GLOBAL RAILWAY INDUSTRIES LTD.

NOTICE OF SPECIAL MEETING AND MANAGEMENT INFORMATION CIRCULAR

REGARDING THE SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON AUGUST 30, 2011 TO CONSIDER THE PROPOSED SALE OF CAD RAILWAY INDUSTRIES LTD. AND THE WINDING-UP OF GLOBAL RAILWAY INDUSTRIES LTD.

July 25, 2011

FOR THE REASONS SET OUT HEREIN, THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS VOTE FOR THE SALE RESOLUTION AND THE WINDING UP RESOLUTION

These materials are important and require your immediate attention. Shareholders of Global Railway Industries Ltd. are being asked to make an important decision. If you are in doubt as to how to make this decision, please contact your financial, legal or other professional advisors.

July 25, 2011

Dear Shareholder:

On behalf of the board of directors (the "**Global Board**"), I am pleased to provide you with notice of a special meeting (the "**Special Meeting**") of the shareholders of Global Railway Industries Ltd. ("**Global**" or the "**Corporation**") to be held at the Montreal Airport Marriott Hotel, 800 Place Leigh Capreol, Dorval, Québec, on August 30, 2011, at 10:00 a.m. (Eastern Daylight Time), for the purpose of considering the proposed sale (the "**CADRI Sale**") of Global's operating subsidiary, CAD Railway Industries Ltd. ("**CADRI**"), to 2290693 Ontario Inc. (the "**Buyer**"), a company controlled by Fausto Levy, Global's President and Chief Executive Officer, for a cash purchase price of $12.4 million. Including the assumption of debt outstanding of approximately $550,000 at July 5, 2011 (the date of announcement of the transaction), the transaction is valued at approximately $12.9 million. In addition, if the CADRI Sale is approved, shareholders will also be asked to approve the liquidation and dissolution of Global (the "**Winding Up**") and the distribution of the net proceeds of the CADRI Sale and cash on hand, as described below.

The CADRI Sale is the result of an extensive review of the available alternatives by the Global Board and the special committee of the Global Board (which was constituted in June 2009 and was disbanded in October 2010 after the Global Board became entirely independent of Global). In approving the CADRI Sale, the Global Board considered, among other things, the advice of its financial and legal advisors, a formal valuation of CADRI prepared by RSM Richter Inc. ("**RSM**") and a fairness opinion from RSM to the effect that the CADRI Sale is fair, from a financial point of view, to Global. RSM's formal valuation and fairness opinion are reproduced in Appendix C to the management information circular (the "**Circular**") accompanying this letter, and shareholders are urged to read the formal valuation and fairness opinion in their entirety. The fairness opinion is directed only to the fairness, from a financial point of view, of the consideration to be received by Global in the CADRI Sale and is not intended to constitute, and does not constitute, a recommendation as to how any shareholder should vote on any matter. The Circular contains a detailed description of the background to the CADRI Sale and the reasons for the recommendation of the Global Board and outlines the actions to be taken at the Special Meeting.

If the CADRI Sale is completed, Global will cease to have an operating business and, accordingly, the CADRI Sale must be approved by special resolution of the Corporation's shareholders in accordance with applicable corporate law. Completion of the CADRI Sale is also conditional on obtaining the approval of the "majority of the minority" of shareholders in compliance with applicable securities laws, as well as other customary conditions. Assuming these conditions are satisfied, the closing of the CADRI Sale is anticipated to occur within 10 business days following the Special Meeting.

After careful consideration, the Global Board has concluded that the CADRI Sale is in the best interests of Global and its shareholders and the Global Board is unanimously recommending that shareholders vote <u>FOR</u> the Sale Resolution on the enclosed proxy form.

Global intends to distribute the net proceeds of the CADRI Sale and cash on hand in two or more instalments as part of the Winding Up. Global anticipates that the initial distribution of available cash will be made as promptly as practicable following closing of the CADRI Sale to shareholders of record on a distribution date to be determined by the Global Board. The final distribution of cash will be made in one or more instalments following receipt of funds to be held in escrow in connection with the CADRI Sale and funds currently held in escrow in connection with the prior sales of Global's other operating subsidiaries, and satisfaction of all liabilities, including expenses of the Winding Up. In order to proceed with the Winding Up, shareholder approval by special resolution is required.

The Global Board has determined that it is in the best interests of Global and its shareholders to distribute the net proceeds of the CADRI Sale and cash on hand, and to voluntarily liquidate and dissolve the Corporation. The Global Board is unanimously recommending that the shareholders vote FOR the Winding Up Resolution on the enclosed proxy form.

Your participation in the affairs of Global is important, regardless of the number of shares you hold. Whether or not you intend to attend the Special Meeting, the Global Board requests that you complete the enclosed form of proxy in accordance with the instructions set out therein and in the Circular and promptly return the form of proxy in the envelope provided for this purpose.

In closing, I would like to express my appreciation for your support during the strategic review process. Through this process, the Global Board and its special committee were able to successfully navigate a liquidity crisis at Global and significantly increase shareholder value. The Global Board believes that, in the circumstances, the CADRI Sale and subsequent Winding Up is the best possible outcome for Global and its shareholders.

Sincerely yours,

(signed) *Thomas P. Dea*

Thomas P. Dea
Chairman of the Board of Directors

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS
OF GLOBAL RAILWAY INDUSTRIES LTD.

NOTICE IS GIVEN that a special meeting (the "**Special Meeting**") of shareholders (the "**Shareholders**") of Global Railway Industries Ltd. ("**Global**" or the "**Corporation**") will be held at the Montreal Airport Marriott Hotel, 800 Place Leigh Capreol, Dorval, Québec, in the Jade Room (located on the Main Level), on Tuesday, August 30, 2011 at 10:00 a.m. (Eastern Daylight Time) for the following purposes:

1. to consider and, if deemed advisable, to pass a special resolution of the Shareholders (the "**Sale Resolution**") approving the sale (the "**CADRI Sale**") by the Corporation to 2290693 Ontario Inc. (the "**Buyer**") of the shares and intercompany indebtedness of CAD Railway Industries Ltd. ("**CADRI**"), being substantially all of the operating assets of the Corporation, pursuant to the share purchase agreement dated as of July 4, 2011 between the Corporation, the Buyer and CADRI;

2. to consider and, if deemed advisable, to pass a special resolution of the Shareholders (the "**Winding Up Resolution**") approving the voluntary liquidation and dissolution of the Corporation pursuant to the *Business Corporations Act* (Alberta) (the "**Winding Up**") and the distribution to Shareholders, as part of the Winding Up and at such times and in such amounts in respect of particular distributions as may be determined at the discretion of the board of directors of the Corporation, of the net proceeds of the CADRI Sale and cash on hand, less any reserves and payments made in respect of the Corporation's ongoing costs and liabilities, by way of a reduction of the stated capital of the common shares of the Corporation; and

3. to transact such other business as may properly come before the Special Meeting or any adjournment thereof.

Each of the Sale Resolution and the Winding Up Resolution must be approved by at least two-thirds of the votes cast by the Shareholders present or represented by proxy at the Special Meeting. In addition, the Sale Resolution must be passed by a majority of votes cast by Shareholders present or represented by proxy at the Special Meeting, excluding the votes cast by the Buyer, Fausto Levy, Global's President and Chief Executive Officer and a principal of the Buyer, the other Management Parties (as such term is defined in the management information circular accompanying this notice (the "**Circular**")), and their respective "related parties" and "joint actors" (within the meaning of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*). The full text of the Sale Resolution is reproduced in Appendix A to the Circular and the full text of the Winding Up Resolution is reproduced in Appendix B to the Circular.

The board of directors of Global has fixed the close of business on July 20, 2011 as the record date for the Special Meeting. Only Shareholders of record at the close of business on the record date are entitled to receive notice of and to vote at the Special Meeting.

Shareholders are requested to complete, sign, date and return the enclosed form of proxy in person or in the enclosed self-addressed envelope to the Corporation's transfer agent, Computershare Investor Services Inc, 100 University Avenue, 9th floor, Toronto, Ontario, M5J 2Y1. The form of proxy must be received no later than 10:00 a.m. (Eastern Daylight Time) on Friday, August 26, 2011 or, in the event that the Special Meeting is adjourned or postponed, by no later than 48 hours (excluding Saturdays, Sundays and statutory holidays in Alberta or Ontario) prior to the time fixed for the adjourned or postponed Special Meeting.

DATED at Montreal, Quebec, this 25th day of July, 2011.

By order of the Board of Directors.

(signed) *Ross Corcoran*

Ross Corcoran
Vice President and Chief Financial Officer

TABLE OF CONTENTS

GLOSSARY OF TERMS

In addition to other terms defined elsewhere in this Circular, the following terms shall have the meanings set forth below when used in this Circular:

"**1703558**" means 1703558 Ontario Inc., formerly Bach-Simpson Corporation, a wholly-owned subsidiary of Global;

"**ABCA**" means the *Business Corporations Act* (Alberta) as in effect at the relevant time;

"**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 Global or CADRI, other than the Pre-Closing Reorganization (as defined in the CADRI Sale Agreement), (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 Global or CADRI 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 Global or CADRI, other than (i) the issuance of shares by Global on the exercise of outstanding stock options, (ii) the transfer and exchange of shares of CADRI under the Pre-Closing Reorganization; (d) any similar transaction or series of transactions involving Global or CADRI; (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 Global or CADRI out of the ordinary course of business;

"**Affiliate**" has the meaning given to that term in the ABCA;

"**Buyer**" means 2290693 Ontario Inc.;

"**CADRI**" means CAD Railway Industries Ltd., a wholly-owned subsidiary of Global;

"**CADRI Sale**" means the sale by Global to Buyer of all of the outstanding shares and intercompany indebtedness of CADRI on the terms and conditions contained in the CADRI Sale Agreement;

"**CADRI Sale Agreement**" means the share purchase agreement dated as of July 4, 2011 between Global, the Buyer and CADRI, and to which intervened FTM, pursuant to which Global agreed to sell all of the shares and intercompany indebtedness of CADRI to the Buyer;

"**Cash Purchase Price**" means the $12.4 million in cash to be paid by Buyer to Global pursuant to the CADRI Sale Agreement, subject to certain adjustments provided for therein;

"**CDPQ**" means Caisse de dépôt et placement du Québec;

"**CDS**" means CDS Clearing and Depository Services Inc.;

"**Circular**" means this management information circular, including all appendices hereto;

"**Closing Date**" means the closing date of the CADRI Sale under the CADRI Sale Agreement, which is anticipated to take place within 10 business days of the Special Meeting;

"**Common Shares**" means the common shares in the share capital of Global;

"**Dissenting Shareholder**" means a registered Shareholder who has validly exercised its Dissent Rights and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights, but only in respect of the Common Shares in respect of which Dissent Rights are validly exercised by such holder;

"**Dissent Rights**" means the rights of dissent of registered Shareholders pursuant to section 191 of the ABCA in respect of the Sale Resolution;

"**Escrow Agent**" means Computershare Trust Company of Canada or any replacement escrow agent appointed by Global and the Buyer;

"**Escrow Agreement**" means the escrow agreement to be entered into on the Closing Date between Global, the Buyer and the Seller in respect of the portion of the Cash Purchase Price required to be held in escrow for any indemnification claims that may be made by the Buyer under the CADRI Sale Agreement;

"**Fairness Opinion**" means the fairness opinion of RSM Richter as of July 4, 2011 with respect to the consideration for the CADRI Sale, the full text of which is reproduced, together with the Formal Valuation, as Appendix C to this Circular;

"**Formal Valuation**" means the formal valuation of the shares and intercompany indebtedness of CADRI as of March 31, 2011 (but updated for information available as of July 4, 2011, including the award of the Metrolinx Contract) prepared by RSM Richter in accordance with the requirements of MI 61-101, the full text of which is reproduced, together with the Fairness Opinion, as Appendix C to this Circular;

"**FTM**" means FTM International Inc.;

"**Global**" or "**Corporation**" means Global Railway Industries Ltd.;

"**Global Board**" means the board of directors of Global;

"**Management Parties**" means members of CADRI management (other than Fausto Levy) who may be given the opportunity to participate in an incentive plan for up to 5% of the equity interests in the Buyer following completion of the CADRI Sale, including Ross Corcoran, Pierre Tremblay, Lucie Dastous and Jean-Guy Bergeron;

"**Metrolinx Contract**" means Contract No. IT-2010-REM-100 dated July 13, 2011 between CADRI and Metrolinx for the refurbishment of bi-level commuter railway cars;

"**MI 61-101**" means Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*;

"**NEX**" means the NEX board of the TSX Venture Exchange;

"**NI 51-102**" means National Instrument 51-102 *Continuous Disclosure Obligations*;

"**Notice of Special Meeting**" means the Notice of Special Meeting of Shareholders that accompanies this Circular;

"**Registrar**" means the Registrar appointed pursuant to section 263 of the ABCA;

"**RSM Richter**" means RSM Richter Inc.;

"**Sale Resolution**" means the special resolution of Shareholders authorizing the completion of the CADRI Sale, the full text of which is reproduced in Appendix A to this Circular;

"**Services Agreement**" means the agreement to be entered into on the Closing Date between Global, FTM Capital Inc. and Fausto Levy and Ross Corcoran for the provision of administrative services to Global following the completion of the CADRI Sale;

"**Shareholder**" means a holder of Common Shares;

"**Special Meeting**" means the special meeting of Shareholders to be held at the Montreal Airport Marriott Hotel, 800 Place Leigh Capreol, Dorval, Québec, on Tuesday, August 30, 2011 at 10:00 a.m. (Eastern Daylight Time) to consider and vote on the Sale Resolution and Winding Up Resolution and any other business or matters that may properly come before the Special Meeting, and any adjournment(s) or postponement(s) thereof;

"**Superior Proposal**" has the meaning given to it under "CADRI Sale Agreement and Ancillary Agreements – CADRI Sale Agreement – Covenants";

"**Tax Act**" means the *Income Tax Act* (Canada) and the regulations promulgated thereunder;

"**Transfer Agent**" means Computershare Investor Services Inc., transfer agent for the Common Shares;

"**TSX**" means the Toronto Stock Exchange;

"**Wabtec**" means Westinghouse Air Brake Technologies Corporation;

"**Wabtec Sale Agreement**" means the asset and share purchase agreement dated July 14, 2010 between Global, CADRI, 1703558 (then known as Bach-Simpson Corporation) and Wabtec;

"**Wabtec Sales**" means, collectively, the sale of the shares of GBI USA Holdings, Inc. (the parent company of G&B Specialties, Inc.) and the sale of the business assets of Bach-Simpson Corporation pursuant to the Wabtec Sale Agreement;

"**Winding Up**" means the proposed voluntary liquidation and dissolution of the Corporation pursuant to the ABCA and the distribution to Shareholders of the net proceeds of the CADRI Sale and cash on hand, less any reserves and payments made in respect of the Corporation's ongoing costs and liabilities, by way of a reduction of stated capital in two or more installments as part of such liquidation and dissolution; and

"**Winding Up Resolution**" means the special resolution approving the Winding Up of the Corporation, the full text of which is reproduced in Appendix B to this Circular.

NOTICE TO UNITED STATES SHAREHOLDERS

The solicitation of proxies and the transactions contemplated herein involve securities of a Canadian issuer and are being effected in accordance with Canadian corporate and securities laws. The proxy rules under the U.S. Securities Exchange Act of 1934 are not applicable to the Corporation or this solicitation and, therefore, this solicitation is not being effected in accordance with U.S. securities laws. This Circular has been prepared in accordance with disclosure requirements applicable in Canada. Shareholders should be aware that requirements under such Canadian laws may differ from requirements under U.S. corporate and securities laws relating to U.S. corporations.

United States Shareholders are advised to consult their tax advisors to determine the particular tax consequences to them of the transactions contemplated by the Corporation.

Enforcement by Shareholders of civil remedies under U.S. federal securities laws may be adversely affected by the fact that the Corporation is organized under the laws of a jurisdiction outside of the United States, that its officers and directors are not resident in the United States, that its auditors are not resident in the United States and that a substantial portion of their respective assets are located outside the United States. You may not be able to sue the Corporation or its officers or directors, or enforce judgments of a U.S. court, in a Canadian court for violations of U.S. securities laws.

FORWARD-LOOKING STATEMENTS

Certain information in this Circular may contain forward-looking statements within the meaning of applicable securities laws including, among others, statements relating to Global's objectives, beliefs, plans, estimates and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Forward-looking statements generally can be identified by words such as "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "should", "plans" or "continue" or similar expressions suggesting future outcomes or events. Such forward-looking statements reflect Global's current beliefs and are based on information currently available to management. Forward-looking statements are provided for the purpose of presenting information about management's current expectations and plans relating to the future, and readers are cautioned that such statements may not be appropriate for other purposes. These statements are not guarantees of future results and are based on Global's estimates and assumptions that are subject to risks and uncertainties. Those risks and uncertainties include, among other things, risks related to: satisfaction of the closing conditions under the CADRI Sale Agreement and consummation of the CADRI Sale; the availability of cash for distributions in connection with the Winding Up, including the release of the escrowed portions of the purchase price under the Wabtec Sale Agreement and the CADRI Sale Agreement; the future listing of Common Shares on the TSX or NEX; tax laws; interest rate and other debt-related risks; government regulation; and potential conflicts of interest. See "Risk Factors". Global cautions that this list of factors is not exhaustive. Although the forward-looking statements contained in this Circular are based upon what Global believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements. All forward-looking statements in this Circular are qualified by these cautionary statements. The forward-looking statements are made only as of the date on which such statements are or were made and Global assumes no obligation to update or revise them to reflect new information or the occurrence of future events or circumstances, except as required by applicable law.

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Global Railway Industries Ltd.

Management Information Circular

Unless otherwise indicated, all information contained herein is given as at July 25, 2011 and all dollar amounts are expressed in Canadian dollars.

SOLICITATION OF PROXIES AND VOTING AT THE MEETING

Solicitation of Proxies

This Circular is furnished in connection with the solicitation of proxies by and on behalf of the management of Global for use at the Special Meeting and any adjournment(s) or postponement(s) thereof for the purposes set forth in the accompanying Notice of Special Meeting. It is expected that the solicitation will be made primarily by mail, but proxies may also be solicited by telephone or by agents of Global. The costs of solicitation will be borne by Global.

The Global Board has fixed the close of business on July 20, 2011 as the record date for the Special Meeting, being the date for the determination of registered Shareholders entitled to receive notice of the Special Meeting. Duly executed and completed proxies must be received by Global's transfer agent, Computershare Investor Services Inc., at the address set out below no later than 10:00 a.m. (Eastern Daylight Time) on Friday, August 26, 2011 or, in the event that the Special Meeting is adjourned or postponed, by no later than 48 hours (excluding Saturdays, Sundays and statutory holidays in Alberta or Ontario) prior to the time fixed for the adjourned or postponed Special Meeting.

Appointment of Proxies

Registered Shareholders

The persons named in the form of proxy accompanying this Circular are directors or officers of Global. **A registered Shareholder has the right to appoint as proxy holder a person or company (who is not required to be a Shareholder), other than any person or company designated as proxy holder in the form of proxy, to attend and act on such Shareholder's behalf at the Special Meeting, either by inserting such other desired proxy holder's name in the blank space provided on the proxy and deleting the names thereon, or by substituting another proper form of proxy.** If it is not your intention to be present at the Special Meeting, you are asked to complete the enclosed form of proxy and return it in the envelope provided.

To be valid, the enclosed form of proxy must be dated and executed by the registered Shareholder or the officer or attorney of such registered Shareholder, duly authorized in writing. If the proxy is executed by an attorney, a copy of the instrument appointing the attorney must accompany the proxy. Proxies to be used at the Special Meeting may be deposited with Global's transfer agent, Computershare Investor Services Inc., by no later than 10:00 a.m. (Eastern Daylight Time) on Friday, August 26, 2011 or, in the event that the Special Meeting is adjourned or postponed, by no later than 48 hours (excluding Saturdays, Sundays and statutory holidays in Alberta or Ontario) prior to the time fixed for the adjourned or postponed Special Meeting, unless otherwise determined by the Chairman of the Special Meeting in his sole discretion. Proxies may be delivered to Computershare Investor Services Inc. as follows:

In person or by courier or mail:	Computershare Investor Services Inc. 100 University Avenue, 9th Floor Toronto, Ontario M5J 2Y1
By facsimile:	1-866-249-7775 (toll-free, North America only)

Non-Registered Shareholders

Only registered holders of Common Shares or the person(s) they appoint as their proxy holder are permitted to vote at the Special Meeting. However, in many cases, Common Shares are not registered in the name of the beneficial owner of such Common Shares (a "**Non- Registered Holder**") but are rather registered either (a) in the name of an intermediary (an "**Intermediary**") that the Non-Registered Holder deals with in respect of the shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered registered retirement savings plans, registered retirement income funds, registered education savings plans and similar plans) or (b) in the name of a clearing agency, such as CDS, of which the Intermediary is a participant.

In accordance with the requirements of National Instrument 54-101 *Communication with Beneficial Owners of Securities of Reporting Issuers* promulgated by the Canadian Securities Administrators, the Corporation has distributed copies of the Notice of Special Meeting, this Circular and a form of proxy (collectively, the "**Meeting Materials**") to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders. Intermediaries are required to forward the Meeting Materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Typically, Intermediaries will use a service company (such as Broadridge Investor Communication Solutions) to forward the Meeting Materials to Non-Registered Holders.

Non-Registered Holders who have not waived the right to receive Meeting Materials will receive either a voting instruction form or, less frequently, a form of proxy. The purpose of these forms is to permit Non-Registered Holders to direct the voting of the Common Shares they beneficially own. Non-Registered Holders should follow the procedures set out below, depending on which type of form they receive.

- Voting Instruction Form: In most cases, a Non-Registered Holder will receive, as part of the Meeting Materials, a voting instruction form. If the Non-Registered Holder does not wish to attend and vote at the Special Meeting in person (or have another person attend and vote on its behalf), the voting instruction form must be completed, signed and retuned in accordance with the directions on the form. Voting instruction forms in some cases permit the completion of the voting instruction form by telephone or through the internet. If a Non-Registered Holder wishes to attend and vote at the Special Meeting in person (or have another person attend and vote on his or her behalf), the Non-Registered Holder must complete, sign and return the voting instruction form in accordance with the directions on the form and a form of proxy giving the right to attend and vote will be forwarded to the Non-Registered Holder.

- Form of Proxy: Less frequently, a Non-Registered Holder will receive, as part of the Meeting Materials, a form of proxy that has already been signed by the Intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of Common Shares beneficially owned by the Non-Registered Holder but which is otherwise not complete. If a Non-Registered Holder wishes to attend and vote at the Special Meeting in person (or have another person attend and vote on its behalf), the Non-Registered Holder must insert the Non-Registered Holder's (or such other person's) name in the blank space provided. The Non-Registered Holder must complete, sign and return the form of proxy to Global's transfer agent, Computershare Investor Services Inc., by no later than 10:00 a.m. (Eastern Daylight Time) on Friday, August 26, 2011 or, in the event that the Special Meeting is adjourned or postponed, by no later than 48 hours (excluding Saturdays, Sundays and statutory holidays in Alberta or Ontario) prior to the time fixed for the adjourned or postponed Special Meeting, unless otherwise determined by the Chairman of the Special Meeting in his sole discretion. Proxies may be delivered to Computershare Investor Services Inc. as follows:

In person or by courier or mail:	Computershare Investor Services Inc. 100 University Avenue, 9th Floor Toronto, Ontario M5J 2Y1
By facsimile:	1-866-249-7775 (toll-free, North America only)

Non-Registered Holders should follow the instructions on the forms they receive and contact their Intermediary promptly if they need assistance.

Revocation of Proxies

A registered Shareholder who has given a proxy pursuant to this solicitation may revoke it as to any matter on which a vote has not already been cast pursuant to its authority by instrument in writing executed by the Shareholder or by the officer or attorney of such Shareholder, duly authorized in writing, (a) delivered to Computershare Investor Services Inc., in such manner and at such address as specified above, at any time up to and including the close of business on the last business day preceding the day of the Special Meeting or any adjournment(s) or postponement(s) thereof at which the proxy is to be used, (b) deposited with the Chairman of the Special Meeting prior to the commencement of the Special Meeting on the day of the Special Meeting or any adjourned or postponed Meeting, or (c) in any other manner permitted by law.

A Non-Registered Holder may revoke a voting instruction form (or a waiver of the right to receive the Meeting Materials and to vote) given to an Intermediary at any time by written notice to the Intermediary, except that an Intermediary is not required to act on a revocation that is not received by the intermediary at least seven days prior to the Special Meeting.

Voting of Common Shares Represented by Proxies

Common Shares represented by proxies will be voted or withheld from voting as specified on any ballot that may be called for. The proxy confers discretionary authority upon the persons named therein with respect to (a) each matter or group of matters identified therein where the Shareholder does not specify a choice with respect to any matter to be acted on, (b) amendments or variations to matters identified in the Notice of Special Meeting, and (c) such other matters as may properly come before the Special Meeting or any adjournment(s) or postponement(s) thereof. If the Shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares represented by the proxy will be voted accordingly. **In respect of a matter for which no choice is specified in the proxy, or unless otherwise provided for in the proxy, the nominees named in the accompanying proxy will vote Common Shares represented by the proxy FOR the approval of such matter.**

At the date of this Circular, management of Global is not aware of any amendments or variations or other matters to come before the Special Meeting other than the matters referred to in the Notice of Special Meeting. With respect to amendments or variations to matters identified in the Notice of Special Meeting or other matters that may properly come before the Special Meeting, Common Shares represented by proxies will be voted by the persons so designated in their discretion.

Voting, Principal Holders and Quorum

The Corporation is authorized to issue an unlimited number of Common Shares and an unlimited number of preferred redeemable shares, issuable in series. On July 20, 2011, there were 15,252,399 Common Shares, and no preferred redeemable shares, issued and outstanding. Each Common Share entitles its holder to one vote at meetings of Shareholders. Shareholders of record at the close of business on July 20, 2011, the record date established for the Special Meeting, will be entitled to vote at the Meeting, or any adjournment(s) or postponement(s) thereof, either in person or by proxy. To the knowledge of the directors and senior officers of the Corporation, as at July 20, 2011, there is no direct or indirect beneficial owner of, nor any person who exercises control or direction over, Common Shares carrying more than 10% of the voting rights attaching to all outstanding Common Shares.

Unless otherwise required by law or by the articles or by-laws of the Corporation, every question coming before the Special Meeting or any adjournment(s) or postponement(s) thereof shall be decided by the majority of the votes duly cast on the question. The quorum at the Special Meeting or any adjournment(s) or postponement(s) thereof shall consist of a holder or holders of 5% of the Common Shares entitled to vote at the Special Meeting present in person or represented by proxy.

BACKGROUND TO THE CADRI SALE

Liquidity Issues Following CAD Acquisition

In November 2007, Global, through its CADRI subsidiary, acquired substantially all of the business assets and net working capital of Canadian Allied Diesel Co. Ltd., CAD Railway Services Inc., Lachine Rail Centre Inc. and Engine System Development Centre Inc. (the "**CAD Acquisition**") for cash consideration of $20.5 million (after a $1.5 million reduction to the purchase price resulting from working capital adjustments). At the time of the CAD Acquisition, Global entered into a credit agreement (the "**Credit Agreement**") with two Canadian chartered banks (the "**Lenders**"), which provided loan facilities aggregating $34.1 million, including a demand revolving operating facility in the principal amount of $10 million, and a term loan in the principal amount of $22 million to finance the CAD Acquisition, as well as working capital and capital expenditures of the Corporation. The Lenders were granted a first charge and security interest over all of the assets of the Corporation, CADRI and the other subsidiaries of the Corporation.

Following the completion of the CAD Acquisition, the global economy entered into a recessionary period. This economic recession impacted the railway business in the latter half of 2008 and throughout 2009, and CADRI experienced a significant negative impact on sales in locomotive maintenance and component parts. This trend extended into 2010 as railroads continued to suspend use of substantial numbers of older locomotives and railcars, thereby reducing the demand for locomotive and railcar maintenance and component parts. In addition, CADRI's margins were further compressed by the learning curve on its contract for the remanufacturing of VIA Rail Canada Inc.'s F40PH-2D locomotives (the "**VIA Contract**"), which was more significant than anticipated. The VIA Contract consumed significant cash resources, and combined with the impact of the economic downturn, contributed to a significant deterioration of CADRI's and Global's financial condition.

Beginning in the fourth quarter of 2008, Global determined it had defaulted under the Credit Agreement as a result of its non-compliance with certain covenants under the Credit Agreement. As a result, the Lenders were in a position to take enforcement action against Global that could have resulted in the curtailment or termination of all or a portion of the credit facilities, demand for payment and/or realization on security. Global began discussions with the Lenders regarding its financial situation and with other parties as alternative sources of financing to support Global's liquidity requirements.

Formation of the Special Committee

The Global Board was reconstituted at the May 12, 2009 annual general meeting of Shareholders. Immediately following the meeting, Global announced that the Global Board would be exploring all available strategic options to maximize shareholder value. During the second quarter of 2009, the Global Board established a Special Committee to consider and evaluate the strategic options available to Global. These options included the sale of the Corporation as a whole or the sale of one or more of its subsidiaries, which included CADRI, G&B Specialties, Inc. ("**G&B**") and Bach-Simpson Corporation (now 1703558) ("**Bach**"). The Special Committee consisted of Thomas Dea (Chair), Jean Clerk and Alan Sellery. The Special Committee retained independent financial and legal advisors.

In the third quarter of 2009, Global's financial position became highly unstable and therefore the Special Committee's mandate was expanded to address issues related to Global's liquidity and possible financing and restructuring alternatives, as these matters were closely related to the strategic review process that was already underway. Among other measures, the Special Committee began monitoring cash flows on a weekly basis. The Special Committee, with the advice of its financial and legal advisors, considered all available alternatives, including undertaking a court-supervised restructuring or insolvency process. Global's previous "growth through acquisition" strategy was suspended given the Corporation's financial condition and the pending outcome of the strategic and restructuring review.

The responsibilities and mandate of the Special Committee were, among other things, the following:

(a) to consider and make recommendations to the Global Board concerning all such steps as the Special Committee considered necessary or advisable and in the best interests of the Corporation in order to conduct the strategic review and/or the restructuring review;

(b) to review and analyze, for the purpose of making recommendations or providing guidance to the Global Board, with respect to (i) any take-over bid or other offer to acquire Common Shares, any sale of any material assets of the Corporation (including the shares or assets of any of its principal subsidiaries), any merger, amalgamation, plan of arrangement, consolidation, reorganization or other business combination pursuant to which the assets and business of the Corporation are combined with one or more entities, or any other similar transaction; (ii) any alternatives to any of the aforementioned transactions, including a transaction with a strategic partner or investor, including a private placement of shares or other securities, a joint venture, an asset swap or any other type of transaction; (iii) a restructuring of Global's financial affairs including, without limitation, the liabilities and obligations of the Corporation to such of its creditors as the Special Committee may deem necessary or appropriate and/or a recapitalization of the Corporation and its subsidiaries including, without limitation, by way of a rights offering, whether or not underwritten, and to report thereon, from time to time, with its recommendations, if any, to the Global Board;

(c) in connection with the restructuring review, to supervise, oversee and coordinate with management, and, if necessary in the discretion of the Special Committee (in consultation with management), participate in discussions and/or negotiations with Global's existing lenders and any potential new lenders and make recommendations to the Global Board with respect to potential restructuring alternatives available to the Corporation to stabilize its financial position and address any existing or future defaults under the Credit Agreement;

(d) to establish, supervise, conduct, coordinate and manage a process to identify, solicit and evaluate potential transactions to enhance and/or preserve stakeholder value and to communicate the results of the process to the Global Board for its consideration and such action as the Global Board determined;

(e) to supervise, conduct, coordinate and manage the process to be followed by Global in: (i) evaluating and responding to any expressions of interest or proposals received by the Corporation with respect to any potential transaction; and (ii) dealing with and responding to any unsolicited take-over bid that may be made for the outstanding Common Shares or related scenarios; and to communicate the results of such process to the Global Board for their consideration and such action as the Global Board may determine; and

(f) to supervise and oversee or, if the Special Committee determined it advisable, participate in negotiations with any third party with respect to the terms and conditions of any potential transaction and any agreements relating thereto, and to make recommendations to the Global Board with respect to the authorization and approval of any agreements with respect to a potential transaction.

