

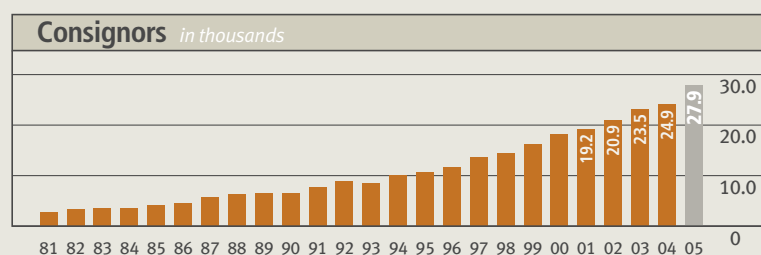
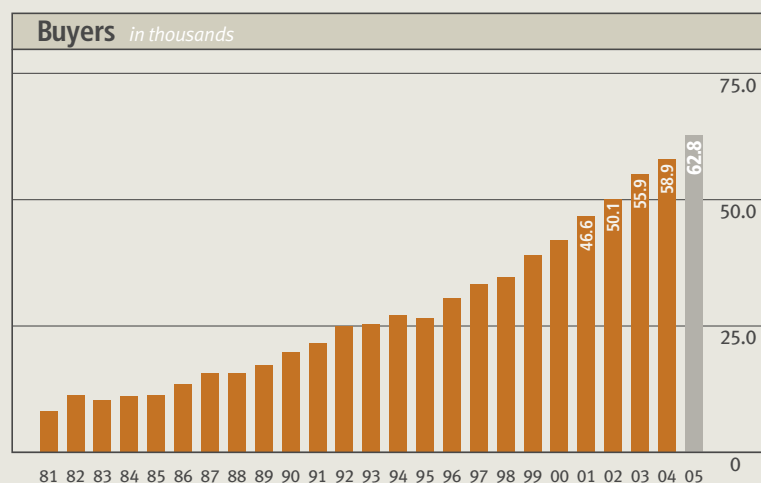
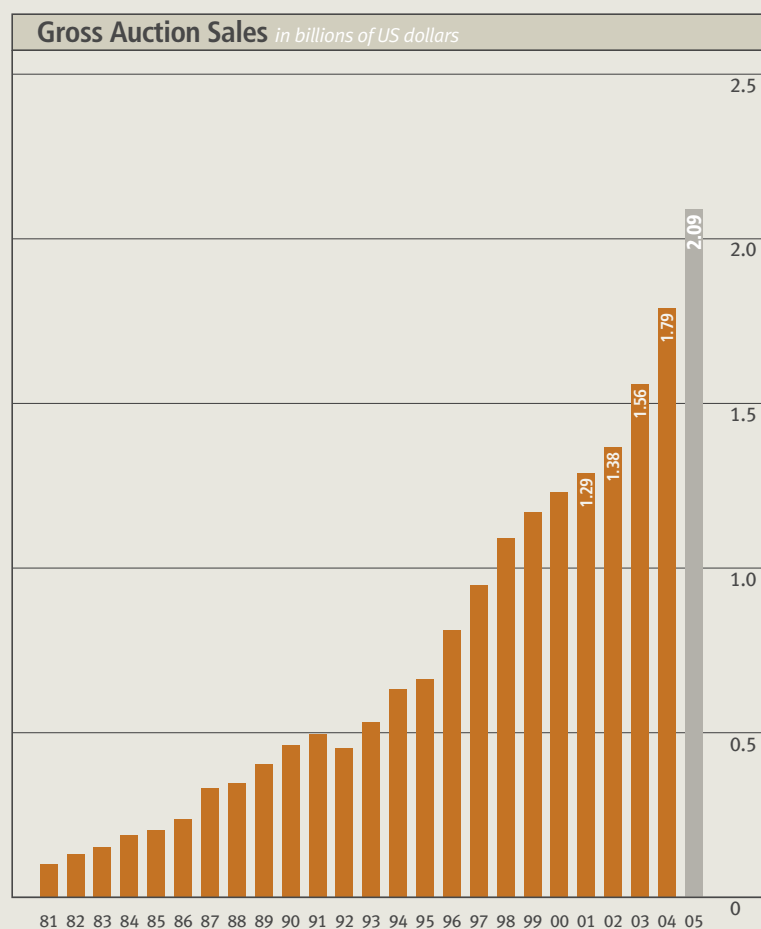


Local Supply
Meets **Global Demand**

rb **RITCHIE BROS.**
Auctioneers

Annual Report 2005

Twenty-Five Year Summary



In 2005, Ritchie Bros. Auctioneers conducted 153 unreserved industrial auctions and 99 unreserved agricultural auctions through our international network of auction sites.

We sell a wide range of construction, transportation, mining, forestry, petroleum, material handling, marine and agricultural assets. All items in every Ritchie Bros. auction are sold on auction day to the highest bidder without minimum bids or reserve prices.

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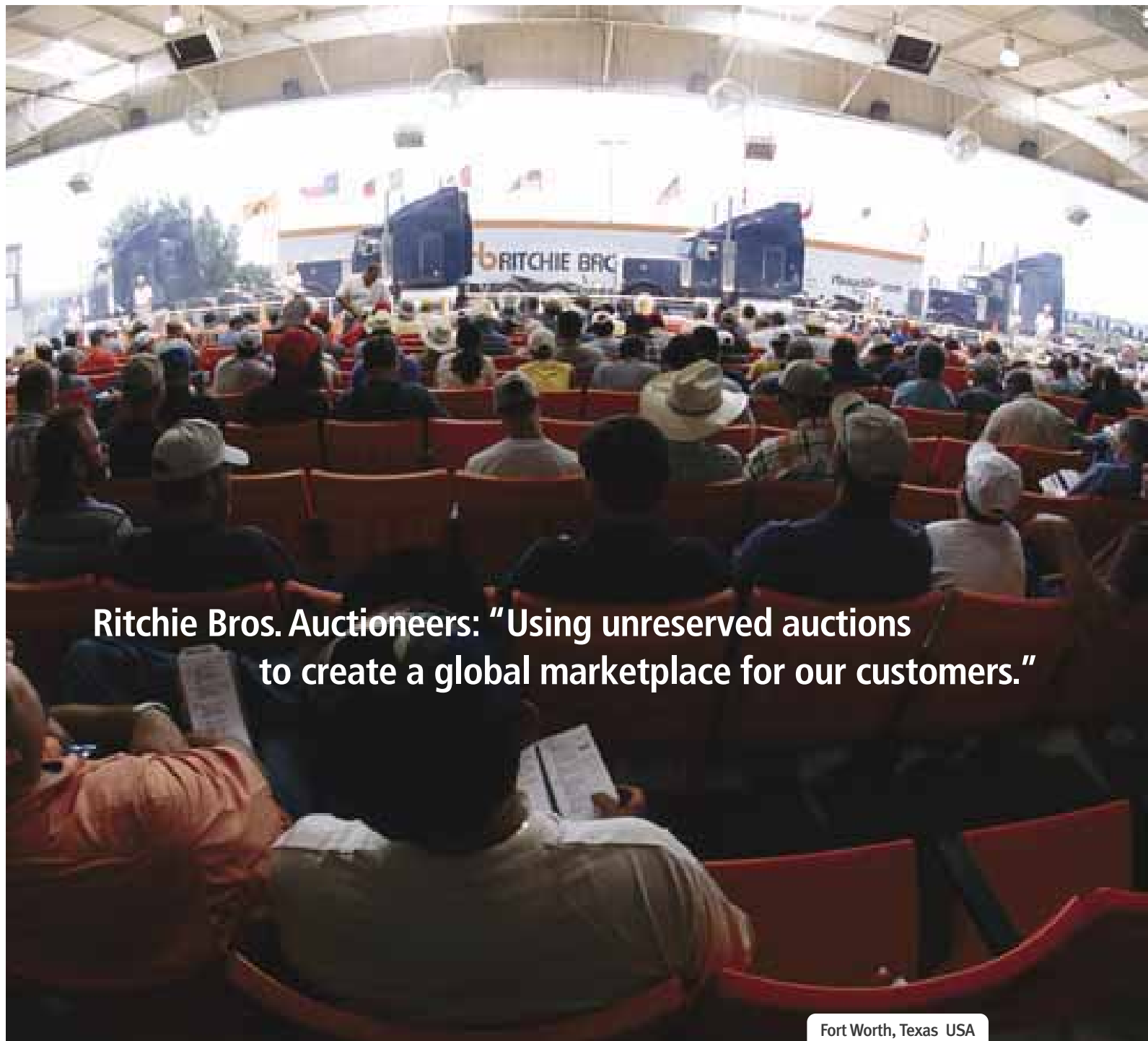
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In this annual report, all dollar amounts are stated in United States dollars unless a different currency is indicated.

