion of the Transaction is conditional on obtaining the approval of the shareholders of Global at the Meeting, as well as other customary conditions including approval of the Toronto Stock Exchange ("TSX"). Closing of the Transaction is currently anticipated to occur in the later part of the third quarter of 2011. The Purchase Agreement 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 the Buyer 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 the Meeting within 75 days of the date of execution of the Purchase Agreement. 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 in person or by proxy at the Meeting, including a majority of the votes cast by shareholders other than Mr. Levy, the Management Shareholders, CDPQ and any other "interested parties", "related parties" and "joint actors" (each within the meaning of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* ("MI 61-101")).

The sale of CADRI will have no effect on the control of Global as it is a sale of a subsidiary. However, after completion of the Transaction, Global will cease to have an operating business and, subject to meeting continued listing requirements of the TSX, may be de-listed from TSX. Under a management services agreement to be entered into on closing, Mr. Levy and Mr. Ross Corcoran (Global's Vice President and Chief Financial Officer) will continue to provide management and administrative services to Global as required post-closing, which services agreement may be terminated by Global at any time.

The Meeting is expected to be held on August 30, 2011 and the Circular is expected to be mailed to Global shareholders in late July.

**ITEM 6: RELIANCE ON SUBSECTION 7.1(2) of NATIONAL INSTRUMENT 51-102**

Not applicable.

**ITEM 7: OMITTED INFORMATION**

Not applicable.

**ITEM 8: EXECUTIVE OFFICER**

For additional information, please contact:

Ross Corcoran  
Vice President & CFO  
514-634-3131

**ITEM 9: DATE OF REPORT**

July 14, 2011.