Sale of G&B and Bach; Resolution of Credit Crisis

As part of the strategic review process, a broad auction was conducted during mid-2009 to identify potential purchasers of all or part of the Corporation. The Special Committee's financial advisor contacted 61 prospective purchasers in Canada, the United States and other jurisdictions, of which 51 expressed initial interest and received an executive summary; 29 parties executed confidentiality agreements and received a copy of a confidential information memorandum ("**CIM**").

Based on the disclosure in the CIM, 16 parties submitted expressions of interest indicating whether they were interested in the Corporation as a whole or only certain subsidiaries and their preliminary view of value. From these parties, ten were invited to continue in their investigations, with the principal next step being to meet with the relevant management teams and tour facilities. Following such meetings and the provision of data room materials, letters of intent with specific detail as to price, terms, representations and warranties and relevant survival periods and indemnities were requested.

While there was considerable interest from purchasers regarding G&B and Bach, few parties were interested in CADRI and no formal expressions of interest in CADRI were received during the auction process. Two expressions of interest were received from one party, including one for Global *en bloc* and another for G&B and Bach but excluding CADRI, which implied a value for CADRI of only $4 million. Another party verbally indicated an interest in CADRI at a valuation range of $5 million to $7.5 million but did not submit a written expression of interest. The principal challenges in marketing CADRI to potential purchasers appeared to be (i) the business was incurring losses as a result of a significant drop in demand for CADRI's traditional business, (ii) while undertaking the VIA Contract, which constituted a significant portion of CADRI's revenues, CADRI encountered many difficult learning curve issues that had not been resolved, (iii) there was limited visibility of revenue sources beyond completion of the VIA Contract in 2012, and (iv) weak reporting systems at CADRI gave rise to concerns regarding the reliability of cost information.

During the auction process, Global's management, under the supervision of the Special Committee, continued discussions with the Lenders with respect to amendments to the Credit Facility in light of Global's ongoing covenant breaches. On November 12, 2009, Global and the Lenders entered into a second amending agreement to the Credit Agreement (the "**Second Amending Agreement**"). Under the Second Amending Agreement, the term facility was changed from a revolving, reducing facility to a reducing facility, principal repayments of long-term debt totaling $1,540,000 were postponed until the expiry date of the term credit facility in 2012, and the operating facility was renewed to the next annual review scheduled for April 2010 and remained at $10 million. An EBITDA covenant was introduced, requiring Global to meet minimum quarterly EBITDA targets through to the end of 2010 and the Lenders agreed to provide Global with tolerance for missing its funded debt to EBITDA and fixed charge coverage covenants through to the end of the first quarter of 2010. The Second Amending Agreement required Global to undertake to proceed with the sale of one or more subsidiaries before January 31, 2010, with a transaction completion date of no later than February 28, 2010, or alternatively to obtain a commitment by January 31, 2010 for not less than $5 million of new financing, including a minimum equity injection of $2.5 million, to be completed by March 31, 2010. Under the amended terms of the Credit Agreement, Global was required to provide the Lenders with specified monthly financial information, provide regular updates on the divestiture process, and implement monthly financial monitoring by an independent accounting firm.

In light of the attractive offers received for G&B and Bach, the apparent discounting of the value of Global *en bloc* due to a lack of interest in CADRI and the expectation that purchaser due diligence with respect to *en bloc* offers would take significantly longer due to the operational difficulties facing CADRI, which increased the risk that Global would miss the deadlines imposed by the Lenders under the Second Amending Agreement, the Special Committee concluded, and recommended to the Global Board, that a sale of G&B and Bach on a standalone basis was preferred and that Global should enter into an exclusivity agreement with Wabtec, which had submitted an offer representing the highest value for G&B and Bach.

While negotiations progressed with Wabtec, the Credit Agreement was amended three more times, on January 28, 2010, March 31, 2010 and June 30, 2010, to extend the deadline for meeting the conditions of the Second Amending Agreement. Under the fifth amending agreement to the Credit Agreement (the "**Fifth Amending Agreement**"), entered into on June 30, 2010, Global was required to proceed with the sale of GBI USA Holdings, Inc. ("**GBIH**"), the parent company of G&B, before July 31, 2010, and the sale of Bach before October 31, 2010, with the net proceeds on the sale of each to be used to retire Global's credit facilities.

On July 14, 2010, Global entered into the Wabtec Sale Agreement, which provided for the sale of the outstanding shares of GBIH and all of the business and substantially all of the assets and liabilities of Bach to Wabtec for aggregate proceeds of $48 million, subject to working capital adjustments. The Special Committee and the Global Board unanimously determined these transactions to be in the best interests of the Corporation and its Shareholders.

The sale of GBIH was completed on July 28, 2010. After deducting the escrowed amount, working capital adjustments, settlement of G&B's corporate income taxes, transaction costs and contractual management severance payments, Global received cash of approximately $26 million on closing. In accordance with the Fifth Amending Agreement, $15.8 million of the net proceeds of the sale were applied to retire the term facility and $3.4 million of the net proceeds were applied to reduce the outstanding principal of the operating facility, including guarantees, to an available balance of $5 million. Under the Fifth Amending Agreement, Global's hedge facility was cancelled and the interest rate swap contracts under the Credit Agreement were terminated.

The sale of the assets of Bach was completed on August 20, 2010. After deducting the escrowed amount, working capital adjustments, lease termination costs and estimated transaction related costs, the Company received cash of approximately $10 million on the closing. Approximately $2.4 million of the net proceeds were applied to repay the remaining balance of the operating facility (other than letters of credit) under the Credit Agreement. Concurrently with the closing of the Bach sale, Global and the Lenders entered into a sixth amending agreement to the Credit Facility to maintain the operating facility up to a maximum of $1.2 million, solely for the issuance of letters of credit in support of CADRI's business, on a fully cash-collateralized basis.

Management Restructuring

Prior to the completion of the Wabtec transactions, Global and its subsidiaries completed internal corporate and management restructurings, which included, among other things, the resignations of Terry McManaman as Global's Chairman, President and Chief Executive Officer and Brian McMullan as Global's Chief Financial Officer. Thomas Dea, the lead independent director, assumed the role of Chairman, Fausto Levy, the President of CADRI, was appointed Interim President and Chief Executive Officer of Global, and Ross Corcoran, the Vice-President, Finance of CADRI, was appointed Chief Financial Officer of Global. In addition, to further reduce corporate costs, Global relocated its headquarters from Pittsford, New York, to CADRI's facility in Lachine, Quebec.

Sale of CADRI

During the summer of 2010, management and the Special Committee continued to focus on execution of the Wabtec transaction and resolution of Global's liquidity issues, including ongoing negotiations with the Lenders. Having regard to the limited interest in CADRI of potential purchasers contacted in the 2009 auction process, the Special Committee authorized its financial advisor to approach Fausto Levy (then President of CADRI), on a preliminary basis, to assess whether he was interested in acquiring CADRI.

On August 12, 2010, at a regularly scheduled board meeting, the Special Committee's financial advisor provided an update on the status of preliminary discussions with Mr. Levy and advised the Global Board of the proposed terms of a draft letter of intent to be provided by FTM, a company controlled by Mr. Levy. The Board instructed the financial advisor to continue discussions with Mr. Levy with a view to clarifying the terms of a possible proposal. On August 24, 2010, an initial letter of intent was provided to the Special Committee by FTM.

The Special Committee met on September 9, 2010 to discuss the proposed purchase of CADRI by FTM. At the meeting, the Special Committee received an update from its financial advisor on the status of the letter of intent with FTM and the proposed terms. The Special Committee considered these terms and also discussed other alternatives available to Global regarding CADRI, including retaining CADRI. In considering whether to retain CADRI, the Special Committee took particular note of the following: (i) the cost of attracting and retaining management, including the Chief Executive Officer; (ii) ongoing public company costs, including the high cost of financial and other reporting obligations, audit and review costs, board of directors fees and legal fees; (iii) the risk that the value of the CADRI business would deteriorate as the VIA Contract ran off; (iv) the very limited interest in CADRI in the 2009 auction; and (v) the desire to maximize value for Shareholders. The Special Committee instructed its financial advisor to proceed with negotiating a letter of intent for presentation to the Special Committee.

From September 9 to September 28, 2010, negotiations continued on the terms of the proposed letter of intent between the parties' respective legal and financial advisors. On September 29, 2010, FTM presented a revised letter of intent to the Special Committee. The letter of intent provided for a purchase price of $10 million for all of the outstanding shares of CADRI (on a debt-free basis), due diligence in order for FTM to complete the required financing (to be completed prior to execution of a definitive purchase agreement) and a 60-day period for FTM to obtain an acceptable financing commitment. The letter of intent contemplated a "go-shop" provision, allowing Global to market-test management's offer and to accept another offer if deemed superior by the Global Board.

On October 22, 2010, the Special Committee met to consider and review its financial advisor's recommendation regarding the revised letter of intent with FTM and related matters. The Global Board determined that additional financial analysis in respect of CADRI would need to be completed, and advised FTM it would complete this review expeditiously and then act on the proposal at that time. At this time, the Special Committee was disbanded and its responsibilities were assumed by the Global Board because, after the resignations of Jean Clerk and Terry McManaman from the Global Board on May 17, 2010 and July 28, 2010, respectively, the Global Board was comprised only of four members, Jacques Coté, Laurie Bennet, Alan Sellery and Thomas Dea, all of whom are independent of Global.

On November 15, 2010, the Global Board met to receive and review management's forecast for CADRI. The financial advisor's previous positive recommendation with respect to management's proposal remained unchanged. Outside legal counsel attended and advised the Global Board as to process, and in particular that the proposed transaction would require a formal valuation and shareholder approval in accordance with MI 61-101. The Global Board unanimously approved execution of the letter of intent, and on November 20, 2010 the letter of intent was executed by Global. The final letter of intent provided that FTM would have 60 days from execution to deliver to Global confirmation that it had obtained financing commitments that were acceptable to it and Global. In addition, the letter of intent provided for a marketing period of 70 days during which Global could solicit and entertain offers from other interested purchasers of CADRI, commencing from the date FTM provided confirmation of committed financing.

At a board meeting held on January 17, 2011, after receiving an update from its financial advisor on the status of FTM's efforts to secure committed financing, the Global Board approved an extension of the financing commitment period to February 7, 2011. The financial advisor also advised the Global Board on the steps being taken to prepare for the marketing period. FTM delivered initial financing commitment letters to Global on February 7, 2011.

RSM Richter was retained by the Global Board on February 17, 2011 to prepare a formal valuation in accordance with MI 61-101 and a fairness opinion in respect of the proposed offer.

On March 7, 2011, the Global Board entered into a second amendment to the letter of intent pursuant to which it confirmed the financing commitment letters provided to it by FTM were acceptable and that the financing condition had been satisfied. In accordance with the terms of the amendment, the 70-day marketing period began on that date. Commencing on March 7, 2011, 20 potential purchasers in Canada, the United States and other jurisdictions were contacted by the financial advisor, some of whom had been contacted previously during the 2009 auction process. The parties contacted included both strategic investors and financial investors. Two parties responded to the solicitation, signed a confidentiality agreement and were provided with a confidential information memorandum regarding CADRI. Other parties either expressly declined the opportunity to participate in the process or failed to respond or indicate a level of interest after follow-up contact.

On March 29, 2011, it was learned that CADRI had submitted the lowest price bid of three bidders for a large long-term refurbishment contract with Metrolinx, an agency of the Government of Ontario. As a result of the anticipated award of the Metrolinx Contract, the parties agreed to increase the Cash Purchase Price to $12.4 million. In addition, the CADRI Sale Agreement provides that there will be a dollar-for-dollar upward adjustment of the Cash Purchase Price to reflect all costs of the procurement and performance of the Metrolinx Contract, net of receipts in respect thereof, incurred prior to closing.

On March 30, 2011, the financial advisor provided an update to the Global Board on the marketing process for CADRI and, on instruction of the Global Board, requested expressions of interest from the two potential purchasers. Upon further consideration and discussion, one of the two interested parties declined to proceed. The second party provided a non-binding expression of interest for CADRI to the Global Board with a stated enterprise value range of $12 million to $13 million, subject to due diligence. This expression of interest was considered by the Global Board at a meeting held on May 6, 2011. The Board considered a number of factors, including the indicative value set out in the expression of interest as compared with the increased value of the management buyout offer, the issues that would need to be resolved relating to due diligence and documentation, and the May 16, 2011 expiry of the marketing period. The expression of interest was also contingent on the potential purchaser securing financing for the transaction, which, in the Global Board's view, created significant uncertainty as a consequence of the difficulties the potential purchaser would likely face in arranging financing given CADRI's recent operating issues, low levels of cash flow and high proportion of projected future revenue that was non-recurring. In light of these considerations, the Global Board decided to proceed with the management buyout and work diligently toward signing a definitive purchase and sale agreement.

Commencing on March 21, 2011 through to signing on July 4, 2011, the Global Board, FTM and their respective legal and financial advisors prepared and negotiated the CADRI Sale Agreement. FTM incorporated the Buyer as an acquisition vehicle for the transaction, subject to a guarantee by FTM of the expense reimbursement obligation of the Buyer if the Buyer is not able to complete the transaction. The Global Board met on March 30, May 6, June 13 and June 22, 2011 to discuss with its legal and financial advisors the status of the draft definitive documentation as well as to provide instructions regarding the negotiation of various matters pertaining to the CADRI Sale Agreement.

On July 4, 2011, the Global Board received a presentation from RSM Richter as to its valuation of the shares and intercompany indebtedness of CADRI and its fairness opinion to the effect that the CADRI Sale is fair from a financial point of view to Global. The Global Board approved and accepted the valuation and fairness opinion, subject to certain clarifications and amendments, which have been reflected in the Formal Valuation and Fairness Opinion attached to this Circular as Appendix C. The Global Board reviewed in detail with its legal advisors the terms of the CADRI Sale Agreement and ancillary documents and, subject to certain final amendments to the CADRI Sale Agreement, approved the entering into of the definitive agreements. The CADRI Sale Agreement was finalized in the evening of July 4, 2011 and a press release announcing the CADRI Sale was issued before market open on July 5, 2011.

RECOMMENDATION OF THE GLOBAL BOARD

The Global Board has unanimously determined that the CADRI Sale and the Winding Up are in the best interests of the Corporation and the Shareholders and recommends that the Shareholders vote <u>FOR</u> the Sale Resolution and the Winding Up Resolution. The full text of the Sale Resolution and the Winding Up Resolution are attached to this Circular as Appendix A and Appendix B, respectively.

In reaching its conclusion that the CADRI Sale and the Winding Up are in the best interests of the Corporation and its Shareholders, the Global Board considered a number of factors, including the following:

- the Global Board established a Special Committee of independent directors to evaluate strategic alternatives available to Global in respect of the Corporation as a whole and CADRI in particular. The Special Committee consulted with financial and legal advisors and supervised an exhaustive strategic review process;

- the strategic review process included a broad formal auction and subsequent market check pursuant to which a significant number of potential purchasers were contacted to determine whether they were interested in acquiring CADRI;

- the low probability of an alternative offer for Global or CADRI that would be substantially superior to the Buyer's offer given the results of the auction and market check;

- the challenges of continuing to operate the CADRI business, in particular (i) the fact that Fausto Levy's employment contract with Global has expired, requiring Global either to enter into a new agreement with Mr. Levy or find a suitable replacement, which would potentially entail significant costs (including equity-based compensation that would be dilutive to Shareholders), (ii) the difficulty of attracting qualified replacements for senior management to a company of Global's size, (iii) the substantial costs of operating as a public company, which relative to the size of CADRI's business are high, (iv) the uncertainty of future revenue streams for CADRI beyond the recently announced Metrolinx Contract, (v) risks related to CADRI's dependence on large contracts, including revenue concentration and the ability of customers that are government agencies to cancel contracts, and (vi) the substantial capital expenditures required by CADRI in the short term;

- the Formal Valuation prepared by RSM Richter, and the fact that the Cash Purchase Price is above the range of the fair market value of the shares and intercompany indebtedness of CADRI set forth in the Formal Valuation;

- the Fairness Opinion delivered by RSM Richter to the effect that, as of the date of the Fairness Opinion, and based upon and subject to the various assumptions, explanations, qualifications and limitations set forth therein, as well as other matters it considered relevant, the CADRI Sale is fair from a financial point of view to Global;

- the assessment of deal certainty as a result of the terms and conditions of the CADRI Sale Agreement and the participation of CDPQ, a highly reputable and credible investor, as an investor in the Buyer;

- the ability of the Global Board, in certain circumstances described below under the caption "CADRI Sale Agreement and Ancillary Agreements – CADRI Sale Agreement – Covenants" to consider and recommend approval of a Superior Proposal;

- the expectations of Shareholders, including the desirability of providing liquidity to Shareholders;

- the requirement for approval of the Sale Resolution and the Winding Up Resolution by two-thirds of the votes cast by Shareholders present in person or represented by proxy at the Special Meeting, including, in respect of the Sale Resolution, a majority of the votes cast by disinterested Shareholders in accordance with MI 61-101; and

- the availability of Dissent Rights to Shareholders that do not vote in favour of the Sale Resolution.

The foregoing summary of the factors considered and given weight by the Global Board is not intended to be exhaustive but is believed to include all material factors considered by the Global Board. In reaching the determination to approve and recommend the CADRI Sale and the Winding Up, the Global Board did not assign any relative or specific weight to each of the foregoing factors, and individual directors may have given different weight to different factors.

CADRI SALE AGREEMENT AND ANCILLARY AGREEMENTS

The following is a summary of the material agreements between Global and the Buyer in connection with the CADRI Sale.

CADRI Sale Agreement

On July 4, 2011, Global entered into the CADRI Sale Agreement with the Buyer (a newly incorporated company controlled by FTM and, indirectly, by Fausto Levy) and CADRI. FTM intervened to the CADRI Sale Agreement to guarantee any expense reimbursement payable by the Buyer to Global. A copy of the CADRI Sale Agreement is available on SEDAR at www.sedar.com under Global's profile and is incorporated by reference herein.

Consideration

Under the CADRI Sale Agreement, Global will, subject to the closing conditions contained therein, sell to the Buyer (i) all of the shares in the capital of CADRI, and (ii) all intercompany indebtedness due to Global from CADRI (the "**Intercompany Indebtedness**"). The aggregate Cash Purchase Price payable by the Buyer to Global is $12.4 million. On the Closing Date, $11.4 million in cash will be paid to Global and $1 million will be deposited in trust with the Escrow Agent for one year to cover any indemnification claims that may be made by the Buyer. The Cash Purchase Price is subject to adjustment on a dollar-for-dollar basis to the extent CADRI's Net Working Capital (as defined in the CADRI Sale Agreement) exceeds or is less than $10 million. In addition, the Cash Purchase Price is subject to an upward adjustment on a dollar-for-dollar basis to reflect all costs of the procurement and performance of the Metrolinx Contract, net of receipts in respect thereof, incurred prior to the Closing Date.

Representations and Warranties

The CADRI Sale Agreement contains certain customary representations and warranties of Global relating to, among other things, capacity and authority to enter into the CADRI Sale Agreement and consummation of the CADRI Sale, consent requirements and ownership of the CADRI shares. Global also made a limited number of representations and warranties as to its assets, liabilities and operations, including with respect to its financial statements, undisclosed liabilities, tax matters, title to assets, indebtedness, product warranties and guarantees, restrictions on doing business, labour and employment and permits. However, the Buyer cannot terminate the CADRI Sale Agreement or make an indemnification claim based on any breach of representation or warranty known to the Buyer or Fausto Levy as of the date of the CADRI Sale Agreement.

The CADRI Sale Agreement also contains customary representations and warranties of the Buyer relating to, among other things, capacity and authority to enter into the CADRI Sale Agreement and consummation of the CADRI Sale and consent requirements. The Buyer has also represented to Global that its financing arrangements are in place, subject to customary conditions that must be satisfied prior to the earlier of the Closing Date and December 31, 2011, the outside date for the CADRI Sale.

The representations and warranties made by Global and the Buyer will survive for a period of one year from the Closing Date.

Pre-Closing Reorganization

Certain preference shares in CADRI are held by 1703558 and the remaining preference shares and all common shares in CADRI are held by Global. Prior to the Closing Date, Global will undertake a pre-closing reorganization that will include (i) the voluntary liquidation and dissolution of 1703558 so that all of the outstanding shares in CADRI are held by Global, and (ii) the exchange of all outstanding shares of each class of CADRI for common shares of CADRI. In addition, under the Winding Up, Global intends to wind-up its wholly-owned inactive Nevada subsidiary, GBI Industries, Inc.

Covenants

In addition to covenants which are customary for an agreement such as the CADRI Sale Agreement, such as Global's covenant to cause CADRI to carry on its business only in the ordinary course (except with respect to the Metrolinx Contract) and to use commercially reasonable efforts to obtain all required third party consents (including the consent of the TSX, which has already been obtained subject to customary conditions, and the consent of the lenders under Global's credit facilities), Global has agreed to the following covenants:

- to call and hold the Special Meeting within 75 days of the CADRI Sale Agreement, submit the Sale Resolution to the Shareholders at the Special Meeting and include in this Circular a recommendation of the Global Board that Shareholders vote in favour of the Special Resolution;

- to cause CADRI to terminate up to six of its employees prior to the Closing Date and to pay the first $325,000 in severance to such employees, with the balance to be paid by the Buyer;

- not to, and not to permit its employees, agents or representatives to:

    - initiate, solicit, knowingly encourage or knowingly facilitate, directly or indirectly, any inquiries or proposals with respect to any Acquisition Proposal;

    - 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;

    - 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 Sale Resolution by the Global Board;

    - approve or recommend, or propose publicly to approve or recommend, any Acquisition Proposal; or

    - 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.

Notwithstanding the foregoing, Global and its employees, agents and representatives are permitted to:

- contact any 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

- 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:

    - furnish information with respect to Global and CADRI 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 Global than those contained in the confidentiality agreement entered into with certain principals of FTM; and

    - engage in discussions and negotiations with the person making that Acquisition Proposal and its representatives.

Global may enter into an agreement with respect to an Acquisition Proposal that is a Superior Proposal, and/or the Global Board may withdraw, modify or qualify its approval or recommendation of the Sale Resolution and recommend or approve an Acquisition Proposal that is a Superior Proposal, provided:

- Global has complied with its non-solicitation obligations described above;

- the Special Meeting has not yet occurred;

- the Global 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;

- Global has delivered notice to the Buyer of the determination of the Global Board that that Acquisition Proposal is a Superior Proposal and of the intention of the Global Board to approve or recommend that Superior Proposal, and/or 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**");

- at least 10 Business Days have elapsed since the date the Superior Proposal Notice was received by the Buyer (or five Business Days in respect of a Superior Proposal Notice in respect of an amendment to an Acquisition Proposal), which 10 or five Business Day period is referred to as the "**Match Period**";

- if the Buyer has offered to amend the terms of the CADRI Sale during the Match Period, that Acquisition Proposal continues to be a Superior Proposal compared to the amendment to the terms of the CADRI Sale offered by the Buyer at the termination of the Match Period; and

- Global terminates the CADRI Sale Agreement.

For the purposes of the CADRI Sale Agreement, a "**Superior Proposal**" means an Acquisition Proposal that:

- is made in writing after the date of the CADRI Sale Agreement but before the passing of the Sale Resolution;
- was not solicited after the date of the CADRI Agreement in breach of non-solicitation obligations described above;
- is made for all or substantially all of the consolidated assets of Global or CADRI or all of the outstanding shares of Global or CADRI not owned by the person making the Acquisition Proposal; and
- in the good faith determination of the Global Board, after consultation with its outside legal and financial advisors:
  - 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 Shareholders (other than the Buyer and its Affiliates) from a financial point of view than the CADRI Sale (including any amendment to the transaction offered by the Buyer during the Match Period);
  - is not subject to a due diligence condition;
  - 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
  - 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;

Conditions Precedent to Closing

The CADRI Sale Agreement provides that the obligations of Global and the Buyer to consummate the CADRI Sale are subject to the satisfaction of certain conditions (or waiver by the party entitled to the benefit thereof) on or prior to the Closing Date. Conditions of closing in favour of the Buyer include:

- approval of the Sale Resolution by the Shareholders;
- all other third-party consents required to be obtained by Global shall have been so obtained;
- the representations and warranties made by Global shall be true and correct in all material respects on and as of the Closing Date;
- all of the terms and conditions of the CADRI Sale Agreement to be complied with or performed by Global at or before the Closing Date will have been complied with or performed in all material respects;
- no action, suit or proceeding will be pending or threatened by any person to enjoin, restrict or prohibit the closing of the CADRI Sale;
- the performance bonds and letters of credit, including the underlying credit facilities, in respect of CADRI's business, will have been addressed in a manner satisfactory to the Buyer; and
- no material adverse effect will have occurred from the date of the CADRI Sale Agreement to the Closing Date.

Conditions of closing in favour of Global include:

- the representations and warranties made by the Buyer shall be true and correct in all material respects on and as of the Closing Date;

- all of the terms and conditions of the CADRI Sale 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;

- no action, suit or proceeding will be pending or threatened by any person to enjoin, restrict or prohibit the closing of the CADRI Sale;

- the performance bonds and letters of credit, including the underlying credit facilities, in respect of CADRI's business, will have been addressed in a manner satisfactory to Global;

- FTM Capital Inc., Fausto Levy and Ross Corcoran will have signed and delivered the Services Agreement to Global; and

- Fausto Levy will have signed and delivered to Global a release, in form and substance acceptable to Global, acting reasonably, discharging Global from any obligations under his employment agreement with Global, other than his entitlement to the portion of the restructuring payment pursuant to a letter agreement dated June 9, 2010 between Mr. Levy and Global that has not yet been paid, and surrendering for cancellation all of his options to acquire common shares of the Seller.

Closing of the CADRI Sale will occur within 10 Business Days after the satisfaction or waiver of all of the conditions listed above, or on such other date as Global and the Buyer agree.

Indemnification

Global has agreed to indemnify the Buyer for any losses resulting from any breach of representation or warranty of Global (provided that the Buyer and Fausto Levy were not aware of such breach as of the date the CADRI Sale Agreement was entered into), non-performance of Global's obligations under the CADRI Sale Agreement, warranty or guarantee claims for products and services delivered by CADRI prior to the Closing Date (provided that Global will be responsible only for 50% of such losses), and tax and environmental claims against CADRI under the Wabtec Sale Agreement. The Buyer has agreed to indemnify Global for any losses resulting from any breach of representation or warranty of the Buyer or non-performance of the Buyer's obligations under the CADRI Sale Agreement.

Notice of any indemnification claim must be given within one year of the Closing Date. The maximum liability of each of Global and the Buyer for indemnification claims is $1 million; provided that, pursuant to a letter agreement entered into between Global and the Buyer, Global's liability for certain product claims will be limited to $500,000.

Termination

The CADRI Sale Agreement can be terminated prior to the Closing Date in the following circumstances:

- by mutual written agreement of Global and the Buyer;

- by either Global or the Buyer if:

    - the CADRI Sale has not closed 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 the CADRI Sale Agreement in any material respect at the time of such termination;

    - satisfaction of any of the conditions to closing for the terminating party's benefit is or becomes impossible (other than through the failure of the terminating party to comply with its obligations under the CADRI Sale Agreement or because the terminating party's representations and warranties were not complete and accurate in all material respects);

- automatically, without any further action of the parties, if the Shareholders do not pass the Sale Resolution at the Special Meeting;
- by the Buyer if the Special Meeting is not held, or if the Sale Resolution is not otherwise submitted at the Special Meeting, within 90 Business Days of the CADRI Sale Agreement;
- by Global if:
  - holders of more than 10% of the Global's common shares exercise Dissent Rights (and have not withdrawn such exercise); or
  - Global proposes to enter into a definitive agreement with respect to a Superior Proposal in compliance with the provisions described above under "– Covenants".

If the CADRI Sale Agreement is terminated because the closing conditions in favour of the Buyer cannot be satisfied (other than with respect to the satisfactory resolution of the performance bond and letter of credit obligations), the Special Meeting is not held within 90 Business Days of the CADRI Sale Agreement, the Shareholders do not pass the Sale Resolution at the Special Meeting, Dissent Rights have been exercised and not withdrawn in respect of more than 10% of Global's common shares or the Buyer terminates the CADRI Sale Agreement after December 31, 2011 and Global is in material default of its obligations or in breach of its representations and warranties, the Buyer is entitled to an expense reimbursement of up to $500,000 for reasonable invoiced out-of pocket expenses. If Global terminates the CADRI Sale Agreement in order to enter into a definitive agreement with respect to a Superior Proposal, Global is required to reimburse the Buyer for all reasonable invoiced out-of pocket expenses.

If the CADRI Sale Agreement is terminated because the closing conditions in favour of Global cannot be satisfied (other than with respect to the satisfactory resolution of the performance bond and letter of credit obligations or because an action, suit or proceeding is pending or threatened to enjoin, restrict or prohibit the closing of the CADRI Sale) or Global terminates the CADRI Sale Agreement after December 31, 2011 and the Buyer is in material default of its obligations or in breach of its representations and warranties, Global is entitled to an expense reimbursement of up to $300,000 for reasonable invoiced out-of pocket expenses. FTM intervened to the CADRI Sale Agreement to guarantee the payment to Global of the Buyer's expense reimbursement obligations.

The expense reimbursement obligations described above are the sole remedy in compensation or damages upon termination of the CADRI Sale Agreement; however, payment of the expense reimbursement will not relieve a party from liability for damages incurred or suffered by the other party as a result of an intentional or willful breach of, or misrepresentation in, the CADRI Sale Agreement. No expense reimbursement will be payable by either party if the CADRI Sale Agreement is terminated because the performance bonds and letters of credit, including the underlying credit facilities, in respect of CADRI's business, cannot be replaced or otherwise dealt with in a manner satisfactory to either Global or the Buyer.

Escrow Agreement

On the Closing Date, Global and the Buyer expect to enter into the Escrow Agreement with the Escrow Agent, substantially in the form attached as a schedule to the CADRI Sale Agreement, with such modifications as may be agreed to by the Buyer, Global and the Escrow Agent. The Escrow Agreement includes customary terms for the investment and release of the portion of the Cash Purchase Price placed in escrow on closing of the CADRI sale. The Escrow Agent is entitled to customary fees and rights of indemnification, which will be shared equally by Global and the Buyer.