Gross Auction Sales (GAS) represent the aggregate selling price of all lots sold at an auction or auctions.

Auction Revenues are primarily comprised of the commissions earned on straight commission and gross guarantee contracts, plus the net profit on the sale of lots purchased and sold by the Company as principal.

Forward-looking statements: The discussion in this Annual Report includes forward-looking statements, which involve risks and uncertainties as to possible future outcomes. Readers should refer to the discussion concerning forward-looking statements and risk factors included in our Management's Discussion and Analysis of Financial Condition and Results of Operations for the year ended December 31, 2005, which is included at the back of this Annual Report.



Ritchie Bros. Auctioneers: "Using unreserved auctions to create a global marketplace for our customers."

Fort Worth, Texas USA

To our Fellow Shareholders

It's fun to be a member of the management team at Ritchie Bros. Yes, there are tough decisions for us to make and our team has the awesome responsibility of running a company with over 670 employees in 25 countries and gross auction sales of more than \$2.0 billion. But we manage to have fun every day thanks to our focus on the simple notion of value. Our unreserved auctions create real value for our customers. And with more and more equipment owners choosing to buy and sell at our auctions, we are enjoying tremendous momentum. If we weren't adding value, the numbers of buyers and sellers participating in our auctions would be moving in a different direction. So we keep it simple, focus on the basics of customer service, and make sure that every day we look for new ways to add value.

We've been growing at a very rapid pace over the past few years — a faster pace than we had expected — and our biggest challenge has been maintaining our small-company culture. Ever since our first industrial auction in June 1963 (\$660,000 in equipment sold for Premier Construction Company in Radium, BC), we have been committed to providing the very best customer service and building long-lasting customer relationships

based on trust and integrity. That was hard enough to do when the entire company consisted of just three brothers. Maintaining our culture as we continuously add people to the team and expand into new markets around the world is a definite challenge. Good thing this is a simple business. And to keep it that way, as a management team, we remain focused on two very simple objectives:

1. **Maintain our culture**
2. **Grow our earnings**

Our view is that if we don't achieve the first objective, we won't have a chance of achieving the second. Our core values are listed on this page and they give you a sense of what we are about and why we believe that we have a very unique culture. We view ourselves as a small local company that happens to operate around the world and happens to sell more used trucks and equipment than anybody else. Said another way — we are a local company in your market, and in his, and her market, and their markets too. Being local lets us develop strong customer relationships and provide an outstanding level of service. Being global allows us to deliver an international marketplace to our customers, wherever they are.

Our commitment to these core values enabled us to exceed our

expectations and increase our sales by almost 17% in 2005, even though most equipment markets were extremely tight. Particularly in North America, which is our largest market, contractors were busy and equipment manufacturers had a tough time keeping up with demand.



Dave Ritchie presents Peter Blake with his 15-year pin.

Core Values

1. **We do what is right.**
2. **We maintain the highest level of business integrity.**
3. **We build and maintain strong and enduring customer relationships.**
4. **We never lose track of the basics.**
5. **We face our issues immediately and are solution oriented.**
6. **We have a hunger and passion for the deal.**
7. **We are nimble and opportunistic.**
8. **We have fun.**

Such an environment should by most accounts be more difficult for Ritchie Bros. (if contractors are busy and don't have equipment to sell, our volumes should go down); however, we set volume records in many regions and worked with more customers than ever before. This leads us to conclude that our growth came from an increase in market share – while we found that fewer people were selling equipment, those who were selling were, not surprisingly, looking for access to the international retail marketplace.

From an investor's perspective, Ritchie Bros. has been delivering solid returns by way of both increased share value and healthy dividends. We are fortunate that our business model generates strong cash flows for our shareholders. Our first priority is to reinvest these funds in the business where intelligent investment opportunities exist. To the extent we generate more cash than these potential opportunities and our general operations require, our plan is to return the excess funds to our shareholders. We have been paying a quarterly dividend since 2003 and we raised the quarterly amount by 64% (to \$0.18 per share) during 2005. This is on top of an average capital expenditure budget of \$50 million per year for the next 5 years,

which is designed to support our expansion strategies and fuel the future growth of our company. Our dividend and capital expenditure programs reflect our confidence in the future growth of our business.

Going forward, we will continue to follow essentially the same growth strategy that has brought us to this point. We intend to expand into related asset categories, add to our international network of auction sites, take advantage of technology to improve our level of customer service, and recruit, develop and retain the very best people. On top of this, we are aggressively pursuing our "Mo7" initiative to develop efficient, effective and scalable processes to enable us to achieve our growth objectives. You can read more about Mo7 later

in this Annual Report, but suffice to say that Mo7 is our response to the question: "Selling \$2 billion is great, but will you guys be able to double or triple your volume if you keep doing things the same way?"

With all this growth, it's no wonder that we're having fun. But none of this would be possible without the incredible dedication and effort put forward by every member of the Ritchie Bros. team. We share a set of common goals and values, regardless of where we work. We are proud to be your local auctioneer (with global reach). We also have the privilege of working with a wonderful group of customers; and we enjoy the support of a very loyal group of fellow shareholders. Thanks to all of you.



David E. Ritchie
Chairman



Peter J. Blake
Chief Executive Officer





Ritchie Bros. Auctioneers: A Local Company

In various markets around the world, we have become accustomed to being asked by customers if our head office is in their city.

