



GLOBAL RAILWAY INDUSTRIES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE NINE MONTHS ENDED SEPTEMBER, 2007

The following is Management's Discussion and Analysis ("MD&A") of Global Railway Industries Ltd.'s (the "Company" or "Global") financial results of operations for the nine month period ending September 30, 2007. This MD&A has been prepared as of November 12, 2007. Except where otherwise indicated, all financial information is expressed in Canadian dollars. Several accounting policy and procedural changes were made in 2007; as noted below. This discussion is intended to assist the reader in understanding the dynamics of the Company's business and the key factors underlying its financial results. This discussion should be read in conjunction with the Company's 2007 third quarter interim consolidated financial statements and the Company's annual financial statements and MD&A for the year ended December 31, 2006.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management prepared the financial statements for Global and is responsible for the integrity and fairness of the data presented therein. The accounting policies followed in the preparation of these financial statements conform to Canadian generally accepted accounting principles ("GAAP"). When alternative accounting methods exist, management chose those it deemed most appropriate in the circumstances. This MD&A has been prepared in accordance with the requirements of National Instrument 51-102 of the Canadian Securities Administrators.

The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") of the Company are responsible for establishing and maintaining the Company's disclosure controls and procedures and internal controls over financial reporting. The Board of Directors, which is comprised of a majority of independent directors, acts to ensure that management fulfills its financial reporting and internal control responsibilities. In performing its duties, the Board of Directors acts only in an oversight capacity and necessarily relies on the work and assurances of the Company's management. In reliance on reviews and discussions with management, and in light of its roles and responsibilities, the Board of Directors has approved the Company's 2007 third quarter MD&A and interim consolidated financial statements.

Strategy

The Company's strategy is to consolidate and rationalize small and medium sized railway equipment suppliers to provide a one stop shopping service for its customers. Management continues to evaluate acquisition opportunities for complementary product lines and for products which can benefit from utilization of the Company's existing distribution and manufacturing operations. To maintain its position with each customer, Global supplies well designed, high quality, competitively priced products in a timely manner.

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Performance Data

For the three month and nine month periods ended September 30, 2007, with comparative figures for 2006:

	Three months		Nine months	
	2007	2006	2007	2006
	(unaudited)		(unaudited)	
Sales	\$ 7,671,270	\$ 7,817,343	\$ 26,380,283	\$ 24,324,039
Net earnings (loss)				
Continuing operations	609,394	603,867	2,884,467	2,889,433
Discontinued operations	-	13,127	-	(509,958)
Net earnings for the period	\$ 609,394	\$ 616,994	\$ 2,884,467	\$ 2,379,475
Net earnings per share from continuing operations:				
Basic	\$ 0.04	\$ 0.04	\$ 0.19	\$ 0.19
Diluted	\$ 0.04	\$ 0.04	\$ 0.19	\$ 0.19
Net earnings per share:				
Basic	\$ 0.04	\$ 0.04	\$ 0.19	\$ 0.16
Diluted	\$ 0.04	\$ 0.04	\$ 0.19	\$ 0.16
Weighted average number of common shares outstanding:				
Basic	14,954,461	14,899,951	14,939,400	14,871,304
Diluted	15,310,383	15,060,349	15,199,444	14,992,118

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Significant Events in the Third quarter of 2007

Measured in local currencies on a combined basis, Global's three subsidiaries, G&B Specialties, Inc. ("G&B"), Bach-Simpson Corporation ("Bach-Simpson"), and Prime Steel Inc. ("Prime") delivered record sales for the third quarter of 2007 and also for the nine month period ended September 2007. This accomplishment emphasizes the ability of Global's subsidiary management teams to drive sales and capture their share of expanded capital spending by the North American Class 1 railroads.

On July 30, 2007, the Company's Board of Directors approved a letter of intent with Canadian Allied Diesel Co. Ltd., CAD Railway Services Inc., Lachine Rail Centre Inc., Engine System Development Centre Inc., and their respective shareholders (together "CAD") to acquire substantially all of the net working capital, land, building, plant equipment and machinery, and other intangible assets of CAD for cash consideration of approximately \$22.0 million. The planned acquisition of CAD will increase Global's customer base in North America and internationally, and create potential sales and supply synergies with Bach-Simpson and Prime. Acquiring CAD will provide balance to Global's revenue base and operations between Canada and the United States, and reduce the Company's relative exposure to foreign exchange currency fluctuations. Additionally, Global's product coverage will become more equally distributed over the three major expenditure categories of the railroads; track & signal, locomotive and railcars.