Services Agreement

On the Closing Date, Global will enter into the Services Agreement with FTM Capital Inc., Fausto Levy and Ross Corcoran (for the purposes of the Services Agreement, Messrs. Levy and Corcoran are referred to as the "**Designated Executives**"). FTM Capital Inc. is a company controlled by Fausto Levy and is an Affiliate of the Buyer. The Services Agreement will be substantially on the terms of the term sheet attached as a schedule to the CADRI Sale Agreement, with such modifications as may be agreed to by Global and FTM Capital Inc.

The provision of the Services Agreement was requested by Global to facilitate the post-closing administration of the Corporation on a cost-effective basis and is a condition of closing only in favour of Global.

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

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

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

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

- Prepare and (on approval of by 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 to the extent determined appropriate by the Global Board.

- Report to Global Board in respect of the foregoing.

In consideration of the foregoing services, FTM Capital Inc. will be entitled to a monthly work fee from Global of $15,000 during the term of the Services Agreement.

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

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

Expenses of the CADRI Sale Agreement and Ancillary Agreements

Global will be responsible for its costs associated with the CADRI Sale Agreement, the Escrow Agreement and the Services Agreement, including financial, legal and accounting fees, filing and printing costs (including the costs of preparing and mailing this Circular), certain termination and severance payments to Global and CADRI employees up to a maximum of $325,000 and 50% of the fees of the Escrow Agent. The aggregate amount of such costs is expected to be approximately $900,000.

LIQUIDATION AND DISSOLUTION OF THE CORPORATION

If the CADRI Sale is completed, Global will cease to have an operating business and the assets of Global will consist primarily of cash and cash equivalents, including amounts held in escrow for indemnification claims under the Wabtec Sale Agreement and the CADRI Sale Agreement. In light of the considerations described above under "Recommendation of the Global Board", the Global Board intends to distribute the net proceeds of the CADRI Sale and cash on hand in two or more installments as part of the Winding Up. In order to proceed with the Winding Up, Shareholder approval by special resolution is required. **Notwithstanding Shareholder approval of the Winding Up Resolution, the Global Board will retain the discretion not to proceed with the Winding Up if it determines that the Winding Up is no longer in the best interests of the Corporation and its Shareholders.**

Procedure

If the Shareholders vote in favour of both the Sale Resolution and the Winding Up Resolution, and the CADRI Sale is completed, the Global Board will (unless it has determined that the Winding Up is no longer in the best interests of Shareholders) proceed with the Winding Up in the following manner:

1. Following the completion of the CADRI Sale, Global will send a statement of intent to dissolve in prescribed form to the Registrar.

2. Upon receipt of such statement of intent to dissolve, the Registrar will issue a certificate of intent to dissolve to Global.

3. Upon the issuance of the certificate of intent to dissolve, Global will cease to carry on business except to the extent necessary for the Winding Up, but its corporate existence will continue until the Winding Up has been completed and the Registrar issues a certificate of dissolution.

4. After issuance of the certificate of intent to dissolve, Global will immediately cause notice of the issuance of the certificate to be sent or delivered to each known creditor of the Corporation, forthwith publish notice of the issue of the certificate in the Registrar's periodical or The Alberta Gazette and in a newspaper published or distributed in the place where the Corporation has its registered office, and take reasonable steps to give notice of the issue of the certificate in every jurisdiction where the Corporation was carrying on business at the time it sent the statement of intent to dissolve to the Registrar.

5. The Global Board may at any time, in its discretion, apply to the Alberta Court of Queen's Bench for the appointment of a liquidator to administer the Winding Up.

6. The Corporation anticipates that the distribution to Shareholders of the net proceeds of the CADRI Sale and cash on hand as part of the Winding Up will be made in two or more installments. Such distributions will be made to Shareholders as a reduction of stated capital of the Common Shares to the extent thereof, and thereafter, if necessary as dividends, with Shareholders sharing rateably, share for share, in the distribution proceeds. A record date will be established in connection with each distribution to determine the Shareholders entitled to participate therein. If a Shareholder cannot be located to receive distribution proceeds, such proceeds are required to be paid to the Minister responsible for the *Unclaimed Personal Property and Vested Property Act* (Alberta).

7. The first distribution to be made during the Winding Up is currently expected to be made as promptly as practicable after the closing of the CADRI Sale and after the satisfaction of statutory requirements (which may include obtaining tax clearance certificates), and the remaining installment(s) are expected to be made after the escrowed proceeds under the Wabtec Sale Agreement and CADRI Sale Agreement are released (subject to reduction for indemnification obligations of Global under each agreement) and all liabilities (including contingent liabilities, if any) of the Corporation are satisfied, including payment of all expenses of the Winding Up.

8. After all obligations and liabilities (including contingent liabilities, if any) of the Corporation have been satisfied or otherwise provided for, payment of all of the Corporation's expenses has been made, and the remaining property of the Corporation has been distributed to Shareholders, Global will file articles of dissolution with the Registrar and will take all necessary actions to formally dissolve and terminate the Corporation's existence. Upon receipt of the articles of dissolution, the Registrar will issue a certificate of dissolution. The Corporation will cease to exist on the date shown in the certificate of dissolution and the Common Shares that remain outstanding will be cancelled on that date.

The issuance of a certificate of dissolution will commence certain statutory time periods within which claims may be filed against the Corporation. Notwithstanding the dissolution of the Corporation, a Shareholder to whom any assets of the Corporation have been distributed in connection with the Winding Up is liable to any person commencing a civil, criminal or administrative action or proceeding to enforce a liability against the Corporation, either prior to its formal dissolution or within two years after the date of such dissolution, to the extent of the amount received by the Shareholder on the distribution, provided that an action to enforce that liability is brought within two years after the date of dissolution of the Corporation. See "Risk Factors".

Distributions on Common Shares

The timing and the amount of any particular distribution to Shareholders as part of the Winding Up will be at the discretion of the Global Board. **Neither the timing nor the number of distributions has been determined by the Global Board at this time**.

The expenses of administering the Corporation, transaction expenses of the CADRI Sale, the costs of preparing all required filings under applicable securities laws in connection with the Corporation's continued status as a public company, and paying the obligations and liabilities of, and claims against, the Corporation (including any indemnification claims under the Wabtec Sale Agreement and the CADRI Sale Agreement), as well as the expenses and liabilities which continue to arise until closing of the CADRI Sale as well as those incurred during the course of the Winding Up process, will reduce the proceeds available for distribution. The amount of the initial distribution will be established in a manner that ensures that the Corporation retains sufficient assets to satisfy its ongoing costs and liabilities, including a possible reserve for taxes and contingent claims. See " – Estimated Amount Available for Initial Distribution to Shareholders" and "Risk Factors – Risk Factors Relating to CADRI Sale and Winding up – Return of Capital and Winding Up".

Estimated Amount Available for Distribution to Shareholders

After the CADRI Sale, the amount of funds available for distribution under the Winding Up will depend on a number of factors, including the presence or absence of indemnification claims under the Wabtec Sale Agreement and the CADRI Sale Agreement, the recovery of funds escrowed in accordance with each agreement, transaction costs associated with the CADRI Sale, ongoing public company costs and reserves for potential tax liabilities and contingent liabilities. Set out below is a preliminary estimate of available cash for distribution following the CADRI Sale. The proceeds which will ultimately be available for distribution to Shareholders may vary materially from the preliminary estimates set forth below, which are based on the Corporation's current estimates of the amounts which may be required to satisfy the obligations of the Corporation and to pay the costs and expenses of operating the Corporation until it is dissolved. See "Risk Factors – Risk Factors Relating to the CADRI Sale and Winding Up – Return of Capital and Winding Up".

ESTIMATED CASH AND EXPENSES	Estimated Amount[1]
Estimated Cash	
Cash on hand[2]	10,555
Amounts held in escrow under Wabtec Sale Agreement[3]	5,400
Gross proceeds of CADRI Sale	
Cash on Closing Date	11,400
Adjustments for working capital and Metrolinx costs[4]	516
Amount to be held in escrow[5]	1,000
TOTAL CASH	28,871
Estimated Expenses	
Expenses of transaction[6]	(900)
Accrued restructuring payment and bonus[7]	(375)
Tax and other reserves	(870)
Winding Up expenses[8]	(1,185)
TOTAL EXPENSES	(3,330)
TOTAL ESTIMATED CASH AVAILABLE FOR DISTRIBUTION	25,541
NUMBER OF COMMON SHARES	15,252,399
ESTIMATED DISTRIBUTABLE CASH PER SHARE	$1.67

Notes:

(1) In thousands of Canadian dollars. All amounts are unaudited.

(2) As at June 30, 2011.

(3) As at June 30, 2011. Assumes full release of Bach escrow ($1.3 million) in August 2011, full release of G&B escrow ($3.5 million) in October 2011 and full release of the final escrowed amount under the Wabtec Sale Agreement ($0.6 million escrow) in July 2013. Release of these escrow amounts is subject to reduction in respect of any indemnification obligations under the Wabtec Sale Agreement, and there can no be no assurance that all of the escrowed funds will be available for distribution to Shareholders.

(4) Assumes an aggregate upward adjustment to the Cash Purchase Price of $516,000 for working capital and Metrolinx costs (determined as at June 30, 2011). The final amount of the adjustment will be determined following the Closing Date in accordance with the CADRI Sale Agreement.

(5) Assumes full release on first anniversary of the completion of the CADRI Sale. Release of this escrow amount is subject to reduction in respect of any indemnification obligations under the CADRI Sale Agreement, and there can no be no assurance that all of the escrowed funds will be available for distribution to Shareholders.

(6) Includes financial, legal and accounting fees, filing and printing costs (including the costs of preparing and mailing this Circular), certain termination and severance payments to Global and CADRI employees up to a maximum of $325,000 and 50% of the fees of the Escrow Agent.

(7) Mr. Levy is entitled to the outstanding balance of a restructuring payment from Global of approximately U.S.$285,000 (Cdn.$275,000 as at June 30, 2011) in accordance with a letter agreement dated June 9, 2010 between Mr. Levy and Global, as well as a $100,000 bonus previously granted by the Global Board. Mr. Levy is entitled to these restructuring and bonus payments irrespective of the CADRI Sale. Each has been accrued in the financial statements of the Corporation.

(8) Assumes 24 months to complete the Winding Up. Includes ongoing public company costs, legal and audit fees, and the work fee under Services Agreement of $15,000 per month. If the Winding Up is completed in less than 24 months, these expenses will be reduced.

CORPORATE AND SECURITIES LAW CONSIDERATIONS

Global is a corporation governed by the ABCA. Global is also subject to, among other things, the rules of the Canadian Securities Administrators, including MI 61-101. MI 61-101 is intended to regulate certain transactions to ensure the protection and fair treatment of minority securityholders. MI 61-101 imposes various requirements on issuers that intend to effect certain types of non-arm's length transactions, including business combinations and related party transactions. Each of Fausto Levy and the Buyer is a "related party" of Global under MI 61-101 and, accordingly, the CADRI Sale is a "related party transaction" under MI 61-101.

Approval Thresholds for the Special Resolutions

Pursuant to the ABCA, each of the Sale Resolution and the Winding Up Resolution must be approved by at least two-thirds of the votes cast by Shareholders present in person or represented by proxy at the Special Meeting. In addition, MI 61-101 requires that the Sale Resolution be approved by a majority of the votes cast by Shareholders present in person or represented by proxy at the Special Meeting, excluding each "interested party", certain "related parties" of each interested party, and their respective "joint actors" (each as defined in MI 61-101).

Fausto Levy, as an officer of Global, and the Buyer, as a company controlled by Mr. Levy, are interested parties in respect of the CADRI Sale. CDPQ may be considered a joint actor of Mr. Levy and will, prior to the completion of the CADRI Sale, become a related party of the Buyer. In addition, it is expected that some or all of the Management Parties will be given the opportunity to participate in an incentive plan for up to 5% of the equity interests in the Buyer following completion of the CADRI Sale. While Global has been informed that no firm commitment has been made, Global considers each of the Management Parties to be interested parties for the purposes of the CADRI Sale.

To the knowledge of the Corporation after reasonable enquiry, as at the close of business on July 20, 2011, the record date for determining Shareholders entitled to vote at the Special Meeting, Mr. Levy, the Management Parties, the Buyer, CDPQ and their respective related parties and joint actors beneficially owned or controlled, and Global is required to exclude from the vote on the Sale Resolution, an aggregate of 58,700 Common Shares as set forth in the following table.

Name	Common Shares owned or controlled	Relationship to Global
Fausto Levy	53,500	President & Chief Executive Officer
2290693 Ontario Inc. (the Buyer)	Nil	Related Party of Mr. Levy
Caisse de dépôt et placement du Québec	Nil	Joint actor with Mr. Levy and will become a related party of the Buyer
Ross Corcoran	Nil	Vice President, Chief Financial Officer & Secretary
Pierre Tremblay	5,200	Vice President, Operations of CADRI
Lucie Dastous	Nil	Executive Vice President & Secretary of CADRI
Jean-Guy Bergeron	Nil	Vice President, Sales & Marketing of CADRI
Other related parties of, or joint actors with, the foregoing	Nil	
Total	**58,700**	

Dissent Rights

Registered Shareholders have the right to dissent with respect to the Sale Resolution and, if the CADRI Sale is completed, to be paid by the Corporation the fair value of all of their Common Shares in accordance with the procedures established under section 191 of the ABCA, which has been reproduced in its entirety at Appendix D to this Circular. Section 191 of the ABCA requires that a Dissenting Shareholder send to the Corporation a written objection to the Sale Resolution, at or prior to the commencement of the Special Meeting or any adjournment thereof. A vote against the Sale Resolution, an abstention from voting thereon or the execution or exercise of a proxy does not constitute a written objection. A Shareholder will not be entitled to dissent rights in respect of Common Shares held by him or her if such Shareholder votes (or instructs his or her proxy holder to vote) any Common Shares in favour of the Sale Resolution.

Under the ABCA, an application by the Corporation or by a Dissenting Shareholder, if he or she has sent a valid objection to the Corporation, may be made to the Court of Queen's Bench of Alberta (the "**Alberta Court**") by originating notice, after approval of the Sale Resolution, to fix the fair value of the Common Shares held by a Dissenting Shareholder. The fair value is to be determined as of the close of business on the last business day before the date on which the Sale Resolution was adopted. If an application is made to the Alberta Court, the Corporation shall, unless the Alberta Court otherwise orders, send to each Dissenting Shareholder at least 10 days before the date on which the application is returnable if the Corporation is the applicant, or within 10 days after the Corporation is served with a copy of the originating notice if the Dissenting Shareholder is the applicant, a written offer to pay an amount considered by the Global Board to be the fair value of the Dissenting Shareholder's Common Shares. Every such offer is to be made on the same terms to every Dissenting Shareholder and is to contain or be accompanied by a statement showing how the fair value of the Common Shares was determined by the Corporation.

Upon the occurrence of the earliest of: (i) the effective date of the CADRI Sale; (ii) an agreement between a Dissenting Shareholder and either the Corporation as to the payment to be made for the Dissenting Shareholder's Common Shares; or (iii) a pronouncement of the Alberta Court fixing the fair value of the Dissenting Shareholders' Common Shares, a Dissenting Shareholder ceases to have any rights as a Shareholder other than the right to be paid the fair value for his or her Common Shares in the amount agreed to between the Corporation, and the Dissenting Shareholder, or in the amount fixed by the Alberta Court, as the case may be. Until one of these events occurs, a Dissenting Shareholder may withdraw his or her dissent notice, or the Corporation may rescind the Sale Resolution and, in either event, the dissent and appraisal proceedings in respect of such Dissenting Shareholder shall be discontinued.

Non-Registered Holders who wish to dissent should be aware that only the registered holder of their Common Shares is entitled to dissent under section 191 of the ABCA. Accordingly, Non-Registered Holders desiring to dissent must make arrangements for their Common Shares to be re-registered in such Non-Registered Holders' names prior to the time the written objection to the Sale Resolution is required to be received by the Corporation, or alternatively, make arrangements for the registered holder of their Common Shares to dissent on such Non-Registered Holders' behalf.

The foregoing is only a summary of the dissent provisions of the ABCA, which are technical and complex, and failure to comply strictly with the provisions of the ABCA may prejudice the exercise of the right of dissent. Any Shareholder considering the exercise of the right of dissent should seek his or her own legal advice, including with respect to the tax consequences of exercising the right of dissent which are not described herein.

Formal Valuation and Fairness Opinion

MI 61-101 requires a formal valuation of the non-cash assets involved in a related party transaction. Global retained RSM Richter to prepare a formal valuation of the shares and intercompany indebtedness of CADRI as well as a fairness opinion in respect of the consideration to be received by Global on completion of the CADRI Sale.

The Global Board has determined that RSM Richter is independent of Global and all interested parties in the CADRI Sale in accordance with MI 61-101. RSM Richter does not have any past, present or anticipated future relationship with Global or, to the knowledge of Global, any interested parties in the CADRI Sale, other than (i) its engagement by the Global Board to prepare the Formal Valuation and the Fairness Opinion, and (ii) the engagement of its affiliate, RSM Richter Chamberland LLP, by CADRI to conduct an impairment analysis of CADRI's property, plant and equipment in connection with its 2010 annual financial reporting requirements, for which RSM Richter Chamberland LLP was paid fees totaling $15,000. RSM Richter was paid aggregate professional fees of approximately $100,000 for the Formal Valuation and the Fairness Opinion. None of RSM Richter's compensation was contingent on the conclusions reached in the Formal Valuation or the Fairness Opinion or the completion of the CADRI Sale. The cost of the Formal Valuation and the Fairness Opinion has been borne by Global. In addition, Global has agreed to reimburse RSM Richter for its reasonable out-of-pocket expenses. As at the date hereof, the "designated professionals" (as defined in Form 51-102F2) of RSM Richter beneficially own, directly or indirectly, in the aggregate less than 1% of the issued and outstanding Common Shares. The Global Board is not aware of any factors that would suggest RSM Richter is not independent of Global and the interested parties.

Based upon the procedures and subject to the assumptions and limitations set out in the Formal Valuation, RSM Richter concluded that, as of March 31, 2011 (but updated for information available as of July 4, 2011, including the award of the Metrolinx Contract), the aggregate fair market value of the shares and intercompany indebtedness of CADRI is in the range of $10.9 million to $12.0 million.

Based upon the procedures and subject to the assumptions and limitations set out in the Fairness Opinion, RSM Richter concluded that, as of July 4, 2011, the aggregate value of the CADRI Sale of $12.9 million (including the cash payment of $12.4 million and assumption of approximately $550,000 of outstanding debt for customer deposits) is fair from a financial point of view to Global.

The Formal Valuation and the Fairness Opinion were prepared and provided solely for the benefit of Global and its advisors in connection with the CADRI Sale and may not be relied upon by any other person without the express and prior written consent of RSM Richter. The Formal Valuation and Fairness Opinion are not intended to be, and do not constitute, recommendations that Shareholders vote in favour of the Sale Resolution. The preparation of formal valuations and fairness opinions is a complex process and is not necessarily susceptible to partial analysis or summary description. The Formal Valuation and Fairness Opinion are not intended to form the basis of estimates of the actual price that may be obtainable in the open marketplace.

The full texts of the Formal Valuation and the Fairness Opinion, which set forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the Formal Valuation and the Fairness Opinion are attached as Appendix C to this Circular.

Prior Valuations

Global is not aware of any prior valuations (within the meaning of MI 61-101) of the Corporation, its securities or material assets, whether or not prepared by an independent valuator, made in the 24 months before the date of this Circular that, if disclosed, would reasonably be expected to affect the decision of a Shareholder to vote for or against the Sale Resolution. Prior to this 24-month period, the Special Committee's financial advisor prepared an analysis with respect to the value of Global and each of its operating subsidiaries for the Special Committee as of July 13, 2009. Section 5.5 and Schedule E1of the Formal Valuation provide a comparison of the methodologies used in the analysis prepared by the financial advisor and the Formal Valuation.

INFORMATION REGARDING GLOBAL AND ITS INSIDERS

Business of Global After the CADRI Sale

If the CADRI Sale is completed, Global will cease to have an operating business and the assets of Global will consist primarily of cash and cash equivalents, including amounts held in escrow for indemnification claims under the Wabtec Sale Agreement and the CADRI Sale Agreement. Fausto Levy and Ross Corcoran will continue to provide administrative services to the Corporation under the Services Agreement (which agreement may be terminated at any time by Global without penalty, and is intended only to facilitate the post-closing administration of the Corporation on a cost-effective basis). The business of the Corporation will be limited to implementation of the Winding Up in accordance with the terms set out under "Liquidation and Dissolution of the Corporation – Procedure".

Stock Exchange Listing

The Common Shares currently trade on the TSX. In order to maintain a listing on the TSX, certain qualitative and quantitative requirements must be met. If the sale of substantially all of the operating assets of the Corporation proceeds pursuant to the CADRI Sale, according to TSX rules the Corporation will be deemed to have gone through a Change in Business. As a result, the Corporation will be required to meet TSX's original listing requirements to remain listed. The Corporation does not expect to meet these requirements as the Corporation will cease to be engaged in an ongoing business. As a result, the Corporation expects that the Common Shares will be delisted from TSX following closing of the CADRI Sale. The Global Board intends to maintain liquidity in the Common Shares by applying to transfer Global's listing to NEX, a separate board of the TSX Venture Exchange that provides a trading forum for listed companies that have low levels of business activity or have ceased to carry on an active business; however, no assurance can be provided that a NEX listing will be obtained.

Price Range and Trading Volume of Common Shares

The following table sets forth the closing market price range for the Common Shares and the volume of trading of such shares on the TSX for the periods indicated.

	Price Range ($)		Aggregate Trading Volume
	High	Low	
2011			
January	1.30	1.11	567,604
February	1.25	1.10	504,465
March	1.29	1.11	245,078
April	1.40	1.21	257,821
May	1.66	1.30	226,777
June	1.99	1.40	302,685
July 1-July 25	1.95	1.58	207,389

On July 4, 2011, the last day on which the Common Shares traded on the TSX prior to Global's announcement of the entering into of the CADRI Sale Agreement, the closing price of the Common Shares was $1.90 per share.

Interests of Insiders in Matters to be Acted Upon

Fausto Levy, Global's President and Chief Executive Officer, indirectly controls the Buyer and is expected on closing of the CADRI Sale to beneficially own 70% of the voting shares of the Buyer. Accordingly, Mr. Levy has a material interest in the CADRI Sale. In addition, Mr. Levy directly or indirectly controls all of the equity securities of FTM Capital Inc. and is a "Designated Executive" for purposes of the Services Agreement, and therefore has a material interest in the Services Agreement. Mr. Levy is also entitled to the outstanding balance of a restructuring payment from Global of approximately U.S.$285,000 in accordance with a letter agreement dated June 9, 2010 between Mr. Levy and Global. Mr. Levy is entitled to this restructuring payment irrespective of the CADRI Sale.

Ross Corcoran, Global's Vice President and Chief Financial Officer, is also "Designated Executive" for purposes of the Services Agreement, and therefore has a material interest in the Services Agreement. The Management Parties (including Mr. Corcoran) may also be given the opportunity to participate in an equity incentive plan with respect to the Buyer following completion of the CADRI Sale and therefore may have a material interest in the CADRI Sale.

Interests of Insiders in Material Transactions

To the knowledge of management of the Corporation, except as described above under "– Interests of Insiders and Others in Matters to be Acted Upon", none of the directors or officers of Global, none of the directors or officers of a person that is an insider or subsidiary of Global, no person who beneficially owns, directly or indirectly, or exercises control or direction over, Common Shares carrying more than 10% of the votes attached to all outstanding Common Shares, nor any associate or affiliate of the foregoing persons, had any interest in any transaction during the year ended December 31, 2010, during the current year or in any proposed transaction which has materially affected or would materially affect Global or any of its subsidiaries.

Ownership of Securities by Insiders

As at July 25, 2011, directors and officers of Global and CADRI owned or controlled the securities of Global set forth in the following table.

Name and residence	Number of Common Shares owned or controlled	Percentage of Common Shares owned or controlled	Position
Thomas Dea Ontario, Canada	1,305,100(1)	8.56%	Chairman of the Global Board
Laurie Bennett, CA Ontario, Canada	Nil	Nil	Director
Jacques Coté Quebec, Canada	Nil	Nil	Director
Alan Sellery Ontario, Canada	Nil	Nil	Director
Fausto Levy Quebec, Canada	53,500(2)	0.35%	President & Chief Executive Officer of Global and CADRI
Ross Corcoran Quebec, Canada	Nil	Nil	Vice President & Chief Financial Officer of Global and CADRI and Secretary of Global
Pierre Tremblay Quebec, Canada	5,200(3)	0.03%	Vice President, Operations of CADRI
Lucie Dastous Quebec, Canada	Nil	Nil	Executive Vice President and Secretary of CADRI
Jean-Guy Bergeron Quebec, Canada	Nil(4)	Nil	Vice President, Sales and Marketing of CADRI
Total	**1,363,800**	**8.94%**	

Notes:

(1) 434,868 Common Shares beneficially owned by Mr. Dea and 435,566 Common Shares and 434,666 Common Shares beneficially owned, respectively, by Greg Boland and Peter Fraser, associates of Mr. Dea.

(2) Mr. Levy also holds options to acquire 210,000 Common Shares, each with an exercise price of $4.35 per Common Share. It is a condition to the closing of the CADRI Sale that Mr. Levy surrenders these options for cancellation.

(3) Mr. Tremblay holds options to acquire 42,500 Common Shares, of which 17,250 options have an exercise price of $0.72 per Common Share and the remaining 25,000 options have an exercise price of $4.35 per Common Share.

(4) Mr. Bergeron holds options to acquire 25,000 Common Shares, each with an exercise price of $4.35 per Common Share.

To the knowledge of Global, no other insider of Global, or any affiliate or associate of Global or any insider thereof, or person or company acting jointly or in concert with Global owns or controls any securities of Global as at July 25, 2011.

Thomas Dea, Chairman of the Global Board, Fausto Levy, the President & Chief Executive Officer of Global, and Pierre Tremblay, Vice President, Operations of CADRI, have informed the Corporation that they intend to vote all of the Common Shares owned or controlled by them in favour of the Sale Resolution and the Winding Up Resolution. Mr. Dea will not receive any direct or indirect benefits from the completion of the CADRI Sale, other than benefits accruing to Shareholders generally. Mr. Levy indirectly controls the Buyer and FTM Capital Inc., and therefore has a material interest in the CADRI Sale and the Services Agreement, respectively, and will receive benefits from his continuing interest in CADRI and under the Services Agreement that will not accrue to Shareholders generally. Mr. Tremblay, as a Management Party, may be given the opportunity to participate in an equity incentive plan with respect to the Buyer following completion of the CADRI Sale and therefore may have a material interest in the CADRI Sale. Votes attaching to Mr. Levy's and Mr. Tremblay's Common Shares will be excluded for the purpose of determining minority approval in accordance with MI 61-101.

Previous Purchases and Sales of Securities

During the last 12 months, Global has not purchased or sold any of its own securities, excluding any Common Shares purchased or sold pursuant to the exercise of employee stock options.

Dividend Policy

Since its incorporation, the Corporation has not declared or paid any dividends There are no restrictions on the ability of the Corporation to declare and pay dividends and the Corporation has no plans or intention to declare a dividend or alter its dividend policy as at the date of this Circular, except that the Corporation is considering one or more distributions by way of return of capital or dividend (to the extent there is not sufficient stated capital) to Shareholders under the Winding Up as described above under "Liquidation and Dissolution of the Corporation".

RISK FACTORS

Risks Factors Relating to Global

For a discussion of certain risks relating to an investment in Common Shares, please refer to the risk factors described under the caption "Business Risks" found on pages 12 to 15 of Global's management's discussion and analysis for the three months ended March 31, 2011. Shareholders should also carefully consider the risk factors described below and the other information contained in this Circular.

Risk Factors Relating to the CADRI Sale and Winding Up

The following factors should be carefully considered by Shareholders in evaluating whether or not to approve the Sale Resolution.

Failure to Complete the CADRI Sale

The completion of the CADRI Sale is subject to a number of conditions, some of which are outside the control of Global, including receipt of Shareholder approval, the CADRI Sale Agreement remaining in force and the Buyer having performed its obligations under the CADRI Sale Agreement. There can be no certainty, nor can Global provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. See "CADRI Sale Agreement and Ancillary Agreements – CADRI Sale Agreement – Conditions Precedent to Closing" above. If the CADRI Sale fails to close, Global will, in the circumstances described above under "CADRI Sale Agreement and Ancillary Agreements – CADRI Sale Agreement – Termination", be required to pay the Buyer's Expense Reimbursement to the Buyer.

Market Price and Liquidity of Common Shares

The Common Shares have historically been thinly traded, with daily volume generally representing less than 2% of the outstanding Common Shares. If the CADRI Sale is completed and Global ceases to have an operating business, trading volumes may be further reduced and, accordingly, it may be difficult for Shareholders to liquidate their investments in Global. In addition, as described under "Information Regarding Global and its Insiders – Plans for Global if the CADRI Sale is Completed – Stock Exchange Listing", the Corporation expects that the Common Shares will be delisted from the TSX following the closing of the CADRI Sale. While the Global Board intends to apply to transfer Global's listing to NEX, there can be no assurance that a NEX listing will be obtained or that an active or liquid market for the Common Shares will develop or be sustained. The market price at which Shareholders can sell Common Shares may not reflect the net asset value of the Corporation.

Return of Capital and Winding Up

The process of voluntarily winding up a public company such as the Corporation involves significant uncertainties that affect both the amount that can be distributed to Shareholders and the time to complete the winding-up. Some of the principal uncertainties relate to the timing and quantum of sale proceeds released from escrow in connection with the CADRI Sale and the Wabtec transactions, the process of obtaining tax clearance certificates and the potential for tax liabilities or other contingent liabilities. In addition, ongoing corporate costs of CADRI (other than costs associated with the Metrolinx Contract, which will be for the account of the Buyer) will reduce the amount available for distribution to Shareholders and, in the event closing of the CADRI sale is delayed beyond the anticipated closing date of September 2010 these costs will continue to be incurred. Until completion of the winding-up process, the Corporation will remain a reporting issuer and will incur the attendant costs. Accordingly, the amount of cash to be distributed to Shareholders cannot currently be quantified with certainty, and Shareholders may receive substantially less than their *pro rata* share of the current estimated amounts available for distribution to Shareholders under the Winding Up.

Under the ABCA, despite the winding up and dissolution of the Corporation, each Shareholder to whom any of the Corporation's property has been distributed is liable to any person claiming under section 227 of the ABCA to the extent of the amount received by that Shareholder upon the distribution, and an action to enforce such liability may be brought. Section 227 of the ABCA provides that, despite the dissolution of the Corporation, a civil, criminal or administrative action or proceeding may be brought against the Corporation as if the Corporation had not been dissolved and provides, among other things, that any property that would have been available to satisfy any judgment or order if the corporation had not been dissolved, remains available for such purpose. The potential for Shareholder liability regarding a distribution continues until the statutory limitation period for the applicable claim has expired. Under the ABCA, the dissolution of the Company does not remove or impair any remedy available against the Corporation for any right or claim existing, or any liability incurred, prior to its dissolution or arising thereafter.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of the principal Canadian federal income tax consequences generally applicable under the Tax Act to Shareholders of the Winding Up and the distribution of any cash under the Winding Up in accordance with the procedure set out under the heading "Liquidation and Dissolution of the Corporation – Procedure" above (the "**Liquidation Plan**").

