

COURT FILE NUMBER 1001-07852  
COURT COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL CENTRE CALGARY



APPLICANTS **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 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")**

DOCUMENT **ELEVENTH REPORT TO THE COURT OF RSM RICHTER INC. AS CCAA MONITOR OF THE MEDICAN GROUP OF COMPANIES DATED JULY 22, 2011**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

**Macleod Dixon**  
3700 Canterra Tower  
400 Third Avenue SW  
Calgary, Alberta T2P 4H2  
Phone: 403-267-8222  
Fax: 403-264-5973  
Attention: Howard A. Gorman  
File No. 267783

## TABLE OF CONTENTS

INTRODUCTION.....	1
Purpose of this Report	1
Terms of Reference	2
Currency	2
BACKGROUND .....	2
COMPANY'S ACTIVITIES.....	3
MEDICAN MODULAR (CHARTWELL MEDICINE HAT) DEVELOPMENTS LTD.....	4
1144233 ALBERTA LTD. ....	4
CLAIMS REVIEW.....	5
PLAN OF ARRANGEMENT .....	6
CASH FLOW .....	9
MONITOR'S ACTIVITIES.....	10
CONCLUSION AND RECOMMENDATION .....	11



**INDEX OF APPENDICES**

Unit Sales Summary ..... “A”

Charitable Donation Letter ..... “B”

Cash Flow Variance Analysis..... “C”

Projected Statement of Cash Flow ..... “D”

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

**July 22, 2011**

**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. was appointed monitor ("Monitor") under the Initial Order.
2. Pursuant to a Court order made on May 26, 2011, the stay of proceedings under the Initial Order was extended to July 28, 2011.
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 business, 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) Outline the Company's Plan of Arrangement and Compromise (the "Plan") for the benefit of the Company's creditors and stakeholders; and
  - c) Respectfully recommend that this Honourable Court grant an order extending the CCAA Proceedings from July 28, 2011 to September 30, 2011.

### **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 projects ("Projects") in British Columbia, Alberta, and Quebec.
8. 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 on the Monitor's website at [www.rsmrichter.com](http://www.rsmrichter.com).

## COMPANY'S ACTIVITIES

9. A summary of the Company's progress since the Monitor's Tenth Report to Court dated May 25, 2011 ("Tenth Report") is provided below. Among other things, the Company:
  - a) Accepted offers, with the Monitor's approval, on 10 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". In total, the Company has accepted 181 offers for sales of Units from the date of the Initial Order;
  - b) Negotiated a lease for office space in connection with the sale of the Company's head office located at 1870 6<sup>th</sup> Avenue S.W., Medicine Hat, owned by R7 Investments Ltd. ("R7") to E.I.W.M. Holdings Ltd. which is expected to close in the next week;
  - c) Increased pricing of certain Units in Calgary in response to continued recovery of condominium prices in the Calgary, Alberta market;
  - d) Participated in several meetings and in extensive negotiations with 933 and related parties in respect of a proposed settlement of all matters between 933 and the Medican Group;
  - e) Continued to address several matters affecting the Sanderson project;
  - f) Provided regular reporting on Sanderson Unit sales to Harbour Mortgage Corp., Imor Capital Corp., and the Canadian Imperial Bank of Commerce;
  - g) Met on several occasions with the Monitor to review the various contingent and unsecured claims filed against the Company by creditors pursuant to the Claims Procedure Order;
  - h) Continued to meet with third parties respecting the development or sale of the Company's interests in certain projects;
  - i) Continued to provide stakeholders with updates on its restructuring efforts; and
  - j) Made significant progress in developing the Plan.
  
10. Certain of the above activities are discussed in greater detail herein.

**MEDICAN MODULAR (CHARTWELL MEDICINE HAT) DEVELOPMENTS LTD.**

11. Since July 2010, the Monitor and its counsel have been investigating the circumstances surrounding the purchase and sale of a prefabricated home development project located in Medicine Hat, Alberta, commonly known as “Chartwell” (the “Chartwell Project”).
12. The Monitor has reported to the Court as the investigation has progressed.
13. The Medican Group, the Monitor and 933 have participated in extensive negotiations to resolve the issues with the Chartwell Transaction. The Company and 933 have reached a settlement, which is subject to conditions which are expected to be resolved shortly.
14. The Monitor anticipates filing a supplemental report and materials in respect thereof on July 25, 2011.

