



**RSM** Richter

**Fourth Report to Court of  
RSM Richter Inc. as CCAA Monitor of  
The Medican Group of Companies**

**RSM Richter Inc.**  
Calgary, August 10, 2010

RSM Richter is an independent member firm of RSM International,  
an affiliation of independent accounting and consulting firms.



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**Action No. 1001-07852**

**IN THE COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL DISTRICT OF CALGARY**

**IN THE MATTER OF THE *COMPANIES' CREDITORS*  
*ARRANGEMENT ACT*, R.S.C. 1985, c.C-36, AS AMENDED AND *THE JUDICATURE*  
*ACT*, R.S.A. 2000, c. J-2, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF  
MEDICAN HOLDINGS LTD., MEDICAN DEVELOPMENTS INC., R7 INVESTMENTS  
LTD., MEDICAN CONSTRUCTION LTD., MEDICAN CONCRETE INC., 1090772  
ALBERTA LTD., 1144233 ALBERTA LTD., 1344241 ALBERTA LTD., 9150-3755  
QUEBEC INC., AXCESS (GRANDE PRAIRIE) DEVELOPMENTS LTD., AXCESS  
(SYLVAN LAKE) DEVELOPMENTS LTD., CANVAS (CALGARY) DEVELOPMENTS  
LTD., ELEMENTS (GRANDE PRAIRIE) DEVELOPMENTS LTD., HOMES BY  
KINGSLAND LTD., LAKE COUNTRY (SITARA) DEVELOPMENTS LTD., MEDICAN  
(EDMONTON TERWILLEGAR) DEVELOPMENTS LTD., MEDICAN (GRANDE  
PRAIRIE) HOLDINGS LTD., MEDICAN (KELOWNA MOVE) DEVELOPMENTS  
LTD., MEDICAN (LETHBRIDGE – FAIRMONT PARK) DEVELOPMENTS LTD.,  
MEDICAN (RED DEER – MICHENER HILL) DEVELOPMENTS LTD., MEDICAN  
(SYLVAN LAKE) DEVELOPMENTS LTD., MEDICAN (WESTBANK)  
DEVELOPMENT LTD., MEDICAN (WESTBANK) LAND LTD., MEDICAN  
CONCRETE FORMING LTD., MEDICAN DEVELOPMENTS (MEDICINE HAT  
SOUTHWEST) INC., MEDICAN ENTERPRISES INC. / LES ENTREPRISES  
MEDICAN INC., MEDICAN EQUIPMENT LTD., MEDICAN FRAMING LTD.,  
MEDICAN GENERAL CONTRACTORS LTD., MEDICAN GENERAL CONTRACTORS  
2010 LTD., RIVERSTONE (MEDICINE HAT) DEVELOPMENTS LTD., SANDERSON  
OF FISH CREEK (CALGARY) DEVELOPMENTS LTD., SIERRAS OF EAUX  
CLAIRES (EDMONTON) DEVELOPMENTS LTD., SONATA RIDGE (KELOWNA)  
DEVELOPMENTS LTD., SYLVAN LAKE MARINA DEVELOPMENTS LTD., THE  
ESTATES OF VALLEYDALE DEVELOPMENTS LTD., THE LEGEND (WINNIPEG)  
DEVELOPMENTS LTD., and WATERCREST (SYLVAN LAKE) DEVELOPMENTS  
LTD. (COLLECTIVELY, "THE MEDICAN GROUP OF COMPANIES")**

**FOURTH REPORT OF RSM RICHTER INC.  
AS CCAA MONITOR OF  
THE MEDICAN GROUP OF COMPANIES**

**August 10, 2010**

## INTRODUCTION

1. On May 26, 2010, the Court of Queen's Bench of Alberta ("Court") issued an order ("Initial Order") granting The Medican Group of Companies ("Medican Group" or the "Company") protection pursuant to the *Companies' Creditors Arrangement Act* ("CCAA") (the "CCAA Proceedings"). RSM Richter Inc. ("Richter") was appointed monitor ("Monitor") under the Initial Order.
2. Pursuant to a Court order made on June 11, 2010, the stay of proceedings under the Initial Order was extended to August 12, 2010.
3. The primary purposes of the CCAA Proceedings are to protect Medican Group's business and operations, to allow Medican Group an opportunity to realize value from its construction and development projects and to facilitate a restructuring of its credit facilities, all under a court-supervised process.

### Purpose of this Report

4. The purpose of this report ("Report") is to:
  - a) Provide an update on the Company's restructuring efforts;
  - b) Provide a status update on the Company's development and construction projects;
  - c) Support the Company's request for an extension of the CCAA Proceedings to September 30, 2010; and
  - d) Respectfully recommend that this Honourable Court grant orders:
    - Approving an Offer to Finance ("Financing Offer") from T&E Ventures Inc. ("T&E") to Medican (Red Deer – Michener Hill) Developments Ltd. for construction financing related to the development project known as "Sierras of Michener Hill" ("Michener Project") (as described further below);
    - Approving an agreement of purchase and sale ("Dipert Lands Offer") between Lamont Land Inc. and Medican Developments Inc. for the Company's property ("Dipert Lands") near Sylvan, Lake Alberta (as described further below);

- Approving an offer to purchase from Cypress College for the Company's property located at #3 7<sup>th</sup> Street SE, Medicine Hat, Alberta ("7<sup>th</sup> Street Property");
- Approving an increase of \$1 million under the debtor-in-possession ("DIP") financing facility approved pursuant to the Initial Order; and
- Extending the stay of proceedings under the Initial Order to September 30, 2010.

### Terms of Reference

5. In developing this Report, the Monitor has relied upon unaudited financial information prepared by the Company's management, the Company's books and records and discussions with its management. The Monitor has not performed an audit or other verification of such information. An examination of the Company's financial forecasts as outlined in the *Canadian Institute of Chartered Accountants Handbook* has not been performed. Future-oriented financial information relied upon in this Report is based on management's assumptions regarding future events. Actual results achieved may vary from this information and these variations may be material, and as such the Monitor expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this Report, or relied upon by the Monitor in preparing this Report.

### Currency

6. Unless otherwise noted, all currency references in this Report are in Canadian dollars.

## BACKGROUND

7. Medican Group is a private group of companies in the real estate construction and development business. The Company currently owns, operates and/or manages over 30 projects in British Columbia, Alberta, Manitoba and Quebec.
8. Medican Group comprises two divisions:
  - a) A residential development division (“Medican Projects”) which develops condominium complexes mainly in western Canada; and
  - b) A construction division (“Medican Construction”) operating as a general contractor for several customers, including Medican Projects.
9. Medican Projects operates two types of residential construction:
  - a) Development of residential real estate as the owner of the land and the assets being developed (“Development Project”); and
  - b) Construction of real estate projects under “Cost-Plus” contracts on behalf of third-party owners of the land on which the project is being built (“Cost-Plus Project”).
10. A Development Project and a Cost-Plus Project are sometimes referred to individually as a “Project” and collectively as the “Projects”.
11. Additional background information is included in previous materials filed with the Court in these CCAA Proceedings, including the previous reports filed by the Monitor. Materials filed with the Court can be found at the Monitor’s website at [www.rsmrichter.com](http://www.rsmrichter.com)

## COMPANY'S ACTIVITIES

12. Since the Monitor's Third Report to Court dated July 27, 2010 ("Third Report"), the Company has:

- a) With the Monitor's approval, accepted offers on four existing or under-construction residential condominium units ("Units"). A schedule identifying Unit sales from the date of the Initial Order is provided as Appendix "A";
- b) Replaced its sales team at the Development Project known as "Sanderson of Fish Creek";
- c) Received an instalment of \$1 million in construction financing from Canadian Imperial Bank of Commerce ("CIBC") towards the completion of Phase 4A of the Sanderson Project (defined below), which was approved by this Honourable Court pursuant to an order made on July 29, 2010;
- d) Entered into the Financing Offer with T&E, subject to Court approval, for construction financing with an initial advance of up to \$5.5 million in respect of the Michener Project;
- e) Accepted the Dipert Lands Offer of \$5.15 million for the Dipert Lands, subject to Court approval;
- f) Continued to meet with third parties respecting the development or sale of the Company's interests in certain Development Projects;
- g) Continued to advance the claims process ("Claims Process"), with the Monitor's assistance, in accordance with an order of this Honourable Court dated June 11, 2010 ("Claims Procedure Order");
- h) Listed for sale with realtors 21 Units at several projects, as described further below;
- i) Entered into a cost-plus agreement to construct a 118-unit condominium project with Trimount Estevan Developments Ltd.; and
- j) Continued to provide stakeholders with updates on its restructuring efforts.

13. Some of the above developments are discussed further in this Report.

## CLAIMS PROCESS

14. As described in previous reports of the Monitor, the Claims Procedure Order requires Affected Creditors (as defined in the Claims Procedure Order) to submit proofs of claims to the Monitor to be received prior to the claims bar date of 5 p.m. M.D.T. on July 30, 2010 (“Bar Date”).
15. A summary of the claims received by the Monitor as at the Bar Date is provided as Appendix “B”. The Company and the Monitor are in the process of reviewing proofs of claims in order to assess overall claims against the Company and the individual Projects. The claim information is being used as part of the Company’s analysis of the equity available in each Project.
16. Canada Revenue Agency (“CRA”) filed claims against several companies of Medican Group on July 29, 2010, including claims filed on a secured basis totalling \$3.5 million. The Monitor has commenced its review of CRA’s claims. Given that several of the claims may rank in priority to certain secured creditors of the Company, the Monitor will report on its review of these claims in a subsequent report.

## DEVELOPMENT PROJECTS

17. An update on the status of certain of the Development Projects is provided below. More detailed descriptions of the Development Projects are provided in reports previously filed by the Monitor, including the Third Report.

**The Legend (Winnipeg) Developments Ltd. (“Legend”)**

18. The Company is developing a condominium real estate project (“Legend Project”) located in Winnipeg, Manitoba consisting of three phases. The Company completed and sold all Units in Phase 1 in 2008.
19. The Company has construction and development approvals for two additional phases of the Legend Project consisting of 56 Units each. A total of 49 Units in Phase 2 and 8 Units in Phase 3 have been sold or pre-sold.
20. Pursuant to a Court order made on June 25, 2010 (“Legend Order”), MCAP Financial Corporation (“MCAP”), Legend’s first ranking secured creditor, was given a senior Court-ordered charge for all further funding of up to \$1.853 million provided to Legend to complete construction of Phase 2.
21. Construction of Phase 2 continues to progress, which is facilitating Unit closings and occupancy by purchasers. MCAP has advanced approximately \$744,000 since the date of the Legend Order.

**Medican (Red Deer – Michener Hill) Developments Ltd. (“Michener”)**

22. The Michener Project is located in Red Deer, Alberta comprising 148 Units and 38 duplexes upon completion of construction.
23. The Company has pre-sold 39 of the 52 Units in Phase 1. Closing on Phase 1 Units could potentially begin February, 2011 provided construction at the site resumes in the next few weeks.