This summary is based on the current provisions of the Tax Act and the regulations thereunder, all specific proposals to amend the Tax Act and the regulations thereunder publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Proposed Amendments**") and counsel's understanding of the current published administrative practices of the Canada Revenue Agency ("**CRA**"). This summary does not otherwise take into account or anticipate any changes in income tax law or administrative practice, whether by judicial, governmental or legislative decision or action, nor does it take into account provincial, territorial or foreign tax considerations, which may differ significantly from those discussed herein. This summary is not exhaustive of all Canadian federal income tax considerations.

This summary is not applicable to a person that is a "financial institution" as defined in the Tax Act for the purposes of the "mark-to-market" rules, a person that is a "specified financial institution" as defined in the Tax Act, a person who has made an election under the functional currency rules in section 261 of the Tax Act or a person an interest in which is a "tax shelter investment" as defined in the Tax Act. In addition, this summary assumes that any distributions made pursuant to the Liquidation Plan are considered to occur on the winding-up or discontinuance of the Company's business for the purposes of the Tax Act.

This summary is of a general nature only and is not intended to be, nor should it be considered to be, legal or tax advice to any particular Shareholder and no representation is made with respect to the income tax consequences to any particular Shareholder. Accordingly, Shareholders should consult their own tax advisors concerning the application and effect of the income and other taxes of any country, province, territory, state or local tax authority, having regard to their particular circumstances.

Residents of Canada

The following portion of the summary is applicable to Shareholders who, at all relevant times and for the purposes of the Tax Act, are resident in Canada, hold their Common Shares as "capital property" and deal at arm's length with and are not "affiliated" with the Company ("**Resident Shareholders**").

Generally, Common Shares will be considered to be capital property to a Resident Shareholder provided that the Resident Shareholder does not hold the Common Shares in the course of carrying on a business and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Resident Shareholders whose Common Shares might not otherwise qualify as capital property may, in certain circumstances, make an irrevocable election in accordance with subsection 39(4) of the Tax Act to have the Common Shares, and every "Canadian security" as defined in the Tax Act owned by such Resident Shareholder in the taxation year of the election and in all subsequent taxation years, deemed to be capital property.

Distributions to Resident Shareholders

Interim Distributions

Where interim distributions under the Liquidation Plan are effected through reductions of the stated capital in respect of the Common Shares, a Resident Shareholder will be considered to have received a dividend only to the extent (if any) that the cash received on the distribution exceeds the "paid-up capital" (as defined in the Tax Act) in respect of the Resident Shareholder's Common Shares. The paid-up capital of each Common Share for purposes of the Tax Act is currently estimated to be $1.73, subject to reduction as a result of the interim distributions. The tax consequences to a Resident Shareholder of receiving a dividend are generally as described below under the heading "Taxation of Dividends".

Any portion of an interim distribution received as a reduction of the "paid-up capital" (as defined in the Tax Act) in respect of the Resident Shareholder's Common Shares will be subtracted from the Resident Shareholder's adjusted cost base of its Common Shares. To the extent that such reduction in paid-up capital exceeds the adjusted cost base to the Resident Shareholder of the Common Shares, the adjusted cost base of the Common Shares to the Resident Shareholder will be reduced to nil and the excess of such paid-up capital reduction over the resulting reduction in adjusted cost base will be deemed to be a capital gain of the Resident Shareholder for the year from the disposition of the Common Shares. The tax consequences to a Resident Shareholder of any such capital gain are generally as described below under the heading "Taxation of Capital Gains and Losses".

Final Distribution on Cancellation of Common Shares

On any final distribution occurring on the cancellation of the Common Shares, a Resident Shareholder will be considered to have received a dividend to the extent that the aggregate of any cash received on such distribution exceeds the "paid-up capital" (as defined in the Tax Act) in respect of the Common Shares immediately before their cancellation. The tax consequences to a Resident Shareholder of receiving a dividend are generally as described below under the heading "Taxation of Dividends".

Any portion of such final distribution not received as a dividend will be treated as proceeds of disposition of the Common Shares. The Resident Shareholder will realize a capital gain (or capital loss) on the disposition of the Common Shares equal to the amount by which the Resident Shareholder's proceeds of disposition, net of any costs of disposition, exceed (or are less than) the adjusted cost base to the Resident Shareholder of the Common Shares. Generally, a Resident Shareholder will not realize a capital gain as a result of any final distribution (and the interim distributions) where the paid-up capital in respect of the Resident Shareholder's Common Shares prior to the interim distributions is less than the adjusted cost base to the Resident Shareholder of its Common Shares. The tax consequences to a Resident Shareholder of capital gains and capital losses are generally as described below under the heading "Taxation of Capital Gains and Losses".

<u>Taxation of Dividends</u>

Any dividend that is, or is deemed to be, received by a Resident Shareholder who is an individual will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received by Canadian resident individuals from a taxable Canadian corporation, including the enhanced gross-up and dividend tax credit if the dividend recipient receives notice from the Company designating the dividend as an "eligible dividend".

Any dividend that is, or is deemed to be, received by a Resident Shareholder that is a corporation will be included in computing the Resident Shareholder's income as a dividend, and will ordinarily be deductible in computing its taxable income. To the extent that such a deduction is available, private corporations (as defined in the Tax Act) and certain other corporations may be liable to pay refundable tax under Part IV of the Tax Act at a rate of 33⅓% of the amount of the dividend.

<u>Taxation of Capital Gains and Losses</u>

Generally, a Resident Shareholder will be required to include in computing its income for a taxation year one-half of any capital gain (a "**taxable capital gain**") realized by it in that year. A Resident Shareholder will generally be entitled to deduct one-half of the amount of any capital loss (an "**allowable capital loss**") realized in a taxation year from taxable capital gains realized by the Resident Shareholder in that year, and any excess may be carried back to any of the three preceding taxation years or carried forward to any subsequent taxation year and deducted against net taxable capital gains realized in such years, to the extent and under the circumstances specified in the Tax Act.

The amount of a capital loss realized on the disposition of a Common Share by a Resident Shareholder that is a corporation may, to the extent and under the circumstances specified in the Tax Act, be reduced by the amount of dividends on the Common Shares received or deemed to be received by the Resident Shareholder, to the extent and in the circumstances set out in the Tax Act. Similar rules may apply where Common Shares are owned by a partnership or trust of which a corporation, trust or partnership is a member or beneficiary. Resident Shareholders to whom these rules may be relevant should consult their own tax advisors in this regard.

A Resident Shareholder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax of 6⅔% on its "aggregate investment income" for the year, which is defined to include an amount in respect of taxable capital gains.

Alternative Minimum Tax

A capital gain realized, or a dividend received (or deemed to be received) by a Resident Shareholder that is an individual, including a trust (other than certain specified trusts), may give rise to a liability for alternative minimum tax. Such Resident Shareholders should consult their own tax advisors with respect to the alternative minimum tax rules set out in the Tax Act.

Non-Residents of Canada

The following portion of the summary is applicable to Shareholders who, at all relevant times and for purposes of the Tax Act, are not resident or deemed to be resident in Canada and do not use or hold, and are not deemed to use or hold, their Common Shares in connection with carrying on a business in Canada ("**Non-Resident Shareholders**"). Special rules not discussed in this summary may apply to an insurer carrying on an insurance business in Canada and elsewhere, and any such insurers should consult their own tax advisors.

Distributions to Non-Resident Shareholders

The consequences to Non-Resident Shareholders of interim distributions and any final distribution under the Tax Act will be as described above under the heading "Resident Shareholders - Distributions to Resident Shareholders". The tax consequences to a Non-Resident Shareholder of receiving a dividend are generally as described below under the heading "Taxation of Dividends" and the tax consequences to a Non-Resident Shareholder of capital gains are generally as described below under the heading "Taxation of Capital Gains".

Taxation of Dividends

Any dividend that is, or is deemed to be, received by a Non-Resident Shareholder will be subject to Canadian withholding tax at a rate of 25% or such lower rate as may be provided under the terms of an applicable Canadian income tax treaty. Under the *Canada-United States Income Tax Convention 1980*, the rate of withholding tax on dividends paid or credited to a Non-Resident Shareholder that is entitled to the benefits of such treaty is generally reduced to 15% of the gross amount of the dividends (or 5% in the case of such a Non-Resident Shareholder that is a corporation beneficially owning at least 10% of the Corporation's voting shares).

Taxation of Capital Gains

A Non-Resident Shareholder will not be subject to tax under the Tax Act in respect of a capital gain realized on the disposition of the Common Shares provided the Common Shares do not at that time constitute "taxable Canadian property" for the purposes of the Tax Act. The Common Shares will not generally constitute taxable Canadian property to a Non-Resident Shareholder at the time of disposition provided that at no time during the previous 60-month period was more than 50% of the fair market value of such Common Shares derived directly or indirectly from, among other things, real or immovable property situated in Canada. The Corporation does not believe that, at any time in the 60-month period prior to the date hereof, more than 50% of the fair market value of the Common Shares was derived from such property, and does not expect that this will change during the Winding Up. In addition, while the Common Shares are listed on the TSX (which does not include the NEX), Common Shares generally will not constitute taxable Canadian property to a Non-Resident Shareholder unless such shareholder, persons with whom such shareholder does not deal at arm's length or any combination thereof has held, at any time in the preceding 60 months, 25% or more of the issued and outstanding shares of any class of Global. The Common Shares may be deemed to constitute taxable Canadian property to a particular Non-Resident Shareholder in certain circumstances under the Tax Act.

In the event that the Common Shares constitute taxable Canadian property to a particular Non-Resident Shareholder, such Non-Resident Shareholder generally will be required to comply with the pre-clearance and withholding requirements of section 116 of the Tax Act, unless any resulting capital gain is exempt from tax under the Tax Act by virtue of an applicable income tax treaty. Non-Resident Shareholders disposing of taxable Canadian property also may be subject to tax reporting and payment obligations. Non-Resident Shareholders should consult their own tax advisors regarding the consequences to them of disposing of Common Shares in connection with the Winding Up.

This Circular does not address any tax considerations other than certain Canadian federal income tax considerations. Shareholders who are resident in jurisdictions other than Canada should consult their tax advisors with respect to the tax implications in such jurisdictions of the Winding Up and any distributions that may be made in connection therewith. All Shareholders should consult their own tax advisors regarding provincial, territorial or other tax considerations of the Winding Up and any distributions that may be made in connection therewith.

OTHER BUSINESS

Management of Global is not aware of any matter to come before the Special Meeting other than the matters referred to in the Notice of Special Meeting. However, if any other matter properly comes before the Special Meeting, the accompanying form of proxy confers discretionary authority to vote with respect to amendments or variations to matters identified in the Notice of Special Meeting and with respect to other matters that may properly come before the Special Meeting.

ADDITIONAL INFORMATION

The following documents, filed with the securities commissions or similar authorities in each of the provinces of Canada where Global is a reporting issuer, are specifically incorporated by reference in and form an integral part of the Circular:

(a) the CADRI Sale Agreement; and

(b) the risk factors described under the caption "Business Risks" found on pages 12 to 15 of Global's management's discussion and analysis for the three months ended March 31, 2011.

Additional information relating to Global is available on SEDAR at www.sedar.com. Financial information regarding the Corporation is provided in its comparative annual financial statements as at and for the years ended December 31, 2010 and 2009, its comparative interim financial statements as at and for the three months ended March 31, 2011 and 2010, and its management's discussion and analysis for those periods. Shareholders may request a copy of the Corporation's annual and interim financial statements and related management's discussion and analysis from its administrative office by mail at 155 Montreal-Toronto Blvd., Lachine, Quebec, H8S 1B4 by phone at (514) 643-3139, or by fax at (514) 634-3932.

The auditor of the Corporation is KPMG LLP.

BOARD APPROVAL

The undersigned, Chairman of the Global Board, hereby certifies that the contents of this Circular and the sending of this Circular to each Shareholder entitled to receive notice of the Special Meeting were unanimously approved by the Global Board at a meeting held on July 25, 2011.

Certified at Toronto, Ontario, this 25th day of July, 2011.

(signed) *Thomas P. Dea*

Thomas P. Dea
Chairman of the Board of Directors

VALUATOR'S CONSENT

We refer to the formal valuation and fairness opinion dated July 13, 2011 (the "**Formal Valuation and Fairness Opinion**"), which we prepared for the board of directors of Global Railway Industries Ltd. (the "**Corporation**") relating to the fair market value of the Corporation's investments in CAD Railway Industries Ltd. and the fairness, from a financial point of view, of the Proposed Transaction (as defined therein) to the Corporation We hereby consent to the filing of the Formal Valuation and Fairness Opinion with the Canadian securities regulatory authorities and inclusion of the Formal Valuation and the Fairness Opinion in the management information circular of the Corporation dated July 25, 2011.

Montreal, Quebec
July 25, 2011

(signed) *RSM Richter Inc.*

APPENDIX A

SALE RESOLUTION

BE IT RESOLVED AS A SPECIAL RESOLUTION OF SHAREHOLDERS THAT:

1. the sale (the "**CADRI Sale**") by Global Railway Industries Ltd. (the "**Corporation**") of the shares and intercompany indebtedness of CAD Railway Industries Ltd. ("**CADRI**"), being substantially all of the operating assets of the Corporation, pursuant to the share purchase agreement dated as of July 4, 2011 between the Corporation, 2290693 Ontario Inc. and CADRI (the "**CADRI Sale Agreement**") is hereby authorized and approved;

2. notwithstanding that this resolution has been passed (and the CADRI Sale adopted) by the shareholders of the Corporation, the directors of the Corporation are hereby authorized and empowered, at their discretion, without further notice to or approval of the shareholders of the Corporation: (a) to amend the CADRI Sale Agreement or any agreement ancillary thereto to the extent permitted by the terms of the CADRI Sale Agreement or such ancillary agreement; and (b) subject to the terms of the CADRI Sale Agreement, not to proceed with the CADRI Sale; and

3. any director or officer of the Corporation is hereby authorized to execute and deliver all agreements, documents, instruments and writings, for, in the name and on behalf of the Corporation (whether under its corporate seal or otherwise), to pay all such expenses and to take all such other actions as in the sole discretion of such director or officer are necessary or desirable in order to fully carry out the intent and accomplish the purpose of this resolution upon such terms and conditions as may be approved from time to time by the board of directors of the Corporation, such approval to be conclusively evidenced by the signing of such agreements, documents, instruments and writings by such director or officer.

APPENDIX B

WINDING UP RESOLUTION

BE IT RESOLVED AS A SPECIAL RESOLUTION OF SHAREHOLDERS THAT:

1. the voluntary liquidation and dissolution (the "**Winding Up**") of Global Railway Industries Ltd. (the "**Corporation**") pursuant to section 212 of the *Business Corporations Act* (Alberta) (the "**ABCA**") is hereby authorized and approved;

2. the distribution to shareholders of the Corporation, as part of the Winding Up and at such times and in such amounts in respect of particular distributions as may be determined at the discretion of the board of directors of the Corporation, of the net proceeds of the CADRI Sale (as such term is defined in the management information circular of the Corporation dated July 25, 2011) and cash on hand, less any reserves and payments made in respect of the Corporation's ongoing costs and liabilities, by way of a reduction of the stated capital of the common shares of the Corporation, is hereby authorized and approved;

3. notwithstanding that this resolution has been passed (and the Winding Up adopted) by the shareholders of the Corporation, (a) the directors of the Corporation are hereby authorized and empowered, in their discretion and without further approval of the shareholders of the Corporation, not to proceed with the Winding Up if the Global Board has determined the Winding Up to no longer be in the best interests of the Corporation and its shareholders, and (b) this resolution shall automatically be revoked, without any further action by the shareholders or directors of the Corporation, if the CADRI Sale is not consummated in accordance with its terms; and

4. any director or officer of the Corporation is hereby authorized to execute and deliver all agreements, documents, instruments and writings, for, in the name and on behalf of the Corporation (whether under its corporate seal or otherwise), to pay all such expenses and to take all such other actions as in the sole discretion of such director or officer are necessary or desirable in order to fully carry out the intent and accomplish the purpose of this resolution upon such terms and conditions as may be approved from time to time by the board of directors of the Corporation, such approval to be conclusively evidenced by the signing of such agreements, documents, instruments and writings by such director or officer.

APPENDIX C

FORMAL VALUATION AND FAIRNESS OPINION

RSM Richter Inc.

CAD Railway Industries Ltd.
Formal Valuation and Fairness Opinion
As at March 31, 2011

RSM Richter Inc.
Corporate Finance
July 13, 2011

Table of Contents

July 13, 2011

PRIVATE AND CONFIDENTIAL

RSM Richter Inc.
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www.rsmrichter.com

Via E-mail

Global Railway Industries Ltd.
155 Boulevard Montreal-Toronto
Lachine QC H8S 1B4

Attention: Mr. Thomas P. Dea, Chairman of the Board of Directors

Re: Valuation of CAD Railway Industries Ltd.
Our File No. V-1899

Dear Sir:

1 Introduction

You have retained RSM Richter Inc. ("RSM Richter") to prepare a Comprehensive Valuation Report (the "Valuation") as to the fair market value of Global Railway Industries' ("GBI")[1] investments[2] in CAD Railway Industries Ltd. and its wholly-owned subsidiary ("CAD" or the "Company") as at March 31, 2011 (the "Valuation Date"), taking into account information available as of July 4, 2011 (the "Effective Date"). You have also requested that we provide an opinion as to the fairness, from a financial point of view, of the Proposed Transaction (described in Section 1.1), to GBI. The Comprehensive Valuation Report and Fairness Opinion are referred to herein as the "Report".

The Report has been prepared in the context of the Proposed Transaction and in accordance with the requirements of Regulation MI 61-101 respecting protection of minority security holders in special transactions adopted by the

1 CAD is the sole operating subsidiary of GBI.

2 GBI holds 100% of the issued and outstanding common shares of CAD (the "Issued Shares") and has a loan receivable from CAD of $5.3M as at the Valuation Date (collectively, the "Investments in CAD").

Autorité des marchés financiers (Quebec) and Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions adopted by the Ontario Securities Commission (collectively the "Rules").

The Report has been prepared in conformity with the Practice Standards of the Canadian Institute of Chartered Business Valuators ("CICBV"). A Comprehensive Valuation Report is defined in the CICBV Handbook as a report that contains a conclusion as to the value of shares, assets or an interest in a business that is based on a comprehensive review and analysis of the business, its industry and all other relevant factors, adequately corroborated. The Report is based on the documents and information listed in Appendix 1, "Scope of Review".

1.1 Description of the Proposed Transaction

On July 4, 2011, GBI entered into an agreement to sell the shares of its operating subsidiary, CAD, to 2290693 Ontario Inc. (the "Buyer"), a company controlled by Fausto Levy, GBI's and CAD's President and Chief Executive Officer (the "Proposed Transaction"). The Proposed Transaction is valued at approximately $12.9M, including a cash payment of $12.4M and the assumption of debt outstanding from deposits due to Via Rail Canada Inc. ("Via") (approximately $550K at the Effective Date[3]). Other key financial conditions include:

- The Proposed Transaction is on a debt-free basis (i.e. excluding CAD's cash position and the repayment of the $5.3M inter-company payable from CAD to GBI); the cash portion of the purchase price will be allocated $5.3M to the inter-company payable to GBI and $7.1M to the Issued Shares;
- GBI will agree to assume $325K of employee termination costs;
- There is a target working capital of $10M. The cash portion of the purchase price will be adjusted for any surplus or deficit working capital delivered at closing (in relation to the target working capital) on a dollar-for-dollar basis;
- There will also be a dollar-for-dollar upward adjustment of the cash portion of the purchase price to reflect all costs of procurement and performance of the Go-Transit contract (as explained in Section 2.4.1), net of receipts in respect thereof, incurred prior to closing;
- $1M of the purchase price will be held in escrow for one year following the closing for potential indemnification claims under the purchase agreement.

The proceeds of the Proposed Transaction are payable to GBI.

[3] For financial reporting purposes, the debt outstanding from deposits due to Via is included in GBI's customer deposits.

Pursuant to the letter of intent signed by GBI in respect of the Proposed Transaction, GBI had 70 days to solicit and entertain offers from other interested purchasers of CAD. The effective date for the commencement of the marketing period was March 7, 2011. Twenty parties, including strategic and financial investors, were approached. One party provided a non-binding expression of interest with a purchase price stating a range of $12M to $13M on a debt-free basis, comparable to the Proposed Transaction value of $12.9M ($12.6M net of the severance cost to be assumed by GBI). The Board of Directors considered a number of issues, including the value of the offer, the issues that would need to be resolved related to due diligence and documentation and the time constraints imposed by the marketing period which expired on May 16, 2011. Furthermore, the expression of interest was also contingent on the potential purchaser securing financing for the transaction, which, in the GBI Board's view, created significant uncertainty as a consequence of the difficulties the potential purchaser would likely face in arranging financing given CAD's recent operating issues, low levels of cash flow and high proportion of projected future revenue that was non-recurring. In light of these issues, the decision was taken to proceed with the Proposed Transaction and work diligently toward signing a purchase and sale agreement.

The GBI Board has unanimously recommended that shareholders vote in favour of the Proposed Transaction. The completion of the Proposed Transaction is conditional on obtaining the approval of the GBI shareholders by special resolution (including minority approval in accordance with the Rules), as well as other customary conditions including approval of the Toronto Stock Exchange. The closing is currently anticipated to occur in the later part of the third quarter of 2011.

1.2 Engagement of RSM Richter

In the context of the Proposed Transaction, the Board of Directors retained RSM Richter to prepare a Comprehensive Valuation of the GBI Investments in CAD as at the Valuation Date as well as a fairness opinion from a financial point of view, of the Proposed Transaction, to GBI. RSM Richter was paid professional fees totalling $100,000, exclusive of applicable taxes. Professional fees were not contingent, in whole or in part, on the conclusions reached in the Valuation or the completion of the Proposed Transaction.

1.3 Credentials of RSM Richter

RSM Richter Chamberland, LLP is one of the largest independent accounting, business advisory and consulting firms in Canada, and through its affiliated company, RSM Richter, provides a wide range of advisory services, including mergers and acquisitions, divestitures, valuations, due diligence and equity and debt financing. RSM Richter has participated in a significant number of transactions involving public and private companies and has extensive experience in assessing the financial impact of transactions on the various stakeholders. Our firm has performed an extensive number of valuations of public and private companies throughout Canada.

The fair market value conclusions noted herein represents the opinion of RSM Richter and its form and content have been approved by senior professionals of RSM Richter specializing in valuation, mergers and acquisitions and corporate finance.

Mr. Andrew Michelin, CA, CBV, ASA, a partner of RSM Richter and Mr. Alon Wexler, CA, CBV, a principal of RSM Richter, were responsible for the preparation of the Report.

1.4 Independence of RSM Richter Inc.

RSM Richter is not an associated or affiliated entity or insider issuer (as those terms are defined in the Rules) of GBI, the Buyer, Mr. Fausto Levy and other members of CAD management (collectively, the "Interested Parties") and their respective related parties and joint actors (as those terms are defined in the Rules).

In 2011, RSM Richter Chamberland LLP, an affiliated company of RSM Richter assisted the Company with an impairment analysis of its property, plant and equipment in connection with its 2010 annual financial reporting requirements. RSM Richter Chamberland LLP was paid fees totalling $15,000.

Except as described above, RSM Richter has not provided any financial advisory, audit or soliciting dealer services or participated in any financing involving the Company in the past two years other than the services provided in the context of the Proposed Transaction.

There are no understandings, agreements or commitments between RSM Richter and any of the Interested Parties or their respective related parties with respect to future business dealings. RSM Richter may, in the future, in the ordinary course of its business, provide professional services to the Interested Parties.

To the best of its knowledge, RSM Richter believes that it is independent of all Interested Parties within the meaning of the Rules.

1.5 Fair Market Value

For purposes of this report, "fair market value" is defined by the Rules as *"the monetary consideration that, in an open and unrestricted market, a prudent and informed buyer would pay to a prudent and informed seller, each acting at arm's length with the other and under no compulsion to act".*

In accordance with the Rules, we have not made any downward adjustments to reflect the liquidity of the shares subject to the Proposed Transaction.

It should be noted that, under the terms of our engagement, we have not exposed the Company for sale in the open market at the Valuation Date, and accordingly, our conclusion relates to the "*intrinsic value*" thereof, which we define as a notional value that would prevail based upon rates of return required by potential purchasers, given economic and business conditions existing at the time, without consideration of possible synergistic (or economies of scale) benefits that might inure in differing degrees to arm's-length purchasers, including Special Purchasers[4].

2 Conclusion

Based upon our review and analysis of the information and documents provided to us, the explanations received, and subject to the restrictions and assumptions noted herein, our conclusion as to the fair market value of the Investments in CAD, as at the Valuation Date, is as follows:

FAIR MARKET VALUE OF INVESTMENTS IN CAD
AS AT MARCH 31, 2011
(in thousands)

	Range		
	Low	**High**	**Midpoint**
Fair market value of the Issued Shares	$ 5,555	$ 6,702	$ 6,129
Intercompany Payable due to GBI	5,347	5,347	5,347
Fair market value of the Investments in CAD (enterprise value)	**$ 10,902**	**$ 12,049**	**$ 11,476**

Unless noted otherwise, all amounts appearing herein are expressed in Canadian dollars.

A summary of our methodology and findings leading to the above conclusion is contained in the remainder of this report. Our conclusion is subject to the restrictions and assumptions contained in Appendix 2.

2.1 The Company

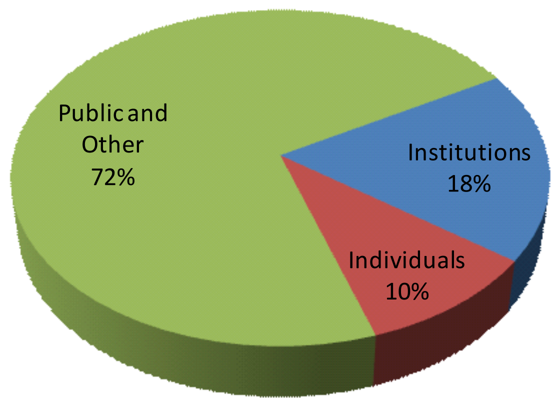
2.2 Overview

The Company remanufactures and repairs train cars, locomotives and diesel engines for the rail and marine industries, in addition to researching and testing new engine technologies. CAD is the sole operating subsidiary of GBI. GBI is a public company listed on the Toronto Stock Exchange under the ticker symbol "GBI".

4 *"Acquirers who believe they can enjoy post-acquisition economies of scale, synergies, or strategic advantages by combining the acquired business interest with their own."*

The following table indicates the ownership break-down of GBI:

GBI OWNERSHIP
ON OR ABOUT THE VALUATION DATE



Source: CapitalIQ

The public float is relatively small and thinly traded. Accordingly, the stock price is not necessarily indicative of the underlying value of the shares. The tables below indicate the stock prices and trading volumes for GBI for the five years prior to the Proposed Transaction:

GBI
AVERAGE MONTHLY SHARE PRICE

	2006	2007	2008	2009	2010	2011
January	$ 2.08	$ 3.13	$ 4.31	$ 0.87	$ 1.08	$ 1.21
February	$ 1.93	$ 3.10	$ 4.53	$ 0.92	$ 0.88	$ 1.17
March	$ 2.11	$ 3.16	$ 4.32	$ 0.82	$ 0.81	$ 1.21
April	$ 2.29	$ 3.24	$ 3.82	$ 0.89	$ 0.81	
May	$ 2.71	$ 4.00	$ 3.88	$ 1.13	$ 0.78	
June	$ 2.88	$ 4.34	$ 3.75	$ 1.16	$ 0.79	
July	$ 3.09	$ 4.78	$ 3.37	$ 1.10	$ 1.12	
August	$ 3.14	$ 4.80	$ 3.18	$ 1.07	$ 1.37	
September	$ 3.14	$ 4.34	$ 2.47	$ 1.05	$ 1.34	
October	$ 2.88	$ 4.55	$ 1.41	$ 1.11	$ 1.32	
November	$ 2.88	$ 4.38	$ 1.24	$ 1.05	$ 1.29	
December	$ 3.07	$ 4.47	$ 0.94	$ 0.98	$ 1.23	
Average	$ 2.68	$ 4.02	$ 3.10	$ 1.01	$ 1.07	$ 1.19
High	$ 3.14	$ 4.80	$ 4.53	$ 1.16	$ 1.37	$ 1.21
Low	$ 1.93	$ 3.10	$ 0.94	$ 0.82	$ 0.78	$ 1.17

GBI
AVERAGE DAILY VOLUME (IN THOUSANDS OF SHARES)

	2006	2007	2008	2009	2010	2011
January	47.6	11.6	8.1	56.4	13.1	28.4
February	17.0	42.4	8.8	6.2	14.2	31.5
March	46.2	22.2	4.1	8.7	14.4	11.7
April	12.9	18.6	10.5	8.6	13.1	
May	191.1	27.8	14.5	13.0	21.1	
June	11.7	10.5	11.5	5.9	5.8	
July	7.8	15.2	7.3	11.5	39.5	
August	52.3	22.4	11.5	6.2	29.8	
September	15.0	7.2	17.8	10.0	9.8	
October	5.9	7.0	24.6	6.1	19.1	
November	9.3	11.3	16.7	9.4	18.9	
December	7.8	35.6	50.5	12.6	13.2	
Average	35.4	19.3	15.5	12.9	17.7	23.9
High	191.1	42.4	50.5	56.4	39.5	31.5
Low	5.9	7.0	4.1	5.9	5.8	11.7

Source: CapitalIQ

GBI acquired the net assets of CAD in November 2007 and in connection with the acquisition, GBI entered into a credit agreement (the "Credit Agreement") with two Canadian chartered banks (the "Lenders"), which provided financing of $34.1M. Following the completion of the CAD acquisition, the global economy entered into a recessionary period. This economic recession negatively impacted the railway industry for the latter half of 2008 and throughout 2009, leading to decreased sales of locomotive maintenance and component parts for CAD (see Appendix 3).

The Via contract was awarded to CAD in December 2007. Adjusted EBITDA decreased from $7.5M in 2006 (pro-forma including CAD) to $4.6M in 2008 due primarily to one-time costs associated with the Via contract. Beginning in the fourth quarter of 2008, GBI determined that it had defaulted under the Credit Agreement as a result of its non-compliance with certain debt covenants in the Credit Agreement. GBI began discussions with the Lenders regarding its financial situation and with other parties as alternative sources of financing to support GBI's liquidity requirements. GBI's share price decreased from $3.18 in August 2008 to $1.41 in October 2008 and continued to decline in subsequent months reaching a low of $0.78 in May 2010.

In 2009, the GBI Board established a Special Committee of the Board to explore all available options to maximize shareholder value, including the sale of GBI as a whole or the sale of one or more of GBI's business units. Through a comprehensive auction, 61 prospects were contacted and ultimately, the more profitable business units, G&B Specialties Inc. ("G&B") and Bach Simpson Corporation ("Bach Simpson"), were sold in July and August 2010 to Westinghouse Air Brake Technologies Corporation ("Wabtec"). Gross proceeds from the sale of the divisions of $48M[5] were used in part to repay $21.5M of bank debt. The increase in share price in July and August 2010 may be explained by the sale of the divisions.