**1144233 ALBERTA LTD.**

15. As previously reported to this Honourable Court, 1144233 Alberta Ltd. owned land and a building described as Plan 0713843, Block 1, Unit 3, in Medicine Hat (the “Property”). The Company planned on seeking Court approval of a sale of the Property; however, a portion of the building collapsed on January 22, 2011 and as such the sale could not proceed.
16. The Company has not yet pursued a rebuild of the building as it is located on or near a flood plain. Because of new strict building bylaws in Medicine Hat for structures located on or near a flood plain, the re-construction costs were estimated to be greater than the quantum of insurance coverage on the building. The Company has filed a Proof of Loss and continues its attempts to negotiate a settlement with its insurer. The Company’s legal counsel is involved in this matter and litigation may be necessary to successfully resolve the dispute with the Company’s insurer.

## CLAIMS REVIEW

17. Affected Creditors (as defined in the Claims Procedure Order) have filed 681 claims with the Monitor including 83 claims filed subsequent to the established Claims Bar Date, numerous contingent claims, unsupported claims, incorrect claims, more than \$111 million in intercompany claims and numerous duplicate claims against several Medican Group entities.
18. The Monitor has met with the Company on several occasions to discuss the various claims with a view to quantifying same and to arrive at an amount that is supported by the documentation.
19. Several of the claims that have not yet been settled or agreed to are the contingent claims. The Monitor estimates that contingent claims submitted total in excess of \$25 million. The Monitor continues to work with the Company and its legal counsel to attempt to establish a mechanism to deal with and quantify the contingent claims in an efficient manner. It is likely a Court application will be made by the Monitor to address all contingent claims.
20. The Monitor has reviewed the late-filed claims and will be making a recommendation to this Honourable Court in a subsequent report.
21. The Monitor has been contacted by several parties who purchased Units from the Company subsequent to its CCAA filing. The purchasers have advised the Monitor that there are some Unit deficiencies that need to be repaired. It is anticipated that the Company will begin rectifying the Unit deficiencies for those Units purchased post CCAA filing commensurate with Court approval of its Plan. Consequently, those parties with post filing deficiencies will not be considered Affected Creditors for purposes of the Company's Plan.



## PLAN OF ARRANGEMENT

22. The Company continues to develop and finalize its Plan. As previously reported to this Honourable Court, the Plan depends on the viability of several of its Projects, continuing the business of 1607679 Alberta Ltd. ("679") (formerly Medican Concrete Inc.'s operations), and on current and new cost plus projects ("Cost-Plus Projects").
23. The Plan will be a consolidated plan (the "Consolidated Plan") and will include all Medican Group companies subject to the CCAA Proceedings with the exception of Sanderson of Fish Creek (Calgary) Developments Ltd. (the "Sanderson Project") and Medican (Westbank) Land Ltd. (the "Kaleido Project"). It is anticipated these two corporations will file separate plans of arrangement and compromise.
24. With respect to the Sanderson Project, the Monitor has previously advised this Honourable Court that there is a dispute of certain terms and conditions in respect of the Court-approved transaction with Monarch Land Ltd. ("Monarch"). The dispute with Monarch has not been resolved and consequently a plan for the Sanderson Project will be delayed pending a resolution with Monarch.
25. With respect to the Kaleido Project, the Monitor has previously advised this Honourable Court that an offer had been received, the terms and conditions of which were being finalized. The offer has been through numerous iterations and the Monitor is advised that, subject to some minor changes, it will likely be presented to the Kaleido Project secured creditors within the next week. A plan for the Kaleido Project is subject to the offer being acceptable to the secured creditors.

26. Since the date of the Initial Order the Company has made substantial progress in reducing its indebtedness and limiting further liability by completing or selling various Projects, and by undertaking an organized method to liquidate Units resulting in repaying, during the course of these proceedings, the sum of approximately \$87 million to several secured creditors.
27. The Company continues to address the Sanderson Project and the Kaleido Project. Concurrently, the Medican Group wants to advance a plan to address its remaining creditors and stakeholders. Accordingly, the proposed Consolidated Plan outlined below is designed to allow the Company, with the assistance of the Monitor, the opportunity to canvas its creditors and stakeholders and return to this Honourable Court at the end of the proposed stay extension period (September 30, 2011) with a formal plan based on the feedback the Company receives from its creditors and stakeholders.
28. The Company will be significantly downsized and alter its corporate structure.
29. The Consolidated Plan will provide for a fund of not less than \$10 million to be available for distribution to creditors of the Medican Group (the "Creditor Fund"). The Creditor Fund will be the aggregate of: (i) the value of projects and contracts currently underway by the Medican Group (described in more detail below), and (ii) annual contributions by the corporate group which emerges from these proceedings (of which 679 would be a part) ("SuccessorCo"). If the \$10 million threshold is achieved prior to the third anniversary from SuccessorCo's emergence from these proceedings, then SuccessorCo would continue to contribute to the Creditor Fund until the third anniversary from emergence on the basis of 20 per cent of SuccessorCo's net income from the date the \$10 million threshold is met until the third anniversary from emergence.

