



Prepared for:

Fortress Machinery Appraisals & Consulting

Inc. Website www.fortressappraisals.ca

Unidentifiable Example Asset Appraisals for Illustration Purposes Only

Member of Equipment Appraisers Association of North America, Canadian Personal Property Appraisers Group, American Society of Appraisers, Alberta Motor Vehicle Industry Council, Alberta Road Builders and Heavy Construction Association and The Better Business Bureau of Southern Alberta

Index

Letter of Transmittal_____

Intended Use and Users of the Appraisal Report _____

Company History, Condition and Evaluation Considerations_____

Scope of Work _____

Definitions of Terms and Conditions_____

Effective Date of Valuation_____

United States Exchange in Effect_____

Date of Appraisal Report _____

Approaches to Value _____

Definitions of Terms that Affect Equipment Condition and Value_____

Appraisal Methodology and Remarketing Considerations_____

Statement of Assumptions and Limiting Conditions_____

Limitations on Assets and Property _____

Statement of Certification_____

Appraiser’s Qualifications _____

Viewed Equipment Descriptions_____

Desktop Evaluation of Assets_____

Total Summary of Assets_____

Definitions of Terms that Affect Equipment Condition and Value

Depreciation

Depreciation is defined as a loss in value or worth of a property, from all causes including factors of physical deterioration, functional obsolescence and economic obsolescence.

Physical Deterioration

A form of depreciation where the loss in value or usefulness of a property is due to the using up or expiration of its useful life caused by wear and tear, deterioration, exposure to various elements, physical stresses and similar factors.

Functional Obsolescence

A form of depreciation in which the loss in value or usefulness of the property is caused by inefficiencies or inadequacies of the property itself, when compared to a more efficient or less costly replacement property that new technology has developed. Symptoms suggesting the presence of functional obsolescence are excess operating cost, excess construction, (excess capital cost) over capacity, inadequacy, lack of utility or similar conditions.

Economic Obsolescence

A form of depreciation or loss in value or usefulness of the property is caused by factors external to the property. These may include such things as the economics of the industry; availability of financing; loss of material and or labour sources; passage of new legislation; changes in ordinances; increased cost of raw materials, labour or utilities increased cost of raw materials, labour or utilities (Without an offsetting increase in product price); reduced demand for the product; increased competition; inflation or high interest rates, or similar factors.

Source of definitions is from American Society of Appraisers (ASA) Machinery and Technical Specialties handbook "Valuing Machinery and Equipment: The Fundamentals of Appraising Machinery and Technical Assets - Second Edition, 2005 Pages 553-595"

Approaches to Value

Market (Sales Comparison) Approach

One of the three recognized approaches to value in appraisal analysis, this approach involves the collection of market data pertaining to the subject assets being appraised. This approach is also known as the Market (Sales Comparison) Approach. The primary intent of the market approach is to determine the desirability of the assets and recent sales offerings of similar assets currently on the market in order to arrive at an indication of the most probable selling price for the assets being appraised. In addition, adjustments must be made to the indicated comparative sales prices to reflect differences in age, condition and utility of the appraised assets, relative to the subject property. Necessary adjustments for currency exchange, duties and taxes are also made, where applicable.

Cost Approach

One of the three recognized approaches used in appraisal analysis, this approach is based on the proposition that the informed purchaser would pay no more for a property than the cost of producing a substitute property with the same utility as the subject property. It considers that the maximum value of a property to a knowledgeable buyer would be the amount currently required to construct or purchase a new asset of equal utility. When the subject asset is not new, the current cost must be adjusted for all forms of depreciation as of the effective date of the appraisal.

Income Approach

One of the three recognized approaches used in appraisal analysis, this approach considers value in relation to the present worth of the prospective future economic benefits derived from ownership and is usually measured through capitalization of a specific level of income. This approach is the least common approach used in the valuation of machinery and equipment, since it is difficult to isolate income attributable to the individual assets.