During September 2007, a common enterprise resource planning ("ERP") and accounting system was implemented at corporate headquarters and at Bach-Simpson. The new system enables management to generate consistent subsidiary reporting and facilitate financial consolidations of all subsidiaries at the corporate level. This is a significant step in achieving the goal to have a common ERP platform across all of the Company's operations, and in improving internal controls over financial reporting. This system was already in place at G&B with more than five years of successful operation.

The Canadian dollar strengthened by 7.1% against the United States dollar during the third quarter of 2007. By positioning itself in a net United States dollar denominated payables situation, Global was able to take advantage of the strengthening Canadian dollar and generate foreign exchange gains of approximately \$244,000 during the third quarter of 2007. However, the weakening United States dollar negatively impacted Global's sales growth as discussed below.

Sales

Global's sales are derived primarily from the sale of track switching components, event recorders with crash hardened memory modules, rail gear, freight car parts and boxcar doors through its three subsidiaries. Sales originate predominantly in the United States of America and Canada, with less than 5% from other countries. Sales for the three

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month period ended September 30, 2007 were \$7.7 million; a decrease of 1.9% compared with the same quarter of 2006. Sales for the nine month period ended September 30, 2007 were \$26.4 million; an increase of 8.5% compared with the first nine months of 2006.

Approximately 88% of Global's sales are transacted in United States dollars. Therefore, fluctuations in the value of the Canadian dollar against the United States dollar affect Global's results when the United States dollar denominated sales and expenses are translated into Canadian dollars. A stronger Canadian dollar decreases Global's United States dollar denominated sales and expenses. It also decreases net income because there are more sales than expenses transacted in United States dollars.

The effect of the fluctuating value of the Canadian dollar against the United States dollar negatively impacted Global's 2007 year-to-date and third quarter sales growth. Had the exchange rate remained constant year over year, 2007 third quarter sales would have increased by 5.0% compared with sales in the same three month period of 2006; and 2007 year to date sales would have increased by 11.0% compared with sales for the same nine month period in 2006.

Cost of Sales/Gross Margins

Gross margins for the third quarter of 2007 were 37.0%, compared with 37.7% for 2006. Gross margins for the first nine months of 2007 were 40.3%, compared with 39.4% for the same period in 2006. The gross margin erosion experienced in the third quarter of 2007 is mostly attributable to raw and finished material price increases, as well as changes in product sales mix. Management is reviewing its pricing strategy to determine what action can be taken to bolster gross margins, and at this time management expects 2007 fourth quarter gross margins to only slightly outperform the results of 2007 third quarter (the effect of the planned CAD acquisition is excluded). Additionally, management will continue its ongoing efforts to minimize low margin sales activity improve productivity, increase utilization of capital equipment and strategically source manufacturing inputs to reduce costs.

Operating Expenses

Salary expenses for the third quarter of 2007 were \$301,000 higher than for the same period in 2006. During the third quarter of 2007, the Company incurred an expense of approximately \$276,000 related to non-cash stock-based compensation compared with approximately \$30,000 in the same quarter of 2006. Regular merit increases and the addition of key personnel account for the remainder of the increase.

Salary expenses for the nine months ended September 30, 2007 were \$844,000 higher than for the same period in 2006. During the first quarter of 2006, the Company benefited from an employment contract settlement which favourably affected its salary

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expense by \$165,000 for the period. No similar favourable items were realized during the first nine months of 2007. Year over year increases in stock-based compensation expense totaled approximately \$340,000. Global strengthened its management team by hiring a new Chief Operating Officer (July 2006), Chief Financial Officer (April 2007), and G&B Controller (December 2006). These hirings have resulted in incremental salaries for the first nine months of 2007 totaling \$223,000 compared to the same period in 2006. Regular merit increases and the addition of other personnel account for the remainder of the increase for the first nine months of 2007.