24. Secured debt registered by Paragon Capital Corporation (“Paragon”) and 933680 Alberta Ltd. (“933680”) against the Michener Project lands is estimated to total \$3.7 million. The Monitor’s counsel has reviewed the Paragon and 933680 security documents and advised the Monitor that, subject to standard assumptions and qualifications, the security interests of Paragon and 933680 against Michener are valid and enforceable.
  
25. The Company executed the Financing Offer with T&E on August 4, 2010. The Financing Offer provides for:
  - An initial advance of up to \$5.5 million to repay in full: a) the Paragon and 933680 mortgages; b) trade creditors for goods and services provided to the Michener Project to date; and c) \$200,000 in respect of the Priority Charges (as defined in the Initial Order);
  - Advances in accordance with a schedule and time line to complete construction of the Michener Project;
  - An interest rate of 10% per annum to September 15, 2012, increasing thereafter to 12% per annum;
  - A payment to T&E of \$15,000 upon the sale of each Michener Project Unit and \$60,000 upon the sale of each Michener Project duplex;
  - A first ranking security interest in favour of T&E against the Michener Project lands; and
  - Approval by the Honourable Court of the Financing Offer by August 20, 2010.
  
26. Medican Group is preparing the required documentation as outlined in the Conditions Precedent section of the Financing Offer. It is expected the documentation will be finalized by August 13, 2010. A copy of the Financing Offer is appended to the affidavit of Tyrone Schneider sworn August 10, 2010 (“Affidavit”).

Recommendation

27. The Monitor respectfully recommends that this Honourable Court approve the Financing Offer, for the following reasons:
- The Financing Offer will result in full repayment of the Michener creditors;
  - Completion of the Michener Project is in the interest of the existing Unit purchasers as it will allow them to close and occupy their Units;
  - The Financing Offer was negotiated with an arm's-length party with the financial wherewithal to honour its commitments and is fair and reasonable in the circumstances; and
  - The Company estimates that, subject to certain assumptions, equity in excess of \$5 million would be available to it upon the sale of the Michener Project Units and duplexes. This equity would fund part of the Company's CCAA plan of compromise and arrangement, which is currently being developed.

**Sanderson of Fish Creek (Calgary) Developments Ltd. ("Sanderson")**

28. The project known as "Sanderson of Fish Creek" is a residential Development Project located in Calgary, Alberta consisting of five phases with a total of 352 Units ("Sanderson Project"). The Sanderson Project was established in multiple phases referred to as Phases 1, 2, 3, 4A and 4B. The Company also owns certain adjacent lands ("Church Lands").
29. As previously reported, more than five different lenders hold various forms of security registered against the Sanderson lands and different unsold Units, along with other unsecured lenders and construction trade suppliers (some of which have registered liens). Financial obligations related to Sanderson are estimated by the Company to be at least \$60 million.

Phases 1 and 2

30. Construction on Phases 1 and 2 is substantially complete. The Company currently has 31 Units for sale and four Units which have been sold and are subject to varying closing dates that will occur under the authority of the Court order made on June 11, 2010 (“Condominium Sale Approval and Vesting Order”) authorizing the sale of Units.
31. On August 6, 2010, the Company terminated its onsite sales team. A new sales team is being trained in accordance with a marketing plan the Company developed for this Development Project.
32. The mechanics of listing and selling the Units, along with disbursing the proceeds of Unit sales, continue in accordance with a protocol amongst the lead financiers of these Units.

Phase 3

33. The Company is continuing to meet with lenders with respect to construction financing for this phase. The Company is also considering a joint venture opportunity. The Company expects to receive a joint venture proposal by August 13, 2010 to complete construction of this phase.

Phase 4A

34. All of the 20 Units in Phase 4A are subject to security registrations in favour of CIBC (first charge) and Monarch Land Ltd. (“Monarch”).
35. As referenced in paragraph 12 above, CIBC advanced \$1 million to the Company to complete construction of this phase. The funds have been deposited with Fraser Milner Casgrain LLP, the Company’s counsel.

36. In connection with the construction financing, the Monitor advised trade creditors that construction would be recommencing forthwith.
37. The Company has engaged Cuthbert Smith Consulting Partnership Inc., a quantity surveyor, to provide progress updates to the Company, the Monitor and CIBC.

#### Phase 4B

38. No development has commenced on this phase. In the Company's view, the development of this phase will form part of its CCAA plan of compromise and arrangement.

#### Church Lands

39. Monarch holds a mortgage against the Sanderson Project, including a charge against what are referred to as the "Church Lands". Monarch is owed approximately \$5.8 million by Sanderson. Monarch's loan is cross-collateralized against other Development Projects.
40. The Company is expecting to receive two proposals by August 12, 2010 from real estate brokerage firms to list the Church Lands for sale. The Company will review the proposals and seek approval from Monarch before selecting a realtor. The Company anticipates listing the Church Lands for sale in the week of August 16, 2010. Any sale would be subject to a reserve for the charges under the Initial Order and subject to approval of this Honourable Court.

**Sonata Ridge (Kelowna) Developments Ltd. (“Sonata Ridge”)**

41. The project known as “Sonata Ridge” currently consists of bare land in Lake Country, British Columbia upon which the Company had planned to construct a 213-unit condominium complex.
42. The Sonata Ridge lands were acquired with funding from Laurentian Bank of Canada (“Laurentian”), which is owed approximately \$3.8 million, and Carry Investments Ltd. (“Carry”). Carry has claimed a balance owing of \$9.68 million (this loan is cross-collateralized with the Riverstone lands, as described below).
43. The Company has received an offer for the Sonata Ridge lands as well as two listing proposals. The Company is in advanced discussions with another prospective purchaser for the sale of the Sonata Ridge Lands.
44. The offer and proposals have been provided to Laurentian and Carry. The Company and the Monitor are discussing available options for the sale of the Sonata Ridge Lands with Laurentian and Carry. The Monitor will provide a recommendation to this Honourable Court in respect of the Sonata Ridge Lands in a subsequent report.

**Medican (Edmonton Terwillegar) Developments Ltd. (“Terwillegar”)**

45. The Company is developing a condominium real estate project located in Edmonton, Alberta (“Terwillegar Project”). The Company planned to complete a three-phase, 275 unit condo complex.
46. Construction of Phase 1 of the Terwillegar Project is essentially complete; 63 Units are currently for sale. Phases 2 and 3 of the Terwillegar Project have not been developed.

Phase 1

47. As described in the Third Report, Phase 1 of the Terwillegar Project is financed by way of a secured lending facility with MCAP, with an estimated balance of \$8.5 million. The Phase 1 Units are subject to subsequent security registrations in favour of Monarch, with an estimated balance of \$352,000 (based on \$5,500 per Unit), and Macdonald Terwillegar Properties Ltd. (“Macdonald Terwillegar”), with an estimated balance of \$3.56 million in addition to a bonus payment of \$2.4 million upon repayment of its mortgage.
48. On July 29, 2010, the Company had intended to seek Court approval of a priority charge in favour of Macdonald Terwillegar to provide funding of marketing, construction and other costs to a maximum of \$800,000 to allow for the sale of all Phase 1 Units. Following discussions among the Company, MCAP and Macdonald Terwillegar on the terms of a Court order, the Company deferred seeking that relief.
49. The Monitor has been advised that the terms of the priority charge in favour of Macdonald Terwillegar have not been agreed to by the stakeholders in this Development Project. The Company will seek an order in respect of same at a later date.

Phases 2 and 3

50. The Phase 2 and 3 lands are financed by way of a secured lending facility with Monarch with an estimated balance of \$5 million.
51. On a confidential basis, Monarch provided the Monitor with an appraisal of the Phase 2 and 3 lands. The appraised amount is less than the balance owing to Monarch.

52. The Monitor engaged an independent appraiser to review and report on the determination of fair market value in the Monarch appraisal. The appraiser engaged by the Monitor advised that the appraisal may understate the value of the Phase 2 and 3 lands. The Monitor is in discussions with Monarch in this regard.
53. The Company and the Monitor are carrying out the sale process (“Sale Process”) approved by this Honourable Court on July 29, 2010 in respect of the Phase 2 and 3 lands. Marketing of the Phase 2 and 3 lands commenced on August 9, 2010.

#### **Canvas (Calgary) Developments Ltd.**

54. The project known as “Canvas at Millrise” is a condominium Development Project located in Calgary, Alberta. It is comprised of a four-phase, 318 unit condominium complex (the “Canvas Project”).

#### Phases 1 and 2

55. Construction by Medican Group is underway to repair the fire damage that occurred in March, 2010 regarding Phases 1 and 2 of the Canvas Project. Once the reconstruction has progressed further, Medican Group will commence a sales process on the 11 remaining unsold Units. The sales program is expected to commence in September, 2010.

#### Phases 3 and 4

56. Pursuant to a Court order dated July 29, 2010 (“Macdonald Canvas Order”), a priority charge was granted to Macdonald Canvas Properties Ltd. (“Macdonald Canvas”), the first ranking secured creditor in respect of Phases 3 and 4 of the Canvas Project, to fund up to \$500,000 for marketing costs, ongoing condominium association fees and other expenses to complete the sale of remaining Units.

57. The Company and Macdonald Canvas are addressing ongoing costs and proceeding to sell Units in accordance with the Macdonald Canvas Order and the Condominium Sale Approval and Vesting Order.

**Axxess (Sylvan Lake) Developments Ltd.**

58. Axxess Sylvan Lake is a Development Project located at Sylvan Lake, Alberta. The Company had planned to complete a three-phase, 169 unit condominium complex (“Axxess Sylvan Lake Project”).

Phase 1

59. Phase 1 of the Axxess Sylvan Lake Project is complete, with one Unit remaining to be sold. CIBC has a registered security interest against this unit and is owed approximately \$181,000. The Company will be listing this Unit with Royal LePage by August 12, 2010.

Phase 2 and 3

60. The Company and the Monitor are carrying out the Sales Process in respect of the Phase 2 and 3 lands. Marketing of the Phase 2 and 3 lands commenced on August 9, 2010.

**Riverstone (Medicine Hat) Developments Ltd. (“Riverstone”)**

61. Riverstone developed a Development Project located in Medicine Hat, Alberta. The Company had planned to complete a three-phase, 136 unit condominium complex (“Riverstone Project”) restricted to those over 30 years old.
62. The Company completed construction of Phase 1 and has five remaining Units. CIBC has a registered security interest against the remaining Units and is owed approximately \$733,000.

63. On August 4, 2010, the Company changed listing agents. The Units in Phase 1 are now listed for sale with Royal LePage Community Realty.
64. Phases 2 and 3 are bare land. The Company does not intend to develop Phases 2 and 3. Phases 2 and 3 are financed by way of a secured lending facility from Carry. Carry has claimed a balance owing of \$9.68 million (this loan is cross-collateralized with the Sonata Ridge lands). The Monitor understands that the Carry loan for the Riverstone Project is subordinate to CIBC's loan over the Riverstone Project lands.
65. The Monitor engaged an appraiser on July 30, 2010 to report on the fair market value of Phases 2 and 3. The valuation will assist in discussions with Carry with respect to its intention and a sale process relative to these lands.

