

SHARE PURCHASE AGREEMENT

Among

2290693 ONTARIO INC.

as Buyer

- and -

GLOBAL RAILWAY INDUSTRIES LTD.

as Seller

in respect of

CAD RAILWAY INDUSTRIES LTD.

July 4, 2011

TABLE OF CONTENTS

Article 1 Definitions and Interpretation.....	2
1.1 Meaning.....	2
1.2 Time, Day and Currency	9
1.3 Knowledge.....	10
1.4 Statutory Reference	10
1.5 Extended Meaning.....	10
1.6 Entire Agreement.....	11
1.7 Headings, References and Schedules	11
Article 2 Purchase and Sale.....	11
2.1 Purchase and Sale	11
2.2 Purchase Price.....	11
2.3 Payment	11
2.4 Allocation of Purchase Price	12
2.5 Settlement	12
2.6 Adjustments to Purchase Price	13
Article 3 Representations and Warranties of the Seller	13
3.1 As to the Seller and the Purchased Securities.....	13
3.2 As to the Corporation	15
Article 4 Representations and Warranties of the Buyer	18
4.1 Status	19
4.2 Due Authorization	19
4.3 Enforceability	19
4.4 No Conflict	19
4.5 Brokers or Finders	20
4.6 Financing Arrangements.....	20
Article 5 Obligations of the Seller and the Corporation.....	20
5.1 Conduct of Business Before Closing.....	20
5.2 Pre-Closing Reorganization.....	20
5.3 Other Obligations	21
5.4 Meeting and Circular	21
5.5 Board Approval	22
5.6 Non-Competition	22
5.7 Non-Solicitation.....	22
5.8 Termination of Employees	23
5.9 Closing Date Tax Returns.....	23
5.10 Wabtec Escrow Entitlement	23
5.11 Authorization	23

Article 6 Obligations Relating to Acquisition Proposals	24
6.1 Non-Solicitation.....	24
6.2 Notification of Acquisition Proposals	24
6.3 Responding to Acquisition Proposals and Superior Proposals.....	25
Article 7 Conditions of Closing	26
7.1 Conditions of Closing in Favour of the Buyer	26
7.2 Conditions of Closing in Favour of the Seller	27
Article 8 Closing Date	28
8.1 Closing.....	28
8.2 Seller Deliveries	28
8.3 Buyer Deliveries.....	29
Article 9 Survival and Indemnity	29
9.1 Survival.....	29
9.2 Indemnification by the Seller	29
9.3 Indemnification by Buyer.....	29
9.4 Notice of Claim	30
9.5 Direct Claims.....	30
9.6 Third-Party Claims	30
9.7 Limitation of Liability	31
9.8 Exclusivity	32
Article 10 Termination.....	32
10.1 Termination	32
10.2 Expense Reimbursement	33
10.3 Effect of Termination	33
Article 11 Confidentiality	34
11.1 Confidentiality; Public Announcements.....	34
Article 12 Miscellaneous	34
12.1 Fees and Expenses.....	34
12.2 Further Assurances	34
12.3 Notice.....	34
12.4 Severability.....	36
12.5 Waivers.....	36
12.6 Successors and Assigns	36
12.7 Assignment.....	36
12.8 Amendment	36
12.9 Governing Law and Jurisdiction.....	36
12.10 Counterparts.....	36

SHARE PURCHASE AGREEMENT

THIS AGREEMENT is entered into at Montreal, Quebec on July 4, 2011.

AMONG: **2290693 ONTARIO INC.,**
a legal person existing under the laws of Ontario
and having its registered office at Toronto,
Ontario;

(the “**Buyer**”)

AND: **GLOBAL RAILWAY INDUSTRIES LTD.,**
a legal person existing under the laws of Alberta
and having its registered office at Edmonton,
Alberta;

(the “**Seller**”)

AND: **CAD RAILWAY INDUSTRIES LTD.,**
a legal person existing under the laws of Ontario
and having its registered office at Toronto,
Ontario;

(the “**Corporation**”)

AND TO WHICH INTERVENES: **FTM INTERNATIONAL INC.,**
a legal person existing under the laws of Canada
and having its registered office at Montreal,
Quebec;

(“**FTM**”)

RECITALS

- A. The Seller and 1703558, a wholly-owned subsidiary of the Seller, are the registered and beneficial owners of the Purchased Shares on the date of this Agreement, as set forth on Schedule 3.1.8;
- B. The Seller intends to cause a voluntary dissolution of 1703558, following which the Seller will become the sole registered and beneficial owner of the Purchased Shares;
- C. The Buyer wishes to purchase and the Seller wishes to sell the Purchased Securities on the terms and subject to the conditions of this Agreement;
- D. The Seller Board, after receiving financial and legal advice, has determined that it would be advisable and in the best interests of the Seller and its shareholders for the Seller to enter into this Agreement and wishes to encourage its shareholders to vote their shares in favour of the Special Resolution;

- E. FTM intervenes to this Agreement solely to guarantee the payment to the Seller of the Seller's Expense Reimbursement under Section 10.2.2.

THEREFORE, the Parties agree as follows:

ARTICLE 1
DEFINITIONS AND INTERPRETATION

1.1 Meaning

Unless the context otherwise requires, the following terms have the following meanings:

1.1.1 “**1703558**” means 1703558 Ontario Inc.;

1.1.2 “**Acquisition Proposal**” means:

- (a) any take-over bid, issuer bid, amalgamation, plan of arrangement, business combination, merger, tender offer, exchange offer, consolidation, recapitalization, reorganization, liquidation, dissolution or winding-up in respect of the Seller or the Corporation, other than the Pre-Closing Reorganization;
- (b) any sale of assets (or any lease, long-term supply arrangement, license or other arrangement having the same economic effect as a sale) of the Seller or the Corporation out of the ordinary course of business;
- (c) any sale or issuance of shares or other equity interests (or securities convertible into or exercisable for such shares or interests) in the Seller or the Corporation, other than (i) the issuance of shares by the Seller on the exercise of outstanding stock options, (ii) the transfer and exchange of shares of the Corporation under the Pre-Closing Reorganization;
- (d) any similar transaction or series of transactions involving the Seller or the Corporation;
- (e) any inquiry, proposal, offer or public announcement of an intention to do or consider any of the foregoing; and
- (f) any request for non-public information relating to the Seller or the Corporation out of the ordinary course of business;

1.1.3 “**Affiliate**” means, with respect to a Person, any other Person that directly or indirectly Controls, is Controlled by or is under common Control with that Person;

1.1.4 “**Agreement**” means this agreement, as modified from time to time by the Parties;

1.1.5 “**Ancillary Agreements**” means any ancillary agreement as may be required by the Parties in relation to the Closing, including the Escrow Agreement, the Confidentiality Agreement and the Services Agreement;

1.1.6 “**Annual Financial Statements**” has the meaning set out in Section 3.2.8;

- 1.1.7 “**Benefit Plans**” means insured or self-insured benefits relating to income continuation or other benefits during absence from work (including short term disability, long term disability and workers compensation), hospitalization, health, welfare, legal costs or expenses, medical or dental treatments or expenses, life insurance, accident, death or survivor’s benefits, supplementary employment insurance, day care, tuition or professional commitments or expenses or similar employment benefits;
- 1.1.8 “**Business**” means the business of rail vehicles refurbishment and holding of real (immovable) properties as now conducted by the Corporation, directly or indirectly through its Subsidiaries;
- 1.1.9 “**Business Day**” means any day except Saturday, Sunday and any other day on which financial institutions are generally not open for business in the city of Montreal, Quebec;
- 1.1.10 “**Buyer**” has the meaning set out in the heading of this Agreement;
- 1.1.11 “**Buyer Indemnified Persons**” has the meaning set out in Section 9.2;
- 1.1.12 “**Buyer’s Expense Reimbursement**” has the meaning set out in Section 10.2.1;
- 1.1.13 “**CDPQ**” means Caisse de dépôt et placement du Québec;
- 1.1.14 “**Circular**” has the meaning set out in Section 5.4.2;
- 1.1.15 “**Claim**” has the meaning set out in Section 9.4.1;
- 1.1.16 “**Closing**” means the completion of the Transaction to occur on the Closing Date;
- 1.1.17 “**Closing Conditions**” means the conditions set forth in Sections 7.1 and 7.2;
- 1.1.18 “**Closing Date**” means the date set by the Parties for the Closing, which shall occur no later than 10 Business Days after the Meeting or such other date as may be agreed upon in writing by the Parties;
- 1.1.19 “**Closing Date Balance Sheet**” means the Corporation’s balance sheet as at the Closing Date prepared in accordance with GAAP, together with the notes thereto, consistent with past practice;
- 1.1.20 “**Confidentiality Agreement**” means the confidentiality agreement dated December 2, 2010 between the Seller and certain principals of FTM;
- 1.1.21 “**Consent**” means any approval, consent, ratification, waiver or other authorization;
- 1.1.22 “**Contract**” means any agreement, contract, indenture, instrument, obligation, promise or undertaking (whether written or oral and whether express or implied) that is legally binding;
- 1.1.23 “**Control**”: a Person “Controls” another Person if the controlling Person may (a) elect a majority of the directors of the controlled Person, or (b) direct or cause the direction of

the management and policies of the controlled Person, whether through the ownership of voting securities (other than by way of security only), by Contract or otherwise, directly or indirectly; and the terms “is Controlled by”, “Controlling” and “Control” have correlative meanings;

- 1.1.24 “**Corporation**” means CAD Railway Industries Ltd., a legal person existing under the laws of Ontario, as well as its Subsidiaries (other than with respect to representations that expressly distinguish between the Corporation and its Subsidiaries);
- 1.1.25 “**Direct Claim**” has the meaning set out in Section 9.4.1;
- 1.1.26 “**Dissent Rights**” means the rights of dissent in respect of the Transaction under section 191 of the *Business Corporations Act* (Alberta);
- 1.1.27 “**Employees**” means all of the Corporation’s directors, officers and employees, whether full time or part time;
- 1.1.28 “**Encumbrance**” means (a) any claim, mortgage, hypothec, charge, lien, pledge, security interest, dismemberment of a right of ownership, easement, servitude, right of way, restriction, lease, leasing agreement, sale with right of redemption, conditional sale arrangement or other right of a third party attaching to property, interests or rights, whether or not they constitute specific or floating charges, and (b) any Proceeding, claim or notice of default of any kind claiming such encumbrances;
- 1.1.29 “**Escrow Agent**” means Computershare Trust Company of Canada, the escrow agent appointed in accordance with the Escrow Agreement;
- 1.1.30 “**Escrow Agreement**” means the escrow agreement to be entered into among the Seller, the Buyer and the Escrow Agent at Closing, substantially in the form attached as Schedule 1.1.30, with respect to the deposit and release of the Escrowed Funds;
- 1.1.31 “**Escrowed Funds**” has the meaning set out in Section 2.3.2;
- 1.1.32 “**Expense Reimbursement**” has the meaning set out in Section 10.2.2;
- 1.1.33 “**Financial Statements**” has the meaning set out in Section 3.2.8;
- 1.1.34 “**Financial Statement Date**” means March 31, 2011;
- 1.1.35 “**GAAP**” means generally accepted accounting principles in effect in Canada at the relevant time, including the accounting recommendations published in the Handbook of the Canadian Institute of Chartered Accountants; provided that, for the purposes of determining Net Working Capital, GAAP shall not take into account changes in the accounting policies of the Seller and the Corporation as a result of its adoption of International Financial Reporting Standards;
- 1.1.36 “**Good Standing**”, when used in reference to a corporation, means that the corporation has not been discontinued or dissolved under the laws of its jurisdiction of incorporation

or continuation, that no steps or Proceedings have been taken to authorize or require discontinuance or dissolution and that the corporation has submitted to the relevant Governmental Entity all notices or returns of corporate information and all other filings required by Law to be submitted to that Governmental Entity;

- 1.1.37 “**Governmental Entity**” means (a) any multinational, federal, provincial, state, municipal or local government or public body or any department, court, commission, board, bureau, agency or instrumentality, domestic or foreign, (b) any subdivision, agent, commission, board or authority of such entities and (c) any public, quasi-governmental or private body exercising a regulatory, expropriation, securities or taxing authority under or for the account of such entities;
- 1.1.38 “**Guarantee**” means any Contract of guarantee, indemnification, assumption or endorsement or any other like commitment of the obligations, liabilities (fixed, contingent or otherwise) or Indebtedness of another Person;
- 1.1.39 “**Indebtedness**” means any bond, debenture, mortgage, hypothec, promissory note, letter of credit or other indebtedness;
- 1.1.40 “**Indemnified Party**” has the meaning set out in Section 9.4.1;
- 1.1.41 “**Indemnifying Party**” has the meaning set out in Section 9.4.1;
- 1.1.42 “**Independent Accounting Firm**” has the meaning set out in Section 2.5.3;
- 1.1.43 “**Intercompany Indebtedness**” means the principal amount of \$5,302,799.50 owing from the Corporation to the Seller as evidenced by a non-interest bearing demand promissory note;
- 1.1.44 “**Interested Party**” means each of the Buyer, FTM and any other “interested party” as defined in Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* with respect to the Transaction;
- 1.1.45 “**Interim Financial Statements**” has the meaning set out in Section 3.2.8;
- 1.1.46 “**ITA**” means the *Income Tax Act* (Canada);
- 1.1.47 “**Law**” means any statute, regulation, rule, decree, code, guideline, decision, judgment, ruling, award, policy or order of a Governmental Entity, and any of their provisions, including the provisions or principles of civil and common law and of equity, binding the Person referred to in the context in which that word is used;
- 1.1.48 “**Letters of Credit**” has the meaning set out in Section 5.3.2(b);
- 1.1.49 “**Match Period**” has the meaning set out in Section 6.3.2(e);
- 1.1.50 “**Material Adverse Effect**” means the effect of a change, fact, event, circumstance, condition or omission that, individually or together with any other change, fact, event,

circumstance, condition or omission, has or is reasonably expected to have a material adverse effect on the Corporation's financial position, properties and assets or results of operations, or on the Business as conducted as at the date of this Agreement, other than any effect:

- (a) relating to general economic or political conditions;
- (b) affecting the industry in which the Business is carried on;
- (c) relating to any of the principal markets served by the Corporation generally or shortages or price changes with respect to raw materials or other products used or sold by the Corporation;
- (d) relating to any generally applicable change in applicable Law (other than orders, judgments or decrees against the Corporation) or in GAAP; or
- (e) relating to the Metrolinx Contract.