General and administrative expenses for the third quarter of 2007 were \$179,000 higher than the same period in 2006, primarily as a result of increased 2007 professional fees and public company administration costs. Professional fees related to audits and tax support were \$53,000 higher in the third quarter of 2007 compared to the same quarter in 2006. In the third quarter of 2006, public company administration costs were favourably affected by a \$44,000 adjustment to accrued expenses.

General and administrative expenses for the first nine months of 2007 were \$725,000 higher than the same period in 2006, primarily as a result of increased professional fees, Board of Directors fees, public company administration costs, and other non-recurring corporate development costs. Professional fees related to Internal Controls Over Financial Reporting reviews, audits, quarterly financial statement reviews, legal and tax support were \$415,000 in 2007 compared with \$210,000 in the same period in 2006. Board of Directors fees for the first nine months of 2007 totaled \$249,000 compared to \$107,000 in 2006. Public company administration costs were \$75,000 in 2007 compared with \$41,000 in the same period in 2006. Non-recurring corporate development costs incurred during 2007 totaled \$208,000 compared to nil in 2006.

Salaries and general administrative expenses for the three months ended September 30, 2007 were 25.5% expressed as a percentage of sales, compared with 18.9% for the same period in 2006. Salaries and general administrative expenses for the nine months ended September 30, 2007 were 23.2% expressed as a percentage of sales, compared with 18.7% for the same period in 2006. Similar expenditure levels are anticipated for the final quarter of 2007 (effect of the planned CAD acquisition is excluded).

Interest Income/Expense

For the three month period ended September 30, 2007, net interest income was \$133,000 compared with \$35,000 in the 2006 third quarter. For the nine month period ended September 30, 2007, net interest income was \$316,000 higher than the same period in 2006. The Company repaid all of its outstanding bank debt in the first quarter of 2006 and has subsequently been in a net positive cash position. Included in third quarter interest income is royalty income of \$40,000 relating to a YSD product line sold in 2006. Royalty income for the nine months ended September 30, 2007 was \$103,000. No royalty income was earned in 2006. No further royalty income is expected in 2007.

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As at September 30, 2007, the Company had \$9.3 million in cash. Global has been investing its cash in interest bearing term deposits and bankers acceptances throughout most of the first nine months of 2007. The Company plans to utilize approximately \$8.0 million of cash for the acquisition of CAD.

Income Tax

The 2007 third quarter effective tax rate on income earned from continuing operations was 45.5% compared with 56.7% for 2006. The 2007 nine month effective tax rate on income earned from continuing operations was 34.4% compared with 39.2% for 2006. The 2007 third quarter effective tax rate was increased by the tax impact of differences between the December 31, 2006 provision and the actual 2006 United States income tax returns filed in September 2007. The estimated effective tax rate on continuing operations for the remainder of 2007 is 38%.

Foreign Exchange

The Company realized foreign exchange gains on net United States dollar denominated liabilities amounting to \$244,000 during the third quarter of 2007 (\$14,000 in foreign exchange losses for the first nine months), compared with foreign exchange gains of \$8,000 during the same period in 2006 (\$76,000 in foreign exchange gains in the first nine months of 2006). Management expects to continue with a United States dollar denominated net liability position for the remainder of 2007. The planned acquisition of CAD will position the Company with a relatively lower exposure to foreign exchange fluctuations.

Net Earnings

Net earnings from continuing operations for the third quarter of 2007 were \$609,000, compared with \$604,000 for the same period in 2006. Net earnings for the three month period ended September 30, 2007 were \$609,000, down slightly from the \$617,000 achieved during the same period of 2006.

Net earnings from continuing operations for the nine month period ended September 30, 2007 were \$2.9 million; consistent with the \$2.9 million achieved during the same period in 2006. Losses from discontinued operations during the first nine months of 2007 were nil and \$510,000 for the same nine month period in 2006. The Company's net earnings for the nine month period ended September 2007 were \$2.9 million, an increase of 21% compared with \$2.4 million for the same period in 2006.