Auction Site:
Phoenix, AZ USA
December 16, 2005

It's a testament to the fact that when we build an auction site, we fully integrate into the local community. Most of our team members are hired locally, our regional customer base of buyers and sellers numbers in the thousands, and we service these local customers year-round. Our auction sites typically hold three to six unreserved auctions each year, meaning we become an important participant in the local economy.

Yet, while we often appear to be simply a local operation, we are in fact a multinational company. Our global operations are headquartered in Vancouver, British Columbia, and we have 31 auction sites around the world. We have offices in 25 countries and in 2005 we held unreserved auctions in 11 countries around the globe. When we hold an auction, regardless of which local market we are in, we are able to create a global marketplace for our customers.

How a small "local" company became a world leader

Dedication to our founding principles, including our commitment to the unreserved auction process, has led to our steady growth over more than 40 years. What started as a small, locally owned family business in the town of Kelowna, British Columbia, is now a public company with a team of over 670 employees and annual gross auction sales in excess of \$2 billion.

Ritchie Bros. has been able to evolve from that small, local company into a global leader by continuing to operate with a regional focus. Our guiding principles include treating our customers fairly and operating to the highest standards of business ethics. This was the case when Ken, John and Dave Ritchie started the business, and it has not changed over the past 40 years. Sticking to our principles and



Panama Canal, Panama

Buyer: **Constructora Urbana (CUSA)**
1995 Ford LN8000 Water Truck
\$33,000

"Due to the amount of projects that our company got awarded in the past months, we were required to increase our water tanker fleet. We tried to locate new equipment, but the delivery dates from suppliers did not meet our requirements. At this point we contacted Ritchie Bros. to get dates for coming auctions where good quality trucks were going to be sold. We were lucky to find very nice trucks at an auction in Phoenix, Arizona so we attended the auction and got our problem solved. We were able to get quality water tankers in two weeks instead of 90 days."

Rogelio Aleman
Owner and President

Dubai, United Arab Emirates



Byemoor, Alberta Canada



Sacramento, California USA



Dubai, United Arab Emirates

focusing on customer service has allowed us to grow consistently over the years, with the result that we now sell more used trucks and equipment than any other organization in the world.

We operate in the massive and highly fragmented used industrial equipment market. Even though we are the largest participant, our market share is probably less than 2%. As our business has matured, we have remained focused on steadily increasing our share of this global market. Our strategy is simple – grow our gross auction sales by developing strong local relationships with our customers and by offering those customers the best-run unreserved auctions in the world.

Our customers can count on our auction schedule to meet their needs

Part of our success can be attributed to the fact that once we establish a permanent auction site, the local market can typically count on a regular auction schedule. Whether they have an entire fleet of equipment to sell or just one or two items, equipment sellers know that the local Ritchie Bros. auction site will be holding an unreserved auction soon. They know they can easily add their items to our next auction and their items will be marketed to the world.

And equipment buyers can count on our regularly scheduled auctions too. Most of our interested buyers are end-users, meaning they need equipment now for a job they are

The Ritchie Bros. customer

Most new customers start their relationship with Ritchie Bros. by attending and bidding at an auction close to where they live. Our experience has shown that once customers become buyers at our auctions and realize the value of the service we offer, they often start traveling to other Ritchie Bros. auctions and eventually become consignors so they too can access the very global market that they have helped us create. A large number of our customers are both buyers and sellers at our auctions – they don't view our auctions as "the place to buy" or "the place to sell," they see our auctions as an efficient marketplace for both buying and selling.

rbauctionBid-Live Interface



about to start. They know that they can attend one of our auctions, be the high bidder, and put their equipment to work the very next day. There is no waiting when it comes to buying at a Ritchie Bros. unreserved auction.

Local supply meets global demand

We hold over 150 unreserved industrial auctions each year and interested bidders attend from around the world. A typical Ritchie Bros. unreserved industrial auction in 2005 included over 1,300 lots from more than 180 different consignors. An average of almost 1,400 bidders participated in each of our industrial auctions in 2005 and the geographic diversity of these bidders is reflected in the fact that over 50 percent of gross auction sales in 2005 went to

buyers from outside the region in which the auction was held. In addition, approximately 80 percent of our buyers were end users such as contractors (as compared to resellers). This international crowd of end user buyers creates a global marketplace where sellers are able to transcend local market conditions and receive the global market price for their equipment. It's an international retail marketplace. There's no other place like it.

The internet: broadening the reach of the global marketplace

The rbauctionBid-Live service allows our customers to watch our auctions over the internet from anywhere in the world and permits qualified customers to participate – live and in real time – in our unreserved auctions. This system has proven to be a significant

competitive advantage for Ritchie Bros. Not only has it increased the size, diversity and multi-national character of our bidding audiences, the rbauctionBid-Live system has also allowed our customers to participate in more than one auction at a time, all from the comfort of their office or home. This live internet bidding has enabled us to create an environment where internet bidders and live bidders compete against each other on a level playing field. This is the best of both worlds for bidders and consignors. Internet bidders now regularly represent over 20 percent of the registered bidders at our auctions and in 2005 they were buyer or runner-up bidder on over 20 percent of all lots offered online.

Management Advisory Committee



Bob Armstrong
Vice President Finance,
Chief Financial Officer,
Corporate Secretary



Mike Battistel
Vice President
Information Technology,
Chief Information Officer



Peter Blake
Chief Executive Officer



Scott Forke
Vice President
Central Division, USA



Curt Hinkelman
Vice President
Great Lakes Division, USA



Rob Mackay
President —
United States, Asia
and Australia



Nick Nicholson
Senior Vice President
South Central USA,
Mexico and South
America Divisions



Vic Pospiech
Vice President
Administration
& Human Resources



Denis Prevost
Vice President
National Accounts

The internet is more than just a convenience for bidders

The impact of the internet on our business goes beyond live bidding. Two additional areas are worth noting:

Firstly, the internet has created transparency in the used equipment market. It has all but eliminated the information disadvantage that some participants had in years past. Equipment owners are now much better informed about equipment values and availability thanks to the information freely and easily accessible on the internet. This trend towards transparency continues to benefit Ritchie Bros. Our business is very simple: we provide a marketplace for buyers and sellers to transact business. As the market has become increasingly transparent, transactions have naturally migrated to the most efficient marketplace,

with the result that more and more equipment owners have been choosing our auctions.

Secondly, the marketing power of the rbauction.com web site – with over 75,000 unique visitors each week during busy auction periods – has enabled our auctions to increase in size significantly in the weeks leading up to the auction. We still produce auction brochures about three weeks prior to each auction and mail them out to potential buyers, but those brochures no longer contain a complete list of auction items. As potential consignors take note of the depth and selection of trucks and equipment already consigned, an increasing number are adding their equipment to the auction so as not to miss out on the opportunity, knowing that they will receive ample marketing exposure on the rbauction.com web site. As a result,

we are still busy consigning equipment after the brochure has been printed and mailed. The auction brochure used to be the main marketing tool for an auction; however, it now also serves as encouragement for prospective bidders to visit the rbauction.com web site for a current list of consigned items.