1.1.51 “**Maximum Amount**” has the meaning set out in Section 9.7.3;

1.1.52 “**Meeting**” has the meaning set out in Section 5.4.1;

1.1.53 “**Metrolinx Contract**” means Contract No. IT-2010-REM-100 to be entered into between the Corporation and Metrolinx for the refurbishment of bi-level commuter railway cars;

1.1.54 “**Net Working Capital**” means, as of a particular date of determination:

- (a) the value of the categories of current assets of the Corporation listed on Schedule 1.1.54,
- (b) less the value of the categories of current liabilities of the Corporation listed on Schedule 1.1.54,
- (c) less \$1,237,964 in respect of environmental liabilities,
- (d) less the value of the categories of tax receivables of the Corporation listed on Schedule 1.1.54,
- (e) plus the value of the category of tax payables listed on Schedule 1.1.54,
- (f) (i) plus the value of cash outflows, accounts payable and accrued liabilities paid or accounted for by the Corporation on or before the Closing Date, (ii) but minus the value of customer deposits, cash inflows, accounts receivable, prepaid expenses and costs and estimated earnings on uncompleted contracts in excess of billings received or accounted for by the Corporation on or before the Closing Date, in each case in connection with the procurement and performance of the Metrolinx Contract,

in each case determined in accordance with GAAP, consistent with past practice;

- 1.1.55 “**NWC Adjustment**” has the meaning given to it in Section 2.6.1;
- 1.1.56 “**NWC Amount**” means \$10,000,000;
- 1.1.57 “**Party**” means any signatory to this Agreement and any other Person that, from time to time, becomes a party to this Agreement;
- 1.1.58 “**Pension Plans**” means retirement or retirement savings, including registered or unregistered pension plans, pensions, supplemental pensions, registered retirement savings plans and retirement compensation arrangements;
- 1.1.59 “**Performance Bond Obligations**” has the meaning set out in Section 5.3.2(a);
- 1.1.60 “**Permit**” means any Consent, license, permit, waiver, certificate, registration or other authorization issued, granted, given or otherwise made by, or under the authority of, a Governmental Entity;
- 1.1.61 “**Permitted Encumbrances**” means (a) Encumbrances for Taxes not yet due, (b) Encumbrances for workers’ compensation assessments and similar obligations not yet due, (c) Encumbrances of any Employee for salary or wages earned but not yet due, (d) Encumbrances of workers, suppliers of materials, builders and architects, or warehouse and carrier Encumbrances, or unregisterable Encumbrances of unpaid sellers of moveable or personal property, in each case arising in the ordinary course of business, (e) title defects or irregularities that are of a minor nature and in the aggregate do not materially impair the use of any immovable or real property for the purposes for which it is held, (f) Encumbrances granted at the request of the Buyer in connection with the Closing, and (g) the Encumbrances set forth in Schedule 1.1.61;
- 1.1.62 “**Person**” means any natural or legal person, body corporate, partnership, trust, Governmental Entity or any other entity (with or without a patrimony by appropriation) as well as any group of persons, and includes their heirs or legal representatives;
- 1.1.63 “**Pre-Closing Reorganization**” has the meaning set out in Section 5.2;
- 1.1.64 “**Proceeding**” means any action, arbitration, audit, hearing, investigation, review, litigation, or suit (whether civil, criminal, administrative, investigative, or informal) commenced, brought, conducted, or heard by or before, or otherwise involving, a Governmental Entity or arbitrator;
- 1.1.65 “**Purchase Price**” has the meaning set out in Section 2.2;
- 1.1.66 “**Purchased Securities**” means the Purchased Shares and the Intercompany Indebtedness;
- 1.1.67 “**Purchased Shares**” means all of issued and outstanding shares in the capital of the Corporation;
- 1.1.68 “**Release**” has the meaning set out in Section 7.2.4;

- 1.1.69 “**Representative**” means, in respect of a Person, its Affiliates and its and their directors, officers, employees, attorneys, agents and representatives (including any financial, legal or other advisors);
- 1.1.70 “**Seller Indemnified Persons**” has the meaning set out in Section 9.3;
- 1.1.71 “**Seller**” has the meaning set out in the heading of this Agreement;
- 1.1.72 “**Seller Board**” means the Seller’s board of directors;
- 1.1.73 “**Seller’s Expense Reimbursement**” has the meaning set out in Section 10.2.2;
- 1.1.74 “**Services Agreement**” means the services agreement to be entered into between the Seller and FTM Capital Inc. with respect to the management of Seller upon completion of the Transaction, substantially on the terms attached to this Agreement as Schedule 1.1.74;
- 1.1.75 “**Settlement Statements**” means the statement prepared in accordance with Section 2.5 showing the particulars of the calculation of the Net Working Capital and the adjustment of the Purchase Price in respect thereof, calculated in accordance with Section 2.6;
- 1.1.76 “**Special Resolution**” has the meaning set out in Section 7.1.1;
- 1.1.77 “**Subsidiary**”: a Person is a subsidiary of another Person if (a) it is Controlled by (i) that other Person, (ii) that other Person and one or more Persons each of which is Controlled by that other Person, or (iii) two or more Persons each of which is Controlled by that Person, or (b) it is a Subsidiary of a Person that is a Subsidiary of that other Person;
- 1.1.78 “**Superior Proposal**” means an Acquisition Proposal that:
- (a) is made in writing after the date of this Agreement but before the passing of the Special Resolution in accordance with Section 7.1.1;
 - (b) was not solicited after the date of this Agreement in breach of Section 6.1.1;
 - (c) is made for all or substantially all of the consolidated assets of the Seller or the Corporation or all of the outstanding shares of the Seller or the Corporation not owned by the Person making the Acquisition Proposal;
 - (d) in the good faith determination of the Seller Board, after consultation with its outside legal and financial advisors:
 - (i) would, if completed in accordance with its terms (but not assuming away any risk of non-completion), result in a transaction more favourable to the Seller’s shareholders (other than the Buyer and its Affiliates) from a financial point of view than the Transaction (including any amendment to the transaction offered by the Buyer under Section 6.3.3);
 - (ii) is not subject to a due diligence condition;

- (iii) is reasonably capable of being completed in accordance with its terms, taking into account all legal, financial, regulatory and other aspects of the Acquisition Proposal and the party making the Acquisition Proposal; and
- (iv) in respect of which the financing is then committed or confirmation is provided from the sources of financing to be used to complete the transaction contemplated by the Acquisition Proposal;

1.1.79 “**Superior Proposal Notice**” has the meaning set out in Section 6.3.2(d);

1.1.80 “**Tax Return**” means any report, return, document, declaration or other information or filing supplied or required to be supplied to a Governmental Entity with respect to Taxes, including information returns, prescribed forms and any documents with respect to or accompanying payments of estimated Taxes;

1.1.81 “**Taxes**” means all taxes, surtaxes, duties, levies, rates, fees, assessments, reassessments, withholdings and other charges of any nature imposed by a Governmental Entity, including income tax, capital tax (including large corporations), withholding, consumption, sales, use, transfer, goods and services or other value added, excise, customs, antidumping, countervail, stamp, registration, franchise, margin, employment, health, education, social security, gross receipts, license, recording, business, school, property, local improvement, development, education development and occupation taxes and surtaxes, together with all fines, interest, penalties and additions imposed in respect of those amounts;

1.1.82 “**Third Party**” has the meaning set out in Section 9.4.1;

1.1.83 “**Third-Party Claim**” has the meaning set out in Section 9.4.1;

1.1.84 “**Threshold Amount**” has the meaning set out in Section 9.7.1;

1.1.85 “**Transaction**” has the meaning set out in Section 2.1;

1.1.86 “**Valuator**” means RSM Richter Inc.;

1.1.87 “**Wabtec Agreement**” means the asset and share purchase agreement dated July 14, 2010 among, on the one hand, the Seller, 1703558 (then known as Bach-Simpson Corporation) and the Corporation and, on the other hand, Westinghouse Air Brake Technologies Corporation;

1.1.88 “**Wabtec Escrow**” has the meaning set out in Section 5.10; and

1.1.89 “**Wabtec Transaction**” has the meaning set out in Section 5.10.

1.2 Time, Day and Currency

Unless otherwise specified:

1.2.1 a reference to time is to the time in Montreal;

- 1.2.2 if a date fixed to act falls on a day that is not a Business Day, that act may be done on the following Business Day;
- 1.2.3 in computing a time limit, the day that marks the start of the time limit is not counted but the day that marks the end of the time limit is counted; and
- 1.2.4 an amount in currency is in Canadian dollars.

1.3 Knowledge

- 1.3.1 References in this Agreement to “the knowledge of the Seller or the Corporation” refers to the actual knowledge of the directors of the Seller, after diligent inquiry of the relevant subject matter, or on the basis of such knowledge of the relevant subject matter as the directors of the Seller would have had if they had conducted such diligent inquiry.
- 1.3.2 A Proceeding or other matter is deemed to have been “threatened” if any demand or statement has been made (in writing) or any notice has been given (in writing), or if any other event has occurred or any other circumstances exist, that would lead a prudent Person to conclude that such Proceeding or other matter is likely to be asserted, commenced, taken, or otherwise pursued in the future.
- 1.3.3 Notwithstanding anything to the contrary in this Agreement, (a) the condition to Closing in Section 7.1.2 will be deemed to have been waived by the Buyer in respect of (and only to the extent of) the inaccuracy of any representation or warranty of the Seller that was known to the Buyer or Fausto Levy as of the date of this Agreement, and (b) the Seller will not be liable under Article 9 in respect of the inaccuracy of any representation or warranty of the Seller that was known to the Buyer or Fausto Levy as of the date of this Agreement.
- 1.3.4 However, and notwithstanding Section 1.3.3, the provisions contained in Section 1.3.3(a) and (b) will not operate with respect to any inaccuracy made to the knowledge of the Seller or the Corporation.

1.4 Statutory Reference

Unless the context otherwise requires, a legislative or regulatory reference refers to it as it may be amended, re-enacted or replaced or, if repealed and not replaced, as it was in effect immediately before it was repealed.

1.5 Extended Meaning

Unless the context otherwise requires, words importing gender include all genders and words importing the singular include the plural and vice versa. “Include”, “includes”, “including” and similar expressions are to read as if they were followed by “without limitation”.

1.6 Entire Agreement

This Agreement and the Ancillary Agreements constitute the entire agreement between the Parties relating to their subject matters and supersede all prior agreements, discussions, negotiations and representations, whether oral or written, related to their subject matters, including the letter of intent dated November 20, 2010 and the subsequent amendments dated January 19, 2011 and February 28, 2011 between FTM, the Seller, the Corporation and CAD Railway Properties Inc.

1.7 Headings, References and Schedules

The division of this Agreement into articles, sections, paragraphs and other subdivisions and the insertion of headings are for convenience of reference only and will not affect the interpretation of this Agreement. "Article", "Section" or "Schedule" refers to the specified article, paragraph, subparagraph, other subdivision or schedule of or to this Agreement. The following schedules form an integral part of this Agreement:

Schedule 1.1.30:	Form of Escrow Agreement
Schedule 1.1.54:	Net Working Capital
Schedule 1.1.61:	Permitted Encumbrances
Schedule 1.1.74:	Services Agreement Term Sheet
Schedule 3.1.4:	Conflicts and Consents
Schedule 3.1.8:	CADRI Share Capital
Schedule 3.2.3:	Investments
Schedule 3.2.10:	Debt Obligations
Schedule 7.1.4:	Material Consents

ARTICLE 2 PURCHASE AND SALE

2.1 Purchase and Sale

Upon fulfilment of the Closing Conditions but in no event later than the Closing Date, the Seller shall sell and the Buyer shall purchase, effective as of the Closing Date, the Purchased Securities on the terms and subject to the conditions of this Agreement (the "**Transaction**").

2.2 Purchase Price

The purchase price for the Purchased Securities shall be \$12,400,000 (the "**Purchase Price**") as adjusted in accordance with Section 2.6, which shall be allocated among the Purchased Securities as set out in accordance with Section 2.4.

2.3 Payment

The Buyer shall pay the Purchase Price to the Seller as follows:

2.3.1 **Cash Portion.** As to \$11,400,000 of the Purchase Price, by paying that amount at Closing to the Seller by wire transfers, according to the information and instructions

provided to the Buyer by or on behalf of the Seller, or by certified cheques drawn on, or banker's drafts issued by, a Canadian financial institution payable to, or to the order of, the Seller in immediately available funds.

2.3.2 **Escrowed Amount**. As to \$1,000,000 of the Purchase Price, by depositing that amount (the "**Escrowed Funds**") with the Escrow Agent under the Escrow Agreement at Closing, in trust, by wire transfers, according to the information and instructions provided to the Buyer by the Escrow Agent, or by certified cheques drawn on, or banker's drafts issued by, a Canadian financial institution payable to, or to the order of, the Escrow Agent in immediately available funds, to be released by the Escrow Agent in accordance with the Escrow Agreement.

2.4 **Allocation of Purchase Price**

The Parties shall allocate the Purchase Price among the Purchased Securities first to the full principal amount of the Intercompany Indebtedness and second to the Purchased Shares. Any NWC Adjustment to the Purchase Price will not decrease or increase the allocation of the Purchase Price to the Intercompany Indebtedness below or above the full principal amount of the Intercompany Indebtedness. The Parties agree that the values so attributed to the Purchased Securities are the respective fair market values thereof, and each Party shall file in mutually agreeable form all Tax Returns and elections required or useful under Law in a manner consistent with the allocation.

2.5 **Settlement**

2.5.1 **Preparation**. The Buyer shall prepare (or cause to be prepared) and deliver to the Seller the Closing Date Balance Sheet and Settlement Statements, in draft form within 60 days of the Closing Date.

2.5.2 **Draft Statements**. The draft Closing Date Balance Sheet and Settlement Statements will be final and binding upon the Parties unless the Seller gives notice to the Buyer of their objection thereto within 20 Business Days of its receipt. A notice under this Section shall specify in reasonable detail the disputed items and its motives.

2.5.3 **Disputes**. If the Seller objects to the draft Closing Date Balance Sheet and Settlement Statements, the Parties shall use their reasonable commercial efforts to resolve the dispute within 30 Business Days. If unresolved, the dispute shall be submitted for resolution by any Party to an independent accounting firm selected by mutual agreement of the Parties, or in the absence of agreement, to Raymond Chabot Grant Thornton LLP, Chartered Accountants (the "**Independent Accounting Firm**"), which will be acting as experts and not as arbitrators. That resolution will be final and binding upon the Parties and shall be reflected in the Closing Date Balance Sheet and Settlement Statements, which will then be in final form. The fees and disbursements of the Independent Accounting Firm shall be allocated between the Seller, on the one hand, and the Buyer, on the other hand, in the same proportion that the aggregate amount of the unresolved disputed items submitted to the Independent Accounting Firm unsuccessfully disputed by the Seller and the Buyer (in each case, as finally determined by the Independent Accounting Firm), bears to the total amount of the unresolved disputed items so

submitted. During the review by the Independent Accounting Firm, the Buyer and the Seller shall each make available to the Independent Accounting Firm such individuals and such information, books and records as may be reasonably required by the Independent Accounting Firm to make its final determination.

2.6 Adjustments to Purchase Price

- 2.6.1 **Net Working Capital Adjustment.** If the Net Working Capital is less than the NWC Amount, then the Purchase Price shall be reduced by an amount equal to the amount by which the NWC Amount exceeds the Net Working Capital or if the Net Working Capital exceeds the NWC Amount, then the Purchase Price shall be increased by an amount equal to the amount by which the Net Working Capital exceeds the NWC Amount (the “**NWC Adjustment**”). Any NWC Adjustment payable to the Buyer shall be paid to the Buyer by the Seller within 10 Business Days following the date at which the Settlement Statements are final and not subject to disputes by the Parties. Any NWC Adjustment payable to the Seller shall be paid to the Seller by the Buyer within 10 Business Days following the date at which the Settlement Statements are final and not subject to disputes by the Parties.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES OF THE SELLER

The Seller represents and warrants to the Buyer, as of the date of this Agreement and as of the Closing Date, as stated below:

3.1 As to the Seller and the Purchased Securities

3.1.1 Status and Capacity. The Seller:

- (a) (i) has been duly incorporated and organized under the laws of its jurisdiction of incorporation, and (ii) is in Good Standing; and
- (b) has the corporate power and capacity to enter into this Agreement and each Ancillary Agreement to which it is a party, and to complete the sale of the Purchased Securities held by it and otherwise perform its obligations under this Agreement and each Ancillary Agreement to which it is a party.

- 3.1.2 **Authorization of Sale.** Other than the passing of the Special Resolution and the completion of the Pre-Closing Reorganization (which will be completed before the Closing Date), the Seller has taken all necessary corporate actions to (a) authorize the signing, delivery and performance by it of this Agreement and each Ancillary Agreement to which it is or will be a party, and (b) complete the sale of the Purchased Securities.