#### **Sitara on the Pond (Kelowna)**

66. The project known as "Sitara on the Pond" is a condominium Development Project located at Kelowna, British Columbia which consists of a completed two-phase condominium project (the "Sitara Project").
67. The Company currently has four Units in Phase 1 to be listed for sale. CIBC has a registered security interest against the remaining Units and is owed approximately \$983,000.
68. The Company has selected a listing agent and established listing prices, with CIBC's approval. The Units will be listed once the Company files an amended disclosure statement with the Superintendent of Real Estate in British Columbia and fulfills the requirements of the *Real Estate Development Marketing Act* (British Columbia) ("REDMA"). The Company advises that the amended disclosure statement will be filed as soon as possible.

**Cercle des Cantons and Kelowna Move Center**

69. Cercle des Cantons is a 480-unit condominium Development Project, located on the slopes of Bromont Ski Resort at Bromont, Quebec (the “Bromont Project”). There were eight planned phases; Phase 1 and 2 are essentially complete. The Company does not own the lands for the remaining phases.
70. Since the date of the Initial Order, the Company accepted offers on an “as is” basis for 5 of the Units; 13 Units remain to be sold.
71. The Bromont Project is financed by a secured lending facility with Harbour, with a balance owing of approximately \$3.2 million. The loan is cross-collateralized with a single story retail building located in Kelowna, British Columbia known as the “Kelowna Move Sales Center”, owned by Medican (Kelowna Move) Developments Ltd. and used as a sales center for real estate developments of Medican Projects in the area.
72. With Harbour’s approval, the Company listed the Kelowna Move Sales Center for sale with Coldwell Banker Horizon (Westbank) (“Coldwell”) with a list price of \$1.68 million. Coldwell has advised the Company that an offer is expected forthwith for the Kelowna Move Sales Center. Any sale would be subject to a reserve for the charges under the Initial Order and subject to approval of this Honourable Court.
73. The Monitor has previously advised that there appears to be substantial value in excess of the balance owing to Harbour with respect to these two properties. The Company believes that this value may also be used to fund part of the Company’s CCAA plan of compromise and arrangement, which is currently being developed.

**Medican (Westbank) Land Ltd.**

74. The Company's Development Project known as "Kaleido at Westwind" ("Kaleido Project") is a condominium development project located in Westbank, British Columbia. The Company planned to develop a seven-phase, 717 unit condominium complex on the subject lands.
75. Construction of Phase 1 of Kaleido was completed in September, 2008, with 82 units being marketed for sale. There are 54 units remaining for sale ("Kaleido Units").
76. Phases 1, 2 and 3 of Kaleido are financed by way of a secured lending facility with MCAP with an estimated balance owing of \$18.5 million. With the approval of MCAP, the Company has selected a listing agent and established listing prices for the Kaleido Units. The Kaleido Units will be listed once the Company files an amended disclosure statement with the Superintendent of Real Estate in British Columbia and fulfills the requirements under REDMA. The Company advises that the amended disclosure statement will be filed as soon as possible.
77. The Phase 4-7 lands of Kaleido are financed by way of a secured lending facility with Zoltan and Margaret Majoros with an estimated balance owing of \$3 million. Subsequent registrations have been made by Monarch which total approximately \$3.7 million and which are cross-collateralized with other Development Projects.
78. The Monitor received from Monarch, on a confidential basis, an appraisal of the lands comprising the remaining six phases of Kaleido. The Monitor has received a report on the determination of fair market value in this appraisal from an independent appraiser it engaged.

79. The Company proposes that the Phase 4-7 lands of Kaleido be marketed for sale pursuant to a Sale Process similar to that implemented on Phase 2 and 3 of Terwilleger and Phase 2 and 3 of Axxess Sylvan Lake. Discussions are ongoing among the Company, the Monitor and the Kaleido Project stakeholders with respect to the sale process to maximize recovery for the lands. The Monitor will provide its recommendation in a subsequent report.

**Axxess (Grande Prairie) Developments Ltd.**

80. Axxess Grande Prairie (“AGP”) is a completed condominium development consisting of three phases located in Grande Prairie, Alberta.
81. The Company has nine remaining units for sale (“AGP Units”), five of which are rented. CIBC has a registered security interest against the remaining Units and is owed approximately \$1.173 million.
82. On August 7, 2010, the AGP Units were listed for sale with a realtor, with CIBC’s approval.

**Cimmaron (Medicine Hat)**

83. Cimmaron (Medicine Hat) is a five-phase residential real estate project on 380 acres located in Medicine Hat, Alberta, for which it is planned upon its completion to yield an 1,800 unit residential development (the “Cimmaron Project”).

84. Pursuant to the Third Report, the Monitor advised that the Company and Harvest Group (“Harvest”) entered into an arrangement whereby Harvest would purchase the 64 acres owned by the Company for \$3.7 million plus an assumption of the approximately \$2.2 million in mortgages registered on the lands (“Harvest Agreement”). Harvest would then proceed to raise funds necessary to purchase the remaining 316 acres in respect of the development. The agreement with Harvest provides for Medican Group to share in the management and development profits on a 50-50 basis with Harvest. Harvest paid the Company the \$3.7 million in 4 instalments; however, the Harvest Agreement has not been executed by either party.
85. The Monitor has reviewed the Harvest Agreement and other documentation in connection thereto, including a projected revenue and expense statement. The Monitor has also reviewed appraisals obtained by Medican Group in 2008 and 2009 on the 64 acres. Based on that review the purchase price paid by Harvest is, in the Monitor’s view, fair market value. Moreover, it appears that there may be value to the Company in excess of \$5 million related to the Cimmaron Project. The Cimmaron Project will form part of the Company’s CCAA plan of compromise and arrangement, which is currently being developed.
86. The documentation respecting the Harvest Agreement is in the process of being finalized. The Monitor expects that the Company will make an application to Court seeking approval of the Harvest Agreement within the next few weeks.

### **Sylvan Lake Marina**

87. Sylvan Lake Marina is a single phase condominium project, located in Sylvan Lake, Alberta (the “Sylvan Lake Marina Project”). The lands are owned by 933680.

88. The Monitor engaged an independent appraiser with respect to the Sylvan Lake Marina Project to assist in determining whether the Company's sale to 933680 in April, 2010 was for fair market value. The Monitor understands that the appraisal should be completed during the week of August 16, 2010. The Monitor intends to advise this Honourable Court on the result of its review in a subsequent report.

### **Lexington**

89. The Development Project known as "Lexington" is a townhouse project located in Medicine Hat, Alberta (the "Lexington Project").
90. The Lexington Project is financed by way of a secured lending facility with CIBC with a balance owing of approximately \$300,000.
91. Construction on the project is complete. The two remaining townhouses are listed for sale with Signature Service Real Estate. The Company recently received an offer on one of the townhouses, which the Monitor has approved.

### **Valleydale**

92. The Development Project known as "Estates of Valleydale" is a 24 lot single family development, located in Medicine Hat (the "Valleydale Project").
93. This project is 95% complete.
94. The Valleydale Project is financed by way of a secured lending facility with Worthington Mortgage Corporation ("Worthington"). Worthington is owed approximately \$456,000.
95. There are nine lots remaining for sale. Listing prices range from \$79,000 and \$100,000, for a total of approximately \$790,000.

### Sylvan Lake – Dipert Lands

96. Medican Developments Inc. acquired the Dipert Lands from Mrs. Myrna Dipert in October, 2006. The Dipert Lands remain as bare land.
97. The acquisition of the Dipert Lands was financed by a secured lending facility with Messrs. Ian Dundas and Gerald Fuller, with a balance owing of \$800,000, and by a vendor-take-back loan (“VTB”) from Mrs. Dipert, registered by way of a caveat on title to the Dipert Lands, with an estimated balance of \$3.7 million.
98. On August 6, 2010, the Company received the Dipert Lands Offer. The Dipert Lands Offer is described below.
- The purchase price is \$5.15 million;
  - It is subject to a VTB in favour of Mrs. Dipert for \$3.65 million;
  - Cash proceeds of \$1.5 million would be paid on closing for repayment of the Dundas/Fuller mortgage, interest owing to Mrs. Dipert (\$250,000) and funds related to the Priority Charges under the Initial Order.
99. A copy of the Dipert Lands Offer is appended to the Affidavit.
100. On July 7, 2010, prior to the Company’s receipt of the Dipert Lands Offer, the Monitor received a proposal from Cushman Wakefield Ltd. (“Cushman”) to list the Dipert Lands for sale. The purchase price under the Dipert Lands Offer is consistent with the listing price suggested by Cushman<sup>1</sup>. The Monitor has been advised that Mrs. Dipert supports acceptance of the Dipert Lands Offer. For these reasons, the Monitor respectfully recommends approval of the Dipert Lands Offer.

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<sup>1</sup> A copy of the Cushman proposal will be made available to the Court on a confidential basis upon request.

## **Edgewood Brooks**

101. The Company is developing two townhouses comprising 11 units in Brooks, Alberta (the “Edgewood Brooks Project”). Construction is in progress.
102. Prior to commencement of the CCAA Proceedings the Company had approached Bank of Montreal to fund the Edgewood Brooks Project.
103. There is no current outstanding construction financing that has been advanced. The Monitor is currently reviewing claims from trade creditors and the vendor of the land.

## **7<sup>TH</sup> STREET PROPERTY**

104. This property is a commercial building located in Medicine Hat, Alberta, owned by R7 Investments Ltd.
105. The 7<sup>th</sup> Street Property was listed for sale with an asking price of \$448,000. On August 4, 2010, the Company accepted an offer (“7<sup>th</sup> Street Offer”) with a purchase price of \$430,000. A copy of the 7<sup>th</sup> Street Offer is appended to the Affidavit. The 7<sup>th</sup> Street Offer is conditional on Court approval and approval by the City of Medicine Hat of the planned future use of the building within 21 days of Court approval of the sale.
106. Bank West holds a mortgage against the property and is owed approximately \$131,000. Upon closing the sale of the property and payment of commissions, property taxes and the Bank West mortgage, approximately \$270,000 will be held by Fraser Milner Casgrain LLP pending an assessment of priority entitlement to those funds, including the Priority Charges under the Initial Order.

107. In June, 2010, Medican Group received a letter of intent to lease 1,294 square feet of the 7<sup>th</sup> Street Property from Dr. Schow at an average rate of \$15 per square foot for a period of 7 years (“Intent to Lease”). The Intent to Lease is subject to several conditions precedent for the benefit of the tenant and requires certain work to be completed by Medican Group.
108. The Intent to Lease requires that Medican Group incur certain costs. The estimate to complete the work for the tenant in June, 2010 was approximately \$1,000. A review of such work required is now estimated at \$13,000, an amount that Medican Group cannot afford. The proposed lease arrangement results in Dr. Schow taking all of the available parking spots at the building thereby limiting the Company’s ability to lease the rest of the building. Moreover, it appears to have taken Dr. Schow a significant amount of time to address the conditions precedent. For these reasons, Medican Group has not entered into a lease with Dr. Schow.
109. The Monitor has reviewed the terms of the 7<sup>th</sup> Street Offer. In the Monitor’s view it is beneficial to the Company and its stakeholders. The Monitor respectfully recommends that it be approved by this Honourable Court.