Our local teams are a key part of the success story

While we continue to put considerable energy into the development of industry leading systems and processes, the real strength of our business is our team of over 670 employees around the world. Included in this number are over 200 sales representatives – our Territory and Regional Managers.

The members of our sales team, supported by the office and yard staff at our auction sites, are critical to our success – they represent the



Mike Ritchie
Vice President
Western Canada Division



Dean Siddle
Vice President
Senior Valuation Analyst



Steve Simpson
Vice President
Southwest Division, USA



Kevin Tink
Vice President
Agricultural Division



Clay Tippett
Vice President
Marketing,
Customer Relations
& Real Estate Division



Sylvain Touchette
Vice President
Eastern Canada Division



Guylain Turgeon
Senior Vice President
Managing Director
European Operations



Randy Wall
President —
Canada, Europe
and Middle East



Rob Whitsit
Senior Vice President
Southeast and
Northeast Divisions, USA

Auction Site:
Moerdijk, The Netherlands
April 26–28, 2005

Equipment in this auction was
purchased by Ritchie Bros. customers from
51 Countries

frontline in our ongoing drive to develop and maintain strong relationships with our customers. Many of our salespeople come to us with an equipment background, having worked for an equipment or truck dealership, rental company or contractor. They then apprentice with an experienced member of our team before taking on their own territory. It can take 24 months or longer for a new Territory Manager to reach the level of productivity that we expect. The ongoing training and development of our team, combined with a commitment to recruiting the right people, remains a critical growth strategy for Ritchie Bros.

Leading this team is a management group with extensive auction industry experience. Dave Ritchie remains our Chairman; however, he handed the CEO title to Peter Blake in 2004. Peter has been with the Company for 15 years. Working closely with Peter are Randy Wall (17 years), our President for Canada, Europe and the Middle East, and Rob Mackay (20 years), our President for the United States, Asia and Australia. The depth of experience of these three, and of the other members of our management team, helps us to maintain our unique corporate culture.

CAT D8N Crawler Tractor
\$65,000



Ahmadi, Kuwait

Unreserved

One thing that our buyers and sellers appreciate about our auctions is that they are truly unreserved. At Ritchie Bros., “unreserved” means that **there are no minimum prices — everything sells to the highest bidder on sale day regardless of price. We do not allow consignors or their agents to buy-back, bid-in or in any way artificially manipulate the price of assets sold in our auctions.**

“Unreserved” is one of our most significant competitive advantages. We maintain a steadfast commitment to this standard because we believe that auctions should be open and transparent, and because our customers deserve to be treated fairly. In our view, the only auction that lives up to this standard is a truly unreserved auction.



Jacksonville, Florida USA



RING 2 ST



Orlando, Florida USA

Why buyers choose Ritchie Bros.

There are many places a buyer can go to acquire equipment, yet an increasing number are choosing to buy equipment at our unreserved auctions.

These are some of the reasons why:

- Our auctions provide a **level playing field** and a transparent market. While some auctioneers openly permit consignors to bid on their own items, or will bid on the equipment themselves to artificially support prices, we strictly prohibit consignors from bidding on their own equipment, either directly or through agents. And Ritchie Bros. does not bid on any of the equipment in our auctions. Our commitment to these principles ensures that every Ritchie Bros. auction is an open and fair market. In addition, bidders at our auctions compete on an equal basis, regardless of their economic strength or negotiating power.
- Our **dedicated search and title departments** work to resolve ownership issues before the equipment is sold. We commit considerable resources to identifying and coordinating the release of liens. If we can't deliver clear title, the buyer receives a full refund.
- We provide a **comprehensive selection**. Our auctions could be compared to a supermarket. We have everything an interested buyer might need, all at one location. And all of the items sell on sale day.

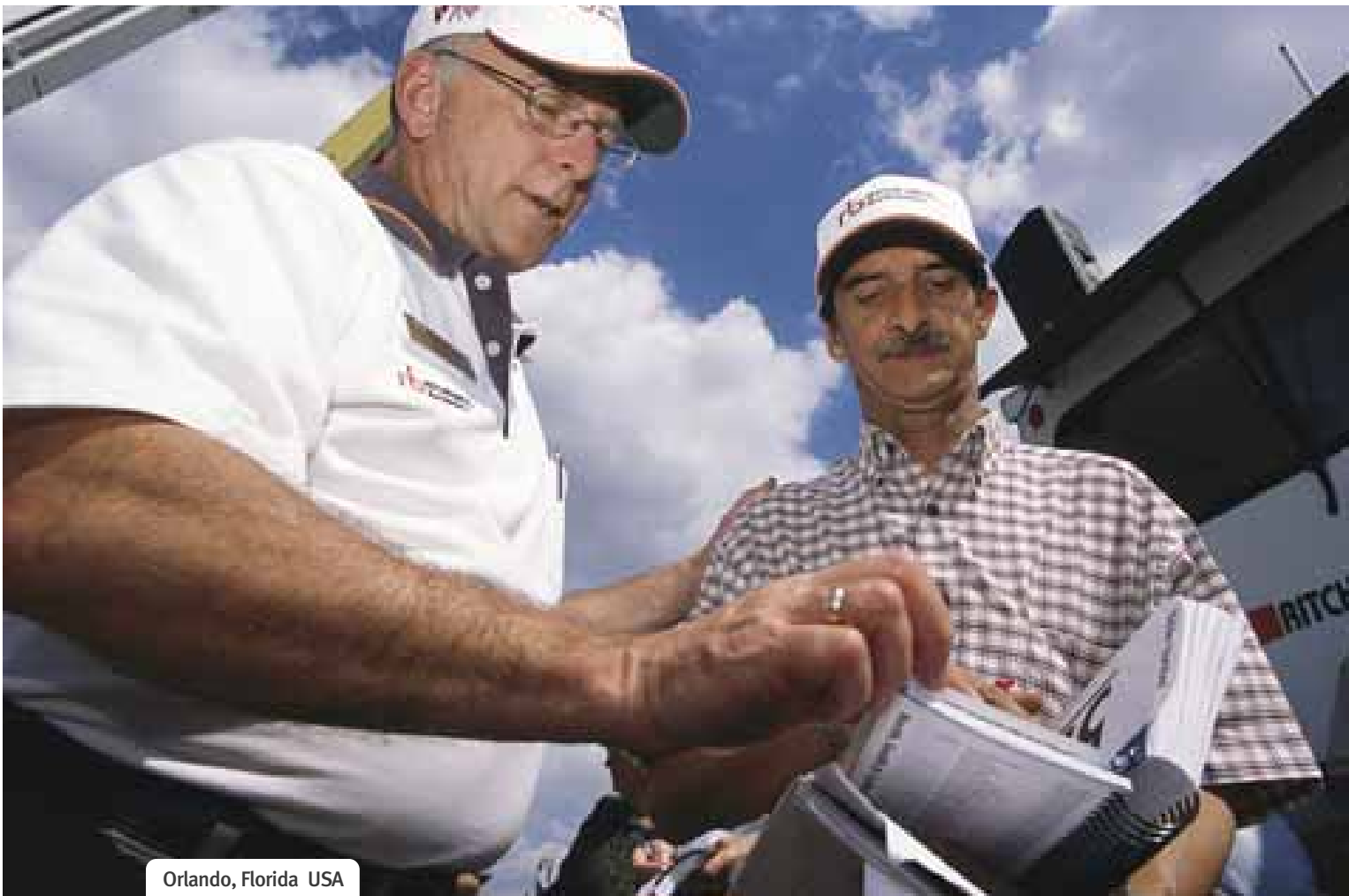
Once the auctioneer says "SOLD" the negotiations are over. The buyer simply pays Ritchie Bros. and takes possession of the equipment. An equipment buyer can inspect and purchase in one day what might have taken weeks if the equipment were being offered for sale by a number of vendors in various regions or by an auctioneer that didn't provide a central marshalling point for equipment. This efficient one-stop shopping approach addresses the needs of our customers, most of whom are contractors who want to minimize the time spent away from their job sites.