- 3.1.3 **Enforceability.** This Agreement and each Ancillary Agreement to which the Seller is a party (i) has been duly and validly signed and delivered by the Seller, and (ii) is a legal, valid and binding agreement of it enforceable against it in accordance with its terms, subject to:

- (a) the Special Resolution;
- (b) bankruptcy, insolvency, reorganization, arrangement, winding up, moratorium or other similar laws affecting creditors' rights generally; and
- (c) a court's discretionary authority in ordering specific performance or other equitable remedies.

3.1.4 **No Conflict**. Except as disclosed in Schedule 3.1.4, the signing, delivery and performance by the Seller of this Agreement and each Ancillary Agreement to which it is a party and the completion of the Closing will not:

- (a) breach or constitute a default under:
 - (i) its articles, by-laws or other constating documents;
 - (ii) any Contract to which it is a party or by which it is bound;
 - (iii) Law; or
- (b) require any Consent of, or other action by, or filing with or notice to, a Person, other than the passing of the Special Resolution; or
- (c) create Encumbrances other than Permitted Encumbrances.

3.1.5 **Consents**. All required Consents in connection with the Closing, other than the passing of the Special Resolution, are listed in Schedule 3.1.4.

3.1.6 **Residence**. It is not a non-resident of Canada within the meaning of the ITA.

3.1.7 **Shareholder Agreements, etc**. Other than this Agreement, there is no unanimous shareholder agreement, shareholder agreement, pooling agreement, voting trust, option agreement or other similar Contract with respect to the ownership or voting of any of the Purchased Securities.

3.1.8 **Title to Securities**. As of the date of this Agreement, each of the Seller and 1703558 legally and beneficially owns and controls the Purchased Securities listed opposite its name on Schedule 3.1.8, which it holds with a good and valid title thereto, free and clear of Encumbrances, other than Encumbrances granted at the request of the Buyer in accordance with Section 5.1.7. Following the completion of the Pre-Closing Reorganization, the Seller will legally and beneficially own and control all of the Purchased Securities, which it will hold with a good and valid title thereto, free and clear of Encumbrances, other than Encumbrances granted at the request of the Buyer in accordance with Section 5.1.7.

3.1.9 **No Other Purchase Agreements**. No Person other than the Buyer has any Contract, certificate, warrant or other evidence of conversion privilege, option or right to acquire from it or another Person any of the Purchased Securities.

3.1.10 **Brokers or Finders.** The Seller and its attorneys and agents have incurred no obligation or liability, contingent or otherwise, for brokerage or finders' fees or agents' commissions or other similar payment in connection with this Agreement other than to NorthLink Capital Advisors Inc. and the Valuator, which fees, commissions and costs shall be paid by the Seller at or before Closing.

3.2 As to the Corporation

3.2.1 **Status and Capacity.** Each of the Corporation and its Subsidiaries:

- (a) (i) has been duly incorporated and organized under the laws of its jurisdiction of incorporation, and (ii) is in Good Standing; and
- (b) has the corporate power and capacity, and is duly qualified to, own or lease its properties and assets and to carry on its business as now conducted in each jurisdiction in which it owns or leases property or carries on business.

3.2.2 **Corporate Authorization.** The Corporation has taken all necessary corporate actions to authorize the transfer of the Purchased Securities under this Agreement.

3.2.3 **Investments.** Except as disclosed in Schedule 3.2.3, the Corporation:

- (a) does not have any Subsidiary;
- (b) does not own, directly or indirectly, any shares or other securities or any other equity or ownership interest in any business or Person; and
- (c) is not, directly or indirectly subject to any obligation to fund or make any other investment in any business or Person by way of loan, capital contribution or otherwise.

For each Subsidiary of the Corporation, Schedule 3.2.3 contains a complete and accurate list of its name, its jurisdiction of incorporation or continuance and its capitalization (including the identity of each security holder and the number and kind of securities held by each).

3.2.4 **Shareholder Agreements, etc.** Other than this Agreement, there is no unanimous shareholder agreement, shareholder agreement, pooling agreement, voting trust, option agreement or other similar Contract with respect to the ownership or voting of securities of the Corporation or of any of its Subsidiaries.

3.2.5 **Corporate Records.** The minute books and other corporate records of the Corporation and of its Subsidiaries are complete and accurate in all material respects and have been maintained in accordance with Law and good business practices. All of those books and records are in the possession of the Corporation or its counsel.

3.2.6 **Authorized and Issued Share Capital.** The Corporation's authorized capital consists of an unlimited number of Common Shares, an unlimited number of Class 1 Common Shares, 100,000 Class A Special Shares, 100,000 Class B Special Shares, an unlimited number of Class 2 Special Shares and an unlimited number of Class 3 Special Shares, of

which no Common Shares, 100 Class 1 Common Shares, 52,000 Class A Special Shares, 52,000 Class B Special Shares, 35,000,000 Class 2 Special Shares and 13,000,000 Class 3 Special Shares have been duly issued and are outstanding as at the date of this Agreement as fully paid and non-assessable shares of the Corporation's capital. Following completion of the Pre-Closing Reorganization and on the Closing Date, 1,000 Common Shares and no Class 1 Common Shares, Class A Special Shares, Class B Special Shares, Class 2 Special Shares or Class 3 Special Shares will be outstanding as fully paid and non-assessable shares of the Corporation's capital. No securities of the Corporation have been issued in violation of Law, the Corporation's articles, by-laws or other constating documents or the terms of any shareholder agreement or Contract to which the Corporation is a party or by which it is bound. Other than the shares listed on Schedule 3.1.8, the Corporation has not issued or authorized the issuance of any shares or other securities that have not been cancelled before the date of this Agreement. The Corporation has no other outstanding securities.

- 3.2.7 **No Other Securities**. No Person other than the Buyer has a Contract, certificate, warrant or other evidence of conversion privilege, option or right to acquire securities of the Corporation or of any of its Subsidiaries.
- 3.2.8 **Financial Statements**. The balance sheets and statements of income of the Corporation (reported in Canadian dollars) for the financial years ended December 31 2010, 2009 and 2008 (the "**Annual Financial Statements**") and the balance sheet and statements of income for the Corporation as at and for the interim period ended March 31, 2011 (the "**Interim Financial Statements**" and, together with the Annual Financial Statements, the "**Financial Statements**") were used in the consolidation of the Seller's consolidated financial statements, were prepared in accordance with GAAP and fairly present the financial condition of the Corporation at the respective dates indicated and the results of operation of the Corporation for the periods covered thereby.
- 3.2.9 **Liabilities of the Corporation**. There are no liabilities (fixed, contingent or otherwise) of the Corporation required to be disclosed in accordance with GAAP, other than liabilities that have been:
- (a) disclosed, accurately reflected or provided for in the Financial Statements; or
 - (b) incurred since the Interim Financial Statements in the ordinary course of business.
- 3.2.10 **Debt Obligations**. Except as disclosed in the Interim Financial Statements, the Corporation has no outstanding Indebtedness or Guarantee and is under no obligation to create or issue Indebtedness or a Guarantee other than liabilities incurred in the ordinary course of business. Except as disclosed in Schedule 3.2.10, neither the Seller nor any other Person has outstanding Indebtedness or Guarantee in favour of or for the Corporation's benefit.
- 3.2.11 **Tax**
- (a) The Corporation has duly prepared, and duly and on a timely basis filed, all Tax Returns required to be filed. Those Tax Returns are complete and accurate.

- (b) The Closing Date Balance Sheet and the Settlement Statements will make adequate provisions for Taxes payable by the Corporation in respect of the taxation year ending immediately before the Closing Date.
- (c) With respect to any period ending on or before the Closing Date and for which Tax returns have not yet been filed or for which Taxes are not yet due and payable, the Corporation has made full provision in the Financial Statements for all Taxes that are not yet due and payable. The Corporation has made adequate and timely instalments of Taxes required to be made.
- (d) All relevant Tax or other Governmental Entities have issued their tax assessments to the Corporation covering all past periods up to and including the fiscal year ended December 31, 2009. No Proceeding is pending or, to the knowledge of the Seller or the Corporation, threatened against the Corporation in respect of Taxes.
- (e) There is no agreement, waiver or other arrangement providing for any extension of time with respect to the filing of Tax Returns, the payment of Taxes by the Corporation or the period for any assessment or reassessment of Taxes.
- (f) The Corporation has withheld or collected from each amount paid or credited to a Person the amount of Taxes required to be withheld or collected therefrom and has remitted those Taxes to the proper Tax or other Governmental Entity within the time required under Law.

3.2.12 **Title to Assets.** The Corporation has good and valid rights, titles and interests to all properties and assets reflected in the Financial Statements and all properties and assets acquired by the Corporation since the Financial Statement Date, free and clear of Encumbrances, except for:

- (a) the properties and assets disposed of or consumed by the Corporation since the Financial Statement Date in the ordinary course of business;
- (b) Permitted Encumbrances; and
- (c) Encumbrances created by or for the benefit of the Buyer or any “related person” (as defined in the ITA) of the Buyer.

3.2.13 **Product Guarantees, Warranties and Discounts.** To the knowledge of the Seller or the Corporation, no guarantee or warranty for which the Corporation could be responsible has been given in respect of any product sold or service provided in respect of the Business, except (a) guarantees or warranties given by the Corporation in respect of products sold or services rendered in the ordinary course of business, (b) guarantees or warranties implied by Law, and (c) guarantees or warranties for which adequate provisions were made in the Financial Statements.

3.2.14 **Restrictions on Doing Business.** Except for the Wabtec Agreement, the Corporation is not a party to or bound by any Contract that would restrict or limit its right to carry on or compete in any business or activity or to solicit business from a Person or in any

geographical area or otherwise to conduct the Business as currently conducted. The Corporation is not subject to any Law that is not of general application to Persons carrying on a business similar to the Business.

- 3.2.15 **Labour Matters and Employee Contracts**. The Corporation is not a party to or bound by any collective agreement and is not currently conducting negotiations with any labour union or employee association.
- 3.2.16 **Pension and Other Benefit Plans**. The Corporation has no Pension Plans.
- 3.2.17 **Post-Retirement Benefits**. There are no post-retirement benefits for the Corporation's former or retired employees or the beneficiaries or dependants of former or retired employees.
- 3.2.18 **Multi-Employer Plans**. The Corporation did not contribute and was not required to contribute to any multi-employer Pension Plan.
- 3.2.19 **No Conflict**. Except as disclosed in Schedule 3.1.4, the signing, delivery and performance by the Corporation of this Agreement and of each Ancillary Agreements to which the Corporation is a party and the completion of the Closing do not and will not:
- (a) breach, constitute a default, or accelerate, terminate or create any right or obligation under:
 - (i) the articles, by-laws or other constating documents of the Corporation;
 - (ii) any Contract to which the Corporation is a party or by which it is bound; or
 - (iii) any of the Corporation's Permits or any Law;
 - (b) other than as disclosed under Schedule 3.1.4, require any Consent or other action by, or filing with or notice to, any Person;
 - (c) create any Encumbrance other than a Permitted Encumbrance; or
 - (d) otherwise affect the Corporation's ability to continue to operate the Business as currently conducted.
- 3.2.20 **Permits and Licences**. The Corporation holds all Permits required for the conduct of the Business. To the knowledge of the Seller and the Corporation, no change, fact, event, circumstance, condition or omission exists that may result in the revocation, cancellation, suspension or limitation of any of those Permits or to prevent the renewal of any of those Permits.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF THE BUYER

The Buyer represents and warrants to the Seller, as of the date of this Agreement and as of the Closing Date, as stated below:

4.1 Status

The Buyer:

- 4.1.1 (a) has been duly incorporated and organized under the laws of its jurisdiction of incorporation, and (b) is in Good Standing; and
- 4.1.2 has the corporate power and capacity to sign and deliver this Agreement and each Ancillary Agreement to which it is a party, and to complete the purchase of the Purchased Securities and otherwise perform its obligations under this Agreement and each Ancillary Agreement to which it is a party.

4.2 Due Authorization

The Buyer has taken all necessary corporate actions (a) to authorize the signing, delivery and performance of this Agreement and each Ancillary Agreement to which it is a party, and (b) to complete the purchase of the Purchased Securities.

4.3 Enforceability

This Agreement and each Ancillary Agreement to which the Buyer is a party (a) has been duly and validly signed and delivered by the Buyer, and (b) is a legal, valid and binding agreement of the Buyer, enforceable against the Buyer in accordance with its terms, subject to:

- 4.3.1 bankruptcy, insolvency, reorganization, arrangement, winding up, moratorium or other similar laws affecting creditors' rights generally; and
- 4.3.2 a court's discretionary authority in ordering specific performance or other equitable remedies.

4.4 No Conflict

The signing, delivery and performance by the Buyer of this Agreement and each Ancillary Agreement to which it is a party and the completion of the Closing will not:

- 4.4.1 breach or constitute a default under:
 - (a) the Buyer's articles, by-laws or other constating documents;
 - (b) any Contract by which the Buyer is a party or by which it is bound;
 - (c) Law;
- 4.4.2 require any Consent of, or other action by, or filing with or notice to, a Person; or
- 4.4.3 create Encumbrances, other than Permitted Encumbrances.

4.5 Brokers or Finders

The Buyer and its attorneys and agents have incurred no obligation or liability, contingent or otherwise, for brokerage or finders' fees or agents' commissions or other similar payment in connection with this Agreement and the Transaction.

4.6 Financing Arrangements

The Buyer has made all necessary arrangements to ensure that the required funds are available to carry out its obligations under this Agreement, including payment in full of the Purchase Price at the Closing, subject to customary financing conditions that will be satisfied on or before the earlier to occur of the Closing Date and December 31, 2011.

ARTICLE 5 OBLIGATIONS OF THE SELLER AND THE CORPORATION

5.1 Conduct of Business Before Closing

During the period from the date of this Agreement to the Closing Date and except in connection with the Metrolinx Contract, the Seller shall cause the Corporation to, and the Corporation shall:

- 5.1.1 conduct the Business in the ordinary course of business and continue to operate and maintain the Business in substantially the same manner as currently operated and maintained;
- 5.1.2 not, without the approval of the Buyer, enter into any material commitments or make any material divestitures or disposals other than in the ordinary course of business;
- 5.1.3 not incur any Indebtedness or other liabilities or obligations other than in the ordinary course of business;
- 5.1.4 not incur any material capital expenditures other than in the ordinary course of business;
- 5.1.5 not make any distribution, in kind or otherwise, sell, transfer or otherwise dispose of any assets other than in the ordinary course of business;
- 5.1.6 continue to maintain in full force and effect all insurance policies or renewals thereof now in effect, take out, at the Buyer's expense, such additional insurance as the Buyer may reasonably request and give all notices and present all claims under all policies of insurance in a due and timely fashion; and
- 5.1.7 comply with the Buyer's reasonable requests in order for the Buyer's financing to be available at Closing to complete the Transaction.

5.2 Pre-Closing Reorganization

The Seller shall undertake a reorganization (the "**Pre-Closing Reorganization**") of the Seller and 1703558 that will include (i) the voluntary liquidation and dissolution of 1703558,

including the transfer of the Purchased Securities held by 1703558 to the Seller, so that all of the Purchased Securities are held by the Seller, and (ii) the exchange of all outstanding Class 1 Common Shares, Class A Special Shares, Class B Special Shares, Class 2 Special Shares and Class 3 Special Shares of the Corporation for 1,000 Common Shares of the Corporation.

5.3 Other Obligations

5.3.1 The Seller shall:

- (a) use commercially reasonable efforts to promptly obtain the Consents required to complete the Transaction, including those described in Schedule 3.1.4; and
- (b) use commercially reasonable efforts to have lifted, rescinded or terminated any judgment or order issued by a Governmental Entity, or Proceeding, rendering illegal, limiting or prohibiting the completion of the Transaction.

