

August 17, 2009

[REDACTED]  
Surrey, BC [REDACTED]

Dear Ms. [REDACTED]:

**RE: [REDACTED] (the Company)**

Timeline Asset Services Ltd. (TAS) has viewed the major assets of the Company located at two yards in Surrey ([REDACTED] and [REDACTED]), [REDACTED], [REDACTED] and the [REDACTED], for the purpose of providing a valuation to be used for lending purposes by your office.

On August 11, 2009, I personally inspected the assets of the Company at the above mentioned locations. As instructed by your office, we have provided Fair Market Value (FMV) in our reporting.

TAS was provided a listing of equipment and we have based our reporting, in part, on this listing and on information provided by [REDACTED] who also accompanied us on our inspection. The assets of the Company comprise a fleet of late model dump trucks, quad axle transfer dump trailers, tandem axle pony dump trailers, 2 excavators, crawler dozer, 3 pick up trucks and [REDACTED]. From our inspection and through discussions with [REDACTED], we believe this equipment to be in excellent condition and fully serviced and maintained to above average standards.

A detailed listing of these assets with individual values and asset durability is attached as Appendix A and a photo disk accompanies this report for your reference.

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, original cost and maintenance history is accurate.

**Stated Values**

Timeline Asset Services states FMV for all major assets as summarized below:

<u>Description</u>	<u>FMV</u>
<b>Company-Owned Assets</b>	
-dump trucks	1,967,500
-transfers/trailers	768,500
-excavators/dozer	375,500
-vehicles	84,500
<b>Company-Owned Assets Total</b>	<b>\$3,196,000</b>

## **Terms of this Report**

Fair Market Value (FMV) represents 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. In the event that the assets need to be removed from the premises, the purchaser would be responsible for all costs associated with removal. In providing the FMV in this report, we have given consideration to the fact that the assets are in excellent condition, fully operational and may 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 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.

## **Estimate of Liquidation Returns**

Based on the information provided above, TAS offers the following estimate of liquidation returns. Assuming a 90-120 day forced liquidation window, we estimate gross liquidation proceeds to be in the \$2,450,000 to \$2,700,000 range. Typical liquidation commission on a sale of this nature would be in the 8%-10% range. As mentioned above, actual net returns will vary depending on method of sale and time available.

## **Exclusions**

For purposes of this report we did not value any employee owned personal property or equipment owned by Third Party companies. We have only valued the assets of the Company as indicated by [REDACTED] and have based our reporting on his instruction with respect to ownership.

## **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*

# Appendix A

Asset Listing and Appraisal of:

[REDACTED]

## Location of Assets:

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

## Notes:

This Appendix accompanies an appraisal report prepared for [REDACTED]. These assets were viewed by Michael Collins, CPPA on August 11, 2009.

This Appendix should be read in conjunction with the appropriate appraisal report as it explains specific definitions of values used and details the scope of the reporting.

Co. Unit #	Description	Year Mileage (kms)	VIN	Fair Market Value	Photo Ref. #	Viewed	Asset Durability (yrs)	Location
-	Kenworth T800B dump truck with Cummins ISX-475 engine, K-Line dump body, automatic transmission, D46-170HP rear axle, blue			90,000	10-12	Aug-09	10-12	
-	K-Line quad axle transfer dump trailer			25,000	13-15	Aug-09	7-10	
-	Kenworth T800B dump truck with Cummins ISX-475 engine, PKM dump body, automatic transmission, D46-170HP rear axle, blue			90,000	16-19	Aug-09	10-12	
-	Freuhauf tandem axle pony dump trailer			6,500	20-22	Aug-09	5-7	
-	Sterling dump truck with Eaton Fuller manual transmission, blue			82,500	23-26	Aug-09	10-12	
-	Kenworth T800 dump truck with Nahanni dump body and Eaton Fuller transmission			50,000	30-33	Aug-09	7-10	
-	Kenworth T800B dump truck with Cummins ISX-475 engine, PKM dump body, automatic transmission, D46-170HP rear axle, blue			90,000	36-38	Aug-09	10-12	
-	Brentwood tandem axle pony dump trailer			20,000	39-40	Aug-09	10-15	
-	Kenworth T800B dump truck with Cummins ISX-475 engine, PKM dump body, automatic transmission, D46-170HP rear axle, blue			90,000	41-43	Aug-09	10-12	
-	K-Line tandem axle pony dump trailer			20,000	44-46	Aug-09	10-15	
-	K-Line tandem axle pony dump trailer			22,000	47-50	Aug-09	10-15	
-	Kenworth T800B dump truck with Cummins ISX-475 engine, PKM dump body, automatic transmission, D46-170HP rear axle, blue			90,000	51-53	Aug-09	10-12	
-	PKM tandem axle pony dump trailer			22,000	54-55	Aug-09	10-15	