- The equipment is displayed and sold in **convenient locations**. We make it easy for bidders to inspect, test and compare the trucks and equipment in our auctions by organizing our auction yards so that customers can compare similar items and determine the condition and value of the equipment before placing any bids. The market for used income-producing assets is very different from the market for commodities and collectibles. As a result, marshalling the equipment at our auction yards and allowing our customers to "kick the tires" are

very valuable features of a Ritchie Bros. auction. In addition, most of our auction sites are located close to airports, major highways and services such as hotels and restaurants, making it as easy as possible for bidders from outside the region to participate.

The local relationship

Our business is built on relationships, and our relationships with our local customers are paramount. An equipment owner can't do business with us if he doesn't know us; and he won't do business with us if he doesn't like and trust us. By focusing on customer relationships and by maintaining our commitment to doing what's right, we are able to earn the trust of more and more equipment owners around the world. They are seeing first-hand that we have both global reach and local knowledge.



Orlando, Florida USA

➤ You can **bid from your office**. Customers who are able to satisfy themselves as to the condition and value of a particular piece of equipment, but can't be at the auction site on sale day, can still participate in one of two ways:

▶ Our internet bidding service, [rbauctionBid-Live](#), allows qualified bidders to hear the auctioneer, follow the bid and ask numbers and see the item being sold – all live and in real-time over the internet. Bidding is as easy as clicking the bid button, which continuously updates to reflect the auctioneer's current asking price. We sold over \$270 million worth of trucks and equipment to internet buyers in 2005.

▶ Proxy bids from qualified bidders can be submitted in advance of the auction via our web site, via fax or by calling the auction site directly. Customers placing proxy bids specify the maximum price they are willing to pay for the lots in which they are interested. Proxy bids are introduced into the auction process just as they would have been if the bidders had attended the auction in person. The auctioneer ensures that proxy bidders never pay more than they would have if they had been at the sale site to place their own bids on auction day.

BROS. Auctioneers



Local Supply Meets Global Demand

Using Texas as an example





Global distribution of trucks and equipment from Ritchie Bros. auctions conducted in Texas, USA in 2005

Total Bidders: **21,546**
 Total Buyers: **6,884**
 Total Sales: **\$253,520,358**

41.5% of the bidders were from outside the state of Texas and purchased **58.4%** of the equipment.

29.3% of bidders were internet bidders and purchased **19.5%** of the equipment.

Why sellers choose Ritchie Bros.

Consignors choose Ritchie Bros. because they realize that we can get them higher net proceeds on the sale of their assets than they would be able to achieve by selling through another channel.

In a market that is estimated to have in the range of \$100 billion in transactions annually, private sales between equipment owners and sales involving equipment dealers and brokers still account for most of the business. However, the equipment market has become more sophisticated in recent years, and an increasing number of sellers are moving away from these less efficient channels as they look for access to the global retail marketplace. They have concluded that the traditional channels aren't able to get them the best possible price and they have turned to Ritchie Bros. Auctioneers.

These are some of the main reasons:

➤ We deliver a **global marketplace that transcends local market conditions**. We typically mail approximately 50,000 full-color brochures for each of our industrial auctions to a strategic selection of customers from our proprietary database of over 400,000 potential bidders in more than 200 countries. Sellers feel confident knowing that an international crowd will participate in the auction, allowing them to achieve fair market value for their items regardless of local market conditions. And the wide range of inventory at our auctions facilitates cross-industry buying. On average,

over half of our sales go to buyers from outside the region in which the auction is held.

➤ We have a **worldwide network of full-service auction facilities**.

With regularly scheduled auctions at 31 auction sites worldwide, plus numerous off-site sales, sellers are able to put their equipment in Ritchie Bros. auctions around the globe. In addition, consignors operating in more than one market enjoy the convenience of dealing with one company yet still being able to bring their items to any one of our conveniently located auction sites when it's time to sell.

➤ We structure the **auction contract** to suit the seller's needs. Whether they have a few items or an entire fleet, we are flexible and will work with the seller to tailor an agreement that meets their specific requirements.

➤ We provide **international marketing expertise**. With every auction, we produce full-color auction brochures, web site listings and trade journal advertising. We make sure that potential buyers are aware of the sale.

➤ We **enhance the resale value** of our consignors' equipment. We offer recommendations to our customers – based on over 40 years of experience – to help them get the best dollar on auction day.

Case Study: CitiCapital is among the top commercial finance companies in the world and is a member of Citigroup, the global financial services company. They recently developed a custom technology solution being deployed at our North American auction sites that makes it easy for buyers to finance their auction purchases. In addition, following an extensive analysis of the returns they were achieving on the sale of trucks and equipment through various channels, CitiCapital entered into an exclusive arrangement with us in 2004 under which they outsourced the remarketing of virtually all of their end of lease and repossessed transportation and construction assets in North America to Ritchie Bros.

“CitiCapital now enjoys consistency in process, unparalleled marketing exposure, and strong collateral expertise thanks to our relationship with Ritchie Bros. — all of which have contributed to strong financial performance in the remarketing of our assets.” — Mr. Jeremy Thomason, Vice President, CitiCapital

citicapital™

Selected equipment sales from the complete dispersal for **Kendal Pipeline and Oilfield**

“After 26 years in the oilfield industry, I decided to retire, and we chose Ritchie Bros. for our complete dispersal. They worked with us three months prior to the sale, took care of us during the sale, and continued to work with us after the sale. All along, they made sure they were always answering my questions and dealing with my concerns. The service they gave me was absolutely phenomenal and in the end, it was the largest Canadian auction conducted by Ritchie Bros. in company history. Buyers traveled to our sale from all over the United States and even Australia. The Ritchie Bros. choice was the right choice.”

Ken Drysdale,
President, Kendal Pipeline

Auction Site:
Grande Prairie, AB Canada
November 2&3, 2005



CRC FB143 6-20 Pipe Bending Machine
\$65,000

○ Cora, Wyoming USA



CAT D8R Series II Crawler Tractor
\$565,000

○ Mississauga,
Ontario Canada



CAT D8L Crawler Rock Saw
\$275,000

○ Amant, Louisiana USA

What drives the supply of equipment to our auctions?