5.3.2 Each of the Buyer and the Seller shall:

- (a) use commercially reasonable efforts to (i) obtain the full release and discharge of the Seller from its obligations under any indemnity or guarantee in connection with performance bonds issued to secure the performance of customer contracts by the Corporation (the “**Performance Bond Obligations**”) or (ii) otherwise address these obligations in a manner that fully protects the Seller from any loss thereunder; and
- (b) use commercially reasonable efforts to (i) replace all letters of credit issued on the account of the Seller respecting the Corporation’s customer contracts (the “**Letters of Credit**”) with an equivalent letter of credit for the account of the Corporation, the Buyer or an Affiliate thereof, (ii) to have issued on the account of the Corporation, the Buyer or an Affiliate thereof, back-to-back letters of credit in favour of the Seller in amounts equal to the applicable Letters of Credit, or (iii) to otherwise address the Letters of Credit in a manner that fully protects the Seller from any loss thereunder.

5.4 Meeting and Circular

5.4.1 Subject to Article 6, the Seller, at its cost and expense, shall hold a special meeting of shareholders in the manner provided by Law to approve the Transaction and to pass the Special Resolution (the “**Meeting**”) no later than 75 days from the date of this Agreement and solicit its shareholders to vote in favour of the Special Resolution, the whole in accordance with corporate and securities Law.

5.4.2 The Seller shall complete a management information circular (the “**Circular**”) together with any other documents required by corporate and securities Law for the Meeting, which Circular shall, subject to Article 6, include the recommendation by the Seller Board as contemplated by Section 5.5. The Buyer shall be given a reasonable opportunity to review and comment on the form and content of the Circular at least five Business Days before it being sent to the printer for mailing in accordance with corporate and securities Law, recognizing that whether or not such comments are appropriate will be determined by the Seller, acting reasonably. As promptly as

reasonably practicable thereafter, the Seller shall (i) cause the Circular and other documentation required in connection with the Special Resolution to be sent to each of its shareholders and filed as required by corporate and securities Law and (ii) call and hold the Meeting in accordance with corporate and securities Law.

5.4.3 The Seller shall pay the costs and expenses of the Circular. The Buyer shall provide the Seller with any prescribed information that relates to it, if applicable. The Buyer represents and warrants that any information it provides to the Seller for inclusion in the Circular will be complete and accurate in all material respects as of the relevant date of the information and will not contain any misrepresentation (as defined in the *Securities Act* (Ontario)).

5.4.4 The Seller shall ensure that the Circular complies with corporate and securities Law and that it does not contain any misrepresentation (as defined in the *Securities Act* (Ontario)), other than with respect to any information concerning and provided by the Buyer, if applicable.

5.5 Board Approval

The Seller represents and warrants to and in favour of the Buyer, and acknowledges that the Buyer is relying on this representation and warranty in entering into this Agreement, that the Seller Board, after consultation with its financial and legal advisors, has determined that it would be in the best interests of the Seller for the Seller to enter into this Agreement, to submit the Special Resolution to the Seller's shareholders for their consideration at the Meeting and to recommend that Seller's shareholders vote in favour of the Special Resolution.

5.6 Non-Competition

For a period of one year following the Closing Date, the Seller shall not, either alone or in combination with others, directly or indirectly, in any capacity whatsoever (including as owner, principal, partner, associate, shareholder, director, officer, employee, consultant, service provider, agent, attorney, advisor or other representative) engage in the operation of a business in competition with the Business within Canada or the United States.

5.7 Non-Solicitation

For a period of one year following the Closing Date, the Seller shall not, on its own behalf or on behalf of anyone else, directly or indirectly, in any capacity whatsoever (including as owner, principal, partner, associate, shareholder, director, officer, employee, consultant, service provider, agent, attorney, advisor or other representative):

5.7.1 employ, solicit or assist in the soliciting of any Employee, or any Person who has been a director, officer, partner, employee, consultant, service provider, agent, attorney, advisor or other representative of the Corporation at any time during the 12 months before such employment or solicitation (including any Employee), to become an officer, director, partner, employee, consultant, service provider, agent, attorney, advisor or other representative of any Person or otherwise entice away any such Persons from the employment or service of the Corporation; or

5.7.2 solicit or assist in the soliciting of any supplier or customer of the Corporation for purposes that are in competition with the Business or otherwise induce them to cease doing business with the Corporation.

5.8 Termination of Employees

The Seller shall, or shall cause the Corporation to, immediately before Closing (or earlier in the sole discretion of the Seller) terminate up to six employees as determined by the Buyer, in its sole discretion, provided that the Buyer shall notify the Seller of such determination at least five Business Days before the Closing Date. The Seller shall pay all severance costs in connection with those terminations and any retirement or change of control entitlements payable to executives up to a maximum of \$325,000 in the aggregate. The Buyer shall be responsible for any severance, retirement or change of control payments in excess of \$325,000 and shall indemnify and hold harmless the Seller for any such excess amount. For greater certainty, the payment to Mr. Fausto Levy described in Section 7.2.4 will not be accounted for under this Section 5.8 and shall be paid by the Seller at Closing.

5.9 Closing Date Tax Returns

As applicable or as required by Law, the Seller shall prepare and file, in a timely manner and at their cost and expense, all Tax Returns required to be prepared and filed with respect to the Business for all periods ending on or before the Closing Date. The Buyer shall be given a reasonable opportunity to review and comment on such Tax Returns at least five Business Days before their filing.

5.10 Wabtec Escrow Entitlement

The Buyer acknowledges and agrees that (a) the Corporation assigned to the Seller all of its rights, titles and interests in and to the portion of the purchase price under the Wabtec Agreement that was placed in escrow (the “**Wabtec Escrow**”) upon the closing of the transactions contemplated thereunder (the “**Wabtec Transaction**”), and (b) any funds released from the Wabtec Escrow shall be payable to, and the property of, the Seller.

5.11 Authorization

Each of the Seller and the Corporation hereby confirms its authorization of the disclosure by FTM and the Buyer of this Agreement and the Ancillary Agreements as well as financial, legal, operational or other information relating to the Purchased Securities and the Business to potential lenders and investors for the purposes of financing the Transaction (subject to the provisions of the Confidentiality Agreement).

Each of the Seller and the Corporation agrees that Mr. Fausto Levy is and shall remain employed by the Seller and the Corporation in his current positions notwithstanding this Agreement and the Transaction until the Closing Date. Each of the Seller and the Corporation also hereby waives and renounces to invoke any conflict of interest against Mr. Fausto Levy with respect to his involvement with the Buyer and the Transaction and, for greater certainty, acknowledges its obligation to indemnify and hold harmless Mr. Fausto Levy with respect to any

Claims, demands or Proceedings arising out of or relating to Mr. Fausto Levy's duties as an officer of the Seller and the Corporation.

ARTICLE 6 OBLIGATIONS RELATING TO ACQUISITION PROPOSALS

6.1 Non-Solicitation

6.1.1 Except as otherwise provided in this Agreement, the Seller shall not, directly or indirectly through any Representative of the Seller:

- (a) solicit, assist, initiate, knowingly encourage or knowingly facilitate (including by way of discussion, negotiation, furnishing information, permitting any visit to any facilities or properties of the Seller or the Corporation, or entering into any form of agreement, arrangement or understanding) any Acquisition Proposal;
- (b) engage or participate in any discussions or negotiations regarding, or provide any confidential information with respect to or otherwise cooperate with any Person (other than the Buyer and its Representatives) regarding any Acquisition Proposal;
- (c) withdraw, modify or qualify, or propose publicly to withdraw, modify or qualify, in any manner adverse to the Buyer, the approval or recommendation of the Special Resolution by the Seller Board;
- (d) approve or recommend, or propose publicly to approve or recommend, any Acquisition Proposal;
- (e) accept or enter into, or publicly propose to accept or enter into, any letter of intent, agreement in principle, agreement, arrangement or undertaking related to any Acquisition Proposal; or

6.1.2 The Seller shall immediately cease and cause to be terminated any existing solicitation, discussion or negotiation with any Person (other than the Buyer or any of its Representatives) by the Seller or any of its Representatives with respect to any Acquisition Proposal. The Seller shall immediately cease to provide any Person (other than the Buyer or any of its Representatives) with access to information concerning the Seller or the Corporation in respect of any Acquisition Proposal.

6.2 Notification of Acquisition Proposals

The Seller shall promptly (and in any event within 48 hours) notify the Buyer, at first orally and then in writing, of (a) any Acquisition Proposal, or (b) any material amendments to the foregoing. Such notice shall include the identity of the Person making the Acquisition Proposal and a description of the terms and conditions of the Acquisition Proposal.

6.3 Responding to Acquisition Proposals and Superior Proposals

6.3.1 Notwithstanding Section 6.1.1 or any other provision of this Agreement, following the receipt by the Seller of a written Acquisition Proposal made after the date of this Agreement (that was not solicited after that date in breach of Section 6.1.1) and before the Meeting, the Seller and its Representatives may:

- (a) contact the Person making that Acquisition Proposal and its Representatives solely for the purpose of clarifying the terms and conditions of the Acquisition Proposal and the likelihood of its completion so as to determine whether the Acquisition Proposal is, or could reasonably be expected to lead to, a Superior Proposal; and
- (b) if the Seller Board determines, after consultation with its outside legal and financial advisors, that that Acquisition Proposal is, or could reasonably be expected to lead to, a Superior Proposal and that the failure to take the relevant action would be inconsistent with its fiduciary duties:
 - (i) furnish information with respect to the Seller and the Corporation to the Person making that Acquisition Proposal and its Representatives only if that Person enters into a confidentiality agreement that contains provisions that are not less favourable to the Seller than those contained in the Confidentiality Agreement; and
 - (ii) engage in discussions and negotiations with the Person making that Acquisition Proposal and its Representatives.

6.3.2 Notwithstanding Section 6.1.1 or any other provision of this Agreement, (i) the Seller may enter into an agreement (other than a confidentiality agreement contemplated by Section 6.3.1(b)) with respect to an Acquisition Proposal that is a Superior Proposal, and/or (ii) the Seller Board may withdraw, modify or qualify its approval or recommendation of the Special Resolution and recommend or approve an Acquisition Proposal that is a Superior Proposal, provided:

- (a) the Seller will have complied with its obligations under this Article 6;
- (b) the Meeting has not yet occurred;
- (c) the Seller Board has determined, after consultation with its outside legal and financial advisors, that that Acquisition Proposal is a Superior Proposal and that the failure to take the relevant action would be inconsistent with its fiduciary duties;
- (d) the Seller has delivered notice to the Buyer of the determination of the Seller Board that that Acquisition Proposal is a Superior Proposal and of the intention (i) of the Seller Board to approve or recommend that Superior Proposal, and/or (ii) of the Seller to enter into an agreement with respect to that Superior Proposal, together with a copy of such agreement (the “**Superior Proposal Notice**”);

- (e) at least 10 Business Days have elapsed since the date the Superior Proposal Notice was received by the Buyer, which 10-Business Day period is referred to as the “**Match Period**”;
 - (f) if the Buyer has offered to amend the terms of the Transaction and this Agreement during the Match Period under Section 6.3.3, that Acquisition Proposal continues to be a Superior Proposal compared to the amendment to the terms of the Transaction and this Agreement offered by the Buyer at the termination of the Match Period; and
 - (g) the Seller terminates this Agreement under Section 10.1(h);
- 6.3.3 During the Match Period, the Buyer may offer to amend the terms of the Transaction and this Agreement. The Seller Board shall review any such offer by the Buyer to amend the terms of the Transaction and this Agreement in order to determine, in good faith in the exercise of its fiduciary duties, whether the Buyer's offer to amend the Transaction and this Agreement, upon its acceptance, would result in the Acquisition Proposal ceasing to be a Superior Proposal compared to the amendment to the terms of the Transaction and this Agreement offered by the Buyer. If the Seller Board determines that the Acquisition Proposal would cease to be a Superior Proposal, the Seller and the Buyer shall enter into an amendment to this Agreement reflecting the offer by the Buyer to amend the terms of the Transaction and this Agreement.
- 6.3.4 Nothing in this Agreement shall prevent the Seller Board from responding through a directors' circular or otherwise as required by Law, and in accordance with its fiduciary duties, to an Acquisition Proposal that it determines is not a Superior Proposal.
- 6.3.5 Each successive material modification of any Acquisition Proposal shall constitute a new Acquisition Proposal for purposes of Section 6.3.2, provided that the Match Period in respect of such new Acquisition Proposal shall extend only until the later of the end of the initial 10 Business Day Match Period and five Business Days after the date the Superior Proposal Notice was received by the Buyer in respect of such new Acquisition Proposal.

ARTICLE 7 CONDITIONS OF CLOSING

7.1 Conditions of Closing in Favour of the Buyer

The Closing is subject to the following terms and conditions for the Buyer's exclusive benefit, to be performed or fulfilled at or before the Closing Date or as specified in this Agreement:

- 7.1.1 the shareholders of the Seller will have passed a special resolution approving the Transaction in accordance with corporate and securities Law, being a resolution duly passed by (a) at least two-thirds of the votes cast by the holders of Seller common shares present in person or represented by proxy at the Meeting, and (b) a simple majority of the votes cast by the holders of Seller common shares present in person or represented

by Proxy at the Meeting, excluding the votes attached to Seller common shares held by any Interested Party (the “**Special Resolution**”);

- 7.1.2 the representations and warranties of the Seller contained in this Agreement will be complete and accurate in all material respects at the Closing Date (except to the extent such representations and warranties refer to an earlier date, which representations and warranties will be complete and accurate in all material respects as of such earlier date, or except as affected by the Transaction) with the same force and effect as if those representations and warranties were made at and as of that time;
- 7.1.3 all of the terms and conditions of this Agreement to be complied with or performed by the Seller at or before the Closing Date will have been complied with or performed in all material respects;
- 7.1.4 the Seller will have received before the Closing Date all Consents listed on Schedule 7.1.4, those Consents to be in form and substance satisfactory to the Buyer, acting reasonably;
- 7.1.5 no Proceeding will be pending or threatened by any Person to enjoin, restrict or prohibit the Closing;
- 7.1.6 the Performance Bond Obligations and Letters of Credit, including the underlying credit facilities, will have been addressed in a manner satisfactory to the Buyer; and
- 7.1.7 no Material Adverse Effect will have occurred from the date of this Agreement to the Closing Date.

Any condition in this Section 7.1 may be waived in whole or in part by the Buyer in writing at any time.

7.2 Conditions of Closing in Favour of the Seller

The Closing is subject to the following terms and conditions for the exclusive benefit of the Seller, to be performed or fulfilled at or before the Closing Date:

- 7.2.1 the representations and warranties of the Buyer contained in this Agreement will be complete and accurate in all material respects at the Closing Date (except to the extent such representations and warranties refer to an earlier date, which representations and warranties will be complete and accurate in all material respects as of such earlier date, or except as affected by the Transaction) with the same force and effect as if those representations and warranties were made at and as of that time;
- 7.2.2 all of the terms and conditions of this Agreement to be complied with or performed by the Buyer at or before the Closing Date will have been complied with or performed in all material respects;
- 7.2.3 FTM Capital Inc. and the Designated Executives (as defined in the Services Agreement) will have signed and delivered the Services Agreement to the Seller;

- 7.2.4 Mr. Fausto Levy will have signed and delivered to the Seller a release, in form and substance acceptable to the Seller, acting reasonably, discharging the Seller from any obligations under his employment agreement with the Seller, other than his entitlement to the portion of the restructuring payment pursuant to the letter agreement dated June 9, 2010 between Mr. Levy and the Seller that has not yet been paid, and surrendering for cancellation all of his options to acquire common shares of the Seller (the “**Release**”);
- 7.2.5 the Performance Bond Obligations and Letters of Credit, including the underlying credit facilities, will have been addressed in a manner satisfactory to the Seller; and
- 7.2.6 no Proceeding will be pending or threatened by any Person to enjoin, restrict or prohibit the Closing.