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Outlook

The American Association of State Highway and Transportation Officials estimates that as much as \$195 billion in railroad investment is needed to carry projected rail-freight volumes by 2020. Despite a bleak economic environment in which United States freight traffic is expected to be flat or down somewhat this year, due to softness in some parts of the economy, the North American Class 1 railroads appear poised to press ahead with aggressive long-term capital investment plans. The Company is well positioned with its diverse range of products and services to benefit from the railroads' announced capital spending plans in the areas of infrastructure, locomotives and freight cars, and technology, network and terminal capacity.

Financial Results – Continuing Operations

	Q3 '07	Q2 '07	Q1 '07	Q4 '06	Q3 '06	Q2 '06	Q1 '06	Q4 '05
Sales*	7,671	9,216	9,493	7,560	7,817	8,684	7,823	7,115
Net earnings*	609	1,087	1,188	738	604	1,200	1,085	(40)
EPS, Basic	0.04	0.07	0.08	0.05	0.04	0.08	0.07	(0.01)
EPS, Diluted	0.04	0.07	0.08	0.05	0.04	0.08	0.07	(0.01)

* Sales and Net Earnings are stated in thousands of dollars and are from continuing operations

The above table shows the financial performance of continuing operations for the last eight quarters.

Liquidity and Capital Resources

As of September 30, 2007, cash and cash equivalents on hand were \$9.3 million compared with \$8.1 million as at June 30, 2007 and \$6.8 million as at December 31, 2006. In the third quarter of 2007, the Company generated additional cash from continuing operations in the amount of \$1.2 million compared with \$2.1 million in the third quarter of 2006. During the first nine months of 2007, the Company generated additional cash from continuing operations in the amount of \$2.5 million compared with a cash outflow of \$627,000 during the first nine months of 2006. Management continues to work with its subsidiary management teams to focus on effective working capital management.

Management believes that adequate amounts of cash and cash equivalents are available in both the short and the long term to provide for ongoing operations and planned growth. Management is not aware of any trends or expected fluctuations in its cash flow that would create liquidity concerns or capital resource deficiencies.

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Capital Expenditures

The Company's Board of Directors has approved a 2007 capital budget in the amount of \$850,000 for machinery and equipment that will contribute to the overall efficiency and effectiveness of the Company's manufacturing processes, and a new ERP and accounting system. During the first nine months of 2007, the Company's capital expenditures totaled \$723,000; including \$334,000 for manufacturing equipment, \$218,000 for the implementation of the ERP and accounting system, \$106,000 for production facility renovations, \$23,000 for computer hardware upgrades, and \$23,000 for furnishing the new corporate office in Rochester..

Contractual Obligations

The Company has office and factory lease commitments at G&B, Prime and Bach-Simpson. These commitments total approximately \$67,000 for the remainder of 2007, \$269,000 in 2008, \$260,000 in 2009, \$140,000 in 2010, \$47,000 in 2011, and \$11,000 in 2012. Bach-Simpson's premises lease expires at the end of 2009. Prime's facility is leased on a month-to-month basis. Management is confident that neither subsidiary will be negatively impacted by its upcoming lease negotiations.

Share Capital

At September 30, 2007, the Company had 14,964,244 common shares outstanding. During the third quarter of 2007, a total of 32,500 stock options were exercised for \$65,000, and 140,000 additional options were granted in accordance with Global's Stock Option Plan. For the nine month period ended September 30, 2007, a total of 32,500 stock options were exercised for \$65,000, 190,000 additional options were granted in accordance with Global's Stock Option Plan, and 55,000 options were cancelled. If all of the outstanding options were exercised, Global would have 16,171,744 shares outstanding.

Subsequent Events

On October 10, 2007, the Company signed a binding Asset Purchase Agreement to acquire substantially all of the net working capital, land, building, plant equipment and machinery, and other intangible assets of CAD. The signing of the binding Asset Purchase Agreement between Global and CAD supersedes the non-binding letter of intent to acquire CAD announced by Global on July 30, 2007.

On October 12, 2007, the president of Prime resigned for personal reasons. The Company has retained the services of Prime's previous president on an interim basis.

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Business Risks

The business and operational risks remain relatively unchanged from December 31, 2006. The Company's risks revolve around five primary areas, namely: customers, competitors, materials, business strategy and key personnel.