Analysts estimate that there is approximately \$1 trillion worth of used equipment of the type we sell in circulation worldwide, and that approximately \$100 billion of that changes hands each year. Because the opportunity available to us is so large, we are able to grow our business in good times and in bad, regardless of what is happening in the broader economy.

Economic uncertainty typically fuels the supply of used equipment. So do fleet realignments, financial pressure, mergers and acquisitions, inventory reductions, lease returns, project completions and even retirements. As long as a few of these factors are at work somewhere in the world, Ritchie Bros. has customers to call on. Said another way, any economic, political or other factor that leads to a desire or need for people to buy or sell equipment creates work for Ritchie Bros.

Because the used equipment market is so large and because there are so many different drivers influencing owners' decisions to sell, our business volume and our ability to grow are not directly tied to economic cycles.

This includes making available the services of our environmentally-certified refurbishing facilities. Our experience has shown us that spending a little money to refurbish an item often enables us to achieve higher returns for our equipment sellers. In the end, both buyer and seller are happy.

➤ We are a **reliable business partner**. Ritchie Bros. is listed on both the New York Stock Exchange and the Toronto Stock Exchange, has a strong balance sheet and a history of over 40 years in the industrial auction business. Our customers are always treated fairly and they know we have the financial strength to live up to our commitments.

➤ We make the process **hassle-free**. We take care of all the details, including any cleaning, refurbishing or painting required to prepare the equipment for auction. We store the equipment before the sale and until it is removed by the new owner. We also handle questions from interested bidders, we take care of the marketing and title searches, and set up the auction yard so bidders can inspect, test and compare equipment. We handle all the collections, coordinate necessary sales taxes and pay out the net proceeds. We take care of the entire auction process so that our consignors can concentrate on their business.

Evolution of an auction site

Our business in new geographic markets tends to evolve in a consistent manner, regardless of the location. Whether we are taking our first steps into New Delhi, Beijing, Sacramento, or Chicago (pictured here) we typically follow the same basic pattern:

1. Get to know customers from a new region when they travel to our auctions.
2. Send a Territory Manager into the new region to assess the market opportunity.
3. Open a sales office in the new region to introduce ourselves to potential customers.
4. Help consignors in the new region to sell equipment at our closest auction sites.
5. Conduct an auction at a temporary location in the new region.
6. After a number of successful sales have been held in the region, open a regional auction unit, often on leased land with modest auction and administrative facilities and minimal capital invested.
7. After a high rate of success and many auction sales at a regional auction unit, establish a permanent auction site – our term for a full-service auction facility on land owned by Ritchie Bros.





Chicago, Illinois USA

2005: a record breaking year

Our auction yards around the world all contributed to making 2005 a successful year for Ritchie Bros. and our customers. For the first time ever, our Company generated gross auction sales of over \$2 billion.

It was a record-breaking year in many different ways for our Company. Our European team held their 100th auction. We held our highest grossing Canadian auction to-date (CAD\$47 million) in Grande Prairie, Alberta in November. We also held our largest ever auction week in North America during December 12-16, with auctions that grossed a total of US\$111 million.

This past year we also held our 500th rbauctionBid-Live event. Internet bidders now account for 20% or more of the total registered bidders that attend our auctions. Over 38,000 customers from 137 countries are now approved to bid using the rbauctionBid-Live service.

One of the most exciting records broken in 2005 was the largest grossing auction ever held by Ritchie Bros. Auctioneers. At our Orlando, Florida auction in February 2005, more than 4,600 interested bidders from over 62 countries and all 50 American states competed for nearly 3,600 equipment items and trucks. Gross auction sales exceeded US\$79 million.

Thanks to strong support from local consignors, many of our other auction sites also held their largest ever auctions in 2005: Phoenix, Arizona; Sacramento, California; Denver, Colorado; Atlanta, Georgia; Chicago, Illinois; North East, Maryland; Edmonton, Alberta; Grande Prairie, Alberta; Montreal, Quebec; Vancouver, British Columbia; and Melbourne, Australia. These records are a direct result of the momentum generated by our unreserved auctions. They are also evidence of the increasing average size of our auctions, a trend that has been particularly evident over the past three years.

On top of the tremendous growth in our auction business, we also grew geographically in 2005. We opened our newest auction facility in Sacramento, California and held our largest auction ever in the western United States at that new facility in December. We also started constructing a new permanent auction site in Nashville, Tennessee, which will be hosting its first auction in March 2006. In addition, we opened a regional auction unit in Livorno, Italy, further expanding our network of European auction sites.

Our Average Industrial Auction

	2005	2004	2003	2002	2001	2000
Gross auction sales <i>(in millions of dollars)</i>	\$13.2	\$11.9	\$10.8	\$9.8	\$10.0	\$10.2
Registered bidders	1,398	1,378	1,266	1,106	1,080	1,010
Lots	1,331	1,215	1,161	1,070	1,061	1,051
Consignors	182	169	164	148	149	150



Chicago, Illinois USA

2006 and **beyond**

Our business continues to grow and develop and we expect further changes and developments in the coming years.

We will continue to introduce our auctions to new regions and to pursue different asset categories. Although we will continue to grow and expand, we will always remain focused on customer service and we will continue to do what we do best – using unreserved auctions to create a global marketplace for our customers.

The growing number of consignors and bidders choosing Ritchie Bros. points to the increasing popularity of our auctions. While we have an extensive customer base, introducing our services to farmers and truck and equipment owners who don't yet know us, and to industries and regions where we are only scratching the surface, remains a critical growth strategy for Ritchie Bros. At the same time, we must remain flexible and responsive to the needs of each customer. We understand that our customers choose Ritchie Bros. not because we are the largest

industrial auctioneer in the world, but because we offer the best local service. We meet their local needs with our global solutions.

We intend to concentrate on the following areas in the coming years:

Expanding into new geographic markets

Over the next several years, we expect that most of our sales growth will come from the United States and Europe and we plan to concentrate our investments and expansion efforts in these markets. However, we have recently been working with customers and opening offices in markets such as China and India. As these and other new markets evolve, we expect to increase our activity levels, moving beyond the pioneering stage and eventually holding local auctions. But for now, we do not need to count on these emerging markets to fuel our growth.

Expanding into related asset categories

We will continue to look for growth both within and outside our traditional markets — wherever we can see opportunities to create value for customers. In January 2006, we joined forces with Dennis Biliske Auctioneers, an agricultural auction company based in North Dakota. Integrating the Biliske operation into ours will enable us to develop our business in the U.S. agricultural equipment and land markets and will quickly allow us to bring our service to new customers in North Dakota, Minnesota and surrounding regions. We held our first Ritchie Bros. unreserved auction at the Buxton, North Dakota facility in February 2006 and plan to hold many more throughout the year. That first sale signaled the launch of our expansion into the United States agricultural market. During 2006, we also expect to continue expanding our presence in the

Chicago, Illinois USA



Vancouver, British Columbia Canada



Moerdijk, The Netherlands



Chicago, Illinois USA

over-the-road truck and trailer market and the marine sector. In addition, we enjoyed some early success selling industrial real estate in Canada and the United States in 2005, and we have now dedicated a team to this sector with the objective of increasing the sales of real estate at our auctions in the coming years.

