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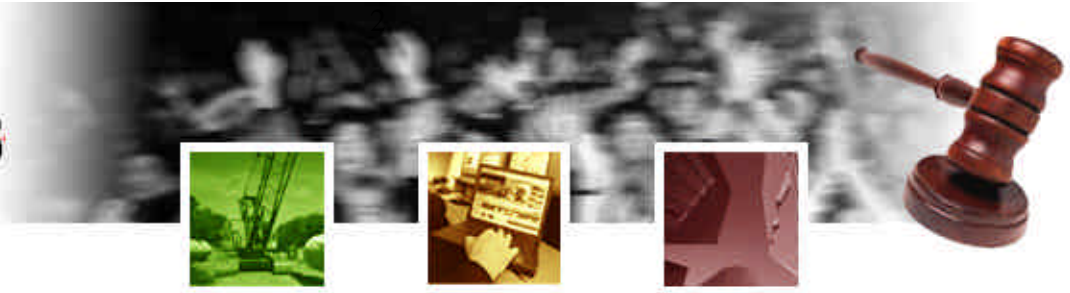
## CORPORATE UPDATE – July 2002

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### **NOTE REGARDING FORWARD-LOOKING STATEMENTS**

Except for statements of historical fact, certain information contained herein constitutes “forward-looking statements,” including without limitation statements containing the words “believes,” “anticipates,” “intends,” “expects” and words of similar import, as well as all projections of future results. Forward-looking statements include among others the Company’s business plans, business prospects, expectations for growth, expectations for future financing, estimated market size, its future relationship with eBay, its future capital requirements and operating results. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results or achievements of Ableauctions Inc. to be materially different from any future results or achievements of Ableauctions Inc. expressed or implied by such forward-looking statements. Such factors include, but are not limited to, the following: risks involved in implementing a new business strategy; Ableauctions Inc.’s ability to obtain financing on acceptable terms; competition in the auction industry; market acceptance of live auction broadcasts on the Internet; Ableauctions Inc.’s ability to manage growth and integrate the operations of acquired auction houses; risks of technological change; Ableauctions Inc.’s dependence on key personnel; Ableauctions Inc.’s dependence on marketing relationships with auction houses and third party suppliers; Ableauctions Inc.’s ability to protect its intellectual property rights; government regulation of Internet commerce and the auction industry; economic factors affecting the sales of auction merchandise; dependence on continued growth in use of the Internet; risk of technological change; capacity and systems disruptions; uncertainty regarding infringing intellectual property rights of other and the other risks and uncertainties described under “Description of Business – Risk Factors” in Ableauctions Inc.’s annual report on Form 10-KSB and S-1 registration statement filed with the Securities and Exchange Commission.

Ableauctions Inc.’s management has included beliefs, projections and estimates in this report, which are based primarily on management’s assessment of Ableauctions Inc.’s results of operations, discussions and negotiations with third parties, management’s experience and a review of information filed by its competitors with the Securities and Exchange Commission. Ableauctions assumes no obligation to update forward-looking information contained in this report if these beliefs, projections or estimates or other circumstances should change. Investors are cautioned against attributing undue certainty to management’s projections.



## ABLEAUCTIONS INC.

### Overview of the Company

Ableauctions Inc., listed on the American Exchange (symbol: AAC), is a high tech auctioneer that conducts live auctions and broadcasts live auctions over the Internet.

The Company's business model consists of two components: a "*bricks and mortar*" operation and a *technology arm*.

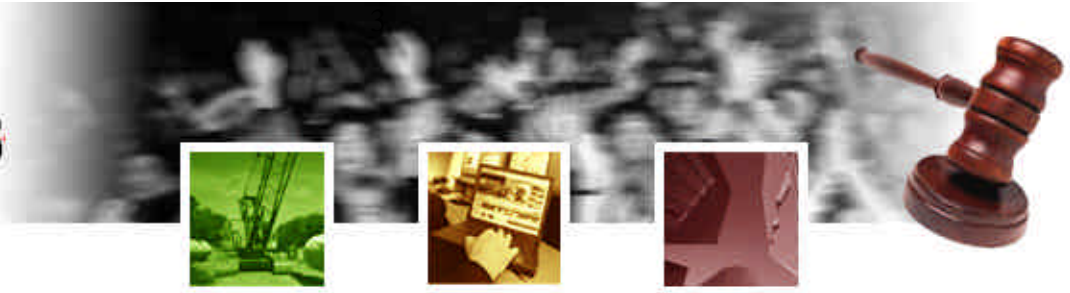
### "Bricks and Mortar" Operations

Ableauctions conducts approximately 20 auctions per month through its bricks and mortar facilities in California, Washington and British Columbia with gross auctions revenue of approximately \$20 million annually and annual net auctions revenue of approximately \$10 million.