While there was considerable interest from purchasers regarding G&B and Bach Simpson, few parties were interested in CAD and no formal expressions of interest in CAD were received during the comprehensive 2009 auction process. One party provided two expressions of interest, including one for GBI en bloc and another for G&B and Bach Simpson but excluding CAD, which implied a value for CAD of only $4.0M. Another party verbally indicated an interest in CAD at a valuation range of $5.0M to $7.5M, but did not submit a written expression of interest. CAD incurred substantial losses in 2009 ($6.6M adjusted EBITDA loss). Losses continued into 2010 but were reduced to $0.9M. The Company returned to profitability in the first quarter of 2011.

5 Gross proceeds indicated are before consideration of transaction costs, restructuring payments, working capital adjustments and potential indemnification claims.

As at March 31, 2011, GBI's balance sheet included $12.6M of cash on hand[6] as well as a balance of sale from Wabtec of $5.4M[7] (totaling $1.18/share) and no bank indebtedness, other than normal course letters of credit. The average share price in March 2011 was $1.21. Net book value as at March 31, 2011, which included the CAD division, totaled $40.5M, representing $2.66/share.

2.3 Operations

The Company's facilities are located in Lachine, Quebec, at an intersection between the CP and CN rail lines, allowing it to service cars and locomotives on each track. CAD is the only major locomotive repair shop within a 1,000KM radius of Montreal. The Company operates five main divisions, summarized below:

- Locomotives – Heavy repair, refurbishment and rebuilding of locomotives. Remanufacturing is attractive to the consumer as it is 50% less expensive than purchasing a new locomotive, while still extending the locomotive's life by 20 years. Remanufacturing includes upgrading the locomotives existing technology to be more environmentally and economically efficient.

  Under the Via contract, locomotive refurbishment is approximately $2M per car. Other contracts for locomotive repairs can range from $5K to $250K per car. These services are provided primarily to railroads and leasing companies.

- Freight Cars – Repair and remanufacturing of freight cars, including head/shell replacement, tank straightening, stress relieving and hydrostatic tank testing. This service is provided primarily to leasing companies (as railroads repair their own freight cars). Repairs can range from $1K to $15K per car.

- Engine and components – Refurbishment of engines and engine parts. The average engine repair contact is $250K.

- Prime – This division supplies major rail operators and is also an internal supplier to CAD, performing metal fabrication on all rolling stock such as doors, hasps, coamings, hitches, pilots, etc. The division was acquired by CAD in 2005 for $1.5M and was fully integrated into the Lachine facilities in June 2008.

- Lab testing – CAD's Engine Systems Development Centre provides advanced research in diesel engine technology to find ways to reduce emissions and provide better fuel economy and higher power density. Qualified researchers, experienced engineers and technicians perform full-scale engine testing and discrete performance analysis. This division has become increasingly important to attract green customers as well as for existing business.

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6 Comprised of $11.85M of GBI non-consolidated cash and $781K of CAD cash.
7 Amounts held in escrow for potential indemnification claims by Wabtec.

The net assets of CAD were purchased by GBI in November 2007, just prior to CAD receiving the Via contract in December 2007. Prior to GBI's purchase of CAD, the Company's business was international across several countries. Subsequent to the purchase, CAD has focused on its Canadian clientele. CAD's main value driver is its ability to identify new contracts to ensure that its capacity is fully utilized.

2.4 Customers

The table below indicates the Company's sales to Via Rail Canada Inc. ("Via") and its next ten largest customers from 2007 to 2010:

CAD RAILWAY INDUSTRIES LTD.
SALES BY CUSTOMER
FOR THE YEARS ENDED DECEMBER 31,
(in thousands)

(Sorted by 2010)	2010		2009		2008	
	$	%	$	%	$	%
VIA RAIL CANADA INC.	**30,424**	**67.0%**	**19,109**	**53.1%**	**3,697**	**11.3%**
CUSTOMER A	2,383	5.2%	1,596	4.4%	1,606	4.9%
CUSTOMER B	1,427	3.1%	-	0.0%	-	0.0%
CUSTOMER C	1,321	2.9%	16	0.0%	52	0.2%
CUSTOMER D	1,102	2.4%	3,714	10.3%	2,299	7.0%
CUSTOMER E	858	1.9%	1,466	4.1%	1,462	4.5%
CUSTOMER F	464	1.0%	1,844	5.1%	-	0.0%
CUSTOMER G	403	0.9%	169	0.5%	1,889	5.8%
CUSTOMER H	350	0.8%	1,071	3.0%	846	2.6%
CUSTOMER I	195	0.4%	298	0.8%	-	0.0%
CUSTOMER J	183	0.4%	436	1.2%	434	1.3%
	39,111	**86.1%**	**29,718**	**82.5%**	**12,286**	**37.5%**
Other Customers	6,288	13.9%	6,288	17.5%	20,491	62.5%
Total Sales	**45,399**	**100.0%**	**36,006**	**100.0%**	**32,777**	**100.0%**

Via sales consist of a single $108.2M contract to remanufacture 53 of Via's F40PH-2 locomotives (70% of Via's locomotive fleet) over five years. The prototype for the contract was built in 2006 and the contract was awarded to CAD in December 2007. The contract called for a new design for the integration of an independent Gen-Set for HEP power, including computer controlled infrastructure between Gen-Set and the balance of the locomotive's control systems; electrical cabinet, car body modification, extension and complete new roof mounted cooling hatches.

The contract sets the same price for each locomotive, plus an annual escalation clause of 2% for labour. In 2010, the Via contract accounted for approximately 67% of CAD's revenues, related to the refurbishment of 15 locomotives. In 2011 and 2012, CAD's management anticipates the refurbishment and delivery of 16 and 12 locomotives, respectively. Sales to Via in 2013 and beyond are projected to be nil.

Aside from Via, there is no dependence on any other customer. CAD generates minimal repeat business. While the table above indicates that some customers repeat from year-to-year, the sales are generated through continuous bidding such that a job with a particular customer will not necessarily lead to more work from that customer in the future.

2.4.1 Go Transit Opportunity

On December 16, 2010, CAD and two of its competitors qualified to submit a bid to the Metrolinx division of Go Transit ("Go Transit") for a contract to repair 127 passenger and transit cars with an option for an additional 22 cars. The bid was prepared from January to April 2011 and formally submitted to Go Transit on April 28, 2011 (after the Valuation Date). On June 24, 2011, the Company was informed that its bid was accepted subject to certain conditions. The Company's bid was $120.6M for all services to be rendered from 2011 to 2017. Management's Projections with Go Transit indicate $17.4M of incremental gross margin (24%) and incremental adjusted EBITDA[8] of $5.2M (73%) arising from the contract from 2011 to 2015[9]. The project would commence in the third quarter of 2011 with a target of three cars to be completed per month in 2011 and two cars per month beginning in 2012. The project is less technically complex than the Via contract, requiring a simpler prototype and fewer labour hours. As such, management is projecting an accelerated learning curve compared to the Via contract.

Given that as at the Valuation Date, it was not known whether the Go Transit contract would be awarded to CAD, we analyzed two different scenarios (Section 2.8.2 details the scenario assuming the Go Transit contract is awarded and Section 2.8.3 details the scenario without the Go Transit contract). Without the Go Transit opportunity and following the completion of the Via contract in 2012, CAD's capacity would be under-utilized. In this scenario, management indicated that a restructuring would be necessary to reduce overhead. Approximately 100 of the Company's 300 employees are directly involved in the Via contract.

2.5 Suppliers

CAD's material requirements are diverse. As such, the Company deals with over 200 suppliers. 120 of the most important parts, representing 80% of the total, are sourced from 30 suppliers. There is some dependence on certain suppliers for more technological items, summarized as follows:

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8 EBITDA was adjusted for public company costs.
9 CAD's management did not prepare projected financial statements for 2016 and 2017.

- Supplier of the generator set installed in most locomotives; to date, CAD has experienced quality issues with this supplier and is looking for a suitable replacement.
- Sole authorized distributor of Electro-Motive (“EMD”) original parts throughout Canada; EMD is a main component of refurbished engines.
- Supplier of microprocessors and fast breaking system.

2.6 Personnel

CAD employed approximately 290 people at the Valuation Date. Due to the fluctuation of business with new contracts, the Company also employs temporary workers as needed.

Over the past five years, CAD has strived to optimize its productivity and general operating efficiency. Most contracts have a built-in learning curve, where the first car or locomotive takes considerably more time and resources than subsequent units. For example, the first Via locomotive required 25,000 labour hours, while the most recent locomotives averaged 10,000 labour hours.

CAD has an advantage over its competitors in that its employees are not unionized. This has allowed the Company to reduce expenses and better align its cost structure, resulting in more competitive bids.

CAD’s senior management includes:

- Fausto Levy – President and Chief Executive Officer;
- Ross Corcoran – Vice President Finance and Chief Financial Officer;
- Lucie Dastous – Executive Vice President; Ms. Dastous has 22 years of industry experience.
- Pierre Tremblay – Vice President of Operations; Mr. Tremblay has more than 20 years of experience with the Company and previously served as Vice President, Marketing and Sales.
- Jean Guy Bergeron – Vice President, Marketing and Sales; Mr. Bergeron is also involved in operations and has been with CAD since prior to its acquisition by GBI.

2.7 Competitors

The locomotive repair and refurbishment industry is concentrated with few direct competitors to CAD. The main industry participants include:

- Industrial Rail Services Inc., a privately-held company which repairs locomotive and passenger cars in Moncton, New Brunswick;
- Bombardier Inc., which manufactures new cars and refurbishes cars when its capacity is not fully utilized;
- Alstom Group, which includes an old CP freight car repair shop which is winding down operations; and
- Ontario Northland Railway, which is owned by the Ontario Government.

Furthermore, certain rail operators service locomotive repairs and refurbishments internally, but may outsource work overflow.

2.8 Financial Overview

2.8.1 Historical Performance

The table below summarizes CAD's financial performance for the years ended December 31, 2006 to 2010:

CAD RAILWAY INDUSTRIES LTD.
SELECTED FINANCIAL INFORMATION FOR THE YEARS ENDED DECEMBER 31
(in thousands)

	2006	2007	2008	2009	2010
	(Actual)	(Actual)	(Actual)	(Actual)	(Actual)
Revenues:					
Via	$ -	$ -	$ 3,692	$ 19,109	$ 30,424
Other	34,195	38,686	29,080	16,897	14,975
	$ 34,195	$ 38,686	$ 32,777	$ 36,006	$ 45,399
Gross Margin	$ 6,654	$ 8,537	$ 5,572	$ (1,982)	$ 2,562
Gross margin %	*19%*	*22%*	*17%*	*-6%*	*6%*
Adjusted EBITDA[1]	$ 1,635	$ 1,806	$ 1,058	$ (6,583)	$ (917)
Adjusted EBITDA %	*5%*	*5%*	*3%*	*-18%*	*-2%*

Note: 2006 and 2007 results per Confidential Information Memornadum prepared by Solaris Capital Advisors Inc., dated March 3, 2011.

Note 1: 2008 to 2010 EBITDA before corporate charges (Schedule A7) was reduced by $600K, representing management's estimate of public company related costs.

Prior to 2008, the Company's business was dominated by a relatively large number of smaller contracts. Since 2009, the Via contract has become the Company's dominant contract demanding that management focus more effort and capacity on this major contract. As a result, other revenues have decreased.

Gross margin was relatively stable from 2006 to 2008, ranging from 17% to 22%. In general, fluctuations in gross margin are expected as different contracts require varying quantities and qualities of material and labour. For example, locomotives require more labour than freight cars. Gross margin suffered in 2009 because of significant, non-recurring costs relating to the Via contract. Gross margin recovered somewhat in 2010 and is expected to increase in future years as management is focussed on reducing material costs and improving labour efficiency (financial projections are summarized and discussed in Sections 2.8.2 and 2.8.3).

Adjusted EBITDA fluctuates closely with gross margin as the majority of the Company's operating expenses are fixed. In addition, in 2008 and 2010, operating expenses were substantially reduced by approximately $2.2M and $1.1M, respectively, by way of a reduction in headcount.

The Adjusted EBITDA losses sustained in 2009 and 2010 are a direct result of the unprofitability of the Via contract. In bidding for the Via contract, management did not anticipate the extent of the learning curve and underestimated the labour requirements.

2.8.2 Projected Performance – Scenario 1 (With Go Transit)

The following table summarizes management's projected performance at the Valuation Date if the Go Transit Contract is awarded ("Scenario 1"):

CAD RAILWAY INDUSTRIES LTD.
SELECTED PROJECTED FINANCIAL INFORMATION - WITH GO TRANSIT CONTRACT
FOR THE YEARS ENDED DECEMBER 31
(in thousands)

	2010	2011	2012	2013	2014	2015
Revenues:	(Actual)	(Projected)	(Projected)	(Projected)	(Projected)	(Projected)
Via	$ 30,424	$ 29,208	$ 22,403	$ -	$ -	$ -
Go Transit	-	1,922	27,597	18,683	23,695	23,987
Other	14,975	16,545	19,384	21,387	22,700	23,024
	$ 45,399	$ 47,675	$ 69,385	$ 40,071	$ 46,395	$ 47,011
Year-over-year growth		*5%*	*46%*	*-42%*	*16%*	*1%*
Gross Margin	$ 2,562	$ 4,293	$ 10,097	$ 4,794	$ 5,686	$ 6,716
Gross margin %	*6%*	*9%*	*15%*	*12%*	*12%*	*14%*
Adjusted EBITDA[1]	$ (917)	$ (12)	$ 5,919	$ 1,067	$ 1,974	$ 2,987
Adjusted EBITDA %		*0%*	*9%*	*3%*	*4%*	*6%*
Cash flow from change in non-cash working capital	$ 207	$ 205	$ 3,084	$ 1,486	$ 295	$ 343
Capital expenditures	$ 410	$ 3,874	$ 962	$ 608	$ 530	$ 200

Note 1: EBITDA before corporate charges (Schedule A7) was reduced by $600K, representing management's estimate of public company related costs.

In 2011, CAD's revenues are expected to increase by 5% over 2010, due to the Go Transit Contract and an anticipated increase in revenues from smaller contracts based on the Company's sales pipeline and an anticipated demand for rail related services due to improvements in the economic and industry outlook[10]. The increase in revenues in 2012 and subsequent years[11] is the result of the Go Transit contract, which ends in 2017. Furthermore, other revenue is expected to increase as management continues to pursue smaller contracts.

Gross margin is expected to increase to 9% in 2011, based on management's plans to reduce material costs and increase labour efficiency. Margin is further expected to improve in 2012, as CAD benefits from the learning curve of the Go Transit contract. Long-term targeted gross margin of 14% will be obtained by 2015.

Operating expenses are primarily fixed. As such, with the exception of the transition year (2013, being the first year without the Via contract), Adjusted EBITDA is expected to improve each year.

Changes in non-cash working capital have a material effect on cash flow. As the Via contract winds down (target completion date of November 2012), Via inventory and receivables are expected to decrease. In late 2012 and beginning of 2013, the last payments from Via will be collected, explaining the decrease in working capital. In 2014, the Company expects to sell $1.4M of projected remaining inventory to Via at cost, which is required to service Via warranties and guarantees until 2014. Furthermore, the Go Transit contract will contribute to the fluctuations in working capital; in December 2012, billings to Go Transit are expected to be $800K higher than in December 2013, further decreasing non-cash working capital that year.

Capital expenditures are expected to be significant in 2011. The Company will implement an ERP system to properly integrate its inventory management with its accounting software. The Company will also incur capital expenditures in 2011 related to track improvements and required upgrades to its facility to prepare for the Go Transit contract. These expenditures will be completed in 2012, after which capital expenditures are expected to return to normal levels. While requirements for capital expenditures vary from year-to-year, long-term sustainable capital expenditures are estimated to be approximately $400K.

[10] See Appendix 3 – Economic and Industry Overview

[11] With the exception of 2013, where overall revenues decline due to the projected completion of the Via contract

2.8.3 *Projected Performance –Scenario 2 (Without Go Transit)*

The following table summarizes management's projected performance if the Go Transit Contract is not awarded ("Scenario 2"):

CAD RAILWAY INDUSTRIES LTD.
SELECTED PROJECTED FINANCIAL INFORMATION - WITHOUT GO TRANSIT CONTRACT
FOR THE YEARS ENDED DECEMBER 31
(in thousands)

	2010	2011	2012	2013	2014	2015
	(Actual)	(Projected)	(Projected)	(Projected)	(Projected)	(Projected)
Revenues:						
Via	$ 30,424	$ 29,208	$ 22,403	$ -	$ -	$ -
Other	14,975	17,245	25,534	31,737	34,200	34,524
	$ 45,399	$ 46,453	$ 47,938	$ 31,737	$ 34,200	$ 34,524
Year over year growth		*2%*	*3%*	*-34%*	*8%*	*1%*
Gross Margin	$ 2,562	$ 5,090	$ 6,247	$ 4,344	$ 5,099	$ 5,322
Gross margin %	*6%*	*11%*	*13%*	*14%*	*15%*	*15%*
Adjusted EBITDA[1]	$ (917)	$ 851	$ 2,019	$ 755	$ 1,480	$ 1,686
Adjusted EBITDA %		*2%*	*4%*	*2%*	*4%*	*5%*
Cash flow from changes in non-cash working capital	$ 207	$ 1,054	$ 4,356	$ 180	$ 1,205	$ (247)
Capital Expenditures	$ 410	$ 3,084	$ 782	$ 318	$ 530	$ 200

Note 1: 2008 to 2010 EBITDA before corporate charges (Schedule B7) was reduced by $600K, representing management's estimate of public company related costs.

After eliminating the impact of the Via contract, revenues are expected to increase annually from 2010 to 2015. Management expects higher revenues from smaller contracts in Scenario 2 ($31.7M in 2013 vs. $21.4M in Scenario 1) as explained by the following:

- In Scenario 1, the Go Transit contract will utilize a significant portion of CAD's management capacity as well as the focus of qualified project managers.

- In Scenario 2, project managers will be able to work and bid more aggressively on smaller contracts, and more shop capacity will be available. As well, financial resources and capital expenditures could be diverted to other revenue activities.

Gross margin is expected to increase to 11% in 2011, based on management's plans to reduce material costs and increase labour efficiency. Projected gross margin is higher in Scenario 2 as smaller contracts are more profitable than a major contract like Go Transit, reflecting the absence of volume discounts. Operating expenses are mainly fixed, and accordingly are projected to be the similar in Scenarios 1 and 2.

As discussed above, reductions in non-cash working capital from 2011 to 2014 are mainly driven by the completion of the Via contract, including the collection of receivables and the sale of projected remaining Via inventory in 2014, offset somewhat by increases in accounts receivable and inventory due to increased other revenues. The increase in non-cash working capital in 2015 is driven by the increase in other revenues.

In Scenario 2, capital expenditures will be reduced in 2011 and 2012 as the Company will not invest in track upgrades needed to support the increased number of cars related to the Go Transit Contract. All other capital expenditures, including the ERP system, are still needed. While requirements for capital expenditures vary from year-to-year, long-term sustainable capital expenditures are estimated to be approximately $300K in a scenario without a major contract.

3 Valuation Methodology

3.1 General

There are three basic, generally accepted, approaches for valuing a business, business ownership interest or security:

- The Asset-Based (Cost) Approach;
- The Income Approach;
- The Market Approach.

In certain cases, a combination of the foregoing three concepts or approaches or other industry benchmarks, may be appropriate.

3.2 Asset-Based Approach

The Asset-Based Approach is adopted where either (a) liquidation is contemplated because the business is not viable as a going-concern, (b) the nature of the business is such that asset values constitute the prime determinant of corporate worth (i.e. vacant land, a portfolio of real estate or marketable securities, etc.), or (c) there are no indicated earnings/cash flows to be capitalized.

3.3 Income Approach

The Income Approach is a general way of determining a value indication of a business (or its underlying assets) using one or more methods wherein a value is determined by converting anticipated benefits. This approach contemplates the continuation of the business' operations.

The more common methodologies applied under the Income Approach are:

- Capitalizing operating earnings or cash flow applying the Capitalized Earnings Method or the Capitalized Cash Flow Method; and
- Discounting the future stream of the benefits, applying either the Discounted Cash Flow ("DCF") Method or the Discounted Future Earnings ("DFE") Method.

3.4 Market Approach

The Market Approach is a general way of determining a value indication of a business or an equity interest therein using one or more methods that compare the subject to similar businesses, business ownership interests and securities which have been sold. Examples of methods applied under this approach include (a) the "Guideline Company Method" and (b) analyses of prior transactions in the ownership of the subject company.

4 Valuation Approaches Adopted

Management believes that new contracts will be signed subsequent to the completion of the Via contract and expects the business to operate as a going concern. Accordingly, we valued CAD using a going concern approach. However, given the competitive market conditions, the Company's historical losses, and the risk of not obtaining any new contracts, a prospective purchaser of the operations en bloc would view new contracts as bearing risk of failure and accordingly, would also consider the liquidation value of CAD. As such, we calculated CAD's fair market value using three different valuation methodologies:

- The Income Approach, applying the DCF Method;
- The Asset-based Approach, applying the Orderly liquidation Method; and
- The Market Approach, applying analyses of precedent transactions and the Guideline Company Method.

These three methodologies are explained in the following sections of the Report.

Our final determination of the fair market value of the Investments in CAD is based on the income and the asset-based approaches. While we calculated fair market value using the market approach, given the limited relevance of available information regarding publicly-traded competitors and publicly-announced transactions, this method was not retained as one of our primary valuation approaches. We also considered the trading price of the GBI shares, as discussed in Section 5.4.4 and the precedent valuation discussed in Section 5.5.

4.1 Application of the DCF Method

Our application of the DCF Method involved the following distinct steps:

a) Analyzing CAD's projections for the years ended December 31, 2011 to December 31, 2015. Management developed two sets of projections: one with the Go Transit contract and one without. The projections are referred to as the "Projections with Go Transit" or "Scenario 1" and the "Projections without Go Transit" or "Scenario 2", and are collectively referred to as the "Financial Projections."

b) From the Projections with Go Transit and the Projections without Go Transit, determining a level of debt-free cash flow for each of the fiscal years during the projection period, net of income taxes;

c) Selecting an appropriate discount rate to apply to the debt-free cash flow in Scenarios 1 and 2 arrived at in (b), having regard to the internal and external factors impacting the Company. The discount rate reflects the Company's estimated weighted average cost of capital ("WACC"). The Company's WACC reflects its after-tax costs of interest bearing debt and equity weighted in accordance with its optimal capital structure (levels of equity and interest bearing debt). In the context of CAD's terminal value, the WACC will also reflect expected growth in future cash flow.

d) Determining the present value of future cash flow at the Valuation Date for each of the periods in Scenario 1 and 2 arrived at in (b) by applying the discount rate selected in (c);

e) Determining the terminal value of the Company at the end of the projection period in each scenario, by capitalizing the sustainable cash flow by a rate of return and discounting it back to the Valuation Date, to arrive at the present value of the Company's terminal value;

f) Aggregating the present value of the Company's future cash flow in each scenario determined in (d), the present value of the terminal value determined in (e), and the present value of the tax shield on CAD's depreciable assets and loss carry forwards to arrive at the Company's going concern value.

g) To the going-concern value, we add redundant assets net of redundant liabilities to calculate enterprise value also referred to as the Investments in CAD;

h) From enterprise value, we deduct the intercompany payable to GBI, yielding the fair market value of the Issued Shares.

4.2 Application of the Orderly Liquidation Method

Given that the Via contract is scheduled to end in December 2012, a potential purchaser may choose to liquidate the Company's assets subsequent to the contract's completion, rather than operating the Company as a going-concern, which would require significant business development and entails execution risk. We understand that failure to complete the Via contract by CAD would result in significant financial penalties for the Company. As such, the following analysis reflects December 31, 2012 as the liquidation date, in order to maximize shareholder value in an orderly liquidation scenario.

In applying the orderly liquidation approach, the Company's projected assets and liabilities as at December 31, 2012 are written up or down, as the case may be, to their respective liquidation values. From the gross estimated realization value of the net assets, we deducted liquidation costs. Given that an orderly liquidation would take place in December 2012, we discounted each realization value to the Valuation Date based on the assumed time it would take to liquidate each respective asset. From net discounted estimated realization value or Investments in CAD, we add the March 31, 2011 cash balance and deduct the intercompany payable to GBI to yield the fair market value of the Issued Shares.

4.3 Application of the Market Approach

The application of the Market Approach included the determination of valuation multiples applied to CAD to arrive at the Company's enterprise value or Investments in CAD, based on the following three methodologies:

- EBITDA multiples implied from the divestiture of GBI's former subsidiaries, G&B and Bach Simpson, as well as the previous acquisition of CAD by GBI in 2007 ;
- Analysis and review of precedent transactions involving industry participants;
- Analysis and review of valuation multiples of public companies operating in the same industry as CAD; and
- Analysis of the GBI share price.

To the going-concern value, we add redundant assets net of redundant liabilities to calculate enterprise value or Investments in CAD. From enterprise value, we deduct the intercompany payable to GBI to yield the fair market value of the Issued Shares.

5 Valuation of the Company

5.1 DCF Method – Scenario 1

5.1.1 Projected Debt-Free Cash Flow – Scenario 1

A summary of the debt-free cash flow over the projection period is as follows:

CAD RAILWAY INDUSTRIES LTD.
DEBT-FREE CASH FLOW - SCENARIO 1
(in thousands)

			2011	2012	2013	2014	2015	Terminal
			(9 months)	(12 months)	(12 months)	(12 months)	(12 months)	(12 months) (Note 1)
Gross Revenue			$ 47,675	$ 69,385	$ 40,071	$ 46,395	$ 47,011	$ 47,951
Projected revenue growth				45.5%	-42.2%	15.8%	1.3%	2.0%
EBITDA (without corporate charges)		(Schedule A7)	826	6,519	1,667	2,574	3,587	
LESS: Normalized corporate charges			(450)	(600)	(600)	(600)	(600)	
Adjusted EBITDA			376	5,919	1,067	1,974	2,987	2,240
EBITDA Margin			*0.8%*	*8.5%*	*2.7%*	*4.3%*	*6.4%*	*4.7%*
LESS:	Income taxes		(107)	(1,592)	(287)	(531)	(803)	(603)
	Income tax rate		*28.4%*	*26.9%*	*26.9%*	*26.9%*	*26.9%*	*26.9%*
ADD:	Changes in non-cash working capital	(Schedule A8)	205	3,084	1,486	295	343	(106)
LESS:	Estimated capital expenditures, net of tax shield	(Schedule A8)	(3,271)	(820)	(518)	(452)	(171)	(490)
Projected Discretionary Cash Flow			**$ (2,796)**	**$ 6,591**	**$ 1,748**	**$ 1,286**	**$ 2,356**	**$ 1,042**

Note 1: Terminal EBITDA calculation	
2015 Adjusted EBITDA	$ 2,987
Adjustment factor	**75.0%**
Terminal EBITDA	$ 2,240

- The projections were prepared by the Company.

- The projections were prepared for three distinct revenue streams: Via, Go Transit and other contracts. Via revenue and gross margin was projected based on historical figures and management's expectations for the balance of the contract. Go Transit revenue and gross margin were based on the bid submitted to Go Transit. Other revenues, related gross margins and operating expenses were projected based on historical experience, the sales pipeline and industry outlook at the Valuation Date, as well as consideration of management's cost cutting initiatives which are being implemented at the Valuation Date. In analysing the Financial Projections, we compared the projected gross margin for each department to the Company's historical results.

- Corporate charges were normalized to $600K to reflect public-company costs. For example, director, audit and legal fees would be reduced if CAD were acquired by a private company or a public company which already has its own infrastructure to support the financial reporting requirements of CAD.

5.1.2 Discount Rate

As discussed in Section 4.1, CAD's capitalization rate reflects its WACC. We estimated the pre-tax costs of debt to be 4.0%, corresponding to after-tax rates of 2.9%. In determining CAD's debt capacity, we considered its tangible assets available as security as well as its indicated terminal Adjusted EBITDA and estimated that the Company's capital structure would consist of approximately 65% equity, and 35% debt (Schedule A9).

Using the Build-Up Method, CAD's cost of equity was determined as follows:

CAD RAILWAY INDUSTRIES LTD. COST OF EQUITY	
Long-term selected Government of Canada benchmark bond yield[1]	3.75%
Long-horizon expected equity risk premium[2]	4.40%
Size premium[3]	8.16%
Company specific premium[4]	4.00%
After-tax cost of equity	**20.31%**

Note 1:	Long-term (10-year+) Government of Canada Bond.
Note 2:	Morningstar 2010 Canadian Risk Premia Over Time Report. Long Horizon equity risk premium (1963 to 2009).
Note 3:	Based on the Duff & Phelps 2010 Risk Premium report.
Note 4:	RSM Richter estimate

The starting point in this method is the risk-free rate (as estimated by the rate of return on long-term government bonds), to which we added an equity risk premium, which corresponds to the risk of the investment being valued. The equity risk premium reflects a general equity risk premium, a size premium and a company-specific risk premium. The factors used to determine the company-specific risk premium are described below:

Positive Factors

- The Company's experience with Via, including gaining visibility in the industry and extensive knowledge gained through extended learning curve, enabling more accurate bidding and budgeting with respect to large contracts;
- High tangible asset backing;
- Diverse supplier base with little dependence on any one supplier; and
- Experienced management team.

Negative Factors

- Historical operating losses in 2008 to 2010;
- The management projections assume increased profitability compared to prior years. Under the ownership of GBI, CAD has never achieved the profitability projected in the terminal year.
- Revenues are primarily attributable to major contracts (Via and Go Transit) which span over several years.
  - The major contracts are complicated. Failure to meet the contractual obligations could result in financial penalties and/or lower profits.
  - The terminal value assumes the ability to sign other major contracts in the future and achieve a shorter learning curve that with Via. There is a limited market for major contracts.
  - Price competition for other major contracts could erode the Company's competitive position and profitability. Certain competitors have a broader range of products, greater financial resources and larger marketing capabilities.
- The projections reflect reduced material cost and improved labour efficiencies. There is a risk that the anticipated cost savings will not materialize to the level projected, which would result in reduced profitability;
- Lack of a recurring revenue base, as the level of annual revenues, outside of large contracts such as Via and Go Transit, depend on management's ability to consistently sign new contracts;

- Uncertainty with respect to the economic conditions, as the rail industry is highly dependent on the overall economic conditions;
- Impact of the Company's ability to compete in the U.S. or abroad due to fluctuations in the strength of the Canadian dollar; and
- Illiquidity of an investment in CAD (relative to alternate investments).

Based on these factors, we determined CAD's company-specific risk premium to be 4% yielding an overall cost of equity of approximately 20.3%.

Using our estimated after-tax costs of debt and equity, and CAD's estimated optimal capital structure, we determined its WACC (discount rate) to be in the range of 13.5% to 14.9% (Schedule A9).

5.1.3 Present Value Summary

Applying discount rates of 13.5% to 14.9% to the debt-free cash flow, we arrived at the present value of future cash flow of $6.3 million to $6.5 million (Schedule A2).

5.1.4 Terminal Value

The DCF Method also takes into account the present value (as at the Valuation Date) of the Company's residual or terminal value. In order to determine such terminal value, we calculated the Company's capitalized cash flow value at the end of the projection period based on projected 2015 Adjusted EBITDA. Using 2015 Adjusted EBITDA as our terminal EBITDA implicitly assumes that CAD's management will be able to sign another major contract after the completion of the Go Transit contract and thereafter. If this occurred, the Company would need to re-start the learning curve process. Since 2015 is the Company's most profitable year with the Go Transit contract (learning curve complete), we applied a 25% discount to the 2015 Adjusted EBITDA to normalize the Company's profitability on a long-term basis. From terminal Adjusted EBITDA, we deducted income taxes and sustaining capital reinvestment, net of tax shield and added changes in non-cash working capital (Schedule A4).