Expanding our international network of auction sites

Since 1997 we have made significant investments in our network of auction sites – adding new sites and upgrading several existing ones. In 2005, we opened our Sacramento, California auction facility and commenced construction in Nashville, Tennessee, where we will be hosting the first auction in our new permanent auction site in March 2006.

Also during 2006, we will be constructing sites in Denver, Colorado and Houston, Texas to replace our existing sites in those markets, both of which are at capacity. We intend to add or expand permanent auction sites and regional auction units over the coming years as suitable opportunities are identified, generally at the average rate of two per year, with a near-term focus on the United States and Europe. All of our new sites include environmentally-certified refurbishing facilities so we can help our consignors get their equipment ready for the auction.

Building our customer service team

Our future growth depends on the quality of our customer relationships and our ability to deliver superior

customer service in local markets around the world. As a result, it is critical that we continue to recruit, train and develop the best people. The Ritchie Bros. team has grown from 500 to over 670 full-time employees during the past five years as we have expanded into new markets around the world, and we expect similar growth as we move forward. Maintaining our unique corporate culture as we grow is a very high priority, so we will continue to add employees at a measured pace, knowing that a controlled growth rate will allow us to maintain our high level of customer service.



Los Angeles, California USA

Risk Management

Three-quarters of our business is relatively risk-free because it is conducted on a straight commission basis. We were at-risk on approximately one-quarter of our business in 2005, which is in line with our typical business mix. In these situations we underwrote the contracts, by either providing a guarantee of minimum sale proceeds or buying the assets outright.

We mitigate our risk when entering into underwritten contracts by building a risk premium into our commission rate and by following a rigorous appraisal process that draws on our extensive field experience and our proprietary database of equipment sales prices. We also use our knowledge of major equipment deals around the world to form a view of the pipeline of equipment coming to market and to anticipate any potential supply/demand imbalances. We are the largest participant in the global used truck and equipment markets, so we have a unique view of what's happening in these markets. Further mitigating the risk is our limited exposure to changes in equipment values – the time from signing a contract to the date of the auction is typically only 30 to 45 days, and truck and equipment prices tend not to be as volatile as prices in stock and commodity markets.



Improving our business processes

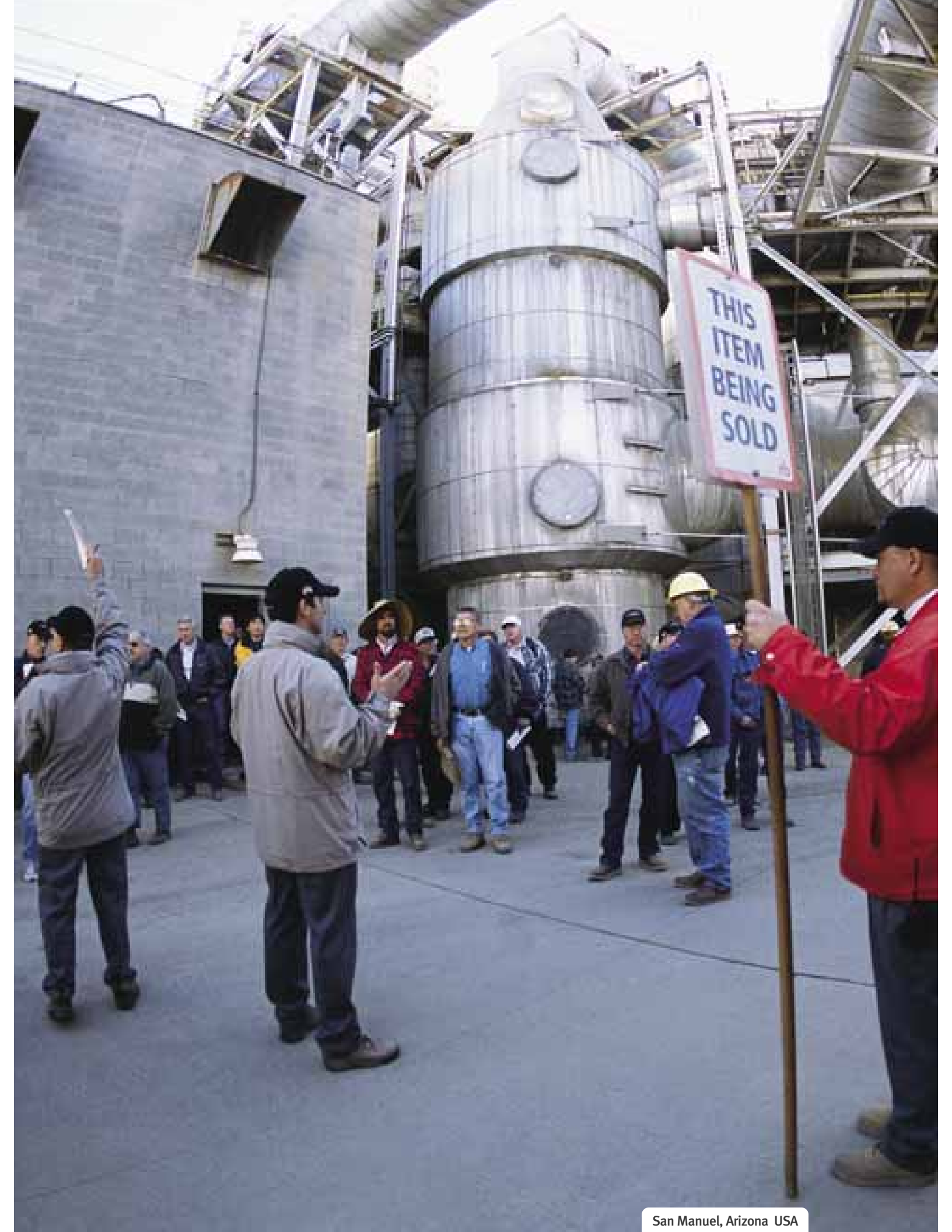
rb MO7

Our Foundation for Growth

We are very proud of the quality of our auctions and of the sophisticated marketing and information technology operations that we have developed. Yet we are continually refining the way we do things and are always looking for better ways to help our customers. In 2004, we embarked on a study of all our business operations with the goal of designing and implementing more efficient, consistent and scalable processes that will accommodate the growth we are expecting in the years ahead. We

labeled the project Mo7, short for Mission 2007, and our goal is to complete the main components of this initiative by the end of 2007. The first large-scale Mo7 initiative is the implementation of an Oracle enterprise resource planning system. We are implementing Oracle in stages starting in 2006. Once that foundational step has been taken, we will be deploying several custom-built applications (labeled rbOS, the Ritchie Bros. Operations System) that will handle the more unique aspects of our business. In addition, throughout 2006, 2007 and future years, we will be launching non-technology initiatives to further improve the efficiency, consistency and scalability of our operations.