Any condition in this Section 7.2 may be waived in whole or in part by the Seller in writing at any time.

ARTICLE 8 CLOSING DATE

8.1 Closing

The Closing shall take place at the offices of BCF LLP, 1100 René-Lévesque Blvd. West, 25th Floor, Montreal, Quebec H3B 5C9, at 10 a.m. on the Closing Date, or such other time or place agreed to by the Parties.

8.2 Seller Deliveries

On the Closing Date, the Seller shall give or cause to be given to the Buyer the following documents:

- 8.2.1 the minute books of the Corporation;
- 8.2.2 the share certificates representing the Purchased Shares and the share transfer forms duly endorsed in favour of the Buyer;
- 8.2.3 the promissory note representing the Intercompany Indebtedness, duly endorsed in favour of the Buyer;
- 8.2.4 a certified copy of the Special Resolution;
- 8.2.5 the resignations and mutual releases of the directors and officers of the Corporation identified by the Buyer on at least five days notice before the Closing Date, in form and substance satisfactory to each of the Buyer and the Seller, acting reasonably;
- 8.2.6 the Escrow Agreement, signed by the Seller; and
- 8.2.7 the Services Agreement, signed by the Seller.

8.3 Buyer Deliveries

On the Closing Date, the Buyer shall pay the Purchase Price in accordance with Section 2.3 and shall give or cause to be given to the Seller the following documents:

- 8.3.1 the Escrow Agreement, signed by the Buyer; and
- 8.3.2 the Services Agreement, signed by FTM Capital Inc. and the Designated Executives (as defined in the Services Agreement); and
- 8.3.3 the Release, signed by Mr. Fausto Levy.

ARTICLE 9 SURVIVAL AND INDEMNITY

9.1 Survival

The representations and warranties contained in this Agreement will survive the Closing and will expire one year after the Closing Date.

9.2 Indemnification by the Seller

Subject to the limitations of Section 9.7, the Seller shall indemnify and hold harmless the Buyer and its directors, officers, employees, agents, attorneys, advisors and other representatives (collectively, the “**Buyer Indemnified Persons**”), against claims, demands or Proceedings arising on or before the first anniversary of the Closing Date and in respect of which the Buyer has notified the Seller before the expiry of that period, for all losses, liabilities and expenses incurred or sustained as a result of any: (a) breach of a representation or warranty of the Seller made in Article 3; (b) non-performance of an obligation of the Seller under this Agreement; (c) guarantees or warranties given by the Corporation in respect of products sold or services rendered in the ordinary course of business before the Closing Date; (d) representations, warranties, obligations or indemnities of the Corporation under the Wabtec Agreement in respect of Environmental, Health and Safety Requirements (as that term is defined in the Wabtec Agreement); and (e) Tax liabilities arising out of or resulting from the 2010 corporate reorganization that preceded the Wabtec Transaction. This indemnity will include reasonable expenses of investigation and reasonable legal fees and expenses in connection with any Proceeding against the Buyer Indemnified Persons.

9.3 Indemnification by Buyer

Subject to the limitations of Section 9.7, the Buyer shall fully indemnify and hold harmless the Seller and its directors, officers, employees, agents, attorneys, advisors and other representatives (collectively, the “**Seller Indemnified Persons**”), against claims, demands or Proceedings arising on or before the first anniversary of the Closing Date and in respect of which the Seller has notified the Buyer before the expiry of that period, for all losses, liabilities and expenses incurred or sustained as a result of any breach of a representation or warranty of the Buyer made in Article 4 or non-performance of an obligation of the Buyer under this Agreement.

This indemnity will include reasonable expenses of investigation and reasonable legal fees and expenses in connection with any Proceeding against the Seller Indemnified Persons.

9.4 Notice of Claim

- 9.4.1 If a Buyer Indemnified Person or a Seller Indemnified Person (the “**Indemnified Party**”) becomes aware of any claim, Proceeding or other matter (a “**Claim**”) in respect of which a Party (the “**Indemnifying Party**”) agreed to indemnify the Indemnified Party under this Agreement, the Indemnified Party shall promptly give notice thereof to the Indemnifying Party. Such notice shall specify whether the Claim arises as a result of a claim by a Person (a “**Third Party**”) against the Indemnified Party (a “**Third-Party Claim**”) or whether the Claim does not so arise (a “**Direct Claim**”), and shall also specify with reasonable particularity, to the extent that the information is available, the factual basis for the Claim and the amount of the Claim.
- 9.4.2 If, through the fault of the Indemnified Party, the Indemnifying Party does not receive notice of any Claim in time to contest effectively the determination of any liability susceptible of being contested, the Indemnifying Party may set off against the amount claimed by the Indemnified Party the amount of any losses incurred by the Indemnifying Party resulting from the Indemnified Party’s failure to give such notice on a timely basis.

9.5 Direct Claims

- 9.5.1 With respect to any Direct Claim, following receipt of notice from the Indemnified Party of the Claim, the Indemnifying Party will have 45 days to make such investigation of the Claim as is considered necessary or useful. For the purpose of such investigation, the Indemnified Party shall make available to the Indemnifying Party the information relied upon by the Indemnified Party to substantiate the Claim, together with all such other information as the Indemnifying Party may reasonably request. If both Parties agree at or before the expiration of such 45-day period (or any mutually agreed upon extension thereof) to the validity and amount of the Claim, the Indemnifying Party shall immediately pay to the Indemnified Party the full agreed-upon amount of the Claim, failing which the matter shall be referred to binding arbitration in such manner as the Parties may agree or shall be determined by a court of competent jurisdiction.

9.6 Third-Party Claims

- 9.6.1 The Indemnifying Party may, at its expense, participate in or assume control of the negotiation, settlement or defence of any Third-Party Claim and if the Indemnifying Party assumes control, it shall reimburse the Indemnified Party for all of the Indemnified Party’s reasonable out-of-pocket expenses before the Indemnifying Party assumed control. If the Indemnifying Party elects to assume such control, the Indemnified Party may participate in the negotiation, settlement or defence of the Third-Party Claim and retain counsel to act on its behalf, provided that the fees and disbursements of its counsel shall be paid by the Indemnified Party unless the named parties to any action or Proceeding include both the Indemnifying Party and the Indemnified Party and representation of both the Indemnifying Party and the Indemnified Party by the same

counsel would be inappropriate due to actual or potential differing interests between them (such as the availability of different defences).

- 9.6.2 If the Indemnifying Party, having elected to assume such control, thereafter fails to defend the Third-Party Claim within a reasonable time, the Indemnified Party may assume such control and the Indemnifying Party shall be bound by the results obtained by the Indemnified Party with respect to the Third-Party Claim.
- 9.6.3 If any Third-Party Claim is of a nature such that the Indemnified Party is required by Law to incur losses or make a payment to any Third Party with respect to the Third-Party Claim before the completion of settlement negotiations or related Proceedings, the Indemnified Party may incur such losses or make such payment and the Indemnifying Party shall, upon demand by the Indemnified Party, reimburse the Indemnified Party for that loss or payment. If the amount of any liability of the Indemnified Party under the Third-Party Claim, as finally determined, is less than the amount that was paid by the Indemnifying Party to the Indemnified Party, the Indemnified Party shall, immediately after the receipt of the difference from the Third Party, pay the amount of such difference, together with any interest thereon paid by the Third Party to the Indemnified Party, to the Indemnifying Party. In addition, the Indemnifying Party shall post all security required by any Governmental Entity, including for purposes of enabling the Indemnifying Party to contest any Third-Party Claim.
- 9.6.4 If the Indemnifying Party fails to assume control of the defence of any Third-Party Claim or defaults under this Section 9.6, the Indemnified Party may contest the amount claimed and may settle and pay the same on 14 days' prior notice to the Indemnifying Party and the Indemnifying Party shall, thereupon, be deemed to have agreed that such settlement is reasonable and may be agreed to by the Indemnified Party and all other Persons liable in respect of the Third-Party Claim unless within such 14-day period the Indemnifying Party notifies the Indemnified Party that it is assuming or reassuming control of such defence and thereafter assumes or reassumes such control and does not default.
- 9.6.5 The Indemnified Party and the Indemnifying Party shall co-operate fully with each other with respect to Third-Party Claims, and shall keep each other fully advised with respect thereto (including supplying copies of all relevant documentation promptly as it becomes available).

9.7 Limitation of Liability

- 9.7.1 The Buyer Indemnified Persons or the Seller Indemnified Persons shall not require payment of any amount by the Seller on the indemnities contained in Section 9.2 until the aggregate of all such amounts for which it would otherwise be entitled to require payment exceeds \$100,000 (the "**Threshold Amount**"). Once the Threshold Amount has been exceeded, the Buyer Indemnified Persons and the Seller Indemnified Persons may require payment on the indemnities contained in Section 9.2 from the first dollar of such amounts, without regard to the Threshold Amount.

9.7.2 Any liability of the Seller on the indemnity contained in Section 9.2(c) is subject to a 50% deductible, the intention of the Parties being that, as between the Buyer Indemnified Persons, on the one hand, and the Seller, on the other hand, any losses, liabilities and expenses under Section 9.2(c) will be shared equally.

9.7.3 No Buyer Indemnified Person or Seller Indemnified Person shall require payment of amounts by the Seller or the Buyer, as the case may be, on the indemnities contained in this Article 9 in excess of \$1,000,000 in the aggregate (the “**Maximum Amount**”).

9.8 Exclusivity

The provisions of this Article 9 apply to any Claim (other than a claim for specific performance or injunctive relief) for breach of any obligation, representation, warranty or other provision of this Agreement or any Ancillary Agreement, certificate or other document delivered hereunder, so that all Claims are subject to the limitations and other provisions contained in this Article 9.

ARTICLE 10 TERMINATION

10.1 Termination

This Agreement may be terminated by notice at any time before the Closing Date:

- (a) by mutual written agreement of the Buyer and the Seller;
- (b) by either the Buyer or the Seller if the Closing has not occurred on or before December 31, 2011, provided that the terminating Party is not in default of its obligations or in breach of its representations and warranties under this Agreement in any material respect at the time of such termination;
- (c) by the Buyer if satisfaction of any of the conditions in Section 7.1 is or becomes impossible (other than through the failure of the Buyer to comply with its obligations under this Agreement or because the Buyer’s representations and warranties were not complete and accurate in all material respects);
- (d) by the Seller if satisfaction of any of the conditions in Section 7.2 is or becomes impossible (other than through the failure of the Seller to comply with its obligations under this Agreement or because the Seller’s representations and warranties were not complete and accurate in all material respects);
- (e) automatically, without any further action of the Parties, if the shareholders of the Seller do not pass the Special Resolution at the Meeting;
- (f) by the Seller if holders of more than 10% of the Seller’s common shares exercise Dissent Rights (and not withdrawn such exercise);

- (g) by the Buyer if no Meeting is held, or if the Special Resolution is not otherwise submitted at the Meeting, within 90 Business Days of this Agreement; or
- (h) by the Seller, if the Seller proposes to enter into a definitive agreement with respect to a Superior Proposal in compliance with the provisions of Section 6.3.

10.2 Expense Reimbursement

- 10.2.1 If this Agreement is terminated in accordance with Section 10.1(b) (but only if the Seller is in default of its obligations or in breach of its representations and warranties under this Agreement), Section 10.1(c) (except if such termination results from the failure to perform or fulfill the terms and conditions contained in Section 7.1.6), Section 10.1(d) (but only because such termination results from the failure to perform or fulfill the terms and conditions contained in Section 7.2.6), Section 10.1(e), 10.1(f) or 10.1(g), the Seller shall promptly (and in any event within three Business Days) on receipt of invoices from the Buyer reimburse the Buyer, as applicable, for its reasonable out-of-pocket expenses incurred in connection with the Transaction (including those incurred in connection with the Buyer's financing and banking arrangements) up to a maximum of \$500,000 in the aggregate (the "**Buyer's Expense Reimbursement**"). If this Agreement is terminated in accordance with Section 10.1(h), the Buyer's Expense Reimbursement will be for the full amount of the Buyer's reasonable out-of-pocket expenses incurred in connection with the Transaction (including those incurred in connection with the Buyer's financing and banking arrangements) for which receipts or invoices are provided to the Seller.
- 10.2.2 If this Agreement is terminated in accordance with Section 10.1(b) (but only if the Buyer is in default of its obligations or in breach of its representations and warranties under this Agreement) or Section 10.1(d) (except if such termination results from the failure to perform or fulfill the terms and conditions contained in Section 7.2.5 or Section 7.2.6), the Buyer shall promptly (and in any event within three Business Days) on receipt of invoices from the Seller reimburse the Seller, as applicable, for its reasonable out-of-pocket expenses incurred in connection with the Transaction up to a maximum of \$300,000 in the aggregate (the "**Seller's Expense Reimbursement**"; together with the Buyer's Expense Reimbursement, the "**Expense Reimbursement**").

10.3 Effect of Termination

In the event of termination of this Agreement under Section 10.1, this Agreement shall be of no further force and effect, except that Section 5.11, Section 10.2, this Section 10.3 and Article 11 shall survive the termination of this Agreement. If this Agreement is terminated in accordance with Section 10.1, the Expense Reimbursement to be received under Section 10.2, if applicable, is the sole remedy in compensation or damages of the Parties and their Affiliates with respect to the event or events giving rise to the termination of this Agreement; provided, however, that nothing contained in this Section 10.3, and no payment of the Expense Reimbursement, will relieve any Party from liability for damages incurred or suffered by a Party as a result of an intentional or wilful breach of this Agreement, including the intentional or wilful making of a misrepresentation in this Agreement.

ARTICLE 11 CONFIDENTIALITY

11.1 Confidentiality; Public Announcements

Each of the Parties agrees that any information obtained in connection with the negotiation and signing of this Agreement or the completion of the Transaction is governed by the terms of the Confidentiality Agreement. Before the Closing Date, no Party shall issue any press release or otherwise make public statements with respect to this Agreement or the Transaction without the consent of the other Party (which shall not be unreasonably withheld); provided, however, that the foregoing is subject to each Party's overriding obligation to make any disclosure or filing required under Law, and the Party making such disclosure shall use all commercially reasonable efforts to give prior notice to each other Party and reasonable opportunity to review or comment on the disclosure or filing, and if such prior notice is not possible, to give such notice immediately following the making of such disclosure or filing.

The Buyer acknowledges that (a) a copy of this Agreement will be filed with the Canadian Securities Administrators ("CSA") and will be accessible by the public under the Seller's profile on the website maintained by the CSA at www.sedar.com, and (b) the material terms of this Agreement and the Transaction will be described in the Circular.

ARTICLE 12 MISCELLANEOUS

12.1 Fees and Expenses

Except as expressly provided in this Agreement, each Party shall pay its own legal and other expenses incurred in connection with the negotiation, preparation, entering into and performance of this Agreement and the Transaction.

12.2 Further Assurances

A Party shall promptly do, sign, deliver or cause to be done, signed and delivered all further acts, documents and things that another Party may reasonably require for the purpose of giving effect to this Agreement.