30. SuccessorCo will make contributions to the Creditor Fund on a semi-annual basis. The contributions will be held by the Monitor. The Monitor will distribute amounts from the Creditor Fund from time to time, once amounts received by the Monitor reach \$1.0 million.
31. SuccessorCo will be owned by current employees of the Medican Group. With the exception of the Medican Group's General Counsel, none of the senior executive team that served with the Medican Group prior to these proceedings, including Wes and Janet Reinheller, will have any ownership in SuccessorCo. Wes Reinheller will be retained by SuccessorCo as a commissioned contractor. Both Janet and Wes Reinheller made assignments into bankruptcy effective July 11, 2011.
32. The portion of the Creditor Fund comprised of projects and contracts currently underway by the Medican Group includes the Medican (Red Deer-Michener Hill) Developments Ltd., Cimmaron (Medicine Hat) and Lethbridge (an Extendicare project) Projects, as well as a number of Cost-Plus Projects that are currently underway including Heritage Heights, Okotoks and the Extendicare projects, all of which will only return value to the Medican Group if they can be completed.
33. The Company is advancing the Plan on a consolidated basis for a number of reasons, including:
  - The function, management, and ownership of the Medican Group were intermingled to a considerable extent;
  - Value between development operations, contracting operations, and sub-contracting operations was not properly allocated;
  - There are significant intercompany claims that are difficult to verify and conceivably result in a redistribution of asset pools (such as they may be);
  - There is considerable confusion amongst creditors as to what member of the Medican Group they were dealing with and where their claim properly lies;

- The aggregate value of claims from creditors is artificially high as a result of single claims being filed against multiple members of the Medican Group – either because of confusion, more than one Medican Group member was involved, or cross-guarantees existed;
  - The Creditor Fund will be externally driven by SuccessorCo in connection with construction completion on certain Projects; completing certain Cost-Plus Projects, obtaining future Cost-Plus Projects and on the successful operations of 679. There is no value associated with a majority of the Company’s Projects. Value can only be derived from those sources noted in paragraph 32 (excluding the Sanderson and Kaleido Projects, which will not be the subject of consolidation) provided that SuccessorCo is able to continue to operate and complete the Projects, complete the current Cost-Plus Projects, obtain new Cost-Plus Projects and 679 continues to operate; and
  - Advancing the plan on a consolidated basis will benefit all creditors and stakeholders as it will allow: (i) SuccessorCo to utilize the Medican Group’s tax losses on a basis that will benefit all claimants; (ii) avoid significant administrative costs otherwise required to manage claims; (iii) avoid arbitrary results that otherwise arise from the timing of projects, the entity involved, and the allocation of value generated from SuccessorCo.; thereby resulting in the best recovery for all creditors and stakeholders.
34. The Consolidated Plan will provide for a “Convenience Class” of creditors that will provide for an initial distribution which will result in an amount up to a certain value being paid to each creditor.

## **CASH FLOW**

35. Medican Group previously filed a cash flow projection for the period ending September 30, 2011. A comparison of the budget to actual results for the period ending July 15, 2011 is provided as Appendix “C”.
36. An updated projected statement of cash flow to the week ending December 30, 2011 (“Projection”) is provided as Appendix “D”. The notes to the Projection should be read in conjunction with the Projection. The Company continues to implement operational changes to improve its cash flow.

37. The Monitor assisted the Company with the preparation of the Projection. The Projection is predicated on Medican Group continuing to operate in the normal course in the context of the CCAA Proceedings. The Monitor reviewed the Projection and its underlying assumptions and concluded that it is reasonable in the circumstances.

## **MONITOR'S ACTIVITIES**

38. In addition to the activities referenced in this Report, the Monitor's activities since the date of the Tenth Report include:
- Reviewing the Company's cash flow;
  - Reviewing claims resulting from the Court-approved claims process;
  - Participating in meetings with the Company and certain senior lenders;
  - Reviewing and approving offers for the sale of Units;
  - Reviewing and assessing offers received in respect of certain of the Company's assets;
  - Negotiations in respect of the Chartwell Transaction;
  - Assisting the Company with the development of its Plan;
  - Continuing to communicate with creditors of the Company;
  - Corresponding with certain real estate agents representing the Company; and
  - Preparing this Report.

**CONCLUSION AND RECOMMENDATION**

39. The Monitor is of the view that the Company is acting in good faith and with due diligence. It has made significant progress in developing a Consolidated Plan to be advanced to its creditors and stakeholders.
40. Accordingly, the Monitor respectfully recommends that this Honourable Court make an order granting the relief requested in Section 4 c) of this Report.