Source of definitions is from American Society of Appraisers (ASA) Machinery and Technical Specialties handbook "Valuing Machinery and Equipment: The Fundamentals of Appraising Machinery and Technical Assets - Second Edition, 2005 Pages 553-595"

Definitions of Value

Fair Market Value-Installed

The value realized from an in-place, retail sale to an end user. The value is a result of the transaction between a willing buyer and willing seller, with no time limitation to sell. This value assumes the equipment is maintained according to the manufacturer's recommendations and performance standards. Since a physical inspection has to be performed, the FMV Installed will reflect the actual condition found.

Fair Market Value-Removed

The Value realized from a retail sale to an end user of equipment removed from its current premises. The value is a result from transaction between a willing buyer and willing seller, with no time limitation to sell. This value assumes the equipment is maintained according to the manufacturer's recommendations and performance standards. Since a physical inspection has to be performed, the FMV will reflect the actual condition found.

Orderly Liquidation Value

The value realized from an open market sale between a seller under time duress and a willing buyer who is an end user of the equipment based on a 90- 120 day liquidation period. Both the buyer and the seller have knowledge of the use and purpose for which this equipment is adapted and for which it is capable of being used. This value also assumes the equipment will be sold "as is condition, where is location", and the buyer assumes the cost to dismantle and remove. Additionally, this value is not discounted for assembling, cleaning, security, advertising, brokerage, or other disposal costs, if any.

Gross Auction Value

The gross proceeds realized from a sale at a properly advertised public auction. This auction is normally held within 60 days of equipment possession. The value also assumes a default situation where normal maintenance has been deferred. The value does not consider extra removal or transportation expenses from the original location that may be borne by this customer.

Asset Description for: Example Appraisals



Verified Year: 1997
Make: Caterpillar
Model: D8R Crawler Tractor
Condition: Good
Serial Number: **7XM00000**
Unit: 0000

Description: 3,995 Hours, Caterpillar 3406B diesel engine, s/n 00000, 305 HP with emergency engine shutdown device, powershift transmission and differential steering. EROPS cab with climate control. 24" extreme service track shoes on eight roller track frames. Heavy duty radiator guard, oilfield guarding package, engine side guards, battery box and hydraulic tank guards, transmission guard and fuel tank guard. Caterpillar 8SU (semi universal) bulldozer blade with single tilt cylinder and spill plate. Caterpillar #8 single shank adjustable ripper with hydraulic pin puller, S/N 1FH00000 and deep ripping shank. Fire and safety equipment.

Orderly Liquidation Value - \$

Date and Location:
Alberta

Actual appraisal converted to Unidentifiable
Example Only

Asset Description for: Example Appraisals



Verified Year: 2007
Make: Kenworth
Model: C500B Tandem -Tandem Planetary Bed Truck
Condition: Very Good
Serial Number:
1NKCX4TX87R000000
Unit #: 0000

Description: 5,891 Hours, 196,297 KM, Cummins ISX- 450 diesel engine, 450 HP, serial number 00000000, emergency shutdown device, engine brake and Alison 4500 RDS automatic five speed transmission. Tandem 36,000 LB front axles with 72" axle spacing, SISU FR2P-32-S planetary 65,000 LB rear axles, equalizer suspension, 60" axle spacing and 350" wheelbase with setback. Air conditioning, stereo and axle lockers. Front aluminum budd wheels on 445/65R x 22.5 tires and rear heavy duty steel wheels on 1200 x 24 tires. 9' 6" x 28' heavy duty oilfield bed, poles, pole kickers, hideaway 5th wheel, rear live roll and tail skirt. Braden hydraulic main and auxiliary winches. Heavy duty oilfield bumper.



Steel headache rack, steps and toolboxes. Fire and safety equipment. Alberta CVIP certification date.