## **MEDICAN CONCRETE**

110. Medican Concrete Inc. (“Concrete”) is engaged in building sidewalks, curbs and other commercial cement applications. It is a seasonal business typically operating for eight months of the year and is weather dependent. Concrete has historically been profitable and generated positive cash flow.

111. Concrete's operations are at the peak of its cyclical construction season. Concrete was recently awarded a contract for road upgrades in and around Medicine Hat, Alberta totalling \$600,000.
112. TD Bank is the principal operating lender of Concrete. As at the date of the Initial Order Concrete had fully drawn its \$1 million operating line. Pursuant to discussions among the Company, the Monitor and TD Bank, TD Bank entered into a protocol with Concrete, the effect of which has been uninterrupted continuation of the banking facilities.
113. Concrete projects that it will fully repay its operating line with TD Bank in early October, 2010. Cash flow generated by Concrete after that period would be available to the Company for operations.

## **COST PLUS PROJECTS**

### **Extendicare**

114. The Monitor's First Report to Court dated June 10, 2010 summarized the Company's Cost-Plus Projects. The principal contracts are with Extendicare (Canada) Inc. ("Extendicare") for three seniors' care facilities being developed in Edmonton, Red Deer and Lethbridge. Those contracts comprise a total of 600 Units at a cost of approximately \$100 million. In accordance with the terms of the respective contracts, these Cost-Plus Projects return a net profit of 4% to the Medican Group.

115. The Monitor reported that prior to commencement of the CCAA Proceedings, the Company utilized approximately \$750,000 advanced by Extendicare to fund the Company's operations, which resulted in outstanding trade payables of \$600,000. In order to support the Company and engage it for any future projects, Extendicare required the Company to pay the trade supplier payables from the net profit/management fee payments associated with the Extendicare contracts.
116. The Company projects that its account payable with the relevant trade suppliers will be current following its August 20, 2010 payment by Extendicare. After payment of the trade suppliers a balance of \$140,000 is projected to be made available to the Company from the August 20, 2010 payment. Thereafter, Medican Group is to have access to approximately \$240,000 per month in profit/management fees.

#### **Other Cost-Plus Projects**

117. Construction in respect of three other Cost-Plus Projects known as the "Haven", "Okotoks" and "Millrise Rebuild" Projects is in progress or is to commence by September, 2010. The Company was recently awarded a fourth Cost-Plus Project to build Units in Estevan, Saskatchewan.
118. As discussed below, the Company's cash flow is projected to significantly improve in the fall months as a result of, among other things, management fees associated with the Cost-Plus Projects.

## CASH FLOW

119. Medican Group previously filed a 13-week cash flow projection for the period commencing June 11, 2010 to September 3, 2010. A comparison of the budget to actual results for the period ending August 6, 2010 is provided as Appendix “C”.
120. An updated weekly cash flow projection to the week ending November 12, 2010 (“Projection”) is provided as Appendix “D”. The notes to the cash flow should be read in conjunction with the cash flow.
121. The Projection reflects that Medican Group will require an additional \$1 million in DIP financing in order to continue to operate and fund expenses associated with its restructuring. Commencing the week ending September 17, 2010 Medican Group is projected to have positive cash flow and will maintain positive cash flows through the remainder of the projection period. Based on the projected cash flows, it appears the Company should be in a position to start repaying a portion of the DIP financing from cash flow.
122. The Monitor assisted Medican Group with the preparation of the projected cash flow. The cash flow is predicated on Medican Group continuing to operate in the normal course in the context of the CCAA Proceedings. The Monitor has reviewed the cash flow and its underlying assumptions and concluded that they are reasonable in the circumstances.

## DIP Financing

123. Pursuant to the Initial Order and subsequent orders, the Company is authorized to borrow \$2.5 million in DIP financing. The DIP financing is being provided by Paragon. As at the date of this Report, the Company has drawn \$2.3 million in DIP financing.

124. The DIP financing credit agreement and the Initial Order do not contemplate payment for any of the mortgages or secured debts of Medican Group.
125. In accordance with the Projection the Company estimates that it will require an increase in its DIP financing facility of \$1 million, to a total of \$3.5 million. Paragon advised that it is prepared to advance the additional \$1 million generally in accordance with the terms of the existing DIP facility and extend the maturity date on the existing facility such that the entire facility would mature on September 30, 2010.
126. The Monitor respectfully recommends that this Honourable Court authorize the Company to borrow up to \$3.5 million in DIP financing to allow it an opportunity to advance its restructuring efforts.

#### **COMPANY'S REQUEST FOR AN EXTENSION OF THE CCAA PROCEEDINGS**

127. The Monitor supports the Company's request for an extension of the stay of proceedings from August 12, 2010 to September 30, 2010 for the following reasons:
  - a) The Company is acting in good faith and with due diligence in its restructuring efforts;
  - b) The Company has made significant progress in selling Units, soliciting offers for certain Development Projects, advancing construction of certain Development Projects, reducing costs, implementing controls and communicating with stakeholders; and
  - c) An extension will provide the Company, with the assistance of the Monitor, an opportunity to: i) continue selling Units in the ordinary course; ii) advance the Sales Process; iii) continue to pursue the sales of certain Development Projects; and iv) focus on the Development Projects and Cost-Plus Projects to form part of a strategy to advance a plan of compromise and arrangement and emerge from the CCAA Proceedings, all under the supervision of this Honourable Court, which is likely to maximize recoveries for all stakeholders.

## MONITOR'S ACTIVITIES

128. In addition to the activities referenced in this Report, the Monitor's activities since the date of the Third Report include:

- Attending at the Company's head office premises on a daily basis to carry out its duties under the Initial Order and subsequent orders;
- Reviewing the Company's cash flow;
- Assisting the Company to carry out the Claims Process;
- Continuing to review security documents provided by numerous creditors of Medican Group;
- Continuing to communicating with creditors;
- Corresponding with certain real estate agents representing the Company;
- Reviewing offers for the Company's Units;
- Communicating with counsel to certain stakeholders; and
- Drafting this Report.

## CONCLUSION AND RECOMMENDATION

129. Based on the foregoing, the Monitor respectfully recommends that this Honourable Court make an order granting the relief detailed in Section 4 d) of this Report.

\* \* \*

All of which is respectfully submitted this 10<sup>th</sup> day of August, 2010.

*RSM Richter Inc.*

**RSM RICHTER INC.  
IN ITS CAPACITY AS CCAA MONITOR OF  
THE MEDICAN GROUP OF COMPANIES  
AND NOT IN ITS PERSONAL CAPACITY**

Medican Group of Companies  
Sales since May 26, 2010  
Unaudited, \$C

Date	Site	Phase	Closing	Suite	Asking Price	Accepted Price
5/28/2010	Terwillegar	1	6/18/2010	304	\$ 230,000.00	\$ 222,869.00
5/28/2010	Terwillegar	1	6/25/2010	104	\$ 225,000.00	\$ 217,776.00
5/29/2010	Canvas @ Millrise	4	7/9/2010	2127	\$ 224,900.00	\$ 214,900.00
5/31/2010	Canvas @ Millrise	4	7/30/2010	2129	\$ 224,900.00	\$ 209,677.00
5/31/2010	Canvas @ Millrise	4	7/30/2010	2121	\$ 224,900.00	\$ 214,900.00
5/31/2010	Canvas @ Millrise	4	7/30/2010	2125	\$ 224,900.00	\$ 214,900.00
6/1/2010	Canvas @ Millrise	4	7/23/2010	2122	\$ 179,900.00	\$ 169,900.00
6/1/2010	Legend @ Creekbend	2	6/30/2010	315	\$ 256,000.00	\$ 254,000.00
6/2/2010	Terwillegar	1	7/15/2010	102	\$ 249,000.00	\$ 240,311.00
6/2/2010	Canvas @ Millrise	3	7/21/2010	2108	\$ 179,900.00	\$ 169,900.00
6/2/2010	Canvas @ Millrise	4	7/25/2010	2134	\$ 184,900.00	\$ 174,900.00
6/2/2010	Sanderson	2	10/1/2010	B306	\$ 491,612.00	\$ 468,700.00
6/2/2010	Canvas @ Millrise	4	7/16/2010	2124	\$ 179,900.00	\$ 169,900.00
6/2/2010	Canvas @ Millrise	4	6/30/2010	2139	\$ 204,900.00	\$ 194,900.00
6/4/2010	Legend @ Creekbend	2	9/1/2010	431	\$ 171,491.00	\$ 172,491.00
6/4/2010	Canvas @ Millrise	4	6/30/2010	2131	\$ 224,900.00	\$ 214,900.00
6/8/2010	Terwillegar	1	7/5/2010	228	\$ 225,000.00	\$ 218,024.00
6/10/2010	Canvas @ Millrise	4	7/19/2010	2231	\$ 259,900.00	\$ 249,900.00
6/14/2010	Canvas @ Millrise	3	8/1/2010	2217	\$ 249,000.00	\$ 234,496.00
5/29/2010	Sanderson Ridge	4A	10/1/2010	F140	\$ 560,300.00	\$ 504,300.00
6/7/2010	Sanderson Ridge	3	pre sale	A013	\$ 471,900.00	\$ 419,805.00
6/14/2010	Sanderson Ridge	2	9/3/2010	B308	\$ 393,830.00	\$ 356,850.00
6/19/2010	Canvas @ Millrise	4	7/30/2010	2126	\$ 259,622.00	\$ 254,400.00
6/19/2010	Canvas @ Millrise	3	7/30/2010	2412	\$ 279,900.00	\$ 264,900.00
6/19/2010	Canvas @ Millrise	4	9/30/2010	2128	\$ 256,622.00	\$ 241,350.00
6/21/2010	Canvas @ Millrise	3	7/2/2010	2135	\$ 249,900.00	\$ 239,900.00
6/22/2010	Legend @ Creekbend	2	7/28/2010	219	\$ 198,000.00	\$ 204,000.00
6/23/2010	Sanderson Ridge	3	pre sale	A202	\$ 499,900.00	\$ 438,650.00
6/23/2010	Legend @ Creekbend	3	pre sale	143	\$ 199,000.00	\$ 189,000.00
6/24/2010	Axxess @ Terwillegar	1	7/23/2010	106	\$ 173,000.00	\$ 164,000.00
6/24/2010	Legend @ Creekbend	3	pre sale	338	\$ 289,900.00	\$ 279,000.00
6/25/2010	Axxess @ Terwillegar	1	7/5/2010	314	\$ 213,000.00	\$ 203,489.00
6/26/2010	Canvas @ Millrise	4	7/21/2010	2410	\$ 224,900.00	\$ 214,900.00
6/29/2010	Canvas @ Millrise	4	8/25/2010	2137	\$ 239,900.00	\$ 229,900.00
6/30/2010	Canvas @ Millrise	3	8/16/2010	2131	\$ 224,900.00	\$ 214,900.00
7/5/2010	Cercle des Cantons	2	7/10/2010	105	\$ 210,000.00	\$ 170,000.00
7/7/2010	Canvas @ Millrise	4	9/30/2010	2423	\$ 269,900.00	\$ 257,000.00
7/8/2010	Legend @ Creekbend	3	pre sale	243	\$ 201,000.00	\$ 191,000.00
7/14/2010	Sanderson Ridge	3	pre sale	A317	\$ 699,900.00	\$ 641,155.00
7/15/2010	Canvas @ Millrise	4	8/18/2010	2325	\$ 259,900.00	\$ 242,000.00
7/15/2010	Canvas @ Millrise	3	8/3/2010	2130	\$ 199,900.00	\$ 189,900.00
7/17/2010	Axxess @ Terwillegar	1	8/23/2010	414	\$ 210,000.00	\$ 198,644.00