Examples include new training programs, new incentive compensation initiatives, new auction site policies and procedures, new reporting structures and more. All of these Mo7 initiatives are designed to position Ritchie Bros. for future growth.



The Ritchie Bros. Auction Process

Step 1 Getting to know the owner and his equipment

The auction process begins when an equipment owner meets with one of our Territory Managers. We get to know the owner's needs and, if necessary, we appraise his equipment. The people participating in the appraisal review photographs of and detailed condition notes about the equipment; a typical appraisal team includes people from the local area as well as appraisers working out of our head office and, if necessary, people with specialized expertise. After their individual appraisals are complete, members of the appraisal team compare results and conclude on a final appraised value for the fleet.

Step 2 Drafting the auction contract

Next, we meet with the owner and work out the details of the auction contract. Straight commission contracts are the most common. Depending on the circumstances, we may offer the consignor alternatives such as a guarantee of minimum sales proceeds or an outright purchase contract. In some cases, we offer cash advances and other options. We draft a contract tailored to the consignor's individual needs and requirements.

Step 3 Getting the equipment ready for the auction

Once the equipment arrives at the auction site, we coordinate any cleaning, refurbishing, repair work or painting that the consignor requires in order to get the equipment ready for auction. When we see an opportunity to add value in excess of the costs of refurbishing, we'll recommend doing the work.

Step 4 Marketing the equipment to the world

We market the equipment by sending out an average of 50,000 full-color auction brochures to a targeted selection of customers from our extensive database. In addition, every piece of equipment is posted on our high traffic web site at rbauction.com. Our auctions are also advertised through trade journals and general media, and we promote them at all intervening Ritchie Bros. auctions, ensuring that the equipment is exposed to the widest possible audience of potential buyers.

Step 5 Searching the equipment for liens

To ensure that our customers can bid with confidence, we guarantee to give the buyer a full refund if we aren't able to deliver clear title. Our search department identifies and arranges for the release of all liens and encumbrances so buyers are assured of acquiring good and marketable title to items purchased at our auctions.

Step 6 Setting up the auction yard

The equipment is sorted and displayed in logical groupings so prospective buyers can easily inspect, test and compare similar pieces. We have knowledgeable staff on hand to answer bidders' questions. We also arrange for caterers, finance company representatives, customs brokers, transportation companies and other service providers to be present on the site.

Step 7 Auction day

On auction day, our auctioneers, ringmen, yard staff, internet services team and customer service staff conduct what we believe are the best-run auctions in the world. Our auctions are efficient, exciting and completely unreserved.

Step 8 Taking care of business

After the auction is finished, we collect the proceeds from the buyers, including all relevant sales taxes (which we administer and remit to proper authorities), coordinate the release of the equipment to its new owners and disburse the proceeds, along with detailed settlement statements, to the consignors.

Board of Directors

Overseeing the overall direction of our Company is our Board of Directors. We have always been proud of our corporate governance and have a majority of independent directors on our Board. We adhere to a strict Code of Business Conduct and Ethics, which applies to all employees, officers and directors. The Code, together with other governance materials, including our Report on Corporate Governance, is available on the rbauction.com web site.



Peter J. Blake



Beverley A. Briscoe



C. Russell Cmolik



Charles E. Croft



Eric Patel



G. Edward Moul



Robert W. Murdoch



David E. Ritchie
Chairman

Shareholder Information

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Board of Directors

David E. Ritchie	<i>Chairman</i>
Peter J. Blake	<i>Director & Chief Executive Officer</i>
C. Russell Cmolik	<i>Director</i>
Charles E. Croft	<i>Director</i>
G. Edward Moul	<i>Director</i>
Eric Patel	<i>Director</i>
Beverley A. Briscoe	<i>Director</i>
Robert W. Murdoch	<i>Director</i>

Mr. Moul serves as Lead Independent Director. Shareholders wishing to speak to the Lead Independent Director should call 604.233.6153 or send an email to leaddirector@rbauction.com.

Mr. Moul does not intend to stand for re-election at the Company's Annual Meeting of Shareholders on April 13, 2006. It is anticipated that Mr. Croft will be appointed Lead Independent Director immediately following the Annual Meeting, subject to him being re-elected to the board at the meeting.

Management Advisory Committee

Peter J. Blake*	<i>Chief Executive Officer</i>
Robert S. Armstrong	<i>VP – Finance & Chief Financial Officer; Corporate Secretary</i>
C. Michael Battistel	<i>VP – Information Technology; Chief Information Officer</i>
Scott L. Forke	<i>VP – Central Division, USA</i>
Curt C. Hinkelman	<i>VP – Great Lakes Division, USA</i>
Robert K. Mackay*	<i>President – United States, Asia and Australia</i>
David D. Nicholson*	<i>Senior VP – South Central USA, Mexico and South America Divisions</i>
Victor E. Pospiech	<i>VP – Administration & Human Resources</i>
C. Denis Prevost	<i>VP – National Accounts</i>
Michael G. Ritchie	<i>VP – Western Canada Division</i>
J. Dean Siddle	<i>VP – Senior Valuation Analyst</i>
Steven C. Simpson	<i>VP – Southwest Division, USA</i>
Kevin R. Tink	<i>VP – Agricultural Division</i>
R. Clay Tippett	<i>VP – Marketing, Customer Relations & Real Estate Division</i>
Sylvain M. Touchette	<i>VP – Eastern Canada Division</i>
Guylain Turgeon*	<i>Senior VP – Managing Director European Operations</i>
Randall J. Wall*	<i>President – Canada, Europe and Middle East</i>
Robert K. Whitsit*	<i>Senior VP – Southeast and Northeast Divisions, USA</i>

* Member of Executive Council

Corporate Governance

Corporate governance information, including the Company's Report on Corporate Governance, which is included in the Company's Information Circular, is available on the Company's website at www.rbauction.com.

Investor Relations

Securities analysts, portfolio managers, investors and representatives of financial institutions seeking financial and operating information may contact:

Investor Relations Department
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Copies of the Company's filings with the U.S. Securities & Exchange Commission and with Canadian securities commissions are available to shareholders and other interested parties on request or can be accessed directly on the internet at www.rbauction.com.

Annual General Meeting

The Annual General Meeting of the Company's shareholders will be held at 11am on Thursday April 13, 2006 at the Best Western Richmond Hotel, 7551 Westminster Highway, Richmond, BC V6X 1A3.

Stock Exchanges

Ritchie Bros. Auctioneers Incorporated is listed on the New York Stock Exchange and the Toronto Stock Exchange and on both exchanges, trades under the symbol "RBA".

Transfer Agent

Communications concerning transfer requirements, address changes and lost certificates should be directed to:

Computershare Trust Company of Canada
510 Burrard Street
2nd Floor
Vancouver, British Columbia
Canada V6C 3B9
Telephone: 604.661.0226
Canada and USA (toll-free): 1.800.564.6253
Facsimile: 604.661.9401
Facsimile (toll-free): 1.800.249.7775
Email: kimwong@computershare.com
Self-service: www.computershare.com

Co-agent in the United States:
Computershare Trust Company of New York
New York, NY

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Vancouver, Canada

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