\* \* \*

All of which is respectfully submitted this 22<sup>nd</sup> day of July, 2011.

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



Per: \_\_\_\_\_  
**Robert J. Taylor**

Medlan Group of Companies  
 Summary of Unit Sales from May 26, 2010  
 As at July 22, 2011  
 (\$Cdn, Unaudited)

Appendix "A"

Date	Site	Phase	Closing	Suite	Asking Price	Accepted Price
5/28/2010	Axxess @ Terwillegar	1	6/25/2010	104	225,000.00	217,776.00
5/28/2010	Axxess @ Terwillegar	1	6/18/2010	304	230,000.00	222,869.00
5/29/2010	Canvas @ Millrise	4	7/9/2010	2127	224,900.00	214,900.00
5/29/2010	Sanderson Ridge	4A	10/1/2010	F140	560,300.00	504,300.00
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
5/31/2010	Canvas @ Millrise	4	7/30/2010	2129	224,900.00	209,677.00
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	Axxess @ 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	7/16/2010	2124	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	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
6/7/2010	Sanderson Ridge	3	pre sale	A013	471,900.00	419,805.00
6/8/2010	Axxess @ 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
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	4	9/30/2010	2128	256,622.00	241,350.00
6/19/2010	Canvas @ Millrise	3	7/30/2010	2412	279,900.00	264,900.00
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	Legend @ Creekbend	3	pre sale	143	199,000.00	189,000.00
6/23/2010	Sanderson Ridge	3	pre sale	A202	499,900.00	438,650.00
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
6/30/2010	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	3	8/3/2010	2130	199,900.00	189,900.00
7/15/2010	Canvas @ Millrise	4	8/18/2010	2325	259,900.00	242,000.00
7/17/2010	Axxess @ Terwillegar	1	8/23/2010	414	210,000.00	198,644.00
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	204	270,000.00	230,000.00
7/25/2010	Cercle des Cantons	2	8/6/2010	307	390,000.00	325,000.00
7/31/2010	Axxess @ Terwillegar	1	9/1/2010	113	154,070.00	153,570.00
8/1/2010	Cercle des Cantons	2	9/15/2010	201	295,000.00	241,000.00
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	259,802.00
8/4/2010	Legend @ Creekbend	2	11/1/2010	226	257,000.00	253,000.00
8/9/2010	Axxess @ Terwillegar	1	9/10/2010	223	166,000.00	162,000.00
8/12/2010	Cercle des Cantons	2	8/23/2010	101	295,000.00	245,000.00

Medcan Group of Companies  
 Summary of Unit Sales from May 26, 2010  
 As at July 22, 2011  
 (\$Cdn, Unaudited)

Appendix "A"