Co. Unit #	Description	Year Mileage (kms)	VIN	Fair Market Value	Photo Ref. #	Viewed	Asset Durability (yrs)	Location
-	Peterbilt 335 dump truck with Cummins ISC-300 engine, PKM dump body, Allison automatic transmission			77,500	56-58	Aug-09	10-12	
-	Kenworth T800B dump truck with Cummins ISX-475 engine, K-Line dump body, Eaton Fuller transmission, DS463P rear axle, green			85,000	59-61	Aug-09	10-12	
-	K-Line quad axle transfer dump trailer			55,000	62-63	Aug-09	10-15	
-	K-Line tandem axle pony dump trailer			24,000	65-66	Aug-09	10-15	
-	Kenworth T800B dump truck with Cummins ISX-475 engine, K-Line dump body, Eaton Fuller 15 speed transmission, black			85,000	71-73	Aug-09	10-12	
-	K-Line quad axle transfer dump trailer			65,000	74-75	Aug-09	10-15	
-	Kenworth T800B dump truck with Cummins ISX-475 engine, K-Line dump body, automatic transmission, D46-170HP rear axle, blue			90,000	76-79	Aug-09	10-12	
-	K-Line quad axle transfer dump trailer			75,000	80-81	Aug-09	10-15	
-	Kenworth T800B dump truck with Cummins C15-475 engine, K-Line dump body, Eaton Fuller transmission, DS463P rear axle			75,000	82-84	Aug-09	10-12	
-	K-Line quad axle transfer dump trailer			60,000	85-86	Aug-09	10-15	
-	Kenworth T800B dump truck with Cummins ISX-475 engine, K-Line dump body, automatic transmission, D46-170HP rear axle, blue			95,000	87-90	Aug-09	10-12	
-	K-Line quad axle transfer dump trailer			65,000	91-93	Aug-09	10-15	
-	Kenworth T800B dump truck with Cummins ISX-475 engine, K-Line dump body, Eaton Fuller 15 speed transmission, black. Offsite, not viewed.			85,000	n/a	n/a	10-12	

Co. Unit #	Description	Year Mileage (kms)	VIN	Fair Market Value	Photo Ref. #	Viewed	Asset Durability (yrs)	Location
-	K-Line quad axle transfer dump trailer			55,000	95-97	Aug-09	10-15	
-	Kenworth T800B dump truck with Cummins ISX-475 engine, K-Line dump body, automatic transmission, D46-170HP rear axle, blue			85,000	98-100	Aug-09	10-12	
-	K-Line quad axle transfer dump trailer			55,000	101-103	Aug-09	10-15	
-	Kenworth T800 dump truck with 3406-50ST engine, Knight dump body, Eaton Fuller transmission, black			45,000	104-106	Aug-09	7-10	
-	K-Line tandem axle pony dump trailer			24,000	107-108	Aug-09	10-15	
-	K-Line quad axle transfer dump trailer			72,500	n/a	n/a	10-15	
-	Kenworth T800B dump truck with 3406E-475 engine, Nahanni dump body, Eaton Fuller transmission, RT-46-160P rear axle, blue			47,500	114-116	Aug-09	7-10	
-	Nahanni tandem axle pony dump trailer			13,500	117-118	Aug-09	7-10	
-	Kenworth T800 dump truck with 3406 SE-50ST engine, Nahanni dump body, Eaton Fuller transmission, black			47,500	119-121	Aug-09	7-10	
-	K-Line tandem axle pony dump trailer			24,000	122-124	Aug-09	10-15	
-	Kenworth T800B dump truck with Cummins ISX-475 engine, K-Line dump body, automatic transmission, D46-170HP rear axle, blue			95,000	125-127	Aug-09	10-12	
-	Nahanni 30 ft. quad axle dump trailer			15,000	128-130	Aug-09	5-7	
-	Kenworth T800B dump truck with Cummins ISX-475 engine, K-Line dump body, automatic transmission, D46-170HP rear axle, blue			95,000	131-133	Aug-09	10-12	
-	Nahanni 30 ft. quad axle dump trailer			15,000	134-136	Aug-09	5-7	
-	Western Star 4964FX dump truck with 3406E engine, Knight dump body, Eaton Fuller manual transmission, blue			50,000	137-139	Aug-09	7-10	

Co. Unit #	Description	Year Mileage (kms)	VIN	Fair Market Value	Photo Ref. #	Viewed	Asset Durability (yrs)	Location
-	Knight quad axle transfer dump trailer			10,000	140-141	Aug-09	5-7	
-	Peterbilt 335 dump truck with Cummins ISC-300 engine, PKM dump body, Allison automatic transmission, Dana SPC DSH44 rear axle, blue			77,500	142-144	Aug-09	10-12	
-	Peterbilt 335 dump truck with Cummins ISC-300 engine, PKM dump body, Allison automatic transmission, Dana SPC DSH44 rear axle, blue			77,500	145-148	Aug-09	10-12	
-	Peterbilt 335 dump truck with Cummins ISC-300 engine, PKM dump body, Allison automatic transmission, Dana SPC DSH44 rear axle, blue. Engine being rebuilt. Not viewed.			77,500	n/a	n/a	10-12	
-	Western Star 4964FX dump truck with 3406E engine, Knight dump body, Eaton Fuller manual transmission, green			50,000	149-151	Aug-09	7-10	
-	Knight tandem axle pony dump trailer			12,500	152-153	Aug-09	7-10	
-	Western Star 4964F dump truck with 3406E-435 engine, Knight dump body, Eaton Fuller manual transmission, TR-46-160P rear axle			45,000	154-156	Aug-09	7-10	
-	Knight tandem axle pony dump trailer			12,500	157-158	Aug-09	7-10	
-				28,000	110	Aug-09	5-7	
-	Toyota Tundra pick up truck, 4 dr, iForce V8 engine, cloth interior, black			13,000	111	Aug-09	5-7	
-	GMC Sierra 1500 4x4 pick up truck, crew cab, black			20,000	109	Aug-09	5-7	
-	GMC Sierra 1500 4x4 pick up truck, crew cab, blue. Viewed, but no picture.			23,500	n/a	Aug-09	5-7	
-	Caterpillar 320C-LU excavator with bucket, A/C, excellent condition			107,000	4-9	Aug-09	15-20	