The Company depends largely upon sales to North American Class 1 railroads. As mentioned in the Outlook section of this MD&A, these customers are all forecasting increased spending in the markets the Company serves. Consequently, there is no foreseeable risk of decreased order rates.

Management is aware of the competitors in its market and sees no new threats to the current customer base. While the Company's customers are cost conscious and have access to competitive products and services; management's continued focus on product quality and superior customer service levels has enabled the Company to successfully grow its customer base.

G&B and Bach-Simpson enter into material contracts with selected suppliers to ensure a stable supply of raw materials. Management is not aware of any events that could result in material supply deficiencies in the near future.

The Company's business strategy includes the potential acquisition of businesses that would complement and expand existing product lines and services. Management may not be able to identify suitable acquisition opportunities or complete any particular acquisition, combination or other transaction on acceptable terms. In addition, the timing and success of management's efforts to acquire any particular business and integrate the acquired business into existing operations cannot be predicted. Acquisitions involve a number of risks and challenges, including; i) diversion of management's attention, ii) the need to integrate acquired operations, internal controls and operational functions, iii) potential loss of key employees and customers of the acquired businesses, iv) increased expenses and working capital requirements, and v) increased debt or dilution from issuance of additional common shares. Any of these factors could adversely affect the Company's ability to achieve anticipated benefits from an acquisition.

The planned CAD acquisition exemplifies the above risks. CAD will provide the Company with a platform upon which to double revenues, expand its customer base, buffer foreign exchange risk, and balance its product offerings. However, the Company plans to invest \$22.0 million in CAD, take on a significant amount of debt, and commit senior management resources to CAD's post acquisition integration. Ultimately, the success of the CAD will depend on management's ability to effectively manage the acquisition risks.

The Company's success is also dependent upon the attraction and retention of qualified personnel. The Company's executive management team is comprised of its President

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and Chief Executive Officer, Chief Operating Officer and Chief Financial Officer. The loss of the services of one or all members of the executive management team could have a material adverse effect on the Company's business, financial condition or results of operations. Because the executive management team has many years experience within the industry, or their individual fields of expertise, it would be difficult to replace them without adversely impacting the Company's operations. The Company does have employment and non-compete agreements in place with each member of its executive management team.

Critical Accounting Policies and Estimates

Management prepared the consolidated financial statements in accordance with Canadian GAAP. An understanding of the Company's accounting policies is necessary for a complete analysis of results, financial position, liquidity and trends. Refer to Note 1 in the 2007 third quarter interim consolidated financial statements for additional information regarding the Company's significant accounting policies. The consolidated financial statements are presented in Canadian dollars.

Financial statements prepared in accordance with Canadian GAAP require management to make estimates and assumptions relating to reported amounts of revenue and expenses, reported amounts of assets and liabilities and disclosure of contingent assets and liabilities. Management regularly evaluates the assumptions and estimates that are used in the preparation of the Company's consolidated financial statements.

Estimates and assumptions used by management are based on past experience and other factors deemed reasonable in the circumstances. Since these estimates and assumptions involve varying degrees of judgment and uncertainty, the amounts reported in the financial statements could in the future prove to be inaccurate. Critical estimates include the following:

Stock-Based Compensation

The Company uses the fair value method for calculating stock-based compensation cost. Under this method, compensation cost attributable to stock options granted to employees and directors is measured at fair value using the Black-Scholes method to estimate fair value at the grant date and expensed over the vesting period, with a corresponding increase to contributed surplus. Upon the exercise of options, consideration received, together with the amount previously recognized in contributed surplus, is recorded as an increase to share capital. The factors affecting stock-based compensation include estimates of when stock options might be exercised and the stock price volatility. While these estimates can have a material impact on the stock-based compensation expense and hence results of operations, there is no impact on the Company's financial condition.

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Long-lived Assets

Estimates are also made related to the useful life of long-lived assets. These estimates are used to determine amortization expense. Estimates of an asset's useful life are based on past experience with similar assets taking into account technological or other changes. If these estimates prove inaccurate, management may have to shorten the anticipated useful life of the asset recorded in the financial statements. This could result in higher amortization expense in future periods or possibly an impairment charge to reflect the write-down in value of the asset.