12.3 Notice

Any notice, Consent or other communication under this Agreement shall be given in writing and delivered by hand or by bailiff or sent by fax, and addressed as follows:

12.3.1 if to the Buyer

2290693 ONTARIO INC.
152 Notre-Dame East, Suite 500
Montreal, Quebec H2Y 3P6

Attention: President
Fax: 514 398-0527

with a copy to BCF LLP (which will not constitute notice)

BCF LLP
1100 René-Lévesque Blvd. West, Suite 2500
Montreal, Quebec H3B 5C9

Attention: Pascale Dionne
Fax: 514 397-8515

12.3.2 **if to the Seller**

CHAIRMAN OF THE BOARD OF DIRECTORS
GLOBAL RAILWAY INDUSTRIES LTD.
2 Bloor Street East, Suite 810
Toronto, Ontario M4W 1A8

Attention: Chairman of the Board of Directors
Fax: 647 724-8910

with a copy to Davies Ward Phillips & Vineberg LLP (which will not constitute notice)

DAVIES WARD PHILLIPS & VINEBERG LLP
1 First Canadian Place, 44th Floor
Toronto, Ontario M5X 1B1

Attention: Patrick G. Barry
Fax: 416 863-0871

with a copy to NorthLink Capital Advisors Inc. (which will not constitute notice)

NORTHLINK CAPITAL ADVISORS INC.
British Colonial Building
445 Thompson Dr.
Cambridge, Ontario N1T 2K7

Attention: Blair Roblin
Fax: 519 623-5654

Such notice, Consent or other communication will be deemed to have been given and received on the day it is actually delivered or sent (or if that day is not a Business Day, on the following Business Day), unless it is delivered or sent after 4:30 p.m., in which case it will be deemed to have been given and received on the next Business Day. A Party may, from time to time, designate another address by giving notice to the other Parties in accordance with this Section 12.3.

12.4 Severability

Each provision of this Agreement is separate and distinct and, if a provision of this Agreement is determined to be invalid, illegal or unenforceable, all other provisions will remain in full force and effect.

12.5 Waivers

A failure to act or delay in acting by a Party with respect to a non-performance, or the non-exercise of a right, under this Agreement will not operate as a waiver of that performance or of that right. The waiver of a right under this Agreement by a Party will not be effective unless it is given in a signed writing, in which case it will be effective in the specific instance and for the specific purpose given.

12.6 Successors and Assigns

This Agreement will bind and be for the benefit of a Party's successor or permitted assign.

12.7 Assignment

No Party may assign or delegate any right or obligation under this Agreement without the prior consent of each other Party. Notwithstanding the foregoing, by giving notice to the Seller, the Buyer may assign to CDPQ all or part of its rights of indemnification under Article 9 in connection with the financing of this Transaction. For greater certainty, any amount under Article 9 paid directly to CDPQ will be deducted from the Maximum Amount with respect to any other Buyer Indemnified Person.

12.8 Amendment

This Agreement may be amended only in a writing signed by each Party.

12.9 Governing Law and Jurisdiction

This Agreement is governed by the laws of the Province of Quebec and the laws of Canada applicable therein (without regards to conflicts of law principles). The Parties irrevocably submit to the non-exclusive jurisdiction of Quebec courts, judicial district of Montreal in respect of all disputes arising out of or relating to this Agreement.

12.10 Counterparts

This Agreement may be signed in any number of counterparts, each of which is deemed to be an original and all of which when taken together are deemed to constitute one and the same instrument. Each counterpart may be delivered by fax or email and a faxed or emailed copy is as effective as an original.

[Signatures follow]

S-1 [*Share Purchase Agreement*]

SIGNED at the place and on the date first mentioned above.

2290693 ONTARIO INC.

By: (signed) *Fausto Levy*

Fausto Levy,
President

**GLOBAL RAILWAY INDUSTRIES
LTD.**

By: (signed) *Jacques Coté*

Jacques Coté,
Director

CAD RAILWAY INDUSTRIES LTD.

By: (signed) *Jacques Coté*

Jacques Coté,
Authorized Signatory

INTERVENTION

FTM International Inc. (“**FTM**”) hereby intervenes to this Agreement to guarantee the payment of the Seller’s Expense Reimbursement to the Seller under Section 10.2.2 of this Agreement if the Buyer fails to pay same to the Seller in accordance with Section 10.2.2 of this Agreement.

The guarantee provided by FTM to the Seller under this Intervention will survive the termination of this Agreement.

SIGNED at the place and on the date first-mentioned above.

FTM INTERNATIONAL INC.

By: (signed) *Fausto Levy*

Fausto Levy
President

Schedule 1.1.30

Form of Escrow Agreement

THIS AGREEMENT is entered into at Montreal, Quebec on ■, 2011.

AMONG:

2290693 ONTARIO INC.,

a legal person existing under the laws of Ontario and having its registered office at Toronto, Ontario;

(the “**Buyer**”)

AND:

GLOBAL RAILWAY INDUSTRIES LTD.,

a legal person existing under the laws of Alberta and having its registered office at Edmonton, Alberta;

(the “**Seller**”)

AND:

COMPUTERSHARE TRUST COMPANY OF CANADA,

a trust company licensed to carry on business in all Provinces in Canada and having a registered office at Montreal City, Quebec;

(the “**Escrow Agent**”)

RECITALS

- A. The Seller and the Buyer have entered into the Share Purchase Agreement;
- B. Under the Share Purchase Agreement, the Seller directed the Buyer, and the Buyer agreed, to pay the Escrowed Funds to the Escrow Agent, in trust on the Closing Date, on the terms and subject to the conditions of this Agreement;
- C. The Buyer is depositing the Escrowed Funds with the Escrow Agent.

THEREFORE, the Parties agree as follows:

ARTICLE 1 DEFINITIONS AND INTERPRETATION

1.1 Meaning

Unless the context otherwise requires, the following terms have the following meanings:

- 1.1.1 “**Agreement**” means this agreement, as modified from time to time by the Parties;

- 1.1.2 “**Approved Bank**” has the meaning set out in Section 2.4;
- 1.1.3 “**Business Day**” means any day except Saturday, Sunday and any other day on which financial institutions are generally not open for business in the city of Montreal, Quebec;
- 1.1.4 “**Claim**” means any claim, demand, action, suit, proceeding, judgment, assessment, reassessment or investigation, or any settlement or compromise related thereto, and includes any direct claim or any third party claim;
- 1.1.5 “**Disagreement**” has the meaning set out in Section 4.6;
- 1.1.6 “**Disputed Escrowed Funds**” means the maximum amount of Escrowed Funds from time to time that would be required to be paid to the Buyer to satisfy all Unresolved Claims if those claims were successfully established by the Buyer;
- 1.1.7 “**Escrow Account**” has the meaning set out in Section 2.3;
- 1.1.8 “**Escrowed Funds**” has the meaning set out in Section 2.2;
- 1.1.9 “**Governmental Entity**” means (a) any multinational, federal, provincial, state, municipal or local government or public body or any department, court, commission, board, bureau, agency or instrumentality, domestic or foreign, (b) any subdivision, agent, commission, board or authority of such entities and (c) any public, quasi-governmental or private body exercising a regulatory, expropriation, securities or taxing authority under or for the account of such entities;
- 1.1.10 “**Indemnity Notice**” has the meaning set out in Section 3.1.1;
- 1.1.11 “**Joint Notice**” means a notice addressed to the Escrow Agent and signed by the Buyer and the Seller;
- 1.1.12 “**Losses**” means any losses, Claims, demands, liabilities (whether actual, accrued, contingent, latent or otherwise), damages, costs, expenses, charges, fines, penalties or assessments of whatever nature or kind, including those arising out of or relating to any Claim, and includes all related interests, punitive damages, fines and penalties and reasonable legal fees and expenses;
- 1.1.13 “**Notice of Dispute**” has the meaning set out in Section 3.1.2;
- 1.1.14 “**Party**” means any signatory to this Agreement and any other Person that, from time to time, becomes a party to this Agreement;
- 1.1.15 “**Payable Escrowed Funds**” means the amount of Escrowed Funds paid, or required to be paid, by the Escrow Agent under this Agreement to the Buyer to satisfy, in part or in full, any Claim;

- 1.1.16 “**Person**” means any natural or legal person, body corporate, partnership, trust, Governmental Entity or any other entity (with or without a patrimony by appropriation) as well as any group of persons, and includes their heirs or legal representatives;
- 1.1.17 “**Resignation Date**” has the meaning set out in Section 4.7;
- 1.1.18 “**Share Purchase Agreement**” means the share purchase agreement entered into on the date of this Agreement between the Buyer, the Seller and CAD Railway Industries Ltd., to which intervened FTM International Inc.; and
- 1.1.19 “**Unresolved Claim**” means any Claim or part of a Claim for which an Indemnity Notice has been delivered to the Seller and the Escrow in accordance with the Share Purchase Agreement and this Agreement, respectively, other than (i) a Claim or part of a Claim that has been settled by the Buyer and the Seller as evidenced by a Joint Notice to release funds from the Escrow Account in satisfaction of that Claim or part of that Claim or a Joint Notice that no funds shall be released from the Escrow Account in respect of that Claim or part of that Claim, (ii) a Claim or part of a Claim in respect of which a decision of a court of competent jurisdiction or an award of any arbitrator has been issued and is not appealable or in respect of which the time periods during which any appeal of such decision or award may be brought have expired, or (iii) any Claim or part of a Claim for which the Seller has not delivered an Notice of Dispute to the Buyer and the Escrow Agent within 45 days of receipt of an Indemnity Notice in respect of that Claim or part of that Claim.

1.2 Other Capitalized Terms

Capitalized terms not otherwise defined in this Agreement have the meanings given to them in the Share Purchase Agreement.

1.3 Time, Day and Currency

Unless otherwise specified:

- 1.3.1 a reference to time is to the time in Montreal, Quebec;
- 1.3.2 if a date fixed to act falls on a day that is not a Business Day, that act may be done on the following Business Day;
- 1.3.3 in computing a time limit, the day that marks the start of the time limit is not counted but the day that marks the end of the time limit is counted; and
- 1.3.4 an amount in currency is in Canadian dollars.

1.4 Extended Meaning

Unless the context otherwise requires, words importing gender include all genders and words importing the singular include the plural and vice versa. “Include”, “includes”, “including” and similar expressions are to read as if they were followed by “without limitation”.

1.5 Entire Agreement

This Agreement and the Share Purchase Agreement constitute the entire agreement between the Parties relating to subject matter of this Agreement and supersede all prior agreements, discussions, negotiations and representations, whether oral or written, related to its subject matter.

1.6 Headings and References

The division of this Agreement into articles, sections, paragraphs and other subdivisions and the insertion of headings are for convenience of reference only and will not affect the interpretation of this Agreement. Unless the context otherwise requires, a reference to “Article” or “Section” refers to the specified article, paragraph, subparagraph, other subdivision or schedule of or to this Agreement.

ARTICLE 2 ESCROW

2.1 Appointment of the Escrow Agent

The Buyer and the Seller hereby appoint the Escrow Agent to act as agent and the Escrow Agent hereby consents to its appointment in that capacity, in accordance with the terms and subject to the conditions of this Agreement.

2.2 Deposit in Escrow

The Buyer hereby deposits and places in escrow with the Escrow Agent \$1,000,000 (the “**Escrowed Funds**”), representing the portion of the Purchase Price payable under Section 2.3.2 of the Share Purchase Agreement, by wire transfer of immediately available funds to the account specified by the Escrow Agent or by official bank draft drawn upon a Canadian chartered bank or by negotiable cheque payable in Canadian funds and certified by a Canadian chartered bank or trust company. The Escrow Agent hereby agrees to hold and release the Escrowed Funds in accordance with this Agreement and the Escrow Agent, by its signature and delivery of this Agreement, or by a separate receipt in the case of a wire transfer, acknowledges receipt of the Escrowed Funds.

2.3 Direction to the Escrow Agent and Holding Period

The Buyer and the Seller direct the Escrow Agent to hold the Escrowed Funds and the proceeds thereof in a separate account (the “**Escrow Account**”) designated in the name of the Buyer and the Seller, jointly. The Escrow Agent shall maintain the Escrow Account until all monies in that account have been fully released in accordance with this Agreement.

2.4 Investment of the Escrowed Funds

Until released in accordance with this Agreement, the Escrowed Funds shall be kept segregated in the accounts of the Escrow Agent and shall be deposited in one or more interest-bearing trust accounts to be maintained by the Escrow Agent in the name of the Escrow Agent at

a chartered Canadian bank (an “**Approved Bank**”); provided that, upon the written direction of the Buyer and the Seller, the Escrowed Funds may be invested in 30 day deposit certificates and similar instruments issued by a trust company licensed to carry on business in the Province of Ontario or an Approved Bank.

The Escrow Agent shall hold all amounts under this Agreement as attorney for the Buyer and the Seller, jointly, and the delivery of the Escrowed Funds to the Escrow Agent will not give rise to a debtor-creditor or other similar relationship. The amounts held by the Escrow Agent under this Agreement are at the sole risk of the Buyer and the Seller, jointly, and the Escrow Agent will not be responsible or liable for any diminution of the Escrowed Funds that may result from any deposit made with an Approved Bank under this Section 2.4, including any losses resulting from a default by the Approved Bank or other credit losses (whether or not resulting from such a default) and any credit or other losses on any deposit liquidated or sold before maturity. The Parties acknowledge that the Escrow Agent will have acted prudently in depositing the Escrowed Funds at any Approved Bank, and that the Escrow Agent is not required to make any further inquiries in respect of any such bank.

At any time and from time to time, the Buyer and the Seller, jointly, may direct the Escrow Agent by notice (a) not to deposit any new amounts in any Approved Bank specified in the notice and/or (b) to withdraw any of the Escrowed Funds that may then be deposited with any Approved Bank specified in the notice and re-deposit such amount with one or more of such other Approved Banks as specified in the notice. With respect to any withdrawal notice, the Escrow Agent shall withdraw such amount specified in the notice as soon as reasonably practicable and the Buyer and the Seller acknowledge that such specified amount remains at the sole risk of the Buyer and the Seller, jointly, before and after such withdrawal.

ARTICLE 3 RELEASE

3.1 Claims Against the Escrowed Funds

- 3.1.1 Written notice of a Claim delivered by the Buyer as contemplated in Article 9 of the Share Purchase Agreement is referred to in this Agreement as an “**Indemnity Notice**”. The Buyer shall deliver a copy of any Indemnity Notice to the Escrow Agent at the same time as, or as soon as possible after, it delivers the Indemnity Notice to the Seller under the Share Purchase Agreement.
- 3.1.2 If an Indemnity Notice is delivered by the Buyer, the Seller may, within 45 days from the date on which the Indemnity Notice is delivered by the Buyer, deliver to the Buyer and the Escrow Agent a notice (a “**Notice of Dispute**”) advising them that it is disputing the validity or particulars of the Claim specified in the Indemnity Notice. If no such Notice of Dispute is received by the Escrow Agent within such 45-day period, (i) the Claim will be deemed to not be an Unresolved Claim, and (ii) an amount equal to the total amount of that Claim, as set out in the Indemnity Notice, will be deemed to be Payable Escrowed Funds.
- 3.1.3 If a Notice of Dispute is delivered within the 45-day period specified in Section 3.1.2 to the Buyer and the Escrow Agent, the total amount of the Claim or, if the Seller is

disputing only part of the Claim, the portion of the Claim that is in dispute will be deemed to be Disputed Escrowed Funds. The portion of the Claim not disputed by the Notice of Dispute will be deemed to be Payable Escrowed Funds.

- 3.1.4 Where a Claim or part of a Claim ceases to be an Unresolved Claim, but (i) no funds are to be released to the Buyer from the Escrow Account in respect of that Claim or part of that Claim, or (ii) less than all of the Disputed Escrowed Funds in respect of that Claim or part of that Claim are to be released in accordance with Section 3.2.1(b), the Buyer and the Seller shall so notify the Escrow Agent by immediately delivering a Joint Notice to the Escrow Agent, whereupon the amount of that Claim or part of that Claim that is not to be released will cease to be Disputed Escrowed Funds.