Ableauctions auctions a broad range of office products, computer equipment, furniture and industrial equipment, which it acquires through bankruptcies, insolvencies and defaults, and consignments. Each auction is estimated to attract between 200 and 500 people in person and approximately the same number over the Internet. Ableauctions broadcasts some of these auctions simultaneously over the Internet and buyers are able to bid over the Internet using Ableauctions' own proprietary technology. The percentage of items sold on the Internet varies from 10% to 30%. The percentage of items influenced by the Internet, instances where either a reserve bid or a bid from the Internet has affected the final selling price of a product, varies from 55% to 75%.

Ableauctions also operates an online auction marketplace, located at [www.ableauctions.com](http://www.ableauctions.com) that offers brand name and other products to both consumers and businesses at significant discounts to prices found through traditional channels.

**Long Term Outlook:** Ableauctions believes that it can successfully grow its bricks & mortar operations through franchise expansion or acquisition of existing mortar auction businesses. The Company intends to renew its expansion strategy once it attains profitability and sufficient capital is available. Ableauctions has identified several prospective acquisition targets, but has no current plans or arrangements to complete such acquisitions. There can be no assurance that Ableauctions will reach profitability or obtain financing to complete any acquisitions.



## The Technology Arm

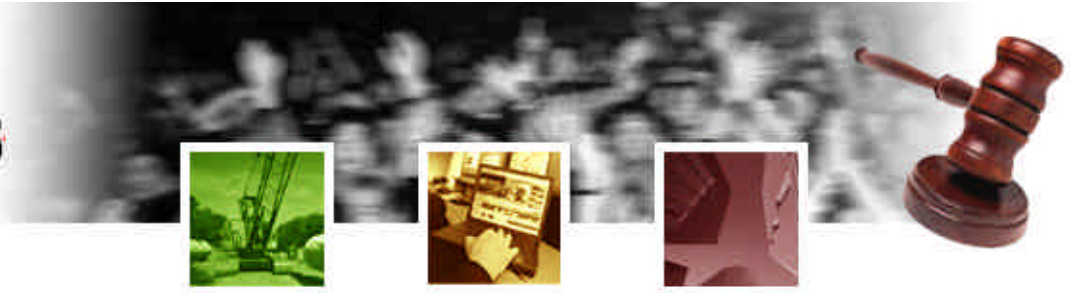
Ableauctions' Technology Arm, through its wholly owned subsidiary iCollector International, facilitates approximately 22 auctions per month on eBay Live Auctions. iCollector represents hundreds of the world's leading antique, fine art and premium collectible auction houses and broadcasts auctions on eBay using eBay Live Auctions technology. iCollector also catalogues its clients inventory and hosts them on its site located at [www.icollector.com](http://www.icollector.com).



In June 2002, Ableauctions announced that it renewed its agreement with eBay to facilitate Live Auctions between its global auction house client base and eBay Live Auctions. Under its strategic alliance with eBay Live Auctions, iCollector facilitated over 250 Live Auctions in 2001 and has facilitated an additional 85 through April 2002. Auctions range from products including fine and decorative arts, modern and contemporary art, memorabilia, wine, fine furniture to collectibles and from countries including Sweden, Italy, Spain, England, Canada and the United States.

Ableauctions believes that its business relationship with eBay creates synergy for both companies which share a common vision of setting the standards for Internet auctions. eBay has set the standard for silent auctions with unparalleled acceptance levels, user base and transaction volume. Ableauctions believes it has demonstrated a complementary commitment to running and broadcasting live auctions over the Internet. eBay has recognized this commitment and values its continued relationship with Ableauctions.