Date	Site	Phase	Closing	Suite	Asking Price	Accepted Price
8/21/2010	Axxess @ Terwillegar	1	9/17/2010	119	154,070.00	154,070.00
8/22/2010	Axxess @ Terwillegar	1	10/18/2010	123	162,000.00	154,070.00
8/23/2010	Axxess @ Terwillegar	1	9/17/2010	128	223,000.00	215,601.00
8/23/2010	Canvas @ Millrise	3	9/23/2010	2408	224,900.00	214,900.00
8/26/2010	Canvas @ Millrise	4	10/1/2010	2335	269,900.00	259,900.00
8/28/2010	Axxess @ Terwillegar	1	9/15/2010	121	185,000.00	171,550.00
8/31/2010	Canvas @ Millrise	3	9/20/2010	2209	264,900.00	250,900.00
9/4/2010	Legend @ Creekbend	2	10/1/2010	421	252,000.00	252,000.00
9/8/2010	Legend @ Creekbend	3	5/18/2012	237	290,000.00	280,000.00
9/10/2010	Canvas @ Millrise	4	10/1/2010	2433	279,900.00	263,900.00
9/10/2010	Cercle des Cantons	2	9/20/2010	113	199,000.00	185,000.00
9/17/2010	Axxess @ Terwillegar	1	10/28/2010	219	166,000.00	157,946.00
9/23/2010	Cercle des Cantons	2	10/3/2010	300	367,000.00	304,675.00
9/26/2010	Canvas @ Millrise	3	2/1/2011	2137	239,900.00	229,900.00
9/28/2010	Canvas @ Millrise	4	11/26/2010	2228	254,900.00	244,900.00
10/2/2010	Axxess @ Terwillegar	1	10/25/2010	215	239,342.00	237,342.00
10/4/2010	Canvas @ Millrise	3	11/5/2010	2210	219,900.46	209,900.46
10/8/2010	Canvas @ Millrise	4	10/22/2010	2329	249,000.00	237,900.00
10/10/2010	Axxess @ Terwillegar	1	10/29/2010	103	163,760.00	155,039.00
10/13/2010	Axxess @ Terwillegar	1	11/30/2010	203	192,830.00	188,954.00
10/14/2010	Canvas @ Millrise	4	11/5/2010	2429	264,900.00	247,093.00
10/17/2010	Canvas @ Millrise	4	11/26/2010	2226	254,900.00	239,900.00
10/18/2010	Canvas @ Millrise	4	11/26/2010	2425	264,900.00	251,937.00
10/18/2010	Canvas @ Millrise	4	11/27/2010	2435	254,900.00	244,900.00
10/20/2010	Axxess @ Terwillegar	1	11/28/2010	127	221,898.00	218,023.25
10/21/2010	Axxess @ Terwillegar	1	11/30/2010	230	227,712.00	222,869.00
10/21/2010	Canvas @ Millrise	4	11/29/2010	2437	259,900.00	244,900.00
10/25/2010	Canvas @ Millrise	3	12/1/2010	2212	259,900.00	244,900.00
10/26/2010	Axxess @ Terwillegar	1	12/2/2010	202	252,000.00	242,250.00
10/26/2010	Axxess @ Terwillegar	1	12/3/2010	227	229,650.36	222,868.22
11/4/2010	Canvas @ Millrise	3	12/6/2010	2102	249,900.00	230,620.00
11/4/2010	Cercle des Cantons	2	12/4/2010	118	333,000.00	333,000.00
11/4/2010	Sanderson Ridge	1	12/5/2010	F309	253,000.00	240,000.00
11/6/2010	Canvas @ Millrise	3	12/7/2010	2119	219,900.00	209,900.00
11/9/2010	Axxess @ Terwillegar	1	12/8/2010	318	212,210.00	208,000.00
11/10/2010	Axxess @ Terwillegar	1	12/9/2010	208	156,977.00	156,008.00
11/12/2010	Canvas @ Millrise	3	12/10/2010	2442	269,900.00	259,900.00
11/13/2010	Sanderson Ridge	1	12/11/2010	B104	339,000.00	336,965.00
11/13/2010	Sanderson Ridge	1	12/12/2010	B206	354,000.00	354,000.00
11/16/2010	Axxess @ Terwillegar	1	12/14/2010	306	173,450.00	170,543.00
11/16/2010	Sanderson Ridge	2	12/13/2010	F134	242,000.00	230,000.00
11/21/2010	Axxess @ Terwillegar	1	12/15/2010	330	231,588.00	228,000.00
11/21/2010	Sanderson Ridge	1	12/16/2010	C407	575,000.00	550,000.00
11/25/2010	Axxess @ Terwillegar	1	12/17/2010	323	167,000.00	167,000.00
11/30/2010	Axxess @ Terwillegar	1	12/18/2010	206	177,000.00	170,000.00
11/30/2010	Axxess @ Terwillegar	1	12/19/2010	406	173,450.00	167,636.00
11/30/2010	River Stone	1	12/20/2010	531	185,900.00	136,500.00
12/1/2010	Cercle des Cantons	2	12/20/2010	302	355,000.00	297,000.00
12/2/2010	Axxess @ Terwillegar	1	12/21/2010	125	163,760.00	163,760.00
12/3/2010	Sanderson Ridge	1	12/22/2010	B202	349,000.00	343,903.00



Medican Group of Companies  
 Summary of Unit Sales from May 26, 2010  
 As at July 22, 2011  
 (\$Cdn, Unaudited)

Appendix "A"