Other than the normal estimates required in the application of Canadian GAAP there are no other critical estimates included in the consolidated financial statements.

Adoption of New Accounting Policies

In the first quarter of 2007, the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants:

- (a) Section 1530 - Comprehensive Income, establishes standards for reporting and displaying comprehensive income. Comprehensive income is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income but that are excluded from net income calculated in accordance with generally accepted accounting principles.
- (b) Section 3251 - Equity, establishes standards for the presentation of equity and changes in equity during the reporting period.
- (c) Section 3855 - Financial Instruments - Recognition and Measurement, establishes standards for recognizing and measuring financial instruments, namely financial assets, financial liabilities and derivatives.
- (d) Section 3861 - Financial Instruments - Disclosure and Presentation, establishes standards for presentation of financial instruments, namely financial assets, financial liabilities and derivatives.

These accounting policy changes were adopted on a prospective basis with no restatement of prior period financial statements.

Under these new standards, all financial instruments are required to be classified into one of the following five categories: held for trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. Subsequent

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measurement and recognition of changes in fair value of financial instruments depend on their initial classification.

The Company has implemented the following classifications:

- (i) Cash and cash equivalents are classified as "Financial Assets Held for Trading". These financial assets are marked-to-market through net earnings at each period end.
- (ii) Accounts receivable are classified as "Loans and Receivables". After their initial fair value measurement, they are measured at amortized cost.
- (iii) Accounts payable and accrued liabilities, are classified as "Other Financial Liabilities". After their initial fair value measurement, they are measured at amortized cost.

As a result of adopting Sections 1530 and 3251, the cumulative translation adjustment related to the Company's self-sustaining foreign operations has been reclassified for presentation purposes as accumulated other comprehensive loss on the interim consolidated statement of shareholders' equity.

The adoption of the standards of Sections 3855 and 3861 had no impact on the financial statements for the period ended September 30, 2007.

Disclosure Controls and Procedures and Internal Control over Financial Reporting

Disclosure controls and procedures have been designed to ensure that information required to be disclosed by the Company, including its consolidated subsidiaries, is accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure. In connection with the Canadian Securities Administrators Multilateral Instrument 52-109, "Certification of Disclosure in Issuers' Annual and Interim Findings". Management, including the CEO and the CFO, has concluded that disclosure controls and procedures provide reasonable assurance that material information is made known to them by others within the Company. Certain weaknesses, however, have been identified. Although management is addressing these weaknesses, it does not expect that the Company's current disclosure controls and procedures will prevent all errors. A control system, no matter how well designed or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

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Internal Control Risks

The CEO and CFO of the Company are responsible for designing internal controls over financial reporting or causing them to be designed under their supervision to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. The design of the Company's internal control over financial reporting was assessed as of September 30, 2007. The weaknesses in the Company's internal controls over financial reporting, discussed below, result in more than a remote likelihood that a material misstatement would not be prevented or detected. Management works to mitigate the risk of a material misstatement in financial reporting. However, there can be no assurance that this risk can be reduced to less than a remote likelihood of a material misstatement.

Specifically, management identified areas of concern in:

1. Segregation of duties

Segregation of duties and user access control deficiencies have been identified within the Company's accounting and finance departments and its financial information systems. Specifically, certain duties within the accounting and finance departments were not properly segregated due to the small number of individuals employed in these areas. The segregation of duties and access control deficiencies has not resulted in a misstatement to the financial statements. However, these deficiencies may be considered a material weakness resulting in a more-than remote likelihood that a material misstatement of the Company's annual or interim financial statements would not be prevented or detected.

In 2006, management implemented organizational structure and resourcing changes, including the hiring of an experienced Controller at G&B, with a view to enhance segregation of duties and user access controls and to better match skill sets to roles. Management is continuing this activity in 2007.

2. Reliance on spreadsheets

Historically, accounting personnel relied heavily on the use of accounting spreadsheets to generate its monthly, quarterly, and annual financial reports. Although this reliance has not resulted in a misstatement of the financial statements, it was considered a material weakness in the Company's control environment because of the pervasiveness and significance of the deficiencies. In September 2007, management implemented new computer software to manage the Company's accounting consolidation process, thus eliminating the use of accounting spreadsheets to generate the 2007 third quarter consolidation. Management will

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continue to seek opportunities to reduce reliance on other accounting spreadsheet use.