**Long Term Outlook:** Ableauctions has developed technology to manage the back-end of auction operations and broadcast live auctions over the Internet, applying its pioneering experience in managing and operating auction houses with Internet broadcasting capabilities. Ableauctions intends to deploy its technology, along with the services of eBay, beyond antique and collectible auctions house and into industrial and commercial auction houses North America wide – a market it believes has significant opportunities. Currently, with an estimated base of 350 antique and collectible auction houses, the Company is limited conducting a maximum of 1400 auctions per year. Ableauctions believes that the industrial and commercial auction industry presents opportunities for Ableauctions to deploy its technology and services to a market estimated to conduct approximately 10,000 auctions per year.



## **Profitability**

For the first quarter of 2002, Ableauctions had a loss of \$368,000 or \$240,000 EBITDA, \$0.01 per share. Ableauctions continues to restructure operations in an effort to increase operating efficiency and to attain profitability. Ableauctions' bricks and mortar operations were impacted by the recessionary climate, while its Technology Arm has experienced positive operating results and growth.

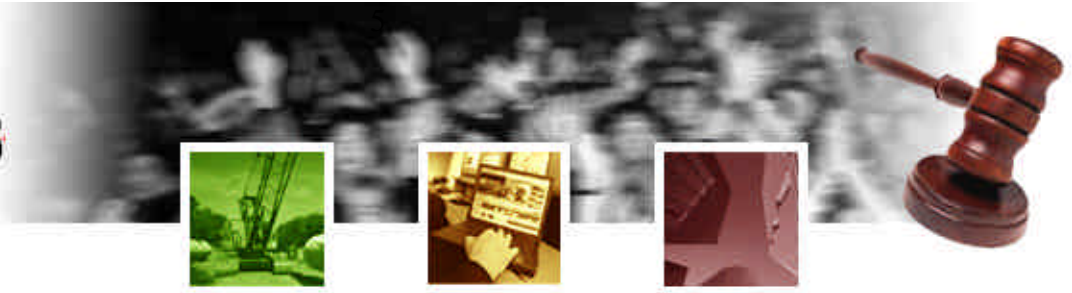
## **Financial Requirements**

Ableauctions had a working capital deficit of \$700,000 at June 30, 2002, and it estimates it will require approximately \$650,000 during the third and fourth quarters to meet its working capital requirements. Ableauctions will require additional funds to deploy and market its technology to the auction industry as planned. Ableauctions has agreed to sell its building in Arizona for net proceeds of approximately \$700,000. The Arizona property sale is expected to close before the end of July 2002.

## **Impact of Constrained Working Capital**

The lack of working capital has adversely affected Ableauctions' ability to acquire inventories from bankruptcies, bank defaults, distress sales, and general closeouts. These inventories are generally purchased at a fraction of the wholesale cost and can provide Ableauctions with gross profit margins of 25% to 50% on the sale of these inventories.

With the exception of Ehli's automotive auctions, where possible, Ableauctions' strategy is to own a majority of its inventory, unlike other liquidators whose inventory is typically consigned. This generally provides Ableauctions with greater leverage in negotiating complete inventory buy-outs, often resulting in lower cost and higher gross profit margins (25% to 50% gross profit margins on its auctions, as opposed to the 3% to 10% margins that brokers or consigned-liquidators typically receive). Historically, approximately 33% of Ableauctions' inventory has been consigned merchandise, consisting primarily of automobiles, government surplus and seized goods. These items, liquidated on behalf of third parties, generate a modest 15% to 25% gross profit margin. As working capital decreases, the percentage of consigned merchandise increases, leading to a decrease in overall gross profit margins.



### **Capital Requirements:**

Ableauctions anticipates its capital requirements for the next year will be as follows:

- |               |  |
|---------------|--|
| \$1.0 million | Development of iCollector and eBay relationship and implementation of industrial and commercial auctions broadcast strategy. |
| \$2.2 million | Expansion of bricks and mortar operations and Working Capital  |

Management is optimistic about the future for on-line auctions and the auction industry in general. Ableauctions believes it can capitalize on growth opportunities to expand its live auctions broadcasting services to the industrial and commercial auction industry and its auction business, assuming that sufficient financing is available.

**For more information, please contact the Company's investor relations division at:**

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