Date	Site	Phase	Closing	Suite	Asking Price	Accepted Price
12/6/2010	Axxess @ Terwillegar	1	12/24/2010	213	156,977.00	155,039.00
12/6/2010	Axxess @ Terwillegar	1	12/23/2010	425	192,830.00	189,923.00
12/7/2010	Axxess @ Terwillegar	1	12/25/2010	107	154,070.00	154,070.00
12/10/2010	Axxess @ Terwillegar	1	12/26/2010	320	174,350.00	170,543.00
12/10/2010	Canvas @ Millrise	4	12/27/2010	2224	199,900.00	183,900.00
12/11/2010	Axxess @ Terwillegar	1	12/28/2010	225	186,046.00	182,171.00
12/15/2010	Axxess @ Terwillegar	1	12/30/2010	315	250,968.00	245,256.00
12/16/2010	Axxess @ Terwillegar	1	1/2/2011	319	159,883.00	156,237.00
12/16/2010	Axxess @ Terwillegar	1	12/31/2010	430	250,968.00	242,249.00
12/16/2010	Sanderson Ridge	1	1/1/2011	B306	362,000.00	357,000.00
12/20/2010	Sanderson Ridge	1	1/3/2011	B302	354,000.00	349,000.00
12/22/2010	Axxess @ Terwillegar	1	1/4/2011	419	173,449.00	167,152.00
12/27/2010	Axxess @ Grande Prairie	3	1/5/2011	112	138,900.00	127,906.98
12/27/2010	Canvas @ Millrise	2	1/6/2011	1242	264,900.00	254,900.00
12/31/2010	Legend @ Creekbend	2	1/7/2011	325	180,000.00	180,000.00
1/5/2011	Axxess @ Terwillegar	1	1/9/2011	421	173,449.00	171,600.00
1/5/2011	Sanderson Ridge	1	1/10/2011	B307	357,000.00	352,500.00
1/5/2011	Sanderson Ridge	1	1/8/2011	C101	344,000.00	341,000.00
1/10/2011	Sanderson Ridge	1	1/11/2011	F303	289,000.00	284,000.00
1/13/2011	Axxess @ Terwillegar	1	1/12/2011	325	188,953.00	185,320.00
1/18/2011	Canvas @ Millrise	2	3/1/2011	1223	264,900.00	254,900.00
1/20/2011	Sanderson Ridge	4A	3/17/2011	F342	344,000.00	339,000.00
1/20/2011	Sanderson Ridge	4A	5/1/2011	F442	349,000.00	349,000.00
1/22/2011	Axxess @ Grande Prairie	2	2/15/2011	110	160,900.00	148,255.81
1/28/2011	Canvas @ Millrise	2	4/1/2011	1233	274,900.00	264,900.00
2/2/2011	Sanderson Ridge	4A	5/27/2011	F242	339,000.00	337,000.00
2/4/2011	Axxess @ Terwillegar	1	3/9/2011	405	176,841.00	176,841.00
2/5/2011	Cercle des Cantons	2	2/28/2011	107	210,000.00	189,000.00
2/8/2011	Canvas @ Millrise	3	3/1/2011	2413	254,900.00	227,713.18
2/8/2011	Sanderson Ridge	1	6/15/2011	B303	354,000.00	354,000.00
2/13/2011	Cercle des Cantons	2	3/4/2011	306	320,000.00	275,000.00
2/13/2011	Sanderson Ridge	4A	3/15/2011	F138	260,000.00	260,000.00
2/14/2011	River Stone	1	4/1/2011	328	174,900.00	135,238.10
2/16/2011	Canvas @ Millrise	1	7/30/2011	1307	259,900.00	247,400.00
2/17/2011	Canvas @ Millrise	1	3/24/2011	1437	274,900.00	261,000.00
2/20/2011	Cercle des Cantons	2	3/28/2011	209	348,000.00	293,305.00
2/24/2011	Axxess @ Terwillegar	1	3/15/2011	222	169,573.65	169,573.65
2/24/2011	Canvas @ Millrise	2	3/28/2011	1336	279,900.00	269,900.00
2/25/2011	Axxess @ Grande Prairie	2	5/2/2011	402	150,900.00	140,503.88
2/27/2011	Canvas @ Millrise	2	4/29/2011	1131	254,900.00	244,900.00
2/28/2011	Axxess @ Terwillegar	1	3/15/2011	413	173,449.00	166,666.00
2/28/2011	Axxess @ Terwillegar	1	3/18/2011	423	173,449.00	169,088.56
2/28/2011	Canvas @ Millrise	2	4/29/2011	1129	254,900.00	244,900.00
3/4/2011	Axxess @ Terwillegar	1	4/29/2011	130	237,403.10	237,403.10
3/7/2011	Sanderson Ridge	4A	4/23/2011	F236	268,000.00	263,000.00
3/9/2011	Axxess @ Terwillegar	1	4/1/2011	427	237,403.00	234,903.00
3/10/2011	Axxess @ Terwillegar	1	6/30/2011	201	237,402.00	237,402.00
3/10/2011	Canvas @ Millrise	2	4/1/2011	1339	224,900.00	214,900.00
3/11/2011	Sanderson Ridge	4A	8/15/2011	F317	358,000.00	353,000.00
3/14/2011	Axxess @ Terwillegar	1	3/28/2011	217	156,976.74	156,976.74

Medican Group of Companies  
 Summary of Unit Sales from May 26, 2010  
 As at July 22, 2011  
 (\$Cdn, Unaudited)

Appendix "A"