3. Complex and non-routine transactions

As required, the Company records complex and non-routine transactions. Sometimes, these transactions are extremely technical in nature and require an in-depth understanding of Canadian GAAP and Canadian tax regulations. The Company's accounting staff has only a fair and reasonable knowledge of the rules related to Canadian GAAP, tax regulations and reporting. Consequently, the transaction may not be recorded correctly, potentially resulting in material misstatement of the financial statements of the Company. To address this risk, the Company consults with its third party expert advisors as needed in connection with the recording and reporting of complex and non-routine transactions. In addition, quarterly reviews of the financial statements are completed by the Company's auditors, and an annual audit is completed and the financial statements are presented to the Audit Committee for its review and approval. As the Company achieves future growth, the Company plans to expand the technical competence of the individuals involved in the accounting function. For example, on April 2, 2007, the Company appointed a new Chief Financial Officer who brings extensive experience and background in Canadian generally accepted accounting principles and Canadian tax regulations.

4. Corporate Governance

In May 2007, Terry McManaman, the Company's President and CEO, was appointed to the position of Chairman of the Board of Directors. As Chairman of the Board, Mr. McManaman will also retain his President and CEO responsibilities. To avoid any potential conflicts of interest, the Company's Corporate Governance Committee mandated that all decisions not in the ordinary course of business must be reviewed with and approved by the Company's Lead Director- Phil Ogden.

Forward Looking Information

Certain statements in this report may constitute "forward looking information" which involve known and unknown risks, uncertainties and other factors that may cause the actual combined results, performance or achievement of the Company to be materially different from any future results, performance or achievements expressed or implied by such "forward looking statements." Such statements may reflect current beliefs, expectations, estimates and assumptions regarding future events and operating performance and speak only as of the date of this report. Reference should be made to the Company's Annual report of December 31, 2006 and the 2006 Annual Information Form for a discussion of risk factors including among others technology, competitive and regulatory changes.

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For additional guidance, please review the 2006 Annual Report and continuous disclosure materials available through the Sedar website at www.sedar.com.

<p><u>DIRECTORS</u></p> <p>Terry McManaman, CA Chairman of the Board</p> <p>Phillip Ogden^{1 2} Lead Director Chair, Compensation Committee</p> <p>John Hagg^{2 3}</p> <p>Dave Horbay, P.Eng¹ Chair, Corporate Governance Committee</p> <p>James Renner, MBA, P.Eng^{1 3}</p> <p>Tim Sanderson²</p> <p>Garry Zurowski, CA³ Chair, Audit Committee</p> <p><u>OFFICERS</u></p> <p>Terry McManaman, CA President & Chief Executive Officer</p> <p>Brian McMullan, CA Chief Financial Officer</p> <p>Bill Sturtz, MBA Chief Operating Officer</p> <p>Greg Peterson, LLB Corporate Secretary</p>	<p><u>CORPORATE OFFICE</u></p> <p>Global Railway Industries Ltd. 1160 K Pittsford-Victor Road Rochester, NY, 14534 Phone (585) 419-9720 Fax (585) 385-6790 Email info@globalrailway.com Website: www.globalrailway.com</p> <p>BANKERS HSBC Bank - Rochester, New York</p> <p>AUDITORS KPMG LLP London, Ontario</p> <p>LEGAL COUNSEL Gowling Lafleur Henderson LLP Calgary, Alberta</p> <p>Harrison Pensa LLP London, Ontario</p> <p>TRANSFER AGENT Computershare Trust Company of Canada 600, 530 - 8th Avenue S.W. Calgary, Alberta T2P 3S8 Phone 1-800-564-6253</p> <p>INVESTOR RELATIONS Gerry Wimmer Investorfile.com 416-360-8895 1-888-894-8222 gwimmer@investorfile.com</p> <p>STOCK EXCHANGE Toronto Stock Exchange Symbol: GBI</p>
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¹ Member of the Corporate Governance Committee

² Member of the Compensation Committee

³ Member of the Audit Committee