In determining the capitalization rate (price/cash flow multiple) to be applied to the terminal value of debt free cash flow, we deducted from the Company's WACC discount rate an inflation factor of 2.0%. Therefore, the capitalization rates applicable to the terminal value debt free cash flow are 11.5% to 12.9% (representing price/cash flow multiples of 7.7x to 8.7x). We applied these multiples to the terminal value debt free cash flow of $1.2M, yielding a capitalized cash flow value of the Company at the end of the projection period of $8.9M to $10.0M. Applying thereto discount rates of 13.5% to 14.9%, we arrived at a present value of the terminal value of the Company as at the Valuation Date, $4.9M to $5.8M (Schedule A3).

5.1.5 Going Concern Value

To the present value of debt free cash flow of $6.3M to $6.5M (Schedule A2), we made the following adjustments:

- Added the present value of the terminal value, $4.9M to $5.8M (Schedule A3);
- Added the estimated tax shield on capital assets of $0.5M (Schedule A6); and
- Added estimated tax shield on loss carry forwards of $2.0M (Schedule A6.1).

The result yields the Company's going concern value of $13.7M to $14.8M, a midpoint of $14.3M (Schedule A1).

5.1.6 Fair Market Value of the Investments in CAD

To the Company's going concern value, we deducted net redundant liabilities of $2.8M as follows:

- Employee termination cost of $0.3M was deducted;
- Environmental liability of $2.5M, relating to soil contamination beneath CAD's two buildings, was deducted. In April 2008, the Company received an estimate of the environmental rehabilitation cost for one of its two buildings in the range of $0.2M to $2.3M. In its financial statements for the quarter ended March 31, 2011, the Company recorded a provision of $0.9M[12] Management indicated that the second building is also contaminated but that the environmental rehabilitation cost was not estimated. For the purpose this analysis, it was assumed that the environmental damage would have to be remedied prior to the sale of the Company and that the rehabilitation cost would be $1.25M for each building.

Deducting the net redundant liabilities from the going concern value yields a fair market value of the Investments in CAD of $10.9M to $12.0M. From this amount, we added the cash balance of $0.8M and deducted the $5.3M intercompany payable due to GBI to arrive at an estimated fair market value of the Issued Shares in the range of $6.3M to $7.4M.

[12] $0.9M was based on an estimate of $1.25M, discounted to reflect the time value of money.

5.1.7 *Sensitivity Analysis*

We considered the impact of the discount rate on the DCF – Scenario 1 valuation conclusion. The following table summarizes the valuation conclusions assuming a 13% to 15% WACC.

Sensitivity Analysis - DCF Scenario 1			
(in thousands)	Discount Rate		
	13.0%	*14.2%*	*15.0%*
Investments in CAD	$ 12,657	$ 11,445	$ 10,808

5.1.8 *Value of Goodwill*

As indicated in the following table, our determination of fair market value using the DCF method for Scenario 1 yields a significant negative value for goodwill ($4.7M to $5.8M). The negative goodwill is explained by CAD's low expected level of profitability relative to the significant tangible assets (non-cash working capital and fixed assets) required to operate the business. In other words, the Company's profitability is insufficient to support the current level of investment in tangible assets.

CAD RAILWAY INDUSTRIES LTD. COMPONENTS OF GOING-CONCERN VALUE				
		Range		
		Low	**High**	**Midpoint**
Going-concern Value		$ 13,700	$ 14,840	$ 14,270
Components of value:				
Non-cash working capital	(Schedule A5)	10,708	10,708	10,708
Fixed assets	(Schedule A5)	8,829	8,829	8,829
Implied Goodwill		**(5,837)**	**(4,697)**	**(5,267)**

5.2 DCF Method – Scenario 2

5.2.1 Projected Debt-Free Cash Flow – Scenario 2

A summary of the debt-free cash flow over the projection period is as follows:

CAD RAILWAY INDUSTRIES LTD.
DEBT-FREE CASH FLOW - SCENARIO 2
(in thousands)

			2011	2012	2013	2014	2015	Terminal
			(9 months)	(12 months)	(12 months)	(12 months)	(12	(12
Gross Revenue			$ 35,335	$ 47,938	$ 31,737	$ 34,200	$ 34,524	$ 35,215
Projected revenue growth				35.7%	-33.8%	7.8%	0.9%	2.0%
EBITDA (without corporate charges)		(Schedules B7)	1,623	2,619	1,355	2,080	2,286	2,331
LESS: Normalized corporate charges			(450)	(600)	(600)	(600)	(600)	(600)
Adjusted EBITDA			1,173	2,019	755	1,480	1,686	1,731
EBITDA Margin			*3.3%*	*4.2%*	*2.4%*	*4.3%*	*4.9%*	*4.9%*
LESS:	Income taxes		(333)	(543)	(203)	(398)	(453)	(466)
	Income tax rate		*28.4%*	*26.9%*	*26.9%*	*26.9%*	*26.9%*	*26.9%*
ADD:	Changes in non-cash working capital	(Schedule B8)	1,054	4,356	180	1,205	(247)	(83)
LESS:	Estimated capital expenditures, net of tax shield	(Schedule B8)	(2,604)	(667)	(271)	(452)	(171)	(390)
Projected Discretionary Cash Flow			**$ (710)**	**$ 5,165**	**$ 460**	**$ 1,835**	**$ 814**	**$ 793**

- The projections were prepared for two distinct revenue streams: Via and other contracts. Projections were derived by management as explained in Section 5.1.1. Other revenues in Scenario 2 are forecasted to be higher than those of Scenario 1 due to excess capacity, reduced capital expenditures and the availability of additional project managers not utilized by the Go Transit contract.

- Corporate charges were normalized as indicated in Section 5.1.1.

5.2.2 Discount Rate

We applied the same discount rate used in Scenario 1 described in Section 5.1.2 (Schedule B9).

5.2.3 Present Value Summary

Applying discount factors of 13.5% to 14.9% to the debt-free cash flow, we arrived at the present value of future cash flow of $5.6M to $5.8M (Schedule B2).

5.2.4 Terminal Value

The terminal value in Scenario 2 was calculated using the same methodology and capitalization rates described in Section 5.1.4, except that 2015 Adjusted EBITDA was not adjusted for the learning curve related to large contracts, as no major contract is assumed in Scenario 2. We applied the multiples to the terminal value debt free cash flow of $0.9M, yielding a capitalized cash flow value of the Company at the end of the projection period of $6.9M to $7.7M. Applying thereto discount rates of 13.5% to 14.9%, we arrived at present value of the terminal value of the Company as at the Valuation Date, $3.8M to $4.5M (Schedule B3).

5.2.5 Going Concern Value

To the present value of debt free cash flow of $5.6M to $5.8M (Schedule B2), we made the following adjustments:

- Added the present value of the terminal value, $3.8M to $4.5M (Schedule B3);
- Added the estimated tax shield on capital assets of $0.4M (Schedule B6); and
- Added the estimated tax shield on loss carry forwards of $1.7M (Schedule B6.1);

The result yields the Company's going concern value of $11.4M to $12.3M, a midpoint of $11.9M (Schedule B1).

5.2.6 Fair Market Value of Investments in CAD

To the Company's going concern value, we deducted net redundant liabilities of $2.8M (as described in section 5.1.6), yielding the fair market value of Investments in CAD of $8.6M to $9.5M, a midpoint of $9.1M (Schedule B1). From this amount, we added the cash balance of $0.8M and deducted the $5.3M intercompany payable due to GBI to arrive at an estimated fair market value of the Issued Shares in the range of $4.1M to $4.9M.

5.2.7 Value of Goodwill

As indicated in the following table, our determination of fair market value using the DCF method for Scenario 2 yields a significant negative value for goodwill ($7.2M to $8.1M), as explained in Section 5.1.7.

CAD RAILWAY INDUSTRIES LTD. COMPONENTS OF GOING-CONCERN VALUE				
		Range		
		Low	High	Midpoint
Going-concern Value		$ 11,462	$ 12,342	$ 11,902
Components of value:				
Non-cash working capital	(Schedule B5)	10,708	10,708	10,708
Fixed assets	(Schedule B5)	8,829	8,829	8,829
Implied Goodwill		**(8,074)**	**(7,194)**	**(7,634)**

5.3 Orderly Liquidation Method

We also valued the Company's assets and liabilities at their orderly liquidation values. Our starting point was the Company's projected balance sheet as at December 31, 2012 (the "Liquidation Date"), to which we made the adjustments detailed on Schedule D1. December 31, 2012 approximates the completion date of the Via contract.

This scenario assumes that the assets will be liquidated over an 18-month period and that efforts will be made to obtain the highest value from the sale of the assets and eventual wind-down of operations.

5.3.1 Cash

Cash was valued at book value. In addition, we added cash savings from reduced capital expenditures in a wind down scenario. If the Company were to liquidate after the completion of the Via contract, it would not invest in the ERP system and track upgrades that are required in a going-concern context. Cash was assumed to be recoverable on the Liquidation Date.

For comparative purposes to the valuation conclusions under the other scenarios, we presented the March 31, 2011 cash balance of $0.8M as an adjustment from the net realization value of the Investments in CAD to arrive at the estimated fair market value of the Issued Shares.

5.3.2 Accounts receivable

Management has represented that full and adequate provisions have been made for doubtful accounts in a going concern scenario. We have assumed that in a liquidation scenario, customers may raise various issues (warranty or otherwise) which would ultimately have a negative impact on the collection of accounts receivable. In the context of an orderly liquidation we have assumed a net recovery rate of 90% to 95% of book value. Receivables were assumed to be recoverable within 2 months of the Liquidation Date (i.e. 23 months from the Valuation Date).

5.3.3 Prepaid expenses

Prepaid expenses were assumed to be non-recoverable, except to the extent that they offset estimated liquidation period costs, such as taxes, insurance and utilities.

5.3.4 Inventories

The net realizable value of inventory was analyzed separately for Via and other inventories. All inventories were assumed to be recoverable within 2 months of the Liquidation Date (i.e. 23 months from the Valuation Date).

5.3.4.1 Via Inventory

We assumed that Via inventory would eventually be sold to Via at 60% to 75% of it cost.

5.3.4.2 Other Inventory

Other inventory consists primarily of parts and raw materials. As the inventory is highly specialized, it was assumed it would be sold to CAD's competitors at a large discount to book value. We estimated a 35% to 45% recovery rate, net of freight costs and discounts required to liquidate the inventory.

5.3.5 Research and Development Credits Receivable

Research and development credits receivable were assumed to have a net realizable value which approximates their book value and were assumed to be recoverable 18 months from the Liquidation Date.

5.3.6 Fixed Assets

5.3.6.1 Land and Buildings

There are several factors that negatively impact the marketability and value of the Company's land and buildings. These factors include that the Company's buildings are single-purpose facilities and the environmental liability. We relied on independent appraisal reports prepared by CIA CPCC Inc. ("CIA CPCC") dated October 28, 2010 for the value of the land and buildings and the duration of the marketing period. The appraisal estimates the value of the land and buildings to be $10.5M and that it would take 18 months from the Liquidation Date to consummate the sale.

5.3.6.2 Machinery and Equipment

We relied on independent appraisal reports prepared by CIA CPCC dated April 26, 2011 for the value of the machinery and equipment and the duration of the marketing period. The appraisal estimates the value of the machinery and equipment at $2.7M and that it would take six months to liquidate.

5.3.7 Future income taxes

It was assumed that the tax losses would not be utilized or sellable in a wind down scenario.

5.3.8 Accounts Payable and Accrued Liabilities

Management represented that the fair value of the accounts payable and accrued liabilities approximates their carrying value with the exception of the warranty provision which is understated by approximately $250K. The accounts payable and accrued were assumed to be repaid within 2 months of the Liquidation Date.

5.3.9 Environmental Liability

As discussed in Section 5.1.6, the value of the environmental liability was estimated at $2.5M. The soil would need to be rehabilitated on the Liquidation Date.

5.3.10 Liquidation costs

We deducted liquidation costs including:

- Commissions, estimated at 5% for the land and buildings and between 20% to 25% for the machinery and equipment;
- Severances, estimated under the assumption of 12 weeks in accordance with the Act Respecting Labour Standards. The high scenario assumes 50% working notice and 50% cash payment and the low scenario assumes 100% cash payment. Contractual severances were accrued for two senior employees (in lieu of the 12 weeks standard provision);
- Professional fees, consisting of legal fees in a liquidation, were estimated at $0.5M; and
- Insurance, security, taxes and utilities on the land and buildings over the 18-month liquidation period were estimated at $0.9M, net of the related prepaid expenses.

Potential income tax obligations arising from the sale of the Company's assets would be offset by available loss carry forwards at the Liquidation Date.

5.3.11 Fair Market Value of the Investments in CAD

Under the orderly liquidation method, we determined the Company's adjusted net realizable value on the Liquidation Date to be in the range of $17.8M to $19.8M (undiscounted). We then discounted each asset and liability to the Valuation Date based on their estimated recovery time. The discount rate selected was in the range of 8% to 10%, being lower than the Company's WACC, having regard to the decreased execution risk in a wind-down scenario compared to a going concern context. The fair market value of the Investments in CAD is estimated to be in the range of $10.9M to $12.1M (Schedule D1). From this amount, we added the cash balance of $0.8M and deducted the $5.3M intercompany payable due to GBI to arrive at an estimated fair market value of the Issued Shares in the range of $6.4M to $7.5M.

5.4 Market Approach

5.4.1 Precedent Transaction – CAD, G&B and Bach Simpson Transactions

The net assets of CAD were purchased in November 2007 by GBI for $22M, adjusted for a working capital deficiency to $20.5M. GBI assumed $0.8M of interest bearing debt pursuant to the transaction, implying an enterprise value of $22.8M. The transaction was negotiated based on a normalized EBITDA of $3.6M, implying a 6.33x EBITDA multiple. At the purchase date, pro-forma 2008 EBITDA was projected at $4.2M, implying a 5.39x EBITDA multiple. We considered the implied next twelve months ("NTM") EBITDA multiple of the CAD acquisition.

On July 14, 2010, GBI agreed to sell G&B and Bach Simpson, two former subsidiaries, to Wabtec. The transaction implied a combined enterprise value of the two companies of $48.0M, allocated $35.0M to G&B and $13.0M to Bach Simpson. The purchase price was negotiated as a function of each subsidiary's EBITDA. On or about the date of the purchase agreement, pro-forma 2010 EBITDA was projected at $5.10M and $2.15M for G&B and Bach Simpson, respectively, implying EBITDA multiples of 6.86x and 6.05x, respectively. The purchase price excluded the lease of the subsidiaries' buildings and severances of $1.5M related to the restructuring of GBI subsequent to the transaction. Proceeds from the transaction (net of bank debt, working capital adjustments, restructuring payments and transaction costs) remain in GBI.

On Schedule C1, we applied the range of enterprise value to EBITDA multiples implied by the aforementioned precedent transactions multiples of 5.39x, 6.05x and 6.86x to CAD's March 31, 2011 NTM Adjusted EBITDA of $1.6M based on the Scenario 1 projections, yielding a range of values of $8.4M to $12.6M. To this value, we added a one-time increase in 2012 EBITDA[13], discounted at the WACC implied in each precedent transaction multiple.

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13 Management forecasted a non-recurring increase in 2012 EBITDA as the Company expects to realize revenues from the Go Transit and Via contracts in 2012 in Scenario 1. Similar increases were not anticipated by G&B or Bach Simpson when the transactions negotiated. For CAD, no such adjustment was made as an increase in EBITDA was expected at the time of the precedent transaction.

To the going concern value, we deducted net redundant liabilities of $2.3M to $2.8M as described in Section 5.1.6[14], yielding the enterprise value / fair market value of investments in CAD of $6.1M to $8.5M. From this amount, we added the cash ($0.8M) and deducted the intercompany payable to GBI ($5.3M) yielding the estimated fair market value of the Issued Shares of $1.5M to $3.9M.

5.4.2 Precedent Transactions - Other

We analyzed four transactions which occurred in the past three years involving companies in the transport equipment industry ("Comparable Transactions"). Of these transactions, three were for 100% cash consideration and one transaction was for shares and cash. Of the four target companies, two operated in the railroad industry. Implied enterprise value to EBITDA multiples were available for two Comparable Transactions. These two multiples differed significantly and were not found to be meaningful. Given that most transactions in this industry are negotiated through an EBITDA multiple (as illustrated by the precedent transaction in section 5.4.1), revenue multiples were also not found to be meaningful. As such, we did not proceed with an analysis of other precedent transactions in the industry.

5.4.3 Guideline Companies

We analyzed the market prices (as at the Valuation Date) and financial results of 11 companies operating in similar markets as CAD (the "Guideline Companies"). The Guideline Companies include eight based in the United States and three based in Canada. Furthermore, of the 11 Guideline Companies, five have extensive operations remanufacturing, servicing and designing railroad equipment, while the others remanufacture and service other transport equipment. The last twelve months sales of the Guideline Companies range from $48M to $2,379M.

As discussed in Section 4.3, in determining CAD's fair market value using the Comparable Transactions, we considered the enterprise value to EBITDA multiples. On Schedule C2, we applied an average of the normalized NTM multiples of 4.7x to 11.3x to CAD's March 31, 2011 NTM EBITDA of $1.6M as provided by management, yielding a going concern value of $7.3M to $17.6M. To this value, we added a one-time increase in 2012 EBITDA, discounted at the WACC implied by the Guideline Company multiples. To the going concern value, we deducted net redundant liabilities of $2.8M as described in Section 5.1.6, yielding the enterprise value / fair market value of investments in CAD of $6.3M to $16.8M. From this amount, we added the cash ($0.8M) and deducted the intercompany payable to GBI ($5.3M) yielding the estimated fair market value of the Issued Shares of $1.8M to $12.2M (Schedule C2).

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14 For the market approach analysis of the precedent CAD transaction, we only deducted $2.0M for the environmental liability, as the first $0.5M was known to the buyer at the transaction date.

5.4.4 *Analysis of GBI Share Price*

We analyzed the share price of GBI in order to determine the implied fair market value of CAD. At the Valuation Date, the share price of GBI was $1.23 (closing price per Capital IQ) and there were 15.2M shares outstanding, yielding the en bloc value of the GBI shares of $18.8M. Given that GBI has no debt, the fair market value of the shares is equivalent to GBI's enterprise value. From the GBI's enterprise value, we removed the non-CAD assets and liabilities in order to isolate the implied value of CAD:

- Cash of $11.9M and escrow receivable of $5.4M related to the sale of G&B and Bach Simpson were deducted;
- Income taxes payable of $181K was added.

Adjusting for the non-CAD assets and liabilities yields the enterprise value / fair market value of Investments in CAD of $1.7M. From this amount, we added the cash ($0.8M) and deducted the intercompany payable to GBI ($5.3M) yielding the estimated fair market value of the Issued Shares of nil (Schedule C3).

As at June 27, 2011, subsequent to the announcement that CAD was awarded the Go contract and prior to the announcement of the Proposed Transaction, the GBI share price increased to $1.80. Based on a share price of $1.80, the estimated residual value of the CAD Investments was $10.4M compared to $11.4M under the DCF methodology Scenario 1 and $12.0M under the orderly liquidation approach.

5.5 Precedent Valuation

On July 13, 2009, Solaris Capital Advisors ("Solaris") prepared a valuation of the subsidiaries of GBI, including CAD, G&B and Bach Simpson (the "Precedent Valuation"). At the time, Solaris was acting as a financial advisor to GBI's Board of Directors in determining the best strategic course of action for GBI, including whether or not to initiate a sales process in respect of GBI as a whole, or any of its subsidiaries, including CAD. The Precedent Valuation was prepared utilizing a DCF methodology as described in Sections 2.2 and 4.1. In determining the fair market value of CAD, Solaris isolated the Via contract, considering the contract to be non-recurring. The value of CAD's operations excluding Via and the Via contract were separately determined, with the sum being the estimated fair market value of CAD. The projections assumed in the Precedent Valuation of CAD did not materialize, with actual revenues and EBITDA being considerable lower than the projections.

We considered the assumptions used by Solaris in the Precedent Valuation and applied these assumptions to the Scenario 1 projections prepared by management. The Precedent Valuation methodology contains the following key differences from the methodology used in our DCF Method - Scenario 1:

- Solaris used a WACC of 10% compared to the WACC of 14% used by Richter;

- Solaris used a terminal multiple of 5.5x EBITDA compared to 4.0x to 4.5x used by Richter; and

- Solaris assumed no additional major contracts would be obtained by CAD after Via was completed. In Scenario 1, Richter assumed that the Company will be able to obtain other major contracts following the completion of the Go Transit contract.

- Richter assumed a provision of $2.5M for the environmental liability and a provision of $0.3M for employee termination cost.

Having regard to the methodology used by Solaris, we determined the value of CAD using the 10% WACC, 5.5x terminal multiple and assuming no additional major contracts after the Go Transit contract is completed. Applying the methodology described in Section 4.1 using the Solaris assumptions described above yields a value for the Issued Shares approximate to our DCF Method – Scenario 1 conclusions (Schedule E1).

6 Overall Conclusion

In determining our estimate of the fair market value of the Issued Shares, we applied a 50% weighting to each of the DCF Methodology - Scenario 1 and Orderly Liquidation approach:

CAD RAILWAY INDUSTRIES LTD.
VALUATION SUMMARY
AS AT MARCH 31, 2011
(in thousands)

			Range		
Methodology	**Reference**	**Weighting**	**Low**	**High**	**Midpoint**
Discounted cash flow with Go-Transit Contract	(Schedule A1)	50%	$ 10,875	$ 12,015	$ 11,445
Liquidation analysis	(Schedule D1)	50%	10,930	12,084	11,507
Valuation conclusion			**$ 10,902**	**$ 12,049**	**$ 11,476**

The other valuation calculations / approaches discussed in the Report were rejected for the following reasons:

- DCF Methodology – Scenario 2: As CAD has been awarded the Go Transit contract, the analysis under Scenario 2 is no longer relevant;

- Market approaches:

    - The analysis based on the implied EBITDA multiples of the precedent transactions resulted in a lower value than the DCF Methodology – Scenario 1 and the Orderly Liquidation approach;

    - The EBITDA multiples implied by the Guideline Companies are widely dispersed and as such are less reliable than our DCF and Orderly Liquidation calculations.

    - Based on GBI's share price, only minimal value was attributable to the Investments in CAD. Even taking into account the increase in GBI's share price subsequent to the Go Transit announcement, the implied value of CAD is still lower than DCF Methodology – Scenario 1.

7 Fairness Opinion

RSM Richter is of the opinion that the Proposed Transaction is fair from a financial point of view to GBI. In determining the fairness of the Proposed Transaction from a financial point of view, we considered the following factors:

- **Comparison to CAD's Fair Market Value**

  The Proposed Transaction value of $12.9M ($12.6M net of the severance cost to be assumed by GBI) is higher than the range of fair market value of $10.9 to $12.0M determined herein.

- **Trading Price of the GBI shares**

  As at the Valuation Date (and for many months prior to the Valuation Date), the trading price of GBI's shares yielded a value for CAD significantly lower than our estimate of fair market value. As a result of the Go Transit announcement, GBI's stock price increased to $1.80, implying a value for CAD of $10.4M, which is still lower than our estimate of fair market value and the Proposed Transaction. Furthermore, given GBI's stock price volatility, the higher trading price may not be sustainable.

- **Risks of the Projections not being achieved**

  Revenues are primarily attributable to major contracts which span over several years. The major contracts are complicated. Failure to meet the contractual obligations could result in financial penalties and/or lower profits. The projections reflect a shorter learning curve for the Go Transit contract (10 cars) compared to the Via contract (23 cars) and material cost and improved labour efficiencies. The Company has never achieved the risk adjusted terminal EBITDA of $2.2M. The risk of the Company not achieving its forecast is augmented by the possibility that Mr. Fausto Levy may leave the Company should the Proposed Transaction not occur and that it may be difficult for the Company to find an experienced replacement.

- **Risks of Proceeds Under a Liquidation Scenario Being Lower**

  There is a risk that the proceeds determined in the orderly liquidation approach could be lower than indicated herein. For example, proceeds from the sale of property, plant and equipment could be lower than the appraised values. In addition, the environmental liability could be significantly higher than the $2.5M estimate reflected in our calculations. Lastly, severance and other liquidation costs could exceed the estimated amounts.

- **Other Alternatives**

  Pursuant to a strategic review process, GBI engaged in a comprehensive sales process in 2009 that did not yield any formal expressions of interest for CAD. GBI conducted a further marketing process in respect of CAD in 2011. In 2011, only one other interested party submitted an expression of interest for CAD and the offer, which was conditional on several factors, was not materially superior to the Proposed Transaction.

  GBI shares are thinly-traded and shareholders may not have another opportunity to monetize their investments in shares of GBI.

Fairness Conclusion

Based upon the above and subject to the foregoing and other matters that we considered relevant, we are of the opinion that as of the Effective Date, the Proposed Transaction is fair from a financial point of view to GBI.

Respectfully submitted,

RSM Richter Inc.

RSM Richter Inc.

Andrew R. Michelin, CA, CBV, ASA
Alon Wexler, CA, CBV

APPENDIX 1 – SCOPE OF REVIEW

In arriving at our conclusion of the fair market value of the Investments in CAD, we reviewed and relied upon the following documents and information:

- Unaudited internal financial statements of CAD, for the years ended December 31, 2008 to 2010, as prepared by management;
- Financial projections, with and without the Go Transit contract, for the years ended December 31, 2011 to 2015, as prepared by management;
- Audited financial statements of GBI for the year ended December 31, 2010, as reported upon by KPMG;
- Unaudited financial statements of GBI for the three months ended March 31, 2011, as reported upon by KPMG;
- Internal sales and gross margin information for each of CAD's divisions for the years ending December 31, 2008 to 2010;
- Letter of Intent regarding the proposed acquisition of CAD by FTM, dated November 20, 2011;
- Share Purchase Agreement between 2290693 Ontario Inc. and GBI, dated July 4, 2011;
- Confidential Information Memorandum for the potential sale of G&B and Bach Simpson, dated August 2009, as prepared by Solaris Capital Advisors Inc.;
- Confidential Information Memorandum for the potential sale of CAD, dated March 3, 2011, as prepared by Solaris Capital Advisors Inc.;
- Asset purchase agreement of CAD, dated October 10, 2007;
- Excerpts from the Company's December 31, 2010 tax return;
- Independent building appraisals for the Company's land and buildings, prepared by CIA CPCC, dated October 28, 2010;
- Independent equipment appraisals for the Company's land and buildings, prepared by CIA CPCC, dated April 26, 2011;
- Independent assessment of the environmental liability, prepared by GESTENV Gestion de l'Environnement, dated April 18, 2008;

- Schedules of the Company's accounts receivable, inventory, accounts payable and accrued liabilities and fixed assets as at the Valuation Date; and

- Such other corporate, industry, financial information, investigations and analyses as RSM Richter considered appropriate in the circumstances.

We were provided with a tour of the CAD facilities and held discussions with the following members of senior management in order to obtain a more thorough understanding of the 2007 acquisition of CAD, its nature and history, past operating results and prospects for the future:

- Fausto Levy, President and Chief Executive Officer

- Ross Corcoran, Vice President Finance and Chief Financial Officer

- Lucie Dastous, Executive Vice President

- Pierre Tremblay, Senior Vice President Operations

- Jean-Guy Bergeron, Vice President Sales and Marketing

We held discussions with Mr. Blair Roblin, Partner, Solaris Capital Advisors Inc. in regard to the divestiture of CAD and GBI's other operating divisions as well as with Messrs. Michael Haas, President of CIA CPCC and Bertrand Moisan, Chartered Real Estate Appraiser, concerning the appraisals prepared for CAD's property, plant and equipment.

We discussed our valuation and fairness opinion conclusions with the GBI Board.

We requested, analyzed and relied upon information provided by management and the above experts, including details of the Proposed Transaction, the Company's financial projections with and without the Go Transit contract and the Company's assets and liabilities. Our valuation conclusion and fairness opinion are conditional upon the completeness, accuracy and fair presentation of all financial and other information and representations obtained from management and the above experts pursuant to our engagement. Subject to the exercise of professional judgment, we have not attempted to independently verify the completeness of any such information or representations beyond the scope of our discussions with management and the above mentioned experts.

APPENDIX 2 – RESTRICTIONS AND ASSUMPTIONS

1) Restrictions

This Report was prepared solely for the benefit of GBI and its advisors, and may not be relied upon by any other person without our express and prior written consent. Subject to the terms of our engagement letter, RSM Richter consents to the publication of the Report in its entirety and a summary thereof (in a form acceptable to RSM Richter) in the Disclosure Document relating to the Potential Transaction and to the filings thereof, as necessary by GBI with the securities commission or similar regulatory authorities in Canada.

This Report is not to be reproduced or used in whole or in part for any purpose other than that outlined in Section 1, without our prior written consent in each specific instance. We do not assume any responsibility or liability for losses occasioned to GBI, its directors and shareholders, or to any other parties as a result of the circulation, publication, reproduction or use of this report contrary to the provisions of this paragraph.

Nothing contained in this Report is to be construed as a legal interpretation of, or opinion on, any contract, document, legal or otherwise, income tax laws, or on any statute or regulation; nor is this report to be interpreted as a recommendation to invest or divest.

We reserve the right (but will be under no obligation) to review all calculations included or referred to in this Report and, if we consider it necessary, to revise our report in light of any facts, trends or changing conditions existing at the Effective Date, which become known to us subsequent to the date hereof.

We do not assume any responsibility hereafter to update or revise this Report if and to the extent such conditions may change subsequent to the Effective Date. Our conclusions are based on market, economic, financial and other conditions as they existed and can be evaluated as of the Effective Date.

As the preparation of the Report is a complex process and is not necessarily susceptible to partial analysis or summary description, we believe that our analyses and supporting factors must be considered as a whole. Any attempt to partially analyze or summarily describe the contents of our report could lead to undue emphasis on any particular factor or analysis. Our opinion of value is not necessarily indicative of the actual price, which may be obtainable in the open marketplace.

2) Assumptions

In arriving at our conclusion of fair market value and the fairness opinion, other than the assumptions with respect to our valuation calculations detailed in the Report, we made the following assumptions as of the Effective Date:

- There were no significant contingent assets or liabilities, unusual contractual obligations or substantial commitments, other than in the ordinary course of business, or other litigation pending or threatened, which could have had an effect on our conclusion as to the fair market value of the Company;
- The financial statements referred to in our scope of review fairly reflect the financial position and results of CAD;
- There were no environmental concerns or contingencies regarding the operations of GBI, other than the environmental liability on the buildings, known to management that have not been disclosed in this report;
- The appropriate corporate tax rate applicable to CAD is 26.9% for F2011 to F2015;
- The assumptions underlying the management budget have been reasonably prepared reflecting the best currently available information, estimates and judgments of management;
- There were no contracts in effect, or being negotiated, which could have had an effect on the future operating results of CAD, which have not been noted in this report;
- CAD had no material redundant assets that have not been noted in this report;
- There were no significant factors bearing on the fair market value of the Company that we have not considered in reaching our conclusion;
- Pursuant to the disposition of G&B and Bach Simpson, GBI restructured its investment in CAD for tax purposes, including issuing shares of CAD to GBI and 1703558 Ontario Inc. (formerly Bach Simpson). No other Issued Shares of the Company have been purchased or sold by the Company during the twelve months preceding the date of the Proposed Transaction;
- There are no independent appraisals, material non-independent appraisals, or valuations relating to the Company, which were prepared within twenty-four (24) months preceding the Effective Date, except the precedent valuation described in Section 5.5; and

- Other than as noted in this Report, there have been no formal offers received by the Company from any third party in respect of any transaction involving CAD or any of its material assets within twenty-four (24) months preceding the Effective Date.