Date	Site	Phase	Closing	Suite	Asking Price	Accepted Price
3/16/2011	Axxess @ Terwillegar	1	7/15/2011	101	237,403.10	234,903.10
3/17/2011	Axxess @ Terwillegar	1	4/29/2011	116	211,999.00	210,755.81
3/18/2011	Axxess @ Terwillegar	1	4/29/2011	410	175,387.00	171,511.00
3/20/2011	Sanderson Ridge	4A	6/30/2011	F142	334,000.00	329,000.00
3/28/2011	Axxess @ Grande Prairie	3	4/17/2011	302	146,220.93	140,503.88
4/4/2011	Axxess @ Terwillegar	1	4/29/2011	422	171,511.00	166,667.00
4/8/2011	Axxess @ Terwillegar	1	5/5/2011	408	173,759.00	171,027.00
4/12/2011	Canvas @ Millrise	2	4/29/2011	1123	229,900.00	217,900.00
4/12/2011	Sanderson Ridge	1	8/31/2011	B204	359,500.00	357,950.00
4/15/2011	Axxess @ Terwillegar	1	5/20/2011	326	173,449.00	166,250.00
4/18/2011	Axxess @ Terwillegar	1	5/25/2011	105	181,696.05	178,779.07
4/19/2011	Axxess @ Grande Prairie	3	6/17/2011	202	146,220.93	143,895.35
4/19/2011	Axxess @ Terwillegar	1	5/2/2011	313	157,461.00	156,492.25
4/20/2011	Axxess @ Terwillegar	1	5/16/2011	309	157,461.00	156,492.25
4/21/2011	Sanderson Ridge	1	8/15/2011	C302	364,500.00	357,907.00
4/30/2011	Axxess @ Terwillegar	1	5/19/2011	126	159,833.72	159,833.72
5/9/2011	Axxess @ Terwillegar	1	6/15/2011	117	154,069.00	153,100.00
5/9/2011	Axxess @ Terwillegar	1	6/15/2011	120	157,461.24	157,461.24
5/11/2011	Axxess @ Terwillegar	1	5/24/2011	411	173,449.61	173,449.61
5/11/2011	Sanderson Ridge	1	10/1/2011	F208	323,300.00	315,000.00
5/20/2011	Axxess @ Terwillegar	1	6/10/2011	207	159,833.72	159,833.72
5/22/2011	Axxess @ Terwillegar	1	6/13/2011	210	157,461.24	157,461.24
5/22/2011	Axxess @ Terwillegar	1	6/20/2011	307	163,759.69	161,821.70
5/27/2011	Axxess @ Terwillegar	1	6/27/2011	308	162,790.70	162,790.70
5/28/2011	Axxess @ Terwillegar	1	6/20/2011	114	208,333.33	208,333.33
5/30/2011	Sanderson Ridge	1	11/30/2011	F308	328,600.00	327,000.00
6/3/2011	Axxess @ Terwillegar	1	6/24/2011	407	163,759.69	162,928.11
6/3/2011	Axxess @ Terwillegar	1	6/30/2011	417	167,151.16	167,104.06
6/13/2011	Sanderson Ridge	1	11/30/2011	C202	376,900.00	371,402.00
6/16/2011	Axxess @ Terwillegar	1	6/27/2011	118	218,023.26	218,023.26
6/30/2011	Sanderson Ridge	2	10/15/2011	D203	378,800.00	375,000.00
Total				181	44,152,469.68	42,136,399.33



MORRIS MANNING PARTNERS

May 17, 2011

Wes Reinheller  
1870A – 6<sup>th</sup> Avenue SW  
Medicine Hat, AB T1A 7X5

VIA EMAIL: – wesreinheller@gmail.com

Dear Mr. Reinheller:

We are writing as a follow-up to your telephone message of May 17, 2011.

You have requested a written confirmation of the charitable donations claimed on your and Janice's personal income tax returns for the 2009 and 2010 taxation years. In addition, you requested, a confirmation of the charitable donations specifically made during the period of May 1, 2009 to December 31, 2010.

To confirm, the following charitable donations were claimed on your and Janice's 2009 and 2010 respective personal income tax returns:

1. Wes – 2009 - \$0;
2. Janice – 2009 - \$384,972.74;
3. Wes – 2010 - \$24,066.35; and
4. Janice – 2010 - \$0.

Please note that donations can be claimed in a tax effective manner between spouses and accordingly, the fact that donations are claimed on Wes as compared to Janice's income tax return (or vice versa) does not reflect the actual donee. Specifically, we would state that charitable donations were made and claimed by the Wes and Janice Reinheller household in 2009 and 2010 of \$384,972.74 and \$24,066.35, respectively.

With respect to the donations made after May 1, 2009, it goes without saying that all 2010 donations were made post-May 1, 2009. With respect to the 2009 donations, our office has no support as to the timing of the 2009 donations and accordingly, we are not specifically able to confirm what portion of the 2009 total donations of \$384,972.74 were made in the period from May 1, 2009 to December 31, 2009.