3.2 Release of Escrowed Funds

- 3.2.1 The Escrowed Funds, and any interest accrued thereon, shall be distributed from time to time as follows:

- (a) Where amounts have been deemed to be Payable Escrowed Funds in accordance with Section 3.1.2 or 3.1.3, the Buyer shall notify the Escrow Agent and the Seller (i) specifying the amount of those Payable Escrowed Funds, (ii) enclosing an officer's certificate of the Buyer certifying (A) the Indemnity Notice was given to the Seller and the Escrow Agent in accordance with Article 9 of the Share Purchase Agreement and Section 3.1.1, respectively, and (B) either the time period set forth in Section 3.1.2 has expired and that the Buyer did not deliver a Notice of Dispute in respect of that Claim within that time period, or a Notice of Dispute has been delivered by the Seller in respect of that Claim and the amount of those Payable Escrowed Funds is not subject to that Notice of Dispute, and (iii) directing the Escrow Agent to release to the Buyer those Payable Escrowed Funds, whereupon the Escrow Agent shall promptly release those Payable Escrowed Funds as so directed.
- (b) Where the amount of a Claim or part of a Claim have been deemed to be Disputed Escrowed Funds in accordance with Section 3.1.3, the Escrow Agent shall not release those Disputed Escrowed Funds unless and until a Joint Notice has been delivered to the Escrow Agent by the Buyer and the Seller notifying the Escrow Agent that that Claim or part of that Claim has ceased to be an Unresolved Claim and directing the Escrow Agent to release and deliver all or any portion of the Disputed Escrowed Funds in respect of that Claim or part of that Claim, whereupon the Escrow Agent shall promptly pay the amount of Disputed Escrowed Funds as so directed. The Buyer and the Seller shall deliver the Joint Notice specified in this Section 3.2.1(b) promptly after any Claim or part of a Claim ceases to be an Unresolved Claim.
- (c) If, on the first anniversary of the Closing Date, the amount of the Escrowed Funds, together with any interest accrued thereon, exceeds the aggregate amount of Payable Escrowed Funds and Disputed Escrowed Funds, the Buyer and the Seller shall promptly deliver a Joint Notice to the Escrow Agent directing the Escrow Agent to release such excess amount to the Seller, whereupon the Escrow Agent shall promptly release such excess amount as so directed.

(d) If, at any time after the first anniversary of the Closing Date, an amount ceases to be Disputed Escrowed Funds in accordance with Section 3.1.4, the Buyer and the Seller shall include in the Joint Notice delivered to the Escrow Agent under Section 3.1.4 a direction to release such amount to the Seller, whereupon the Escrow Agent shall promptly release such amount as so directed.

3.2.2 The Escrow Agent shall not pay or otherwise release the Escrowed Funds except as provided by Section 3.2.1, Article 4, Section 5.1, or in accordance with a Joint Notice or an order of a court of competent jurisdiction directing the Escrow Agent to pay the Escrowed Funds in a specified manner, whereupon the Escrow Agent shall promptly pay the Escrowed Funds in such specified manner.

3.3 Settlement

If the Buyer and the Seller fail to agree on, and deliver, a Joint Notice required to be delivered in accordance with this Agreement, either may bring the matter before a court of competent jurisdiction for the court to settle the matter.

3.4 Release of Escrow Agent

Contemporaneously with each release of Escrowed Funds, the Buyer and the Seller hereby release the Escrow Agent from any Losses arising out of or relating to the payment of the released Escrowed Funds as well as the issues in respect of which the Escrowed Funds were released.

3.5 Deductions

The Escrow Agent may deduct from any payment made under this Agreement any withholdings, taxes, assessments or other charges imposed by a Governmental Entity.

ARTICLE 4 RESPONSIBILITY AND LIABILITIES OF THE ESCROW AGENT

4.1 Duties and Obligations

The duties and obligations of the Escrow Agent under this Agreement are solely determined by the express provisions of this Agreement. The Buyer and the Seller acknowledge that the Escrow Agent acts hereunder as an escrow agent only and (i) will not be responsible or liable in any manner whatsoever for the sufficiency, correctness, genuineness or validity of any instrument deposited with it (including the Share Purchase Agreement), for the form or signature of such instruments, for the identity, authority or right of any Person signing or depositing such instruments or for determining or compelling compliance with such instruments, and will not otherwise be bound thereby; (ii) will be bound only for the performance of such duties as are expressly and specifically set forth in this Agreement on its part to be performed, and no implied duties or obligations of any kind will be read into this Agreement against or on the part of the Escrow Agent; (iii) shall not be required to take notice of any default or to take any action with respect to such default involving any expense or liability, unless notice of such default is formally given to the Escrow Agent, and unless it is indemnified and funded, in a manner satisfactory to it,

against such expense or liability; (iv) may rely on and will be protected in acting or refraining from acting upon any notice, instruction (including wire transfer instructions, whether incorporated in this Agreement or provided in a separate instruction), instrument, statement, certificate, request or other document furnished to it under this Agreement and believed by it to be genuine and to have been signed or presented by the proper Person, and will not be responsible for determining the accuracy thereof; (v) may employ and consult counsel satisfactory to it, including in-house counsel, and the opinion of such counsel will be full and complete authorization and protection in respect of any action taken, suffered or omitted by it under this Agreement in good faith and in accordance with the opinion of such counsel; and (vi) will not be responsible for delays or failures in performance resulting from acts beyond its control, including acts of God, strikes, lockouts, riots, acts of war, epidemics, governmental regulations superimposed after the fact, fire, communication line failures, computer viruses, power failures, earthquakes or other disasters.

The Escrow Agent will not be responsible for seeking, obtaining, compiling, preparing or determining the accuracy of any information or document, including the representative capacity in which a party purports to act, that the Escrow Agent receives as a condition to a release from escrow under this Agreement.

4.2 No Liability

Except for material injury caused through its intentional or gross fault, the Escrow Agent will not be liable to any Person in any manner whatsoever notwithstanding anything to the contrary in this Agreement, including for:

- (a) any failure or inability of any other Party to perform its obligations under this Agreement;
- (b) any error of judgment, mistake of fact or law, failure or inability or other act or omission, whether or not in accordance with advice received by external or independent counsel;
- (c) the default or misconduct of any agent or counsel employed or appointed by it;
- (d) its failure or refusal to comply with conflicting demands or adverse Claims; and
- (e) the delivery or non-delivery of any cash whether delivered by hand, wire transfer, registered mail or bonded courier.

4.3 Costs and Expenses

The Buyer and the Seller shall pay the costs and expenses of the Escrow Agent's services hereunder and the costs and expense reasonably incurred by the Escrow Agent in connection with the administration of the escrow created hereby or the performance or observance of its duties hereunder which are in excess of its compensation for normal services hereunder and covered by the remuneration, including without limitation, all out-of-pocket expenses and disbursements incurred or made by the Escrow Agent in the administration of its services and duties created hereby (including the reasonable fees and disbursements of its outside

counsel and other outside advisors required for discharge of its duties hereunder). Any amount owing under this Section 4.3 and unpaid 30 days after request for such payment will bear interest from the expiration of such 30 days at a rate per annum equal to the then current rate charged by the Escrow Agent, payable on demand. If payment is not received when due, the Escrow Agent shall be entitled to draw down on the Escrowed Funds in order to effect such payment and may sell, liquidate, convey or otherwise dispose of any investment for such purpose. The fees and expenses charged by the Escrow Agent in relation to this Agreement shall be paid for one-half by the Buyer and one-half by the Seller, on a joint basis and not on a solidary basis.

4.4 Indemnification

4.4.1 The Buyer and the Seller shall solidarily (jointly and severally) indemnify the Escrow Agent and its officers, directors, employees, agents, successors and assigns and hold it and them harmless from and against any Losses incurred by the Escrow Agent and its officers, directors, employees, agents, successors and assigns arising out of or relating to this Agreement or with the administration of its duties hereunder, including reasonable attorneys' fees and other costs and expenses of defending or preparing to defend against any Losses, unless and except to the extent such Losses are caused by the gross negligence or bad faith of the Escrow Agent or its officers, directors, employees, agents, successors or assigns; provided that, as between the Buyer and the Seller and without derogating from the solidary obligations of the Buyer and the Seller to the Escrow Agent, the Buyer and the Seller shall each be liable as between themselves for one-half of any indemnification obligations to the Escrow Agent. The foregoing indemnification and agreement to hold harmless will survive the resignation or removal of the Escrow Agent or the termination of this Agreement.

4.4.2 Notwithstanding any other provision of this Agreement, and whether such Losses are foreseeable or unforeseeable, the Escrow Agent shall not be liable under any circumstances whatsoever for any (a) breach by any other Party of securities law or other rule of any securities regulatory authority, (b) lost profits or (c) special, indirect, incidental, consequential, exemplary, aggravated or punitive losses or damages.

4.4.3 No provision of this Agreement will require the Escrow Agent to expend or risk its own funds or otherwise incur financial liability in the performance of its duties or the exercise of any of its right or powers unless indemnified as provided for under this Agreement, other than as a result of its own gross negligence or bad faith.

4.5 Genuineness and Presumption of Authority

The Escrow Agent will be fully protected in acting or relying upon any written notice, direction, request, waiver, consent, receipt or other document that the Escrow Agent in good faith believes is genuine, duly authorized and signed or presented by the proper Person. The Escrow agent shall retain the right not to act and shall not be held liable for refusing to act unless it has received clear and reasonable documentation that complied with the terms of this Agreement. Such documentation must not require the exercise of any discretion or independent judgment.

4.6 Disagreements

In the event of any disagreement between the Buyer and the Seller resulting in demands or adverse Claims being made for all or a portion of the Escrowed Funds (a “**Disagreement**”), the Escrow Agent shall refuse to comply with any demand or Claim, for so long as the Disagreement continues, and in so refusing, the Escrow Agent shall refrain from releasing the funds until the rights of the Buyer and the Seller have been finally adjudicated by a court or an arbitrator assuming and having jurisdiction over the Disagreement, or the outstanding differences have been resolved by the Buyer and the Seller in writing. The Escrow Agent may institute or defend any legal proceedings that relate to the Escrowed Funds.

4.7 Resignation and Delivery

The Escrow Agent may at any time resign as such, subject to this Section 4.7, by delivering notice of resignation to the other Parties and by delivering the Escrowed Funds (less any portion thereof previously distributed in accordance with this Agreement) to any successor escrow agent designated by the Buyer and the Seller, jointly, or by a court of competent jurisdiction, whereupon the Escrow Agent shall be discharged of and from any and all further obligations arising out of or relating to this Agreement. The resignation of the Escrow Agent will take effect on the earlier to occur of (the “**Resignation Date**”): (i) the appointment of a successor escrow agent as provided above or by a court of competent jurisdiction; or (ii) the 30th day after the date of delivery of the Escrow Agent’s notice of resignation to the other Parties, or such shorter notice as the Parties accept as sufficient. If the Escrow Agent has not received notice of the designation of a successor escrow agent by the Resignation Date, the Escrow Agent’s sole responsibility after such time will be to retain and safeguard the Escrowed Funds until receipt of notice of the designation of a successor escrow agent under this Agreement or a final non-appealable order of a court of competent jurisdiction. If a successor escrow agent has not been appointed within 90 days of the date of the delivery of its notice of resignation, the Escrow Agent shall deliver the Escrowed Funds (less any portion thereof previously distributed in accordance with this Agreement) to the legal counsel designated by the Buyer and the Seller, jointly, and all of the Escrow Agent’s duties and obligations under this Agreement shall thereupon cease immediately. Failing such designation by the Buyer and the Seller, jointly, the Escrow Agent shall deliver the Escrowed Funds to the Quebec Superior Court, whereupon the Escrow Agent will have no further duties and obligations under this Agreement.

The Buyer and the Seller, acting together, may at any time remove the existing Escrow Agent and appoint a successor escrow agent by delivering a Joint Notice to the Escrow Agent to that effect, whereupon the Escrow Agent shall promptly deliver the Escrowed Funds remaining in the Escrow Account, together with any interest thereon, to the successor escrow agent, whereupon the Escrow Agent will have no further duties and obligations under this Agreement.

4.8 Deduction of fees

If the Escrow Agent resigns or is removed under Section 4.7, the Escrow Agent shall be entitled, before delivery to any Party of the Escrowed Funds, to deduct any amounts owing to it in respect to outstanding fees, disbursements and interest thereon.

4.9 Incapacity

- 4.9.1 If the Escrowed Funds are to be released under this Agreement to a Party who has become bankrupt, has gone into liquidation or has otherwise become incapable of performing its rights and responsibilities under this Agreement, the Escrow Agent shall immediately deliver the Escrowed Funds, less any amounts owing to it in respect to outstanding fees, disbursements and interest thereon in accordance with a notice signed jointly by that Party's trustee, receiver or successor in interest and the other Party.
- 4.9.2 If both the Buyer and the Seller have become bankrupt, have gone into liquidation or have otherwise become incapable of performing their rights and responsibilities under this Agreement, the Escrow Agent shall immediately deliver the Escrowed Funds, less any amounts owing to it in respect to outstanding fees, disbursements and interest thereon, to the Quebec Superior Court, and provide notice to both the Buyer and the Seller or the trustee, receiver or successor in interest, as applicable, of such disposition of the Escrowed Funds. Upon such delivery of the Escrowed Funds, the Escrow Agent will have no further duties and obligations under this Agreement.

4.10 Incapacity of Escrow Agent

If the Escrow Agent resigns or is removed or is dissolved, becomes bankrupt, goes into liquidation or otherwise becomes incapable of acting under this Agreement, the Buyer and the Seller, acting together, shall immediately appoint a successor escrow agent; failing such appointment by the Buyer and the Seller, the retiring Escrow Agent, acting alone, may apply, at the joint expense of the Buyer and the Seller, to a justice of the Quebec Superior Court on such notice as such justice may direct, for the appointment of a successor escrow agent; but any successor escrow agent so appointed by the Quebec Superior Court shall be subject to removal by the Buyer and the Seller, acting together.

4.11 Transfer and delivery; fees

Any successor escrow agent appointed under Section 4.10 shall be a corporation authorized to carry on the business of a trust company in the Province of Quebec and, if required by Law, in other jurisdictions. On any such appointment, the successor escrow agent shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named in this Agreement as Escrow Agent. At the request of the Buyer and the Seller, jointly, or the successor escrow agent, the retiring Escrow Agent, upon payment of the amounts, if any, due to it under this Agreement, including any amounts owing to it in respect to outstanding fees, disbursements and interest thereon, shall duly assign, transfer and deliver to the successor escrow agent all property and money held, and all records kept, by the retiring Escrow Agent in respect of this Agreement.

4.12 Succession

Any corporation into or with which the Escrow Agent may be merged or consolidated or amalgamated, or any corporation resulting therefrom to which the Escrow Agent is a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Escrow Agent will be the successor to the Escrow Agent under this Agreement without any further act on

its part or any of the Parties, provided that such corporation would be eligible for appointment as a successor escrow agent hereunder.

4.13 Funds

The Escrow Agent shall release the Escrowed Funds only in accordance with this Agreement and the Escrow Agent will have no obligation to disburse or expend its own funds or assets. The Escrow Agent shall use such care as is reasonably prudent to safeguard the Escrow Account and the Escrowed Funds.

The forwarding of a cheque by the Escrow Agent will satisfy and discharge the liability for any cash amounts due to the extent of the sum or sums represented thereby (plus the amount of any tax deducted or withheld as required by law) unless such cheque is not honoured on presentation; provided that in the event of non-receipt of such cheque by the payee, or loss or destruction thereof, the Escrow Agent upon being furnished with reasonable evidence of such non-receipt, loss or destruction and indemnity reasonably satisfactory to it, will issue to such payee a replacement cheque for the amount of such cheque.

