

July 5, 2009

[REDACTED]
Vancouver, BC [REDACTED]

ATTN: [REDACTED]

Dear Sir:

RE: Richmond Machine Works Ltd. (the Company)

Timeline Asset Services Ltd. (TAS) has viewed the assets of the Company located at [REDACTED] and provides the following appraisal report.

On June 18 and 23, 2009, we personally viewed the major assets of the Company for the purpose of providing both a Forced Liquidation Value (FLV) and a Fair Market Value (FMV) in place for Company-owned assets to be used for lending purposes by your office.

We have based our reporting, in part, on information provided by [REDACTED] (President) and [REDACTED] (Vice President and CFO of [REDACTED] Ltd.). The assets of the Company comprise production and shop equipment used for metal and steel fabricating and include: 5 horizontal boring mills, 3 vertical turret lathes/boring mills, 2 planer mills, lathes, milling machines, radial arm drills, overhead cranes, tooling, precision and measuring tools and equipment, shop tools, compressors, forklift and material handling equipment, office equipment and office furnishings. A detailed listing of these assets with values is attached as Appendix A along with a photo gallery on CD. We have also provided our opinion of asset durability for the major pieces onsite.

From our inspection and through discussions with the above mentioned parties, we believe this equipment to be in excellent condition and fully serviced and maintained.

We have not verified the operational condition of any pieces of equipment and have assumed that any information that has been provided to us with respect to ownership and original cost is accurate.

Stated Values

Timeline Asset Services states an FLV and FMV for all assets as summarized below:

<u>Description</u>	<u>FLV</u> <u>30-90 days</u>	<u>FMV</u>
Company-Owned Assets		
-Major Assets	600,500	1,477,000
-Secondary Assets	115,000	263,500
Company-Owned Assets Total	\$715,500	\$1,740,500

Terms of this Report

FLV represents the gross proceeds realizable from a sale at a properly advertised liquidation and/or public auction. This sale is normally held within 30 to 90 days of possession and does not consider cost of liquidation or removal. In stating the FLV for this report, we have assumed that all Company-owned assets would be available for sale. Additionally, we have assumed that the purchaser(s) would also need to consider the costs of removal and relocation.

FMV is our opinion of the value at which the assets would change hands between a willing buyer and a willing seller, neither being under the compulsion to buy nor the compulsion to sell and both having reasonable knowledge of the relevant facts. We have taken into consideration that the assets are in place and operating and would be offered for sale as part of a going concern operation.

In all values stated in this report, we take into account the quantity, quality and condition of product and the saleability and marketability of the assets and provide a gross dollar amount that does not consider cost of liquidation or removal. These values are stated in Canadian funds. Please note that the isolation of any single element as the sole basis of comparison to the whole appraisal may be inaccurate. The value provided above can be strongly affected by fluctuations in market conditions, time available and method of sale.

Exclusions

For purposes of this report we did not value any employee-owned tools or equipment owned by Third Party companies. Nor have we valued any inventories of raw materials or work in progress on site.

Restrictions

The contents of this report and any appendices are confidential and intended for use only by the addressee named above and other parties who are duly authorized.

Appraiser's Qualification Statement

Since 1988 Michael Collins has been employed in the auction and liquidation industry and is an accredited Member in Good Standing of the Canadian Personal Property Appraisers Group (CPPAG).

Through employment with Jarvis Auctions, Timeline Sales and Timeline Asset Services, he has performed hundreds of appraisals across companies of all sizes. He has appraised a wide variety of assets and inventories (finished/unfinished goods and raw materials) across many industries including, but not limited to: metal and wood working; manufacturing and production; restaurant and food services; warehouse and material handling; rolling stock and vehicles; commercial printing and graphic design; logging and lumber; construction; mining and tunnelling; laboratory and research testing; office and computer products; and retail outlets.

These appraisals have been prepared for insolvency and restructuring professionals, major accounting firms, banks and lending institutions, lawyers, insurance companies, government institutions, private companies and individuals across Canada.

As a commercial auctioneer and appraiser, he constantly tracks market trends in all industries and has substantial research relationships and resources at his disposal; this enables him to prepare detailed, accurate appraisal reports.

Should you have any questions concerning the above, please contact our office.

Yours truly,

Timeline Asset Services Ltd.

Michael Collins, CPPA

*Encls. -Appendix A
-Photo Disk*

	Location and Description	Forced Liquidation Value	Fair Market Value	Model	Serial No.	Stated Durability (yrs)	Photo Ref.
	MAJOR ASSETS						
-		40,000	115,000			15-20	3,4,5-7
-		45,000	115,000	n/a	n/a	15-20	45-52
-		37,500	85,000	n/a	n/a	15-20	1,2
-		15,000	32,500	n/a		7-10	10,12-14
-		22,500	42,500			10-15	36-38
-		42,500	95,000			10-15	28-33
-		145,000	325,000	KCG200		20-25	24-27
-		25,000	65,000	KNA 110/135		10-15	20,21,23
-		25,000	95,000	Hilo Plane 5		10-15	39-43
-		40,000	125,000			10-15	97-99,102-103
-		10,000	35,000	DLZ1000-III-6300		7-10	54-59
-		22,500	45,000	TPK-90A-1X4M		10-15	61,63
-	200 ton hydraulic press	3,500	7,500	n/a	n/a	7-10	148,149
-	Gantron overhead crane system with gantry including two 13.6 tonne cranes and controls	30,000	85,000			15-20	171,178
-	Gantron overhead crane system with gantry including one 13.6 tonne and one 10 tonne cranes and controls	25,000	75,000			15-20	172
-	Ex-Cello turrett milling machine	5,000	9,500	602		7-10	85,87
-	Mazak milling machine with Newall counter	12,500	25,000			10-15	89,90,92
-		7,500	12,500	40861	n/a	7-10	17,18
-		3,500	6,500	14568		7-10	15,16
-		6,000	12,500	600	n/a	7-10	65,71,73
-		12,500	25,000	TUJ 50-M	n/a	10-15	74-76
-	Mazak lathe	5,000	12,500	9D251	n/a	10-15	79,80
-	Hyd-Mech hydraulic bandsaw	11,500	17,500	S-20		7-10	93,94,96
-	Hyster propane forklift	8,500	13,500	LP		7-10	108
	Major Assets Sub total	600,500	1,477,000				