Medican Group of Companies  
 Sales since May 26, 2010  
 Unaudited, \$C

Date	Site	Phase	Closing	Suite	Asking Price	Accepted Price
7/21/2010	Canvas @ Millrise	3	8/4/2010	2230	\$ 209,900.00	\$ 199,900.00
7/22/2010	Cercle des Cantons	2	8/6/2010	100	\$ 295,000.00	\$ 250,000.00
7/25/2010	Cercle des Cantons	2	8/6/2010	307	\$ 390,000.00	\$ 325,000.00
7/25/2010	Cercle des Cantons	2	8/6/2010	204	\$ 270,000.00	\$ 230,000.00
7/31/2010	Axxess @ Terwillegar	1	9/1/2010	113	\$ 154,070.00	\$ 153,570.00
8/1/2010	Sanderson Ridge	3	pre sale	A206	\$ 404,900.00	\$ 361,069.00
8/3/2010	Axxess @ Terwillegar	1	8/27/2010	327	\$ 249,000.00	\$ 237,404.00
8/3/2010	Cercle des Cantons	2	9/1/2010	110	\$ 293,802.00	\$ 264,000.00
8/4/2010	Legend @ Creekbend	2	11/1/2010	226	\$ 257,000.00	\$ 253,000.00

Total 51 \$ 13,719,849.00 \$ 12,810,330.00

**Medican Group of Companies**  
**Claims Register as at July 30, 2010**

Appendix "B"

<i>Creditor Name</i>	<i>Amount Filed</i>
<b>Secured creditors</b>	
1. 292561 Alberta Inc	731,829.48
2. 6020658 Manitoba Ltd.	2,173,059.11
3. 629455 Alberta Ltd	239,071.91
4. 933680 Alberta Ltd	2,667,542.46
5. Alberta Plumbing Depot Ltd	59,569.43
6. Artistic Stairs Inc	304,239.79
7. B2B Trust	273,430.79
8. Bancorp Financial Services Inc	1,222,259.14
9. Bank West	129,833.92
10. Canada Revenue Agency	2,853,705.20
11. Canada Revenue Agency	613,546.45
12. Canvas Properties Limited Partnership Attn: Ronald Lanthier	9,296,746.38
13. Carry Investments Ltd.	9,679,116.42
14. Carry, Michael Shawn	1,331,046.58
15. CIBC Mortgages Inc	13,132,447.00
16. CIBC Mortgages Inc.	592,207.53
17. City of Lethbridge	1,651.90
18. City Of Medicine Hat	122,054.43
19. CNH Capital Canada Ltd. Attn: Liane Daoust	103,619.68
20. Commission scolaire du Val-des-Cerfs	531.17
21. Condo Corp 0414499	1,579.85
22. Condominium Corporation 0627724	67,863.91
23. Condominium Corporation 0810338	21,326.40
24. Condominium Corporation 0811225	34,863.01
25. Condominium Corporation 0912007	2,559.72
26. Cooper, Anne (SDRSP) Attn: Wendy Gervais	569,038.49
27. Darby, Marlene & Costello, Susan	21,050.00
28. Dipert, Robert & Myrna	4,500,000.00
29. Dundas, Ian C	408,000.00
30. Duque, Vladimir & Sara-Lyn	1,000.00
31. Egert, Dennis and Lynae	25,000.00
32. Focus Corporation	110,689.18
33. Fuller, Gerald	408,000.00
34. Gunther's Masonry Construction Ltd	329,987.40
35. Harvest Group Limited Partnership	4,100,000.00

**Medican Group of Companies**  
**Claims Register as at July 30, 2010**

Appendix "B"

<i>Creditor Name</i>	<i>Amount Filed</i>
36. Hatview Dairy Farm Ltd	4,500,000.00
37. HMT Holdings Inc	3,238,135.55
38. Holly Oak Homes Ltd. and Robert Carmichael	3,580,222.94
39. Home Trust Company	8,638,692.19
40. Imor Capital Corp	4,966,101.90
41. Integral Property Services Ltd	24,900.00
42. Jim Peplinski's Auto Leasing Ltd	247,264.29
43. Jim Peplinski's Leasemaster	247,264.29
44. Karia, Nalini	24,668.85
45. Katsimihas, Helene and Athanasios	46,000.00
46. Koev, Donna	16,875.55
47. Laurentian Bank of Canada	3,787,950.55
48. Lexington Condo Corp 0813843	4,021.37
49. Lombard General Insurance Co. of Canada	3,500,000.00
50. Majoros, Zoltan, Margaret, Gaspar & Viktoria	3,414,519.46
51. MCAP Financial Corporation	34,274,453.43
52. Ministere du Revenu du Quebec	72,564.83
53. Monarch Land Ltd.	17,971,246.00
54. Mountain Industrial Safety Services Inc	94,500.00
55. Mutlow, Robert & Katie	3,149.54
56. National Home Warranty Group Inc	2,000,000.00
57. Nexus Holdings Inc.	11,719.20
58. Paragon Capital Corporation Ltd.	2,676,681.94
59. Scheffer Andrew Ltd.	365,539.00
60. Sparks Electric Ltd	397,583.83
61. Spider Electric Ltd	1,323,302.10
62. Terwillegar Properties Limited Partnership Attn: Ronald Lanthier	5,952,765.21
63. The City Of Red Deer	29,430.14
64. The Owners, Strata Plan KAS3526	302,635.28
65. The Toronto-Dominion Bank	3,200,219.39
66. The Town of Sylvan Lake	112,897.00
67. Ville de Bromont	60,395.42
68. Walters, Mervin	16,400.00
69. Wilson, Henry & Erna (Olympia Trust RRSP)	262,500.00
70. Worthington Mortgage Corp	462,003.17
71. Young, Catherine and Cheung, Mark	36,447.84
72. Yuill, Willard	101,956.00

**Medican Group of Companies**  
**Claims Register as at July 30, 2010**

Appendix "B"

<i>Creditor Name</i>	<i>Amount Filed</i>
73. Zilinski, Albert	5,700.00
T	162,099,172.99

**Unsecured creditors**

1. 1088898 Alberta Ltd	5,397.70
2. 1129971 Alberta Ltd	882,994.38
3. 1237957 Alberta Ltd	710.85
4. 1326849 Alberta Ltd	20,000.00
5. 537384 Alberta Ltd	50,000.00
6. 864899 Alberta Ltd o/a KCB Excavating	562,522.80
7. 9047-9833 Quebec Inc	451,715.15
8. 970703 Alberta Ltd.	6,715.15
9. A&H Steel Ltd	48,317.88
10. A&L Crane & Equipment Rental Ltd	579.60
11. A&S Stucco	16,136.06
12. A.D. Williams Engineering Inc	1,268.18
13. A.R.C. Appraisals Ltd	52.50
14. A+ Quality Repair Ltd	10,678.50
15. A1 Power Door (Alberta) Ltd	9,660.00
16. Acklands-Grainger Inc.	680.83
17. Action Electrical Ltd.	256,080.82
18. Action Parts (M.H. 2006) Ltd.	309.32
19. Adair, Troy	1,089.50
20. AgCom Petroleum Sales Ltd	5,758.69
21. AIM Advertising in Motion Ltd	25,198.25
22. AI - Terra Engineering Ltd	21,681.03
23. Alarm Masters Ltd	144.58
24. Alberta Erosion Control Ltd	3,617.24
25. Alberta Grafix	2,100.92
27. Alberta Porta-Podi	47,325.93
28. Alberta Sound Exteriors Ltd.	124,863.54
29. All Seasons Self Storage	220.50
30. All Span Building Systems Ltd	5,612.64
31. All Weather Windows Ltd.	37,410.41
32. Allmar International	1,290.45
33. All-Metal Supply Ltd.	2,878.40
34. Alta-Wide Builders Supplies (Medicine Hat)	1,330.25
35. Amos, Cindy	1,300.00

**Medican Group of Companies**  
**Claims Register as at July 30, 2010**

Appendix "B"

<i>Creditor Name</i>	<i>Amount Filed</i>
36. Anderson, Irene and Howard	1,431.24
37. Anderson, Robert W	2,000.00
38. Andres, Danny	25,944.45
39. Aqua-Coast Engineering Ltd	945.00
40. Arte Roofing & Construction Inc	1,672.65
41. Artisan Glass & Mirror	4,580.63
43. Atlas Signs (2000) Ltd.	533.40
44. Au, Andy and Theresa	1,500.00
45. Badger Daylighting LP	4,289.25
47. Barnes & Duncan Land Surveyors	10,841.43
48. Barry Bryan Associates (1991) Limited	17,522.21
49. Barry Tarney, Kathleen	22,500.00
50. Batchelor, Michael/Park, Lynn	4,698.00
51. Batzner, Andrew T	40,750.00
52. BC Hydro	4,182.88
53. Beacon Glass Products Ltd.	2,225.00
54. Bearing & Transmission (div of Applied)	158.08
55. Belfor (Canada) Inc.	10,242.21
56. Bell Mobility	42,678.90
57. Belsher Drywall Ltd.	19,472.25
58. Benchmark Geomatics Inc	4,830.00
59. Ben's Office Machines Ltd	6,406.69
60. Bentley III Distributors Ltd.	5,528.46
61. Bergen, Rob	3,148.32
62. Bernier Cost Management Ltd	2,332.44
63. Big M Ford Lincoln Ltd	267.37
64. Bishop, Barbara J	3,045.59
65. Black Press Group Ltd	26,612.85
66. Bonnet, Louise	5,653.73
67. Border Paving Ltd	157,838.68
68. Boswall, Lincoln	9,498.76
69. BriCar Contracting Ltd.	8,074.14
70. Brydon, Ray & Carol	3,360.00
71. Building & Construction Canada	2,800.00
72. Building Envelope Engineering Inc	945.00
73. BuildTopia Inc.	13,960.81
74. Bulls-Eye Concrete Forming Ltd	50,085.00

**Medican Group of Companies**  
**Claims Register as at July 30, 2010**

Appendix "B"