Should any of the above major assumptions not be accurate or any of the information provided to us not be factual or correct, our conclusion of value, as expressed in this Report, could be significantly different.

APPENDIX 3 – ECONOMIC AND INDUSTRY OVERVIEW

1) Economic Context[15]

The economic environment has adversely impacted CAD. The demand for CAD's product is derived on the demand for railway services (freight and passenger) which is further derived from general consumer spending and investment. As consumer spending increases, freight and travel needs increase, which puts more stress on the locomotives. The Company's sales and profitability is therefore susceptible to changes in employment levels, credit markets and the U.S. exchange rate.

The future of the economy as of March 31, 2011 is brighter than it was in 2009. In 2009, the Great Recession was severely impacting the U.S. economy and threatening to steamroll over the Canadian economy as well. Stock markets were in freefall with U.S. equities headed for their worst decade in two centuries. During 2009, the U.S. housing market, the epicenter of the crisis, steadily improved on the back of home buyer tax credits and attractive affordability. This, coupled with other factors, allowed the U.S. GDP to rise by 2.2 percent in Q3 and by 3.7 percent in Q4. In Canada, the recession ended in the fall of 2009 with increases in GDP of 0.4 percent for Q3 and 3.4 percent for Q4, the best performance in two and a half years.

BMO Capital Markets expects the US economy to grow by 3.1 percent in 2011 while Canada's GDP growth should be above 3 percent. Consumer consumption is forecasted to grow by 3.4 percent in Canada and 2.9 percent in the U.S. Recovery in Canada will be faster than in the U.S. as Canadian households are relatively less indebted than their American counterparts. Additionally, the healthier Canadian banking sector is still willing to extend credit under favourable terms. Unemployment rates are expected to remain high in 2011. This will put downward pressure on prices, keeping inflation at a low level. Increased commodity prices, oil in particular, should increase the value of the Canadian dollar relative to the American currency with an average expected price of 0.97 US dollars in 2011.

In 2009, consistent with the aforementioned weak economy, demand for railway services was low, and companies stored unutilized cars and locomotives offsite. As a result, demand for CAD services was low. The economic outlook supports increased railway usage, which in turn should lead to higher growth in the railway industry.

2) Industry Overview

The Canadian railway manufacturing industry is concentrated. Based on discussions with CAD's management, railway companies do not have many options in selecting a service provider. The main competitors in Canada are Ontario Northland Railway, Alstom Group and Industrial Rail Services Inc., which are all privately held.

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[15] Source: BMO Capital Markets, North American Outlook, Aril 2nd, 2011

The US Department of Transportation projects the increase in the demand for rail shipping to be 90% by 2035. This directly increases the demand for rail car remanufacturing. In fact, the American Association of State Highway and Transportation estimates that by the year 2020, $195 billion will need to be invested in railroads, locomotives and cars, in order to sustain this increase in demand.

Transit agencies in Quebec, Ontario and British Columbia are experiencing more than 10% growth in order to relieve highway traffic which should create opportunities for outsourced maintenance contracts for rail equipment (Source: Solaris 2009 CIM).

The demand for rail services is projected to increase for several reasons. Firstly, fuel prices are expected to continue to rise, as high as by 11.8% in Canada for 2011, further increasing the cost of ground transportation (Source: BMO Capital Markets). Further, there is becoming a shortage of truck drivers and highways are becoming more congested. One train can remove 280 cars off the road, while, according to company management, using 25% less fuel (Source: Solaris 2009 CIM). According to the American Association of Railroads, if only 10% of freight currently moved on highways switched to rail, the national fuel savings would exceed one billion gallons of fuel and greenhouse emissions would be cut by 12 million tons per year.

Given the increased demand for rail services, rail operators must ensure their fleet is in working order. Historically, there has been a trend for major rail operators to outsource remanufacturing requirements in an effort to increase capacity and efficiency as well as reduce costs. Based on discussions with CAD's management, remanufacturing a rail car is 50% less costly than purchasing a new one, while still extending the useful life by 20 years. In the near-term, this pattern is expected to continue as railroads continue to require maintenance, safety and efficiency enhancement programs. There is a risk however, that as demand for shipping increases, rail operators may decide it makes more economic sense to remanufacture in-house and avoid paying higher prices to third parties.

There is also evidence that on average, rail equipment is aging. As summarized the following table, most passenger rail cars have an average age beyond 18 years, indicating an opportunity to for rail car services to obtain new contracts.

US AVERAGE PASSENGER VEHICLE AGE

Mode	Years
Commute Rail Car	18.9
Commuter Rail Locomotive	19.7
Heavy Rail Car	22.4
Light Rail Car	17.8

Source: American Public Transport Association, 2007

According to the American Public Transportation Association, annual capital spending on U.S. passenger rail has increased by more than 135% since 1992 - due to increasing demand and equipment replacement requirements. As rail cars continue to age, this trend will likely continue. In fact, the U.S. Government estimates that it will require more than $50 billion to bring commuter trains that serve major U.S. cities into working order.

Overall, the recession has had a severe impact on the railway industry, including the railway remanufacturing industry. The recovery of the economy, which began in 2009, is projected to revive demand for railway shipping and passenger transportation. The economic recovery, coupled with aging freight cars and locomotives, will likely lead to increased maintenance requirements and growth in remanufacturing contracts.

Schedule A1

CAD RAILWAY INDUSTRIES LTD.

VALUATION SUMMARY - DISCOUNTED CASH FLOW APPROACH - SCENARIO 1

AS AT MARCH 31, 2011
(in thousands)

		Range		
		Low	**High**	**Midpoint**
Present value of Discretionary Cash Flow	(Schedule A2)	$ 6,290	$ 6,490	$ 6,390
Present value of Terminal Value	(Schedule A3)	4,930	5,830	5,380
Tax shield on depreciable assets	(Schedule A6)	540	540	540
Tax shield on tax losses carry forward	(Schedule A6.1)	1,940	1,980	1,960
Going Concern Value		**13,700**	**14,840**	**14,270**
Less: Redundant liabilities				
Employee termination cost		(325)	(325)	(325)
Environmental Liability	(Note 1)	(2,500)	(2,500)	(2,500)
Estimated fair market value of the Investments in CAD (enterprise value)		**10,875**	**12,015**	**11,445**
Add: Cash		781	781	781
Less: Intercompany Payable due to GBI		(5,347)	(5,347)	(5,347)
Estimated fair market value of the Issued Shares, *viewed en bloc*		**$ 6,309**	**$ 7,449**	**$ 6,879**
Goodwill implied in the calculation of fair market value				
Going-concern Value		$ 13,700	$ 14,840	$ 14,270
Components of value:				
Non-cash working capital	(Schedule A5)	10,708	10,708	10,708
Fixed assets	(Schedule A5)	8,829	8,829	8,829
Implied Goodwill		**$ (5,837)**	**$ (4,697)**	**$ (5,267)**

Note 1: In April 2008, the Company received an estimate of the environmental rehabilitation cost for one of the two buildings in the range of $0.2M to $2.3M. An amount of $0.9M was accrued on the balance sheet. Management indicated that the second building is also contaminated but that the environmental rehabilitation cost was not estimated. For the purpose of this analysis, we have assumed that the environmental damage will have to be remedied prior to the sale of the Company and that the rehabilitation cost would be $1.25M per building ($2.5M in total).

Schedule A2

CAD RAILWAY INDUSTRIES LTD.
PRESENT VALUE OF DISCRETIONARY CASH FLOW - SCENARIO 1
AS AT MARCH 31, 2011
(In thousands)

Period	Discretionary Cash Flow (Schedule A4)	Discount Rate Factors 14.9%	Discount Rate Factors 13.5%	Present Value Low	Present Value High	Present Value Midpoint
2011	$ (2,796)	0.9491	0.9536	$ (2,650)	$ (2,670)	$ (2,660)
2012	6,591	0.8403	0.8535	5,540	5,630	5,585
2013	1,748	0.7311	0.7519	1,280	1,310	1,295
2014	1,286	0.6361	0.6623	820	850	835
2015	2,356	0.5534	0.5835	1,300	1,370	1,335
Present value of Discretionary Cash Flow as at March 31, 2011				**$ 6,290**	**$ 6,490**	**$ 6,390**

NOTE: Cash flows assumed to be earned evenly throughout the period.

Schedule A3

CAD RAILWAY INDUSTRIES LTD.
PRESENT VALUE OF TERMINAL VALUE - SCENARIO 1
AS AT MARCH 31, 2011
(In thousands)

Post-F2015 After-tax Discretionary Cash Flow	(Schedule A4)	$ 1,152

		Range		
		Low	**High**	**Midpoint**
Capitalized at rates of:				
8.7 times	11.5%		10,000	
7.7 times	12.9%	8,900		
Capitalized Cash Flow Value		8,900	10,000	9,450
Discounted at rates of	13.5%	-	0.5835	
	14.9%	0.5534	-	
Present value of terminal value as at March 31, 2011		**$ 4,930**	**$ 5,830**	**$ 5,380**

CAD RAILWAY INDUSTRIES LTD.
PROJECTED DISCRETIONARY CASH FLOW - SCENARIO 1
PROJECTED INCOME STATEMEMT FOR THE PERIODS ENDED DECEMBER 31
(in thousands)

			2011	2012	2013	2014	2015	Terminal
			(9 months)	(12 months)	(12 months)	(12 months)	(12 months)	(12 months) (Note 1)
Gross Revenue		(Schedule A7)	$ 47,675	$ 69,385	$ 40,071	$ 46,395	$ 47,011	$ 47,951
Projected revenue growth				45.5%	-42.2%	15.8%	1.3%	2.0%
EBITDA (without corporate charges)		(Schedule A7)	826	6,519	1,667	2,574	3,587	
LESS: Normalized corporate charges			(450)	(600)	(600)	(600)	(600)	
Adjusted EBITDA			376	5,919	1,067	1,974	2,987	2,240
EBITDA Margin			*0.8%*	*8.5%*	*2.7%*	*4.3%*	*6.4%*	*4.7%*
LESS:	Income taxes		(107)	(1,592)	(287)	(531)	(803)	(603)
	Income tax rate		*28.4%*	*26.9%*	*26.9%*	*26.9%*	*26.9%*	*26.9%*
ADD:	Changes in non-cash working capital	(Schedule A8)	205	3,084	1,486	295	343	(106)
LESS:	Estimated capital expenditures, net of tax shield	(Schedule A8)	(3,271)	(820)	(518)	(452)	(171)	(380)
Projected Discretionary Cash Flow			**$ (2,796)**	**$ 6,591**	**$ 1,748**	**$ 1,286**	**$ 2,356**	**$ 1,152**

Note 1: Terminal EBITDA calculation

2015 Adjusted EBITDA	$ 2,987
Adjustment factor	**75.0%**
Terminal EBITDA	$ 2,240

Schedule A5

CAD RAILWAY INDUSTRIES LTD.
TANGIBLE ASSET BACKING - SCENARIO 1
AS AT MARCH 31, 2011
(in thousands)

	Book Value	Adjustments		Fair Value
ASSETS				
Short Term Assets				
Cash	$ 781	$ (781)	(1)	$ -
Accounts receivable & accrued revenue	10,752	-		10,752
Inventories	5,589	-		5,589
R&D credit receivable	241	-		241
Prepaid expenses	623	-		623
Future Income taxes	400	(400)	(2)	-
	18,386	(1,181)		17,205
Property, Plant and Equipment	8,829	-		8,829
Future Income Taxes	4,365	(4,365)	(2)	-
	$ 31,580	$ (5,546)		$ 26,034
LIABILITIES				
Short Term Liabilities				
Accounts payable	$ 3,076	$ -		$ 3,076
Accrued liabilities	3,421	-		3,421
	6,497	-		6,497
Intercompany Debt	5,347	-		5,347
Environmental Liability	918	(918)	(3)	-
	12,762	(918)		11,844
SHAREHOLDERS' EQUITY				
Share Capital	19,672	-		19,672
Contributed surplus	5,739	-		5,739
Retained Earnings	(6,593)	(4,628)		(11,221)
	18,818	(4,628)		14,190
	$ 31,580	$ (5,546)		$ 26,034

Note 1: All cash assumed to be a redundant asset

Note 2: The present value of the tax shield on fixed assets and tax losses are calculated on schedules A6 and A6.1,

Note 3: Environmental liability considered to be redundant. Fair value of $2,500 is a management estimate as per schedule A1.

Schedule A6

CAD RAILWAY INDUSTRIES LTD.
TAX SHIELD AVAILABLE ON FIXED ASSETS - SCENARIO 1
AS AT MARCH 31, 2011
(in thousands)

Assets	CCA Rate	UCC [1] 31-Dec-10	Effective Tax Rate	Tax Shield 14.2%
Assets subject to 4% depreciation	4%	$ 668	26.90%	$ 39
Assets subject to 10% depreciation	10%	5,919	26.90%	657
Assets subject to 20% depreciation	20%	152	26.90%	24
Assets subject to 30% depreciation	30%	106	26.90%	19
Assets subject to 50% depreciation	50%	371	26.90%	78
Assets subject to 55% depreciation	55%	24	26.90%	5
Assets subject to100% depreciation	100%	36	26.90%	8
		7,276		831
Present value factor				0.6492
Tax shield considering tax losses[2]				**$ 540**

The tax shield is calculated as follows:

On Undepreciated Cost of Capital - $\dfrac{\textit{UCC} \times \textit{CCA Rate} \times \textit{Tax Rate}}{\textit{Rate of Return} + \textit{CCA Rate}}$

(1) We assumed that additions from January 1, 2011 to March 31, 2011 approximate depreciation.

(2) Tax shield is calculated starting in 2014, the first year estimated that the Company will pay taxes after all of the tax loss carry-forwards are utilized.

Schedule A6.1

CAD RAILWAY INDUSTRIES LTD.

TAX SHIELD AVAILABLE ON TAX LOSS CARRYFORWARDS - SCENARIO 1

AS AT MARCH 31, 2011

(in thousands)

Estimated loss carry-forward as at March 31, 2011			$ 9,070				
Utilization of losses (starting in Q2 F2011)			**F2011**	**F2012**	**F2013**	**F2014**	**F2015**
Opening			$ 9,070	$ 8,694	$ 2,774	$ 1,707	$ -
Less income for year (EBITDA)	(Schedule A4)		(376)	(5,919)	(1,067)	(1,974)	(2,987)
Closing			$ 8,694	$ 2,774	$ 1,707	$ -	$ -
Income for the year (EBITDA)			$ 376	$ 5,919	$ 1,067	$ 1,974	$ 2,987
Less losses used			(376)	(5,919)	(1,067)	(1,707)	-
Taxable income			$ -	$ -	$ -	$ 266	$ 2,987
Tax savings at a rate of			*28.40%*	*26.90%*	*26.90%*	*26.90%*	*26.90%*
Tax savings			$ 107	$ 1,592	$ 287	$ 459	$ -
Discount Rate - High	13.5%		0.9536	0.8535	0.7519	0.6623	0.5835
Discount Rate - Low	14.9%		0.9491	0.8403	0.7311	0.6361	0.5534
		Total					
Present Value - High		**$ 1,980**	$ 100	$ 1,360	$ 220	$ 300	$ -
Present Value - Low		**$ 1,940**	$ 100	$ 1,340	$ 210	$ 290	$ -

CAD RAILWAY INDUSTRIES LTD.
PROJECTED INCOME STATEMEMT - SCENARIO 1
FOR THE PERIODS ENDED DECEMBER 31
(in thousands)

	2008	2009	2010	2011	2011	2012	2013	2014	2015
	(Actual)	(Actual)	(Actual)	(Forecasted) (9 months)	(Forecasted) (12 months)	(Forecasted)	(Forecasted)	(Forecasted)	(Forecasted)
Revenues:									
Via	$ 3,692	$ 19,109	$30,424	$ 21,833	$ 29,208	$ 22,403	$ -	$ -	$ -
Major	-	-	-	1,922	1,922	27,597	18,683	23,695	23,987
Other	29,080	16,897	14,975	12,803	16,545	19,384	21,387	22,700	23,024
Revenues	32,777	36,006	45,399	36,557	47,675	69,385	40,071	46,395	47,011
COGS	N/A	28,665	34,354	25,161	33,015	47,598	26,590	32,362	31,966
Gross contribution	N/A	7,341	11,044	11,396	14,660	21,787	13,481	14,033	15,045
		20%	*24%*	*31%*	*31%*	*31%*	*34%*	*30%*	*32%*
Overheads									
Salaries	N/A	3,913	3,894	4,838	6,151	6,531	4,605	4,564	4,525
Overhead expenses	N/A	3,282	3,901	3,027	4,316	5,269	4,193	3,893	3,914
VIA engineering costs	N/A	518	10	-	-	-	-	-	-
R&D tax credits	N/A	(287)	677	(83)	(99)	(111)	(111)	(111)	(111)
Others (Inventory & CSST)	N/A	1,898	-	-	-	-	-	-	-
	N/A	9,323	8,482	7,782	10,368	11,689	8,687	8,347	8,328
Gross Margin	5,572	(1,982)	2,562	3,614	4,293	10,097	4,794	5,686	6,716
	17%	*-6%*	*6%*	*10%*	*9%*	*15%*	*12%*	*12%*	*14%*
General and Administrative									
Salaries	2,229	2,127	1,555	1,472	1,904	2,085	1,897	1,924	1,943
Selling and administrative	1,685	1,873	1,325	1,316	1,801	1,493	1,230	1,189	1,186
Corporate charges	3,658	4,358	4,342	745	1,196	804	804	804	804
	7,571	8,358	7,221	3,533	4,901	4,382	3,931	3,917	3,934
EBITDA	**$(1,999)**	**$(10,341)**	**$ (4,659)**	**$ 81**	**$ (608)**	**$ 5,715**	**$ 863**	**$ 1,770**	**$ 2,783**
EBITDA before Corporate Charges	1,658	(5,983)	(317)	826	588	6,519	1,667	2,574	3,587
Capital Expenditures	N/A	N/A	410	3,874	3,890	962	608	530	200

Schedule A7.1

CAD RAILWAY INDUSTRIES LTD.
PROJECTED BALANCE SHEET - SCENARIO 1
AS AT
(in thousands)

	March 31, 2011	December 31, 2011	December 31, 2012	December 31, 2013	December 31, 2014	December 31 2015
ASSETS						
Short Term Assets						
Cash	$ 781	$ -	$ 4,825	$ 6,416	$ 6,412	$ 9,188
Accounts receivable & accrued revenue	10,752	9,588	7,344	5,680	6,359	6,350
Inventories	5,589	6,574	5,746	5,778	5,939	5,612
R&D credit receivable	241	264	276	276	276	276
Prepaid expenses	623	623	623	623	623	623
Future income taxes	400	417	417	417	417	417
	18,386	17,466	19,230	19,189	20,026	22,465
Property, Plant and Equipment	8,829	11,730	11,173	10,421	9,524	8,262
Future Income Taxes	4,365	3,763	2,553	2,746	2,689	2,339
	$ 31,580	$ 32,959	$ 32,956	$ 32,356	$ 32,238	$ 33,065
LIABILITIES						
Short Term Liabilities						
Bank overdraft/(credit)						
Current portion LTD	$ -	$ 2,862	$ -	$ -	$ -	$ -
Accounts payable	3,076	3,575	3,008	2,985	3,070	2,909
Accrued liabilities	3,421	2,909	3,246	3,346	2,966	3,085
GST-QST payable	-	63	315	92	135	184
Future income taxes	-	564	564	564	564	564
	6,497	9,972	7,133	6,987	6,735	6,741
Intercompany Debt	5,347	5,347	5,347	5,347	5,347	5,347
Environmental Liability	918	918	918	918	918	918
Future Income Taxes	-	1,073	1,073	1,073	1,073	1,073
	12,762	17,311	14,472	14,326	14,074	14,080
SHAREHOLDERS EQUITY						
Share Capital	19,672	19,672	19,672	19,672	19,672	19,672
Contributed surplus	5,739	5,739	5,739	5,739	5,739	5,739
Retained Earnings	(6,593)	(9,763)	(6,927)	(7,381)	(7,246)	(6,426)
	18,818	15,648	18,484	18,030	18,165	18,985
	$ 31,580	$ 32,959	$ 32,956	$ 32,356	$ 32,238	$ 33,065

CAD RAILWAY INDUSTRIES LTD.
PROJECTED WORKING CAPITAL AND CAPITAL EXPENDITURES - SCENARIO 1
FOR THE PERIODS ENDED
(in thousands)

	March 31, 2011 (Actual)	December 31, 2011 (Forecast)	December 31, 2012 (Forecast)	December 31, 2013 (Forecast)	December 31, 2014 (Forecast)	December 31, 2015 (Forecast)
Accounts receivable	$ 10,752	$ 9,588	$ 7,344	$ 5,680	$ 6,359	$ 6,350
Inventory[1]	5,589	6,574	5,746	5,778	4,551	4,224
R&D credit receivable	241	264	276	276	276	276
Prepaid expenses	623	623	623	623	623	623
Accounts payable	(3,076)	(3,575)	(3,008)	(2,985)	(3,070)	(2,909)
Accrued liabilities	(3,421)	(2,909)	(3,246)	(3,346)	(2,966)	(3,085)
GST payable	-	(63)	(315)	(92)	(135)	(184)
	10,708	10,503	7,418	5,933	5,637	5,294
Change in non-cash working capital	N/A	205	3,084	1,486	295	343
Sales		$ 47,675	$ 69,385	$ 40,071	$ 46,395	$ 47,011
Non-cash working capital as a percentage sales		*22%*	*11%*	*15%*	*12%*	*11%*
Capital expenditures	N/A	3,874	962	608	530	200
Tax shield	N/A	(603)	(142)	(90)	(78)	(29)
Net capital expenditures		3,271	820	518	452	171

Formula for tax shield on capital expenditures:

$$\frac{CE \times CCA\ Rate \times Tax\ Rate}{Rate\ of\ Return + CCA\ Rate} \quad X \quad \frac{(rate\ of\ return)}{2 \times (1 + rate\ of\ return)}$$

Note 1: Excess VIA Rail inventory of $1,388 was assumed to be sold to VIA Rail at cost in 2014, based on discussions with management. Accordingly, the inventory forecasted by management was reduced by $1,388 in 2014 and 2015.

CAD RAILWAY INDUSTRIES LTD.
WEIGHTED AVERAGE COST OF CAPITAL (WACC) AND MULTIPLES
(in thousands)

Cost of equity

Long-term selected Government of Canada benchmark bond yield[(1)]	3.75%
Long-horizon expected equity risk premium[(2)]	4.40%
Size premium[(2)]	8.16%
Company specific premium[(3)]	4.00%
After-tax cost of equity (illiquid, control)	**20.31%**

Cost of debt

Canadian Prime Business Rate	3.00%
Borrowing spread [(4)]	1.00%
Estimated pre-tax cost of debt	4.00%
Effective average income tax rate	26.90%
After-tax cost of debt [(pre-tax cost x (1 - tax rate)]	**2.92%**

Weighted Average Cost Of Capital (WACC)

	Multiples		
	Rate	**Weighting**	**WACC**
Estimated cost of debt[(4)]	2.92%	35.0%	1.02%
Cost of equity	20.31%	65.0%	13.20%
Going Concern Value		100.0%	14.23%

		Range		
		Low	**High**	**Midpoint**
Weighted Average Cost of Capital - Discount rate (+ / - 5%)		14.9%	13.5%	14.2%
LESS:	Inflation	-2.0%	-2.0%	
	Growth factor (real growth rate)	0.0%	0.0%	
Weighted Average Cost of Capital - Capitalization Rate		**12.9%**	**11.5%**	12.2%
	Multiple (inverse)	**7.7**	**8.7**	

Debt capacity

A) Leverage			
Terminal Adjusted EBITDA	$ 2,240	$ 2,240	$ 2,240
Multiple	1.5	2.0	2.5
	$ 3,400	**$ 4,500**	**$ 5,600**
B) Fixed charge			
Indicated EBITDA	$ 2,240	$ 2,240	$ 2,240
Borrowing rate	4.00%	4.00%	4.00%
Interest	136	180	224
Debt amortization	7 years	7 years	7 years
Capital repayment	486	643	800
Capex	380	380	380
Taxes	464	452	440
	$ 1,466	$ 1,655	$ 1,844
Ratio	**1.53**	**1.35**	**1.21**
C) Asset base			
Accounts receivable	$ 6,625	75%	$ 4,969
Inventory	4,224	60%	2,534
Property, Plant & Equipment	8,262	0%	-
			7,503

Note 1: Long-term Government of Canada benchmark bond.
Note 2: Based on the Duff & Phelps 2011 Risk Premium report.
Note 3: RSM Richter estimate
Note 4: RSM Richter estimate

Schedule B1

CAD RAILWAY LTD.

VALUATION SUMMARY - DISCOUNTED CASH FLOW APPROACH - SCENARIO 2

AS AT MARCH 31, 2011

(in thousands)

		Range		
		Low	**High**	**Midpoint**
Present value of Discretionary Cash Flow	(Schedule B2)	$ 5,630	$ 5,780	$ 5,705
Present value of Terminal Value	(Schedule B3)	3,790	4,480	4,135
Tax shield on depreciable assets	(Schedule B6)	362	362	362
Tax shield on tax losses carry forward	(Schedule B6.1)	1,680	1,720	1,700
Going Concern Value		**11,462**	**12,342**	**11,902**
Less: Redundant liabilities				
Employee termination cost		(325)	(325)	(325)
Environmental Liability	(Note 1)	(2,500)	(2,500)	(2,500)
Estimated fair market value of the Investments in CAD (enterprise value)		**8,637**	**9,517**	**9,077**
Add: Cash		781	781	781
Less: Intercompany Payable due to GBI		(5,347)	(5,347)	(5,347)
Estimated fair market value of the Issued Shares, *viewed en bloc*		**$ 4,071**	**$ 4,951**	**$ 4,511**

Goodwill implied in the calculation of fair market value

		Low	High	Midpoint
Going-concern Value		$ 11,462	$ 12,342	$ 11,902
Components of value:				
Non-cash working capital	(Schedule B5)	10,708	10,708	10,708
Fixed assets	(Schedule B5)	8,829	8,829	8,829
Implied Goodwill		**$ (8,074)**	**$ (7,194)**	**$ (7,634)**

Note 1: In April 2008, the Company received an estimate of the environmental rehabilitation cost for one of the two buildings in the range of $0.2M to $2.3M. An amount of $0.9M was accrued on the balance sheet. Management indicated that the second building is also contaminated but that the environmental rehabilitation cost was not estimated. For the purpose of this analysis, we have assumed that the environmental damage will have to be remedied prior to the sale of the Company and that the rehabilitation cost would be $1.25M per building ($2.5M in total).

Schedule B2

CAD RAILWAY LTD.
PRESENT VALUE OF DISCRETIONARY CASH FLOW - SCENARIO 2
AS AT MARCH 31, 2011
(In thousands)

Period	Discretionary Cash Flow (Schedule B4)	Discount Rate Factors 14.9%	Discount Rate Factors 13.5%	Present Value Low	Present Value High	Present Value Midpoint
2011	$ (710)	0.94913	0.95358	$ (670)	$ (680)	$ (675)
2012	5,165	0.84028	0.85346	4,340	4,410	4,375
2013	460	0.73108	0.75185	340	350	345
2014	1,835	0.63607	0.66234	1,170	1,220	1,195
2015	814	0.55340	0.58348	450	480	465
Present value of Discretionary Cash Flow as at March 31, 2011				**$ 5,630**	**$ 5,780**	**$ 5,705**

NOTE: Cash flows assumed to be earned evenly throughout the period.

Schedule B3

CAD RAILWAY LTD.
PRESENT VALUE OF TERMINAL VALUE - SCENARIO 2
AS AT MARCH 31, 2011
(In thousands)

Post-F2015 After-tax Discretionary Cash Flow	(Schedule B4)		$ 885		
			Range		
		Low	**High**	**Midpoint**	
Capitalized at rates of:					
8.7 times	11.5%		7,680		
7.7 times	12.9%	6,840			
Capitalized Cash Flow Value		6,840	7,680	7,260	
Discounted at rates of	13.5%	-	0.5835		
	14.9%	0.5534	-		
Present value of terminal value as at March 31, 2011		**$ 3,790**	**$ 4,480**	**$ 4,135**	

CAD RAILWAY LTD.
PROJECTED DISCRETIONARY CASH FLOW - SCENARIO 2
PROJECTED INCOME STATEMEMT FOR THE PERIODS ENDED DECEMBER 31
(in thousands)

			2011	2012	2013	2014	2015	Terminal
			(9 months)	(12 months)	(12 months)	(12 months)	(12 months)	(12 months)
Gross Revenue		(Schedules B7)	$ 35,335	$ 47,938	$ 31,737	$ 34,200	$ 34,524	$ 35,215
Projected revenue growth				35.7%	-33.8%	7.8%	0.9%	2.0%
EBITDA (without corporate charges)		(Schedules B7)	1,623	2,619	1,355	2,080	2,286	2,331
LESS: Normalized corporate charges			(450)	(600)	(600)	(600)	(600)	(600)
Adjusted EBITDA			1,173	2,019	755	1,480	1,686	1,731
EBITDA Margin			*3.3%*	*4.2%*	*2.4%*	*4.3%*	*4.9%*	*4.9%*
LESS:	Income taxes		(333)	(543)	(203)	(398)	(453)	(466)
	Income tax rate		*28.4%*	*26.9%*	*26.9%*	*26.9%*	*26.9%*	*26.9%*
ADD:	Changes in non-cash working capital	(Schedule B8)	1,054	4,356	180	1,205	(247)	(83)
LESS:	Estimated capital expenditures, net of tax shield	(Schedule B8)	(2,604)	(667)	(271)	(452)	(171)	(298)
Projected Discretionary Cash Flow			**$ (710)**	**$ 5,165**	**$ 460**	**$ 1,835**	**$ 814**	**$ 885**

Schedule B5

CAD RAILWAY INDUSTRIES LTD.
TANGIBLE ASSET BACKING - SCENARIO 2
AS AT MARCH 31, 2011
(in thousands)

	Book Value	Adjustments		Fair Value
ASSETS				
Short Term Assets				
Cash	$ 781	$ (781)	(1)	$ -
Accounts receivable & accrued revenue	10,752	-		10,752
Inventories	5,589	-		5,589
R&D credit receivable	241	-		241
Prepaid expenses	623	-		623
Future income taxes	400	(400)	(2)	-
	18,386	(1,181)		17,205
Plant, Property and Equipment	8,829	-		8,829
Future Income Taxes	4,365	(4,365)	(2)	-
	$ 31,580	$ (5,546)		$ 26,034
LIABILITIES				
Short Term Liabilities				
Accounts payable	$ 3,076	$ -		$ 3,076
Accrued liabilities	3,421	-		3,421
	6,497	-		6,497
Intercompany Debt	5,347	-		5,347
Environmental Liability	918	(918)	(3)	-
	12,762	(918)		11,844
SHAREHOLDERS' EQUITY				
Share Capital	19,672	-		19,672
Contributed surplus	5,739	-		5,739
Retained Earnings	(6,593)	(4,628)		(11,221)
	18,818	(4,628)		14,190
	$ 31,580	$ (5,546)		$ 26,034

Note 1: All cash assumed to be a redundant asset

Note 2: The present value of the tax shield on fixed assets and tax losses are calculated on schedules B6 and B6.1, respectively

Note 3: Environmental liability considered to be redundant. Fair value of $2,500 is a management estimate as per schedule B1.