Orderly Liquidation Value - \$

Date and Location:
Alberta

Actual appraisal converted to Unidentifiable Example Only

Asset Description for: Example Appraisals



Verified Year: 2001
Make: Kenworth
Model: C550B Tandem-Tandem
Picker Tractor
Condition: Good
Serial Number:
1XKCP6EX61S000000
Unit #: 0000

Description: 126,916 KM, 5,822 Hours, Cummins N-14 diesel engine, s/n 00000000, 460 HP, emergency shutdown device and RTLO 18918B - 18 speed transmission. Front tandem 36,000 LB axles with 72" axle spacing and rear tandem RT46 160P - 46,000 LB axles with 55" axle spacing with 315" wheelbase. Front aluminum budd wheels on 445/65R x 22.5 tires, rear steel budd wheels on 11R x 24.5 tires. Aluminum headache rack, frame deck, steps, toolboxes, air slide 5th wheel, fenders and frame ramps. 2001 QMC Model 84705 42 Ton capacity hydraulic truck crane, serial 1012000000, operator cab, heater and four hydraulic outriggers. Kova Engineering certificate date. Saskatchewan CVIP certification date.

Fair Market Value - \$

Date and Location:
Saskatchewan

Actual appraisal converted to Unidentifiable
Example Only

Asset Description for: Example Appraisals



Verified Year: 2008
Make: Peerless
Model: Tridem Folding Neck
Lowboy Trailer
Condition: Very Good
Serial Number:
2PLG053378BK00000
Unit #: 0000

Description:
Model LB45-SDLRSSW-3A
45 Ton folding neck tridem
lowboy trailer with Hendrickson
air suspension, 60" axle spacing
and aluminum budd wheels.
10' x 25' working deck, center
air assisted kicker roll and flip
over rear beaver tail ramp and
live roll combination. Folding
dolly legs, front and rear swing
out lights. Alberta CVIP
certification date.



Orderly Liquidation Value - \$

Date and Location:
Alberta

Actual appraisal converted to Unidentifiable
Example Only

Asset Description for: Example Appraisals



Verified Year: 2005
Make: John Deere
Model: 230C LC Hydraulic
Excavator
Condition: Good
Serial Number:
FF230CX000000
Unit #: 0000

Description: 6,916 Hours, John Deere diesel engine, emergency shutdown device, s/n 000000 and hydrostatic drive. Operator cab with climate control and heavy duty catwalks. 31.5" triple grouser track shoes on nine roller track frames. Reach boom, 12' stick, wedge type quick attachment device, 66" cleanup bucket with bolt on cutting edge and 36" digging bucket with teeth. Auxiliary valve and lines. Webasto diesel auxiliary engine heater. Fire and safety equipment.



Orderly Liquidation Value - \$

Date and Location:
Alberta

Actual appraisal converted to Unidentifiable
Example Only

Asset Description for: Example Appraisals



Verified Year: 2007
Make: Caterpillar
Model: 320C LL Delimber Processor
Condition: Good
Serial Number:
CAT0320CTSAH00000
Unit #: 0000

Description: 11,519 Hours, Caterpillar 3066 diesel engine and hydrostatic drive. Purpose built forestry EROPS cab with climate control, 12" cab riser and heavy duty catwalks. 28" center punched double grouser track shoes on nine roller track frames with long track roller guards. Forestry guarding, reach boom, 11' stick and Logmax 7000 delimeter processor head, serial number **7000-0000** and Logmax electronic measuring device with printer. Fire suppression system and safety equipment.



Orderly Liquidation Value - \$

Date and Location:
Alberta

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Asset Description for: Example Appraisals



Verified Year: 2002
Make: Link Belt
Model: L218H II - 110 Ton
Crawler Crane
Condition: Good
Serial Number:
J2JO-0000
Unit #: 0000

Description: 2,399 Hours, Cummins 8.3 L diesel engine, serial number 00000000, 260 HP, emergency shutdown device and hydrostatic drive. Operator cab with air conditioning and heater. 35" flat type track shoes on eleven roller track frames. Two Pullmaster main winches and Pullmaster M25 auxiliary winch. Block and ball, hydraulic carbody jacks and self erect counterweights. 110 Ton lift capacity crane with Boom Butt Jib, serial number **L0000000**, Boom Intermediate Jib, serial number **L0000000** and Boom Tip Jib, serial number **L0000000**. RED Associates Engineering certification date. Fire and safety equipment.



Orderly Liquidation Value - \$

Date and Location:
Alberta

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