<i>Creditor Name</i>	<i>Amount Filed</i>
75. Burnco Rock Products Ltd.	12,181.91
76. Byrne Publishing Group Inc.	14,840.36
77. C&H Irrigation Ltd.	149.12
78. C.K. Sheet Metal Inc.	79,015.48
79. Calgary Neon Signs & Services Ltd	4,153.80
80. Calgary Tent & Awning Ltd.	1,255.26
81. Calliber Construction Ltd	13,560.75
82. Canada Revenue Agency	58,632.14
83. Canada Revenue Agency	30,678.57
84. Canada Revenue Agency Attn: Margaret Smith	1,401,675.79
85. Canadian Corps of Commissionaires	15,855.84
86. Canadian Golf Incorporated	10,184.91
87. Canadian Homebuilder Assoc. Medicine Hat &	128.70
88. Carbon Copy Digital	802.81
89. Caron & Partners LLP	19,634.07
90. Carpet Colour Centre Carpet One	139,061.77
91. Carpet Supermarket Sales Ltd	558,489.26
93. Cassin, Florence	100,000.00
94. Castanet Media Ltd	11,025.00
95. Cee Gee Southern Inc	94,379.44
96. Ceramique Noka	900.18
97. Chen, Weiming	8,850.54
98. Chinook Glass & Screen Ltd.	25,223.74
99. Chinook Innovations Ltd	14,158.41
100. Chiu, Anna	1,500.00
101. Cienkowski, Mary	
102. CIR Realty Ltd	25,735.50
103. City of Lethbridge	3,203.65
104. City Of Medicine Hat	6,325.90
105. Classic Closets/CCG Group of Companies Inc	25,653.26
106. Classic Concrete Coring and Cutting	470.40
107. Classic Woodcrafting Ltd.	22,464.49
108. Clima Seal Inc	3,387.81
109. CNH Capital Canada Ltd. Attn: Liane Daoust	22,873.03
110. Coaldale Nurseries Ltd.	10,884.27

**Medican Group of Companies**  
**Claims Register as at July 30, 2010**

Appendix "B"

<i>Creditor Name</i>	<i>Amount Filed</i>
111. Cobijar Consulting Co Ltd.	13,201.34
113. Condo Corp #0113543 Attn: Robert Stein	225,024.72
114. Condo Corp 0414499	1,761.68
115. Condo Corporation.0410106 - RRC	678,129.54
116. Condominium Corp 0311828	508,107.31
117. Condominium Corporation 0212098	34,258.61
118. Condominium Corporation 0212098	1,500,000.00
119. Condominium Corporation 0510913	1,274,631.81
120. Condominium Corporation 0627724	2,085,710.22
121. Condominium Corporation 0810338	1,161,197.51
122. Condominium Corporation 0811225	2,000.00
123. Condominium Corporation 0820435	225,000.00
124. Condominium Corporation 0827218	1,722.78
125. Condominium Corporation 9310722	1,500,000.00
126. Condominium Corporation No. 9512876	1,400,000.00
127. Condominium Plan 9710731	1,000,000.00
128. Connections Career & Safety Services Ltd	682.50
129. Construction Supply Ltd.	7,614.75
130. Contractors 4 U Inc.	18,206.72
131. Corcoran, John/Betsy	1,316.70
132. Crawford, Helen	1,779.99
133. Creative Door Services Ltd	1,329.23
134. Creekside Coffee Roasting Co.	2,077.75
135. Crosier Kilgour & Partners Ltd	1,312.50
136. CSC Ltd.	1,113.84
137. Cursa Construction	2,484.97
138. Custom Cutting & Coring Ltd	51,828.24
139. Cuthbert Smith Consulting Partnership Inc	4,565.50
140. Cutline Painting	16,376.23
141. CW Edmonton Inc.	9,724.05
142. CWMM Consulting Engineers Ltd	543.21
143. D R Stucco (2004) Ltd.	37,063.95
144. D.Wenzel Enterprises Inc.	682.50
145. DaCosta, Gillian	30,360.00
146. Davidson Enman Lumber Ltd.	2,091.57
147. Davidson's Furniture Galleries	2,480.00

**Medican Group of Companies**  
**Claims Register as at July 30, 2010**

Appendix "B"

<i>Creditor Name</i>	<i>Amount Filed</i>
148. Davis Pontiac Buick (Medicine Hat) GMC Ltd	254.95
149. De Grandpre Chait LLP	30,413.07
150. DeJong & Sons Construction	13,355.48
151. Denson Commercial Services inc (o/a Bow River Chem Dry)	1,129.24
152. Design Kitchens & Countertops R S Ltd.	85,727.25
153. Desjarlais, Jeffrey	1,295.00
154. Dimirsky, Dr. Mark	20,600.00
155. Dipert, Robert & Myrna	24,050.00
156. Direct Energy Regulated Services	33,392.99
157. Dirty Deeds Landscape Services	9,950.00
158. Donkers, Anne	2,146.86
159. Douglas Walters Landscape Architect Ltd.	2,148.15
160. Dreamlife Design Inc	63,513.86
161. Drews, Skott E	200,000.00
162. Durwest Construction Services (Alta) Ltd.	80,247.48
163. Dutch Bros. Paints Co. Ltd.	612.68
164. Ebel's Auto Value Ltd	4,819.55
165. Elite Control Ltd	131,595.01
166. Eliuk, John	3,964.40
167. Enmax Corporation	106,543.26
168. Ens, Cam	50,000.00
169. Enviro Geo Testing	1,890.00
170. Factors Western	258,191.93
171. Falcon Engineering Ltd	15,777.10
172. Feature Productions	11,817.72
173. Finning (Canada)	4,018.93
174. Fit Rent Ltd. (o/a Flaman Fitness)	23,198.75
175. Five Star Exterior Systems Inc	50,669.80
176. Flagworks Inc	10,000.00
177. Floor Covering (Wall to Wall) Direct Ltd.	26,893.89
178. Focus Corporation	341,050.61
179. Fontaine, Laurette	20,400.00
180. Foothills Tiles (1985) Ltd.	364,185.06
181. Fort McMurray Today	28,278.58
182. Fountain Tire	1,665.29
183. Four Seasons Cleaning Co.	600.00

**Medican Group of Companies**  
**Claims Register as at July 30, 2010**

Appendix "B"

<i>Creditor Name</i>	<i>Amount Filed</i>
184. Fox Air Systems Inc	488,351.18
185. Friedt, Joe & Joanne	3,045.00
186. Friesen, Jeri and Stoesz, Darrell	775.00
187. Frison, Elio & Dawn	30,000.00
188. G.W. Cox Construction Ltd.	19,964.71
189. Garda Canada Security Corporation	4,646.93
190. General Fasteners Ltd.	311.85
191. Gill, Foster & Wanda	3,188.81
192. Glenn Marty Realty Inc	1,162,560.00
193. Global Surveys Group Inc	3,974.25
194. Gracom Masonry, A JV	25,468.50
195. Granson, Ernest & Katherine	33,600.00
196. Grant, Janice E	4,341.45
197. Great West Newspapers	457.00
198. Grower Direct	85.05
199. Guilbault, Deborah	12,092.74
200. Gunther's Masonry Construction Ltd	64,720.00
201. Gyp-Tec Drywall Inc	165,888.02
202. Hamby, Heather	1,265.25
203. Hat Truck Repair	865.17
204. Haughton, Charles	2,390.37
205. Hertz Equipment Rental	524.16
206. Highlander Enterprises (o/a Sanatec	408.45
207. Hirsch Signs & Silkscreening	125.95
208. Hirsch, Dennis & Louise	3,000.00
209. Hi-Way Service Ltd	4,397.51
210. Holly Oak Homes Ltd. and Robert Carmichael	2,214,366.24
211. Holmes Printing	1,070.48
212. Homes & Land of Red Deer Ltd	5,422.55
213. Hoover Mechanical Plumbing & Heating Ltd	211,864.67
214. Horch, Matthew & Jenny	25,000.00
215. Hydraco Industries Ltd.	1,524.29
216. Hydrodig Canada Inc.	1,032.94
217. IBI Group	4,022.53
218. Ikon Office Solutions	594.01
219. Impact Security Group Inc.	22,113.00
220. Industrial BackhoesLtd.	2,315.25

**Medican Group of Companies**  
**Claims Register as at July 30, 2010**

Appendix "B"

<i>Creditor Name</i>	<i>Amount Filed</i>
221. Interior Reforestation Co Ltd	9,302.71
222. International Painting & Drywall Ltd	64,027.85
223. Israelson, Warren J	3,385,077.00
224. J Adanac Consulting Ltd	131,065.66
225. Jayson Roofing Inc	27,417.39
226. Jepson Petroleum (Alberta) Ltd	855.48
227. Jetco Mechanical Limited	571,330.37
228. Jim Peplinski's Auto Leasing Ltd	61,382.99
229. Jim Peplinski's Leasemaster	61,382.99
230. Jubilee Engineering Consultants Ltd	10,192.88
231. K.O.P.S. Security & Investigations Inc	22,680.00
233. KBM Commercial Floor Coverings Inc.	16,301.25
234. Kick Creative Group Inc.	840.00
235. Kim, Min-hye	2,112.48
236. Kimberley Const	12,305.59
237. Kingsland Developments Inc	1,055,303.00
238. KMI Publishing and Events Ltd	15,172.50
239. Koback's Backhoe & Excavating Services Ltd	4,347.36
240. Kova Engineering Ltd	567.00
241. Kova Engineering South Ltd.	1,764.54
242. Kowalchuk, Larissa	1,000.00
243. Kowalchuk, Terence	25,000.00
244. Kurt's Iron Works Ltd.	5,299.30
245. La Presse Ltee	11,102.39
246. Lafarge Canada Inc. Attn: Mary Kennedy	405,913.80
247. LaTouche, Earle & Patricia	2,035.95
248. Lavine, Lorraine	10,000.00
249. Lawn Shop Services (M.H.) Ltd.	67.16
250. Lawrence, Allan and Christina	907.00
251. Lawson, Paul and Denise	3,000.00
252. Leavitt Machinery General Partnership	12,595.43
253. Leavitt, Ann	6,212.53
254. Lenbeth Weeping Tile (Calgary)	40,821.88
255. Lenz, Jared	850.00
256. Les Tapis Eddy 1979 Ltee	19,614.52
257. Lethbridge Custom Canvas	1,890.00

**Medican Group of Companies**  
**Claims Register as at July 30, 2010**

Appendix "B"