4.14 Counsel

The Escrow Agent may employ such counsel, accountants, engineers, appraisers, other experts, agents, agencies and advisors as it may reasonably require for the purpose of discharging its duties under this Agreement, and the Escrow Agent may act and will be protected in acting in good faith on the opinion or advice or on information obtained from any such Person and will not be responsible for any misconduct on the part of any of them. The reasonable costs of such services shall be added to and be part of the Escrow Agent's fee under this Agreement.

4.15 Absence of Conflict of Interest

Each of the Buyer and the Seller acknowledges that nothing in this Agreement impairs or affects, or will impair or affect, the ability and full right and authority of the Escrow Agent to act for the Seller or any Affiliate thereof in connection with any matter, whether or not related to the subject matter of this Agreement, and this Agreement to act as Escrow Agent does nor will not create any impropriety or conflict of interest (or any appearance thereof), as far as the Buyer and the Seller and their Affiliates are concerned, in connection with its actions on behalf of the Seller and its Affiliates.

4.16 Tax Reporting

The Parties shall, for Tax purposes, file Tax Returns and otherwise report to the Canada Revenue Agency and any other relevant taxation authorities on a basis that is consistent with the Seller being regarded as being the beneficial owner of the Escrowed Funds until such time as any Escrowed Funds are returned to the Buyer. The Escrow Agent shall not be responsible for including any portion of the interest earned on the Escrowed Funds in its income for Tax purposes.

4.17 Anti-money Laundering

- 4.17.1 Each Party (other than the Escrow Agent) hereby represents to the Escrow Agent that any account to be opened by, or interest to be held by, the Escrow Agent in connection with this Agreement, for or to the credit of that Party, either (i) is not intended to be used by or on behalf of any third party; or (ii) is intended to be used by or on behalf of a third party, in which case that Party agrees to immediately complete and sign a declaration in the Escrow Agent's prescribed form as to the particulars of such third party.
- 4.17.2 The Escrow Agent may not act and will not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Escrow Agent, in its sole judgment, determines that such act might cause it to be in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline. Further, should the Escrow Agent, in its sole judgment, determine at any time that its acting under this Agreement has resulted in its being in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline, then it may resign on 10-day notice to the other Parties, provided that (i) the Escrow Agent's notice shall describe the circumstances of such non-compliance and (ii) if such circumstances are rectified to the Escrow Agent's satisfaction within such 10-day period, then its resignation will not be effective.

4.18 Privacy

The Parties acknowledge that the Escrow Agent may, in the course of providing services under this Agreement, collect or receive financial and other personal information about them and/or their representatives, as individuals, or about other individuals related to the subject matter of this Agreement, and use such information for the following purposes:

- (a) to provide the services required under this Agreement and other services that may be requested from time to time;
- (b) to help the Escrow Agent manage its servicing relationships with such individuals;
- (c) to meet the Escrow Agent's legal and regulatory requirements; and
- (d) if Social Insurance Numbers are collected by the Escrow Agent, to perform tax reporting and to assist in verification of an individual's identity for security purposes.

Each Party acknowledges that the Escrow Agent may receive, collect, use and disclose personal information provided to it or acquired by it in the course of this Agreement for the purposes described above and, generally, in the manner and on the terms described in its Privacy Code, which the Escrow Agent will make available on its website or upon request, including revisions thereto. Further, no Party shall provide or cause to be provided to the Escrow Agent any personal information relating to an individual who is not a Party unless that Party has assured itself that such individual understands and has consented to such uses and disclosures.

4.19 Survival

This Article 4 will survive any termination of this Agreement or the resignation or removal of the Escrow Agent.

ARTICLE 5 MISCELLANEOUS

5.1 Termination

5.1.1 This Agreement and, subject to Section 5.1.2, the obligations of all of the Parties hereunder will terminate upon the earlier to occur of (i) the distribution by the Escrow Agent of all of the Escrowed Funds, together with any interest thereon, in accordance with the terms of this Agreement, and (ii) the written agreement of the Buyer and the Seller, which agreement shall specify the entitlement of each of the Buyer and the Seller to the Escrowed Funds remaining in the Escrow Account, if any, on the date of that agreement.

5.1.2 Upon a termination of this Agreement under Section 5.1.1(ii), the Escrow Agent shall immediately release any remaining Escrowed Funds, together with any interest thereon, as jointly directed by the Buyer and the Seller in the written agreement of termination. This Section 5.1.2 will survive the termination of this Agreement.

5.2 Further Assurances

A Party shall promptly do, sign, deliver or cause to be done, signed and delivered all further acts, documents (including Joint Notices) and things that another Party may reasonably require for the purpose of giving effect to this Agreement.

5.3 Notice

Any notice, consent or other communication under this Agreement shall be given writing and may be delivered by hand, bailiff or fax, and addressed as follows:

5.3.1 if to the Buyer

2290693 ONTARIO INC.
152 Notre-Dame East, Suite 500
Montreal, Quebec H2Y 3P6

Attention: President
Fax: 514 398-0527

with a copy to BCF LLP (which will not constitute notice)

BCF LLP
1100 René-Lévesque Blvd. West, Suite 2500
Montreal, Quebec H3B 5C9

Attention: Pascale Dionne
Fax: 514 397-8515

5.3.2 **if to the Seller**

CHAIRMAN OF THE BOARD OF DIRECTORS
GLOBAL RAILWAY INDUSTRIES LTD.
2 Bloor Street East, Suite 810
Toronto, Ontario M4W 1A8

Attention: Chairman of the Board of Directors
Fax: 647 724-8910

with a copy to Davies Ward Phillips & Vineberg LLP (which will not constitute notice)

DAVIES WARD PHILLIPS & VINEBERG LLP
1 First Canadian Place, 44th Floor
Toronto, Ontario M5X 1B1

Attention: Patrick G. Barry
Fax: 416 863-0871

with a copy to NorthLink Capital Advisors Inc. (which will not constitute notice)

NORTHLINK CAPITAL ADVISORS INC.
British Colonial Building
445 Thompson Dr.
Cambridge, Ontario N1T 2K7

Attention: Blair Roblin
Fax: 519 623-5654

5.3.3 **if to the Escrow Agent**

COMPUTERSHARE TRUST COMPANY OF CANADA
9th Floor, 100 University Ave.
Toronto, Ontario M5J 2Y1

Attention: Manager, Corporate Trust
Fax: 416 981-9777

Such notice, consent or other communication will be deemed to have been delivered on the day it is actually delivered by or on behalf of the sender (or if that day is not a Business Day, on the following Business Day), unless it is delivered by fax after 4:30 p.m. (Montreal time), in which case it will be deemed to have been delivered on the next Business Day following transmission. A Party may, from time to time, designate another address or fax number in accordance with this Section 5.3.

5.4 Severability

Each provision of this Agreement is separate and distinct and, if a provision of this Agreement is determined to be invalid, illegal or unenforceable, all other provisions will remain in full force and effect.

5.5 Waivers

A failure to act or delay in acting by a Party with respect to a non-performance, or the non-exercise of a right, under this Agreement will not operate as a waiver of that performance or of that right. The waiver of a right under this Agreement by a Party will not be effective unless it is given in a signed writing, in which case it will be effective in the specific instance and for the specific purpose given.

5.6 Default

The debtor of an obligation under this Agreement will be in default of that obligation by the mere lapse of time for performing it.

5.7 Successors and Assigns

This Agreement will bind and be for the benefit of a Party's successor or permitted assign.

5.8 Non Assignment

Other than as provided under Section 4.10, no Party may assign or delegate any right or obligation under this Agreement without the prior consent of each other Party. Notwithstanding the foregoing, by giving notice to the Seller and the Escrow Agent, the Buyer may assign to Caisse de dépôt et placement du Québec all or part of its rights to receive Escrowed Funds.

5.9 Amendment

This Agreement may be amended only in a writing signed by each Party.

5.10 Governing Law and Jurisdiction

This Agreement is governed by the laws of the Province of Quebec and the laws of Canada applicable therein (without regards to conflicts of law principles). The Parties irrevocably submit to the non-exclusive jurisdiction of Quebec courts, judicial district of Montreal, in respect of all disputes arising out of or relating to this Agreement.

5.11 Counterparts

This Agreement may be signed in any number of counterparts, each of which is deemed to be an original and all of which when taken together are deemed to constitute one and the same instrument. Each counterpart may be delivered by fax or email and a faxed or emailed copy is as effective as an original.

[Signatures follow]

SIGNED at the place and on the date first-mentioned above.

2290693 ONTARIO INC.

**GLOBAL RAILWAY INDUSTRIES
LTD.**

By: _____
Fausto Levy
President

By: _____
Thomas P. Dea
Chairman of the Board of Directors

**COMPUTERSHARE TRUST
COMPANY OF CANADA**

By: _____
■
Corporate Trust Officer, Corporate
Trust Services

By: _____
■
Associate Trust Officer, Corporate
Trust Services

Schedule 1.1.54

Net Working Capital

March 2011 Balance (in Canadian dollars)
(for illustration only)

ADD:

Categories of Current Assets

Cash and cash equivalents
Accounts receivable – trade
Accounts receivable – other
Inventories
Prepaid expenses
Costs and estimated earnings on
uncompleted contracts in excess of billings
(includes VIA Rail, CCG RioTinto & 8620)

[Redacted: March 2011 illustrative figures]

LESS:

Categories of Current Liabilities

Accounts payable and accrued liabilities
Future income taxes (liability)

LESS:

Environmental Liability

LESS:

Categories of tax receivables

Accrued Scientific Research and Experimental Development (SRED) receivable
Future income taxes (receivable)

ADD:

Category of tax payables

Future income taxes (liability)

Adjustments for Metrolinx Contract No. IT-2010-REM-100

ADD:

Cash outflows – Metrolinx
Accounts Payable and Accrued Liabilities – Metrolinx

LESS:

Customer Deposits – Metrolinx
Cash Inflows - Metrolinx
Accounts Receivable – Metrolinx
Prepaid Expenses – Metrolinx
Costs and estimated earnings on
uncompleted contracts in excess of billings – Metrolinx

Schedule 1.1.61

Permitted Encumbrances

[Redacted: Details relating to certain encumbrances on the assets of the Corporation.]

Schedule 1.1.74

Services Agreement Term Sheet

1. Parties

FTM Capital Inc. (“**FTM**”). Fausto Levy and Ross Corcoran each “Designated Executives” under the services agreement. At least two accounting personnel of CADRI will support the Designated Executives in providing the accounting and financial reporting services under the Services Agreement.

Global Railway Industries Ltd. (“**Global**”)

2. Purpose

FTM, through the Designated Executives, is to provide management and administrative services to Global during the course of its liquidation and dissolution.

3. Effective Date and Term

Entered into on the Closing Date. Effective until completion of the dissolution of Global.

Global may in its sole discretion terminate the Services Agreement without penalty on 30 days prior written notice. In addition, FTM may terminate the Services Agreement without penalty (effective immediately on written notice) if the obligations under the Services Agreement become incompatible with Mr. Fausto Levy's fiduciary duties as an officer of CADRI.

4. Fees and Expenses

FTM to be paid a monthly work fee of \$■ during the term of the Services Agreement. Monthly work fee automatically reduced to \$■ if Global appoints a third party liquidator.

FTM to be reimbursed for all reasonable invoiced expenses.

5. Services

- Monitoring compliance with the Wabtec Agreement and the Wabtec Escrow. Coordinating 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 CPP contributions and EIA premiums, and assist in obtaining clearance certificates from all governmental bodies, particularly Canada Revenue Agency.

- Prepare and (on approval of by 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 Global Board.
- Assist in the liquidation and dissolution of Global and each of its remaining subsidiaries, or assisting any liquidator in respect thereof.
- Report to Global Board in respect of the foregoing.

6. Indemnification

Global will hold harmless and indemnify FTM and the Designated Executives from and against all liabilities, claims and costs of any nature arising from the services provided under the Services Agreement, save and except any such liabilities, claims or costs arising as a result of their fraud, gross negligence or wilful misconduct, and will maintain its existing D&O insurance for the benefit of the Designated Executives.

Schedule 3.1.4

Conflicts and Consents

The consent of Bank of Montreal is required pursuant to the Letter Loan Agreement dated November 30, 2010 between Bank of Montreal, as lender, the Seller, as borrower, and the Corporation and CAD Railway Properties Inc., as guarantors.

The consent of HSBC Canada and Bank of Montreal is required pursuant to the Credit Agreement dated November 6, 2007, as amended from time to time, between HSBC Canada and Bank of Montreal, as lenders, the Seller, as borrower, and the Corporation, CAD Railway Properties Inc. and GBI Industries, Inc., as guarantors.

The approval of Toronto Stock Exchange is required in accordance with Part V – Special Requirements of Non-Exempt Issuers of the TSX Company Manual.

Schedule 3.1.8

CADRI Share Capital

Class	Number Outstanding	Holder
Class 1 Common Shares	100	Seller
Class A Special Shares	52,000	Seller
Class B Special Shares	52,000	Seller
Class 2 Special Shares	35,000,000	Seller
Class 3 Special Shares	13,000,000	1703558

Intercompany Indebtedness

Description	Principal Outstanding	Holder
Non-Interest Bearing Demand Promissory Note	\$5,302,799.50	Seller

Schedule 3.2.3

Investments

Subsidiary	Jurisdiction	Class of Securities	Number Outstanding	Holder
CAD Railway Properties Inc.	Ontario	Common shares	100	CAD Railway Industries Ltd.

Schedule 3.2.10

Debt Obligations

The Corporation guarantees the obligations of the Seller under the Letter Loan Agreement dated November 30, 2010 between Bank of Montreal, as lender, the Seller, as borrower, and the Corporation and CAD Railway Properties Inc., as guarantors. This credit facility provides for the issuance of letters of credit as described below, as well as the credit cards and electronic fund transfer accounts used by the Corporation in the ordinary course. Otherwise, no other obligations are outstanding under this credit facility.

The Corporation guarantees the obligations of the Seller under the Credit Agreement dated November 6, 2007, as amended from time to time, between HSBC Canada and Bank of Montreal, as lenders, the Seller, as borrower, and the Corporation, CAD Railway Properties Inc. and GBI Industries, Inc., as guarantors. This credit facility provides for the issuance of letters of credit as described below. Other than those letters of credit, no other obligations are outstanding under this credit facility.

The Seller acts as an indemnitor under the indemnity and surety agreement dated November 27, 2007 between Jevco Insurance Company, as surety, the Corporation, as principal, and the Corporation and the Seller, as indemnitors, which supports performance bonds issued by Jevco Insurance Company to guarantee the Corporation's performance of its obligations under Contract C20070932 dated December 10, 2007 between the Corporation and VIA Rail Canada Inc., as amended, with respect to the remanufacturing of VIA Rail Canada Inc.'s F40PH-2D locomotives.

Any surety and indemnity agreement with respect to the performance bond to be obtained in connection with the Metrolinx Contract.

Letters of Credit

[Redacted: Details relating to letters of credit.]

Performance Bonds

[Redacted: Details relating to performance bonds.]

Schedule 7.1.4

Material Consents

The consent of Bank of Montreal is required pursuant to the Letter Loan Agreement dated November 30, 2010 between Bank of Montreal, as lender, the Seller, as borrower, and the Corporation and CAD Railway Properties Inc., as guarantors.

The consent of HSBC Canada and Bank of Montreal is required pursuant to the Credit Agreement dated November 6, 2007, as amended from time to time, between HSBC Canada and Bank of Montreal, as lenders, the Seller, as borrower, and the Corporation, CAD Railway Properties Inc. and GBI Industries, Inc., as guarantors.

The approval of Toronto Stock Exchange is required in accordance with Part V – Special Requirements of Non-Exempt Issuers of the TSX Company Manual.