Schedule B6

CAD RAILWAY INDUSTRIES LTD.
TAX SHIELD AVAILABLE ON FIXED ASSETS - SCENARIO 2
AS AT MARCH 31, 2011
(in thousands)

Assets	CCA Rate	UCC [1] 31-Dec-10	Effective Tax Rate	Tax Shield 14.2%
Assets subject to 4% depreciation	4%	$ 668	26.90%	$ 39
Assets subject to 10% depreciation	10%	5,919	26.90%	657
Assets subject to 20% depreciation	20%	152	26.90%	24
Assets subject to 30% depreciation	30%	106	26.90%	19
Assets subject to 50% depreciation	50%	371	26.90%	78
Assets subject to 55% depreciation	55%	24	26.90%	5
Assets subject to100% depreciation	100%	36	26.90%	8
		7,276		831
Present value factor				0.4359
Tax shield considering tax losses[2]				**$ 362**

The tax shield is calculated as follows:

On Undepreciated Cost of Capital - $\dfrac{\textit{UCC} \times \textit{CCA Rate} \times \textit{Tax Rate}}{\textit{Rate of Return} + \textit{CCA Rate}}$

(1) We assumed that additions from January 1, 2011 to March 31, 2011 approximate depreciation.

(2) Tax shield is calculated starting in 2017, the first year estimated that the Company will pay taxes after all of the tax loss carry-forwards are utilized.

Schedule B6.1

CAD RAILWAY LTD.
TAX SHIELD AVAILABLE ON TAX LOSS CARRYFORWARDS - SCENARIO 2
AS AT MARCH 31, 2011
(in thousands)

Estimated loss carry-forward as at March 31, 2011			$ 9,070						
Utilization of losses (starting in Q2 F2011)			**F2011**	**F2012**	**F2013**	**F2014**	**F2015**	**F2016**	**F2017**
Opening			$ 9,070	$ 7,897	$ 5,878	$ 5,123	$ 3,644	$ 1,958	$ 226
Less income for year (EBITDA)	(Schedule B4)		(1,173)	(2,019)	(755)	(1,480)	(1,686)	(1,731)	(1,766)
Closing			$ 7,897	$ 5,878	$ 5,123	$ 3,644	$ 1,958	$ 226	$ -
Income for the year (EBITDA)			$ 1,173	$ 2,019	$ 755	$ 1,480	$ 1,686	$ 1,731	$ 1,766
Less losses used			(1,173)	(2,019)	(755)	(1,480)	(1,686)	(1,731)	(226)
Taxable income			$ -	$ -	$ -	$ -	$ -	$ -	$ 1,540
Tax savings at a rate of			*28.40%*	*26.90%*	*26.90%*	*26.90%*	*26.90%*	*26.90%*	*26.90%*
Tax savings			$ 333	$ 543	$ 203	$ 398	$ 453	$ 466	$ 61
Discount Rate - High	13.5%		0.9536	0.8535	0.7519	0.6623	0.5835	0.5140	0.4528
Discount Rate - Low	14.9%		0.9491	0.8403	0.7311	0.6361	0.5534	0.4815	0.4189
		Total							
Present Value - High		**$ 1,720**	$ 320	$ 460	$ 150	$ 260	$ 260	$ 240	$ 30
Present Value - Low		**$ 1,680**	$ 320	$ 460	$ 150	$ 250	$ 250	$ 220	$ 30

Schedule B7

CAD RAILWAY INDUSTRIES LTD.
HISTORICAL AND PROJECTED INCOME STATEMEMT - SCENARIO 2
FOR THE PERIODS ENDED DECEMBER 31
(in thousands)

	2008	2009	2010	2011	2011	2012	2013	2014	2015
	(Actual)	(Actual)	(Forecasted)	(Forecasted) (9 months)	(Forecasted) (12 months)	(Forecasted)	(Forecasted)	(Forecasted)	(Forecasted)
Revenues:									
Via	$ 3,692	$ 19,109	$ 30,424	$ 21,833	$ 29,208	$ 22,403	$ -	$ -	$ -
Major	-	-	-	-	-	-	-	-	-
Other	29,080	16,897	14,975	13,502	17,245	25,534	31,737	34,200	34,524
Revenues	32,777	36,006	45,399	35,335	46,453	47,938	31,737	34,200	34,524
COGS	N/A	28,665	34,354	24,482	32,336	33,158	21,307	22,854	23,009
Gross contribution	N/A	7,341	11,044	10,853	14,117	14,779	10,430	11,345	11,515
		20%	*24%*	*31%*	*30%*	*31%*	*33%*	*33%*	*33%*
Overheads									
Salaries	N/A	3,913	3,894	3,722	5,035	4,691	3,143	3,231	3,168
Overhead expenses	N/A	3,282	3,901	2,803	4,092	3,952	3,053	3,126	3,136
VIA engineering costs	N/A	518	10	-	-	-	-	-	-
R&D tax credits	N/A	(287)	677	(83)	(99)	(111)	(111)	(111)	(111)
Others (Inventory & CSST)	N/A	1,898	-	-	-	-	-	-	-
	N/A	9,323	8,482	6,442	9,028	8,532	6,086	6,246	6,193
Gross Margin	5,572	(1,982)	2,562	4,411	5,090	6,247	4,344	5,099	5,322
	17%	*-6%*	*6%*	*12%*	*13%*	*13%*	*14%*	*15%*	*15%*
General and Administrative			-						
Salaries	2,229	2,127	1,555	1,481	1,913	1,974	1,659	1,689	1,706
Selling and administrative	1,685	1,873	1,325	1,241	1,726	1,655	1,331	1,331	1,331
Corporate charges	3,658	4,358	4,342	745	1,196	804	804	804	804
	7,571	8,358	7,221	3,533	4,835	4,432	3,794	3,824	3,841
EBITDA	**$ (1,999)**	**$ (10,341)**	**$ (4,659)**	**$ 878**	**$ 255**	**$ 1,815**	**$ 551**	**$ 1,276**	**$ 1,482**
EBITDA before Corporate Charges	1,658	(5,983)	(317)	1,623	1,451	2,619	1,355	2,080	2,286
Capital Expenditures	N/A	N/A	410	3,084	3,100	782	318	530	200

Schedule B7.1

CAD RAILWAY INDUSTRIES LTD.
PROJECTED BALANCE SHEET - SCENARIO 2
AS AT
(in thousands)

	March 31, 2011	December 31, 2011	December 31, 2012	December 31, 2013	December 31, 2014	December 31, 2015
ASSETS						
Short Term Assets						
Cash	$ 781	$ -	$ 4,869	$ 5,131	$ 5,544	$ 6,428
Accounts receivable & accrued revenue	10,752	9,019	4,729	4,208	4,402	4,447
Inventories	5,589	6,004	5,118	5,279	5,291	5,612
R&D credit receivable	241	264	276	276	276	276
Prepaid expenses	623	623	623	623	623	623
Future income taxes	400	417	417	417	417	417
	18,386	16,328	16,032	15,934	16,553	17,802
Plant, Property and Equipment	8,829	10,968	10,321	9,382	8,611	7,475
Future Income Taxes	4,365	3,496	3,426	3,682	3,734	3,735
	$ 31,580	$ 30,792	$ 29,778	$ 28,997	$ 28,897	$ 29,012
LIABILITIES						
Short Term Liabilities						
Bank overdraft/(credit)	$ -	$ 370	$ -	$ -	$ -	$ -
Accounts payable	3,076	3,270	2,667	2,693	2,701	2,863
Accrued liabilities	3,421	2,857	2,614	2,539	2,541	2,539
GST-QST payable	-	129	166	36	48	7
Future income taxes	-	564	564	564	564	564
	6,497	7,190	6,011	5,831	5,854	5,972
Interco Balances	5,347	5,347	5,347	5,347	5,347	5,347
Environmental Liability	918	918	918	918	918	918
Future Income Taxes	-	1,073	1,073	1,073	1,073	1,073
	12,762	14,529	13,350	13,169	13,193	13,310
SHAREHOLDERS EQUITY						
Share Capital	19,672	19,672	19,672	19,672	19,672	19,672
Contributed surplus	5,739	5,739	5,739	5,739	5,739	5,739
Retained Earnings	(6,593)	(9,148)	(8,982)	(9,583)	(9,706)	(9,709)
	18,818	16,263	16,429	15,828	15,705	15,702
	$ 31,580	$ 30,792	$ 29,778	$ 28,997	$ 28,897	$ 29,012

Schedule B8

CAD RAILWAY INDUSTRIES LTD.
PROJECTED WORKING CAPITAL AND CAPITAL EXPENDITURES - SCENARIO 2
FOR THE PERIODS ENDED
(in thousands)

	March 31, 2011 (Actual)	December 31, 2011 (Forecast)	December 31, 2012 (Forecast)	December 31, 2013 (Forecast)	December 31, 2014 (Forecast)	December 31, 2015 (Forecast)
Accounts receivable	$ 10,752	$ 9,019	$ 4,729	$ 4,208	$ 4,402	$ 4,447
Inventory[1]	5,589	6,004	5,118	5,279	3,903	4,224
R&D credit receivable	241	264	276	276	276	276
Prepaid expenses	623	623	623	623	623	623
Accounts payable	(3,076)	(3,270)	(2,667)	(2,693)	(2,701)	(2,863)
Accrued liabilities	(3,421)	(2,857)	(2,614)	(2,539)	(2,541)	(2,539)
GST payable	-	(129)	(166)	(36)	(48)	(7)
	10,708	9,654	5,298	5,118	3,913	4,161
Change in non-cash working capital	N/A	1,054	4,356	180	1,205	(247)
Sales		$ 46,453	$ 47,938	$ 31,737	$ 34,200	$ 34,524
Non-cash working capital as a percentage sales		*21%*	*11%*	*16%*	*11%*	*12%*
Capital expenditures	N/A	3,084	782	318	530	200
Tax shield	N/A	(480)	(115)	(47)	(78)	(29)
Net capital expenditures		2,604	667	271	452	171

Formula for tax shield on capital expenditures:

$$\frac{CE \times CCA\ Rate \times Tax\ Rate}{Rate\ of\ Return + CCA\ Rate} \quad X \quad \frac{1- \quad (rate\ of\ return)}{2 \times (1 + rate\ of\ return)}$$

Note 1: Excess VIA Rail inventory of $1,388 was assumed to be sold to VIA Rail at cost in 2014, based on discussions with management. Accrodingly, the inventory forecasted by management was reduced by $1,388 in 2014 and 2015.

Schedule B9

CAD RAILWAY INDUSTRIES LTD.
WEIGHTED AVERAGE COST OF CAPITAL (WACC) AND MULTIPLES
(in thousands)

Cost of equity	
Long-term selected Government of Canada benchmark bond yield[1]	3.75%
Long-horizon expected equity risk premium[2]	4.40%
Size premium[2]	8.16%
Company specific premium[3]	4.00%
After-tax cost of equity (illiquid, control)	**20.31%**

Cost of debt	
Canadian Prime Business Rate	3.00%
Borrowing spread [4]	1.00%
Estimated pre-tax cost of debt	4.00%
Effective average income tax rate	26.90%
After-tax cost of debt [(pre-tax cost x (1 - tax rate)]	**2.92%**

Weighted Average Cost Of Capital (WACC)

	Multiples		
	Rate	**Weighting**	**WACC**
Estimated cost of debt[4]	2.92%	35.0%	1.02%
Cost of equity	20.31%	65.0%	13.20%
Going Concern Value		100.0%	14.23%

		Range		
		Low	**High**	**Midpoint**
Weighted Average Cost of Capital - Discount rate (+ / - 5%)		14.9%	13.5%	14.2%
LESS:	Inflation	-2.0%	-2.0%	
	Growth factor (real growth rate)	0.0%	0.0%	
Weighted Average Cost of Capital - Capitalization Rate		**12.9%**	**11.5%**	12.2%
	Multiple (inverse)	**7.7**	**8.7**	

Debt capacity

A) Leverage			
Terminal Adjusted EBITDA	$ 1,731	$ 1,731	$ 1,731
Multiple	1.5	2.0	2.5
	2,600 $	**3,500 $**	**4,300 $**
B) Fixed charge			
Indicated EBITDA	$ 1,731	$ 1,731	$ 1,731
Borrowing rate	4.00%	4.00%	4.00%
Interest	104	140	172
Debt amortization	7 years	7 years	7 years
Capital repayment	371	500	614
Capex	298	298	298
Taxes	358	348	339
	$ 1,131	$ 1,286	$ 1,424
Ratio	**1.53**	**1.35**	**1.22**

C) Asset base			
Accounts receivable	$ 4,722	75%	$ 3,542
Inventory	4,224	60%	2,534
Property, Plant & Equipment	7,475	0%	-
			6,076

Note 1: Long-term Government of Canada benchmark bond.
Note 2: Based on the Duff & Phelps 2011 Risk Premium report.
Note 3: RSM Richter estimate
Note 4: RSM Richter estimate

Schedule C1

CAD RAILWAY INDUSTRIES LTD.
VALUATION SUMMARY - MARKET APPROACH
PRECEDENT TRANSACTIONS
AS AT MARCH 31, 2011
(in thousands)

		Range		
		Low	**Medium**	**High**
		CAD	*Bach-Simpson*	*G&B*
Adjusted NTM EBITDA		$ 1,561	$ 1,561	$ 1,561
Implied NTM EBITDA multiple in precedent transactions	(Note 1)	5.39	6.05	6.86
		8,414	9,439	10,713
Plus: present value of one time increase in 2012 EBITDA	(Note 2)	-	1,840	1,869
Going Concern Value		**$ 8,414**	**$ 11,279**	**$ 12,582**
Less: Redundant liabilities				
Employee termination cost		(325)	(325)	(325)
Environmental Liability	(Note 3)	(2,000)	(2,500)	(2,500)
Estimated fair market value of the Investments in CAD (enterprise value)		**$ 6,089**	**$ 8,454**	**$ 9,757**
Add: Cash		781	781	781
Less: Intercompany payable due to GBI		(5,347)	(5,347)	(5,347)
Estimated fair market value of the Issued Shares, *viewed en bloc*		**$ 1,523**	**$ 3,888**	**$ 5,191**

Note 1: The Bach Simpson and the G&B transactions closed in 2010 with TEV/EBITDA multiples of 6.05 x and 6.86 x respectively and the CAD transaction closed in 2007 with an NTM EV/EBITDA multiple of 5.39 x.

Note 2: The company forecasted adjusted EBITDA for the 12 months ended March 31, 2013 of $4.5M an increase of $3.0M over the NTM EBITDA, which was tax effected and present valued.

Note 3: In April 2008, the Company received an estimate of the environmental rehabilitation cost for one of the two buildings in the range of $0.2M to $2.3M. An amount of $0.9M was accrued on the balance sheet. Management indicated that the second building is also contaminated but that the environmental rehabilitation cost was not estimated. For the purpose of this analysis, we have assumed that the environmental damage will have to be remedied prior to the sale of the Company and that the rehabilitation cost would be $1.25M per building ($2.5M in total). In 2007, the environmental liability was estimated to be approximately $500K which was considered when determining the purchase price, being $2M less than the estimated liability at the Valuation Date.

Schedule C2

CAD RAILWAY INDUSTRIES LTD.
VALUATION SUMMARY - MARKET APPROACH - PUBLIC COMPANY COMPARABLES
AS AT MARCH 31, 2011
(in thousands)

Summary of market-based valuation multiples

	Adjusted Min	Adjusted Max	Adjusted Median	Adjusted Average
Precedent Transactions				
TEV / NTM EBITDA	4.7	11.3	8.3	8.4

Calculation of enterprise value based on a range of the above market-based multiples

		Range		
		Low	High	Midpoint
Adjusted NTM EBITDA		$ 1,561	$ 1,561	$ 1,561
Market-based EBITDA multiple	(Above)	4.7	11.3	8.0
		7,337	17,616	12,477
Plus: Present value of one time increase in 2012 EBITDA	(Note 1)	1,773	1,960	1,866
Going Concern Value		**$ 9,109**	**$ 19,576**	**$ 14,343**
Less: Redundant liabilities				
Employee termination cost		(325)	(325)	(325)
Environmental Liability	(Note 2)	(2,500)	(2,500)	(2,500)
Estimated fair market value of the Investments in CAD (enterprise value)		**$ 6,284**	**$ 16,751**	**$ 11,518**
Add: cash		781	781	781
Less: Intercompany Payable due to GBI		(5,347)	(5,347)	(5,347)
Estimated fair market value of the Issued Shares, *viewed en bloc*		**$ 1,718**	**$ 12,185**	**$ 6,952**

Note 1: The company forecasted adjusted EBITDA for the 12 months ended March 31, 2013 of $4.5M an increase of $3.0M over the NTM EBITDA, which was tax effected and present valued.

Note 2: In April 2008, the Company received an estimate of the environmental rehabilitation cost for one of the two buildings in the range of $0.2M to $2.3M. An amount of $0.9M was accrued on the balance sheet. Management indicated that the second building is also contaminated but that the environmental rehabilitation cost was not estimated. For the purpose of this analysis, we have assumed that the environmental damage will have to be remedied prior to the sale of the Company and that the rehabilitation cost would be $1.25M per building ($2.5M in total).

Schedule C3

CAD RAILWAY INDUSTRIES LTD.
GLOBAL RAILWAY INDUSTRIES LTD. SHARE PRICE ANALYSIS
AS AT MARCH 31, 2011

(in thousands except Global share price)

Closing Global share price as at March 31, 2011			$ 1.23
Number of shares outstanding			15,247
Estimated fair market value of the Global Shares, viewed *en bloc*			18,754
ADD:	Long-term debt		-
Enterprise value			18,754
ADD/LESS:	Non-CAD (Assets) / Liabilities		
		Cash and short term investments	(11,858)
		Escrow receivable	(5,406)
		Income taxes payable	181
Estimated fair market value of the Investments in CAD (enterprise value)			**$ 1,671**
Add: Cash			781
Less: Intercompany Payable due to GBI			(5,347)
Estimated fair market value of the Issued Shares, *viewed en bloc*			**$ -**

Schedule D1

CAD RAILWAY INDUSTRIES LTD.
VALUATION SUMMARY - WIND-DOWN SCENARIO
AS AT MARCH 31, 2011
(In thousands)

		Net Book Value	Estimated Realization Value		Notes	Estimated Time to Recovery	Discounted Realization Value	
		(At Dec 31, 2012)	Low	High		*(months)*	Low	High
		(Forecast)					8.0%	10.0%
Assets								
Cash		$ 4,869	$ 4,869	$ 4,869				
Less: Cash at the Valuation Date		(781)	(781)	(781)				
		4,088	4,088	4,088	1	21	$ 3,573	$ 3,460
Additional cash from reduced capital expenditures		-	3,366	3,366	2	21	2,942	2,849
Accounts receivable	Low 90%	4,729	4,256			23	3,672	
	High 95%			4,492	3	23		3,742
Prepaid expenses		623	-	-	4	N/A	-	-
Inventories								
Via-Rail	Low 60%	1,388	833		5	23	719	
	High 75%			1,041		23		867
Other	Low 35%	3,730	1,494			23	1,289	
	High 40%			1,708		23		1,422
Research and development credits receivable		276	276	276	6	39	215	202
Equipment		10,321	2,743	2,743	7	27	2,307	2,214
Building			10,500	10,500	8	39	8,176	7,703
Future income taxes		2,206	-	-	9	N/A	-	-
Proceeds from sale of assets		31,448	31,644	32,302			22,893	22,460
Liabilities								
Accounts payable and accrued liabilities		(5,438)	(5,688)	(5,688)	10	23	(4,908)	(4,738)
Environmental Liability		(918)	(2,500)	(2,500)	11	21	(2,185)	(2,116)
Estimated Gross Realization Value		**25,092**	**23,456**	**24,114**			**15,800**	**15,606**
Less: Liquidation Costs								
Commission on building		-	(525)	(525)	12	27	(442)	(424)
Commission on Equipment		-	(549)	(686)	12	39	(427)	(503)
Severances - statutory		-	(3,000)	(1,500)	13	21	(2,622)	(1,270)
Severances - contractual		-	(231)	(231)	13	21	(202)	(195)
Professional Fees		-	(500)	(500)	14	27	(421)	(403)
Insurance, security, taxes and utilities		-	(900)	(900)	15	27	(757)	(726)
Estimated Net Realization Value - Investments in CAD		**$ 25,092**	**$ 17,752**	**$ 19,772**			**$ 10,930**	**$ 12,084**
Add: Cash as at the Valuation Date							781	781
Less: Intercompany Payable due to GBI							(5,347)	(5,347)
Estimated fair market value of the Issued Shares, *viewed en bloc*							**$ 6,364**	**$ 7,518**

Schedule D1 (Continued)

(1) Cash at the Valuation Date is excluded from the determination of the "Estimated Net Realization Value - Investments in CAD" for comparability to the other valuation approaches. Cash as at the Valuation Date has been included in the determination of the "Estimated fair market value of the Issued Shares" below.

(2) Management represented that in a wind-down scenario, only $500K of capital expenditures would be required from April 1, 2011 to December 31, 2012 compared to $3,886 forecasted in Scenario 2.

(3) Management represented that there are no material collection risks. Notwithstanding, issues will arise under an orderly liquidation that will negatively impact net realization from accounts receivable.

(4) Prepaid expenses are assumed to be non-recoverable, except to the extent they reduce insurance, taxes and utility costs related to the wind-down period (note 15).

(5) Assumes that VIA Rail inventory would be sold to Via Rail for 60% to 75% of its cost. Assumes that all other inventory would be sold to competitors for 35% to 45% of its cost, before consideration of the $539K inventory obsolescence provision accrued by management.

(6) Forecasted net book value as at December 31, 2012 assumed to approximate net realizable value.

(7) Per Appraisal report prepared by CIA CPCC dated April 26, 2011.

(8) Per Appraisal report prepared by CIA CPCC dated October 28, 2010.

(9) Assumes that tax losses would not be recoverable.

(10) Warranty provision recorded by management was increased by $250K, representing approximately 1% of non-Via Rail revenues projected in Scenario 2 in 2012.

(11) In April 2008, the Company received an estimate of the environmental rehabilitation cost for one of the two buildings in the range of $0.2M to $2.3M. An amount of $0.9M was accrued on the balance sheet. Management indicated that the second building is also contaminated but that the environmental rehabilitation cost was not estimated. For the purpose of the liquidation analysis, we have assumed that the environmental damage will have to be remedied prior to the sale of the land and building and that the rehabilitation cost would be $1.25M per building ($2.5M in total).

(12) Assumes a 5% commission on the sale of the building and 20% to 25% commission on the sale of the equipment.

(13) Assumes 12 weeks of severance in accordance with the Act Respecting Labour Standards. The high scenario assumes 50% working notice and 50% cash payment and the low scenario assumes 100% cash payment. Contractual severance relates to two senior employees and is net of the statutory amount for these employees.

(14) Estimated legal fees in a wind-down scenario.

(15) Estimated insurance, security, taxes and utility costs, assuming that it will take 18 months to sell building. Costs are net of prepaid expenses projected as at December 31, 2012.

Schedule E1

CAD RAILWAY INDUSTRIES LTD.

COMPARISION OF VALUATION APPROACHES

AS AT MARCH 31, 2011

(in thousands)

		Richter Scenario 1	Precedent Valuation Methodology	Difference
Present value of Discretionary Cash Flow		$ 6,390	$ 9,320	$ 2,930
Present value of Terminal Value		5,380	2,299	(3,081)
Present Value of Cash Flow before Tax shield	Note 1	11,770	11,619	(151)
Tax shield on depreciable assets	Note 2	540	729	189
Tax shield on tax losses carry forward	Note 2	1,960	2,080	120
Going Concern Value		**14,270**	**14,428**	**158**
Less: Redundant liabilities				
Liability unrelated to on-going operations		(325)	(325)	-
Environmental Liability		(2,500)	(2,500)	-
Estimated fair market value of the Investments in CAD (enterprise value)		**$ 11,445**	**$ 11,603**	**$ 158**
Add: Cash		781	781	-
Less: Intercompany Payable due to GBI		(5,347)	(5,347)	-
Estimated fair market value of the Shares, *viewed en bloc*		**$ 6,879**	**$ 7,037**	**$ 158**

Note 1: The difference in the present value of cash flows is a result of two offsetting factors: (1) The Precedent Valuation methodology uses a WACC of 10% versus Richter's WACC assumption of 14%; and (2) the Precedent Valuation methodology assumes no major contract after Go Transit while Richter assumes continuous major contracts in its terminal value.

Note 2: The Precedent Valuation methodology yields a higher value for the tax shield and present value of tax losses due to a lower WACC of 10% compared to Richter's WACC assumption of 14%

APPENDIX D

TEXT OF SECTION 191 OF THE ABCA

191.(1) Subject to sections 192 and 242, a holder of shares of any class of a corporation may dissent if the corporation resolves to

(a) amend its articles under section 173 or 174 to add, change or remove any provisions restricting or constraining the issue or transfer of shares of that class,

(b) amend its articles under section 173 to add, change or remove any restrictions on the business or businesses that the corporation may carry on,

(b.1) amend its articles under section 173 to add or remove an express statement establishing the unlimited liability of shareholders as set out in section 15.2(1),

(c) amalgamate with another corporation, otherwise than under section 184 or 187,

(d) be continued under the laws of another jurisdiction under section 189, or

(e) sell, lease or exchange all or substantially all its property under section 190.

(2) A holder of shares of any class or series of shares entitled to vote under section 176, other than section 176(1)(a), may dissent if the corporation resolves to amend its articles in a manner described in that section.

(3) In addition to any other right the shareholder may have, but subject to subsection (20), a shareholder entitled to dissent under this section and who complies with this section is entitled to be paid by the corporation the fair value of the shares held by the shareholder in respect of which the shareholder dissents, determined as of the close of business on the last business day before the day on which the resolution from which the shareholder dissents was adopted.

(4) A dissenting shareholder may only claim under this section with respect to all the shares of a class held by the shareholder or on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

(5) A dissenting shareholder shall send to the corporation a written objection to a resolution referred to in subsection (1) or (2)

(a) at or before any meeting of shareholders at which the resolution is to be voted on, or

(b) if the corporation did not send notice to the shareholder of the purpose of the meeting or of the shareholder's right to dissent, within a reasonable time after the shareholder learns that the resolution was adopted and of the shareholder's right to dissent.

(6) An application may be made to the Court after the adoption of a resolution referred to in subsection (1) or (2),

(a) by the corporation, or

(b) by a shareholder if the shareholder has sent an objection to the corporation under subsection (5),

to fix the fair value in accordance with subsection (3) of the shares of a shareholder who dissents under this section, or to fix the time at which a shareholder of an unlimited liability corporation who dissents under this section ceases to become liable for any new liability, act or default of the unlimited liability corporation.

(7) If an application is made under subsection (6), the corporation shall, unless the Court otherwise orders, send to each dissenting shareholder a written offer to pay the shareholder an amount considered by the directors to be the fair value of the shares.

(8) Unless the Court otherwise orders, an offer referred to in subsection (7) shall be sent to each dissenting shareholder

(a) at least 10 days before the date on which the application is returnable, if the corporation is the applicant, or

(b) within 10 days after the corporation is served with a copy of the application, if a shareholder is the applicant.

(9) Every offer made under subsection (7) shall

(a) be made on the same terms, and

(b) contain or be accompanied with a statement showing how the fair value was determined.

(10) A dissenting shareholder may make an agreement with the corporation for the purchase of the shareholder's shares by the corporation, in the amount of the corporation's offer under subsection (7) or otherwise, at any time before the Court pronounces an order fixing the fair value of the shares.

(11) A dissenting shareholder

(a) is not required to give security for costs in respect of an application under subsection (6), and

(b) except in special circumstances must not be required to pay the costs of the application or appraisal.

(12) In connection with an application under subsection (6), the Court may give directions for

(a) joining as parties all dissenting shareholders whose shares have not been purchased by the corporation and for the representation of dissenting shareholders who, in the opinion of the Court, are in need of representation,

(b) the trial of issues and interlocutory matters, including pleadings and questioning under Part 5 of the Alberta Rules of Court,

(c) the payment to the shareholder of all or part of the sum offered by the corporation for the shares,

(d) the deposit of the share certificates with the Court or with the corporation or its transfer agent,

(e) the appointment and payment of independent appraisers, and the procedures to be followed by them,

(f) the service of documents, and

(g) the burden of proof on the parties.

(13) On an application under subsection (6), the Court shall make an order

(a) fixing the fair value of the shares in accordance with subsection (3) of all dissenting shareholders who are parties to the application,

(b) giving judgment in that amount against the corporation and in favour of each of those dissenting shareholders,

(c) fixing the time within which the corporation must pay that amount to a shareholder, and

(d) fixing the time at which a dissenting shareholder of an unlimited liability corporation ceases to become liable for any new liability, act or default of the unlimited liability corporation.

(14) On

(a) the action approved by the resolution from which the shareholder dissents becoming effective,

(b) the making of an agreement under subsection (10) between the corporation and the dissenting shareholder as to the payment to be made by the corporation for the shareholder's shares, whether by the acceptance of the corporation's offer under subsection (7) or otherwise, or

(c) the pronouncement of an order under subsection (13),

whichever first occurs, the shareholder ceases to have any rights as a shareholder other than the right to be paid the fair value of the shareholder's shares in the amount agreed to between the corporation and the shareholder or in the amount of the judgment, as the case may be.

(15) Subsection (14)(a) does not apply to a shareholder referred to in subsection (5)(b).

(16) Until one of the events mentioned in subsection (14) occurs,

(a) the shareholder may withdraw the shareholder's dissent, or

(b) the corporation may rescind the resolution,

and in either event proceedings under this section shall be discontinued.

(17) The Court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder, from the date on which the shareholder ceases to have any rights as a shareholder by reason of subsection (14) until the date of payment.

(18) If subsection (20) applies, the corporation shall, within 10 days after

(a) the pronouncement of an order under subsection (13), or

(b) the making of an agreement between the shareholder and the corporation as to the payment to be made for the shareholder's shares,

notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

(19) Notwithstanding that a judgment has been given in favour of a dissenting shareholder under subsection (13)(b), if subsection (20) applies, the dissenting shareholder, by written notice delivered to the corporation within 30 days after receiving the notice under subsection (18), may withdraw the shareholder's notice of objection, in which case the corporation is deemed to consent to the withdrawal and the shareholder is reinstated to the shareholder's full rights as a shareholder, failing which the shareholder retains a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

(20) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that

(a) the corporation is or would after the payment be unable to pay its liabilities as they become due, or

(b) the realizable value of the corporation's assets would by reason of the payment be less than the aggregate of its liabilities.