<i>Creditor Name</i>	<i>Amount Filed</i>
258. Lichtenwald, Cathy	1,800.00
260. Lounsbury, Kevin J	4,300.00
261. Love, Andrea	1,100.00
262. LPR Concrete Ltd	22,068.68
263. Lucky's Alignment	1,000.45
264. Lutes Building Centre Ltd.	2,421.34
265. M. Pidherney's Trucking Ltd	73,088.42
266. Mabe Canada Inc Attn: Tina Koelz	321,228.28
267. Mack Ventures Limited	1,789.05
268. Mackeil, Blaine & Karen	30,360.00
269. Mackey, Jim	628,879.25
270. Mackie, Robert James	58,295.11
271. MacKinnon, Betty	251,000.00
272. Madge Contracting Ltd	4,708.97
273. Main Floor Carpets Ltd.	113,245.01
274. Majoros, Zoltan, Margaret, Gaspar & Viktoria	200,000.00
275. Mamdani Enterprises Ltd	20,650.00
276. Manitoba Hydro	3,176.70
277. Manix Construction Ltd.	187,882.71
278. Manz, Ernold & Eleanor	2,130.75
279. Marc J. Riva Architect	94,500.00
280. Marchmount Cleaning Services Inc	9,861.80
281. Matte, George	3,261.56
282. MBI Systemes Electroniques Inc	1,435.91
284. Medicine Hat Co-Op Ltd	5,980.61
285. Melhoff Security Inc.	535.99
286. Metro Paving And Roadbuilding Ltd	284,468.76
287. Meyers Norris Penny LLP	327,406.04
288. Miller Thomson LLP	79,530.44
289. Ministere du Revenu du Quebec	161,114.98
290. Modern Industrial Rentals (1978) Ltd.	160.02
291. Modu-Loc Fence Rentals Ltd	381.39
292. Mody, Douglas J	1,067.07
294. Moquin, Claude	3,232.00
295. Morguard Reit	3,780.00
296. Mosaic Moulding Industries Inc	1,902.08

**Medican Group of Companies**  
**Claims Register as at July 30, 2010**

Appendix "B"

<i>Creditor Name</i>	<i>Amount Filed</i>
298. Mountain Springs Services	278.25
299. MPA Engineering Ltd.	25,403.99
300. Mudrack, David	941,916.30
301. Mudrack, Dennis	157,455.00
302. Mutlow, Robert & Katie	2,642.28
303. National Concrete Accessories	4,897.55
304. National Home Warranty Group Inc	4,326,404.50
305. National Protection Services Ltd	18,126.15
306. Nelson Lumber Company Ltd.	20,813.17
307. New West Equipment Services Ltd	2,184.48
309. Nordic Mechanical Ltd.	239,775.49
310. Nordstar Kitchens Ltd.	52,013.03
311. Northside Construction Partnership	39,416.78
312. Nutter's Bulk & Natural Foods (Medicine Hat)	2,688.00
313. Okanagan Map Guides Ltd.	1,359.75
314. Olynyk, Donald	525.00
315. O'Meara, Mitchell	1,200.00
316. Orom's Holding (2003) Ltd.	4,206.94
317. Ossa Terra Ltd.	6,252.43
318. Otis Elevator Company Attn: Credit & Collections	64,517.32
319. P. Machibroda Engineering Ltd.	17,850.00
321. Park Lighting Ltd	32,398.24
322. Pass Creek Properties Ltd	491,440.00
323. Patches	157.50
324. Patel, Hemagini & Ravi	10,430.60
325. Pattison Outdoor Advertising LP	28,262.85
326. Pauls, Jennifer	10,000.00
327. PCC Communications Inc/Pro Comm Solutions	29,779.77
328. Peak Communicators Ltd	3,845.63
329. Penner, Walter or Velma	401.56
330. Perfect Tub and Window	2,871.75
331. Performance Paving Services Inc	18,361.98
332. Peterbauer Bowling Supplies Ltd	5,457.90
333. PF Manufacturing Ltd	80,905.64
334. Pigeon, Daniel	12,876.63
335. Pike Wheaton Chevrolet Olds Ltd	624.83

**Medican Group of Companies**  
**Claims Register as at July 30, 2010**

Appendix "B"

<i>Creditor Name</i>	<i>Amount Filed</i>
336. Pinnacle International	1,990.95
337. Place-Crete Systems Inc	178,557.02
338. Ploutos Enterprises Ltd	86,701.73
339. Ply Gem Canada Inc	35,690.06
340. Pop Design Group Inc.	132,206.92
341. Portable Fencing (Red Deer)	346.71
342. Powell, David C	39,964.80
343. Prairie Sage Holdings Ltd.	48,329.09
344. Prawiro, Yenita	9,751.04
345. Precision Trenching Inc.	43,558.87
346. Premier Fencing & Bobcat Service Ltd	3,575.68
347. Premier Printing Ltd.	3,140.55
348. Pro Crete Ltd	7,808.32
349. Pro Flow Plumbing & Heating Corp	283.50
350. Purolator Courier Ltd.	2,071.09
351. Q2 Electrical Contractors Ltd	72,763.57
352. Quest Concrete Inc.	2,814.00
353. R & D Drywall Inc	26,716.51
354. Rafter C Precast Concrete Ltd	3,805.74
355. Raichuk, Josie & Len/Estate of Len Raichuk	34,000.00
356. Rankel, Corey	2,510.00
357. Rath, Marnie	29,000.00
358. Re/max Elite	155,695.30
359. Rebels Sports Ltd	4,416.75
360. Reinbold Engineering Group	52,321.50
361. Reinbold, Garry & Vanderwal, Carla	2,200.00
362. Reinheller, Wayne	10,000.00
363. Rempel, John & Alice	550.00
364. RoadKing Travel Centre	6,355.79
365. Robitaille, Andre, Notary	39,229.53
366. Roest Acoustics Ltd.	7,234.50
367. Rooks Management Ltd	320,000.00
368. Rooks, Roger & Shirley	240,000.00
369. Rosenau Transport Ltd.	347.26
370. Roxy's Drywall Ltd.	6,226.50
371. RSC Equipment Rental Inc	992.95
372. S.O.S Safety Services Inc.	1,680.00

Medican Group of Companies  
Claims Register as at July 30, 2010

Appendix "B"

<i>Creditor Name</i>	<i>Amount Filed</i>
373. S3 Interior Design Inc	8,463.00
374. Saccomanno, Matteo	4,500.00
375. Saik, Robert D	26,350.00
376. Sams Craft Iron Ltd.	18,301.00
377. SAS-CAN MASONRY LTD	83,632.77
378. Sasktel	182.22
379. Saucerotte, Christine	1,761.00
380. Sawatzky, Tannis d.b.a. Inezjua Designs	6,414.49
381. Sayers, Monty	63,000.00
383. Schuh, Tim & Yvette	2,475.00
384. Securtek - A Sasktel Company	377.36
385. Select Equipment Rentals Ltd.	2,289.92
386. Sermica Inc.	18,201.70
387. Sewline Upholstery Ltd	262.50
388. Shannon, Joan	25,389.84
389. Shaw Business Solutions	5,502.92
390. Shaw Cablesystems G.P.	497.44
391. Shelby Engineering Ltd	6,987.91
392. Sierra Contract Flooring Ltd	121,918.46
393. Signature Interiors	11,550.00
394. Sihvon Carter Fisher & Berger LLP	71,382.01
395. Sim, Benjamin	1,903.70
396. Site 360 Consulting Inc.	2,283.89
397. Six Gun Rentals	1,012.20
398. Skyline Billboards	34,650.00
399. Smith, Lloyd AJ	1,000.00
400. Smith, Patrick or Dryden, Shari	25,000.00
401. Snell & Oslund Surveys (1979) Ltd	39,061.81
402. Source Media Group Corp	32,869.60
403. South Country Glass Ltd.	2,819.69
404. Southfork Contracting Services Inc	8,435.03
405. Sparks Electric Ltd	11,759.87
406. Speedpro Signs	1,782.17
407. Speedpro Signs (Medicine Hat)	11,329.17
408. Spider Electric Ltd	38,744.36
409. Stantec Consulting Ltd	53,211.80
410. Steele, Laurel Susan & Arnholtz, Warren	11,724.84

**Medican Group of Companies**  
**Claims Register as at July 30, 2010**

Appendix "B"

<i>Creditor Name</i>	<i>Amount Filed</i>
411. Steels Industrial Products Ltd.	2,400.22
412. Steep Rock Ltd.	3,272.75
413. Strata Corporation KAS3274	5,055.18
414. Strathcona Central Electric Ltd	1,725.41
415. Stuber, Brandi	750.00
416. Summum Granite Inc	10,910.50
417. Sunbright Cleaning Services	14,824.89
418. Superior Fencing Ltd	26,759.25
419. Sylvan Lake Self Storage	531.00
420. Syndicat des Coproprietaires du Cercle des	44,838.99
421. Szabo, Attila	1,610.16
422. Tallon, Chad	1,520.00
423. Tar-ific Construction Ltd.	66,313.54
424. Taylor, William and Darleen	41,400.00
425. Telus Communications Company	120,760.05
426. Teodoro Construction Ltd.	36,700.04
427. Terralta Inc.	906.22
428. The Big Picture Advertising	11,903.36
429. The Brenda Strafford Foundation Ltd	16,749,907.97
430. The City of Calgary Corporate Accounts	4,337.66
431. The City Of Red Deer	92,643.24
432. The Coast Medicine Hat Hotel	555.90
433. The Daily Courier	19,450.97
434. The Owners, Condominium Corporation	590,000.00
436. The Sanderson Ridge Condominium Corporation 0912007	2,500,000.00
437. The Ten Penny Company Ltd	102.38
438. The Town of Sylvan Lake	100,900.00
439. Thomas Scott SignCraft Ltd	524.16
440. Tiller, Collette & Glenn	5,743.05
441. Tollestrup Construction (2005) Inc	39,161.46
442. Tomecek Roney Little & Associates Ltd	36,294.75
443. Toonz Jukebox	337.51
444. Top Line Roofing Ltd,	11,088.00
445. Top Shelf Closets & Glass Inc.	29,155.77
446. Towsley, Anne	1,651.44
447. Trader Corporation	19,015.50

**Medican Group of Companies**  
**Claims Register as at July 30, 2010**

Appendix "B"

<i>Creditor Name</i>	<i>Amount Filed</i>
448. Trades Labour Corporation-EDM	16,451.21
449. Travelodge Hotel Medicine Hat	556.99
450. Trico Lighting Products Ltd	1,077.86
451. Tri-Co Machining Ltd.	90.41
452. Triple A Electric Ltd.	742.88
453. Triple Ace Painting/Scott Bartlett	2,969.74
454. TT Contractors Ltd	125,241.21
455. Tuscany Drywall Limited Partnership	332,754.29
456. UMC Financial Management Inc	53,173.27
457. Unger, Erwin	18,390.00
458. Unifirst	1,123.96
459. United Rentals of Canada	129,662.44
460. Valley Plumbing & Heating	222,135.81
461. Valley Tech Ltd.	21,110.67
462. Varsteel Ltd	9,510.92
463. VCP Painting Ltd.	92,400.00
464. Vikedal, John & Elaine	451,445.22
466. Vision Sports Group/Westside Warriors	3,420.00
467. Waste Managment Inc	6,429.73
468. Waste Services (CA) Inc.	315.73
469. Waterhouse, Byron	1,650.00
470. Watson, Brett	10,000.00
471. Watson, Carol	9,372.93
472. Westcon Construction Ltd	4,782.75
473. Western Canada Welding Products Ltd.	7,424.30
474. Westerra Insulation Inc.	2,058.00
475. Wheeler, Clara/Gross Bertha	14,912.00
476. Wheeler, Clara/Wheeler, Olivia	20,600.00
477. White, Leanne	850.00
478. White, Scott & Cori	30,000.00
479. Whitten, Robert	149,388.70
480. Wiese, Kip	2,500.00
481. Williams Engineering Canada Inc	1,050.40
482. Williams Scotsman Inc Attn: Aimee Dubon	2,091.66
483. Wind River Glass Ltd.	255.15
484. Wouters, Ernie	50,000.00

**Medican Group of Companies**  
**Claims Register as at July 30, 2010**

Appendix "B"

<i>Creditor Name</i>	<i>Amount Filed</i>
485. Wright, Robert	13,917.28
486. Xani Enterprises Ltd.	9,620.10
487. Xibit	9,230.23
488. Yu, Zhong (Lloyd)	8,850.54
489. Zemek Steel Manufacturing Ltd	23,772.00
490. Ziermatt Construction Ltd	95,148.52
T	<u>64,704,699.33</u>
	226,803,872.32

**Medican Group of Companies**  
**Cumulative Results - Actual to Budget - 11 weeks ending August 6, 2010**  
**Unaudited, C\$**

Appendix "C"

		<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Receipts</b>				
Income from Medican Concrete Ltd.	1	485,646	485,646	(0)
Millrise	2	80,000	493,070	413,070
Haven	3	20,000	-	(20,000)
Brenda Strafford Foundation/Okotoks	3	20,000	-	(20,000)
Profits from Extendicare projects		-	-	-
Miscellaneous	4	98,221	225,913	127,692
DIP Financing	5	2,310,000	2,339,614	29,614
<b>Total receipts</b>		3,013,867	3,544,242	611,398
<b>Disbursements</b>				
Utilities and supplies	6	91,179	289,629	(198,450)
Preauthorized payments	7	206,505	200,403	6,102
Preauthorized payments - Concrete	7	30,353	18,941	11,411
Payroll - Hourly	8	349,693	446,148	(96,455)
Payroll - Salary	9	451,036	501,785	(50,749)
Payroll - Quebec		2,681	3,544	(863)
Payroll - Concrete	10	236,749	428,447	(191,698)
Payroll - Subcontractors	11	333,099	211,725	121,374
Payroll - Remittances	12	338,088	350,125	(12,037)
WCB	13	41,013	71,789	(30,776)
Benefits - GWL/LL	14	64,000	114,885	(50,885)
GST		-	-	-
Professional fees	15	594,000	500,000	94,000
Accounting fees		83,383	82,412	971
Service Charges		6,750	7,916	(1,166)
Paragon fees	5	65,431	93,339	(27,908)
Contingency	4, 16	135,000	184,578	(49,578)
<b>Total disbursements</b>		3,028,958	3,505,667	(476,708)
Total cash in/(out)		(15,091)	38,576	53,667
Opening position		211,033	211,033	-
Closing position		195,942	249,609	53,667

**Medican Group of Companies**  
**Notes to Cumulative Results - Actual to Budget - 11 weeks ending August 6, 2010**  
**Unaudited, C\$**

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- 1 Timing difference.
- 2 Revenue collected from Millrise during week ending July 16, 2010. Future collections anticipated week ending August 20, 2010.
- 3 Projects have started, receipts are not expected until the last week of September.
- 4 \$41,328 was transferred to Construction bank account from various Development companies in order to pay owners in the IGP (June rentals). Also, a deposit of \$27,500 was made by a purchaser for a suite.
- 5 Gross amount of the DIP financing. The related financing fees are recorded as disbursements in the amount of approximately \$93,000 (including interest).
- 6 Timing difference. Includes approximately \$138,000 which was disbursed relating to the Millrise project where income was received during week ending July 16, 2010.
- 7 Timing difference.
- 8 Employees were terminated on June 11, 2010 but were still paid during this week for the previous weeks. Projection was understated. Since the start of the Millrise project, 45 employees have been hired increasing payroll by \$145,000.
- 9 Included in payroll are employee reimbursements which totalled approximately \$39,000.
- 10 Concrete expenses totalled \$187,276, payable to Dave Mudrack as he charges materials to his credit card.
- 11 Subcontractors were terminated.
- 12 Higher than expected remittances due to higher than expected overall payroll.
- 13 Outstanding WCB due on May 31, 2010 was \$32,850.21 (not provided for in projections).
- 14 Timing difference
- 15 Some professional fees have been deferred and are expected to be paid in the next few weeks.
- 16 Funds were transferred in from Development companies in order to pay out IGP rental payments and security deposits. As well, included in this cost is approximately \$55,000 in professional fees related to the Mitchener project.

**Medican Group of Companies**  
**Cash flow to the week ending November 12, 2010**  
 (Actual cash flows to date also reflected)

	Actual to	6-Aug	13-Aug	20-Aug	27-Aug	3-Sep	10-Sep	17-Sep	24-Sep	1-Oct	8-Oct	15-Oct	22-Oct	29-Oct	5-Nov	12-Nov	Total
<b>Receipts</b>	Notes																
Income from Medican Concrete Ltd.	1	485,646	78,919	7,976	-	-	376,683	401,579	-	-	766,479	300,000	-	233,809	75,000	627,401	2,978,482
Mirrise	2	493,070	-	343,581	-	-	-	325,000	-	50,000	-	-	-	-	-	150,000	1,611,651
Haven	3	-	-	-	-	-	-	-	-	165,000	-	-	-	-	-	-	125,000
Brenda Stratford Foundation/Octoks	4	-	-	-	-	-	-	250,000	-	-	-	230,000	-	125,000	-	-	620,000
Profits from Extendercare projects	5	-	-	-	-	-	-	-	-	-	-	-	50,000	-	-	-	50,000
Estevan	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	225,913
Miscellaneous	5	225,913	-	-	-	-	175,386	-	-	-	-	-	-	-	-	-	3,500,000
DIP Financing	6	2,339,614	240,000	-	165,000	580,000	175,386	-	-	-	-	-	-	-	-	-	3,500,000
<b>Total receipts</b>		<b>3,544,242</b>	<b>318,919</b>	<b>491,557</b>	<b>165,000</b>	<b>580,000</b>	<b>552,069</b>	<b>976,579</b>	<b>-</b>	<b>215,000</b>	<b>766,479</b>	<b>530,000</b>	<b>50,000</b>	<b>398,809</b>	<b>75,000</b>	<b>777,401</b>	<b>9,401,055</b>
<b>Disbursements</b>																	
Utilities and supplies	7	289,629	20,491	20,000	15,000	10,250	20,000	20,000	20,000	15,250	20,000	20,000	20,000	20,000	20,250	20,000	550,870
Preauthorized payments	8	200,404	18,377	45,031	4,416	36,077	4,141	39,275	11,249	40,484	1,527	8,323	-	-	-	-	410,314
Preauthorized payments - Concrete	8	18,941	3,765	-	-	11,412	-	3,765	-	11,412	-	3,765	-	11,412	-	3,765	68,235
Payroll - Hourly	9	446,148	114,000	-	76,000	85,000	76,000	80,000	75,000	80,000	35,000	80,000	-	80,000	-	35,000	892,148
Payroll - Salary	9	501,785	85,000	21,000	-	85,000	80,000	80,000	-	80,000	-	80,000	-	80,000	-	-	1,012,785
Payroll - Quebec	9	3,544	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,544
Payroll - Concrete	9	428,447	103,000	62,866	80,000	50,000	406,277	50,000	40,000	50,000	399,071	50,000	40,000	50,000	30,000	156,000	1,995,661
Payroll - Subcontractors	9	211,725	50,000	10,000	10,000	45,000	10,000	45,000	10,000	45,000	10,000	45,000	10,000	45,000	10,000	27,000	546,725
Payroll - Remittances	9	350,125	22,000	75,000	-	64,800	-	47,000	35,000	2,800	62,000	20,000	27,000	37,800	62,000	27,000	832,525
WCB	9	71,789	5,780	513	-	35,650	-	26,000	-	33,000	5,780	-	-	1,650	-	-	154,162
Benefits - GW/LL		114,885	27,000	-	-	-	-	26,000	-	-	-	26,000	-	-	-	-	193,885
GST		500,000	-	-	-	-	-	-	-	100,000	-	100,000	-	100,000	-	100,000	1,500,000
Professional fees	10	82,412	-	20,000	-	200,000	-	20,000	20,000	20,000	-	100,000	-	100,000	-	100,000	142,412
Accounting fees	11	7,916	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	42,916
Service Charges		83,339	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	300,785
Paragon fees and interest	12	184,578	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	324,578
Contingency		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total disbursements</b>		<b>3,505,668</b>	<b>462,913</b>	<b>458,909</b>	<b>197,916</b>	<b>628,135</b>	<b>528,918</b>	<b>323,559</b>	<b>423,749</b>	<b>465,456</b>	<b>545,878</b>	<b>365,588</b>	<b>144,500</b>	<b>358,362</b>	<b>244,750</b>	<b>319,265</b>	<b>8,971,545</b>
Total cash in/(out)		38,575	(143,994)	34,648	(32,916)	(48,135)	23,151	653,039	(423,749)	(250,456)	220,601	164,412	(64,500)	447	(169,750)	458,136	429,510
Opening position		211,033	249,608	105,614	140,262	107,346	59,210	82,361	735,400	311,652	61,196	281,797	446,210	351,710	352,157	182,407	211,033
Closing position		249,608	105,614	140,262	107,346	59,210	82,361	735,400	311,652	61,196	281,797	446,210	351,710	352,157	182,407	640,543	640,543

This schedule should be read in conjunction with the accompany report

**Medican Group of Companies****Cash flow to the week ending November 12, 2010****(Actual cash flows to date also reflected)****Unaudited, C\$**

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- 1 Cash flows pursuant to the Concrete business taking into consideration the account operating protocol with The Toronto-Dominion Bank.
- 2 Millrise cash receipts include management fees of 3.5% less amounts payable directly to trades.
- 3 Haven, Okotoks and Estevan projects are underway. Cash receipts include management fees less amounts payable directly to trades.
- 4 Extencicare receipts include management fees less amounts payable to trades and any associated professional fees.
- 5 Miscellaneous receipts include amounts received pursuant to the IGP program (paid out to owners same week) and deposits from purchasers.
- 6 DIP financing is provided by Paragon (at 12% interest). Draws are taken as and when required.
- 7 Includes expenses relating to various operating expenditures and supplies paid for by Medican for projects.
- 8 Projected amounts are based on approved pre-authorized payments to various leasing and insurance companies.
- 9 Payroll amounts are for all projects and are net of payroll withholdings.
- 10 Professional fees are based on existing invoices and projected future costs.
- 11 Accounting fees are payable to MNP LLP in connection with preparation of Medican's 2010 financial statements.
- 12 Includes administration fees as well as 12% interest on the total outstanding DIP balance.