You also have requested that we also confirm several other matters related to your personal income tax affairs and matters related to your shareholder loan balance with Medican Concrete Inc.



Page 2  
Wes Reinheller  
May 17, 2011

Firstly, we confirm that your 2010 personal income tax return has included \$50,000 of revenue related to a payment from Manfred Maroke. Please note that we apologize if we have spelled Mr. Maroke's last name incorrectly as we are unsure as to the exact spelling. This amount has been included in "Other Income" on line 130 of your personal income tax return. Please note that we have no information related to this amount and any other implications, income tax, GST or otherwise, that may arise but we have simply been provided with this lump sum amount to be included in your income pursuant to a telephone conversation in April 2011.

With respect to your shareholder loan balance owing from Medican Concrete Inc., we understand that you have paid invoices totalling \$81,824 on behalf of Medican Concrete Inc. Based on information forwarded by Mr. Crisp, we understand that these invoice amounts have been coded within Medican Concrete Inc. books and records as expenses with a corresponding credit to your shareholder loan for monies that you have paid on behalf of the company. We have not been provided with any detailed general ledger accounts by Medican Concrete Inc. but we understand that the accounting has been done in a manner to reflect your payments on behalf of the company.

If you have any questions or comments, please do not hesitate to contact the writer at 780-453-5386.

Yours truly,

**MEYERS NORRIS PENNY LLP**



Les J. Creasy, CA, TEP

LJC/ak

**Medican Group of Companies**  
**Cash Flow Variance - Cumulative Results**  
**For the period February 28, 2011 to July 15, 2011**  
 (\$Cdn, Unaudited)

	<u>Notes</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Receipts</b>				
Operations	1	3,572,612	3,715,704	143,091
Sale of Assets	2	474,525	257,625	(216,900)
Concrete	3	372,000	-	(372,000)
Refunds	4	471,522	759,698	288,176
<b>Total Receipts</b>		<u>4,890,659</u>	<u>4,733,027</u>	<u>(157,632)</u>
<b>Disbursements</b>				
Operations	1	2,849,808	2,789,720	(60,088)
Concrete	3	187,865	659,607	471,742
Head Office Overhead Costs	5	1,769,608	1,616,811	(152,797)
<b>Total Disbursements</b>		<u>4,807,282</u>	<u>5,066,139</u>	<u>258,857</u>
Total Net Cash In/(Out)		83,377	(333,112)	(416,490)
Opening Cash Position		<u>573,289</u>	<u>573,289</u>	<u>-</u>
Closing Cash Position		<u>656,666</u>	<u>240,176</u>	<u>(416,490)</u>

**Medican Group of Companies**  
**Notes to Cash Flow Variance - Cumulative Results**  
**For the period February 28, 2011 to July 15, 2011**  
**(\$Cdn, Unaudited)**

---

1. Budgeted receipts were understated and disbursements overstated.
2. Timing difference relating to the sale of Bromont units.
3. Timing difference. Costs have been incurred by Construction on behalf of 1607679 Alberta Ltd. ("679") (which conducts the business of Medican Concrete Inc.). 679 will reimburse the expenses paid by Construction on its behalf commensurate with finalizing its new line of credit and the collection of account receivables.
4. Timing difference. Relates to various refunds.
5. Budgeted disbursements were overstated.

Medican Group of Companies  
Consolidated Projected Statement of Cash Flow to December 30, 2011  
(\$Cdn, Unaudited)

Notes	Cumulative from 28-Feb to 15-Jul	Week Ended												Total			
		22-Jul	29-Jul	5-Aug	12-Aug	19-Aug	26-Aug	2-Sep	9-Sep	16-Sep	23-Sep	30-Sep	October		November	December	
<b>Receipts</b>																	
1	3,715,704	279,550	21,024	324,059	4,875	127,767	536,964	144,575	-	132,642	-	214,681	576,320	275,767	287,767	6,641,695	
2	257,625	-	-	-	-	140,000	-	-	-	-	-	260,000	100,000	100,000	-	857,625	
3	-	-	-	500,000	-	-	-	-	-	-	-	150,000	-	349,340	229,500	1,228,840	
4	759,697	96,956	-	-	-	-	50,000	-	-	-	-	-	-	-	-	906,653	
<b>Total Receipts</b>	<b>4,733,026</b>	<b>376,506</b>	<b>21,024</b>	<b>324,059</b>	<b>504,875</b>	<b>127,767</b>	<b>726,964</b>	<b>144,575</b>	<b>-</b>	<b>132,642</b>	<b>150,000</b>	<b>474,681</b>	<b>676,320</b>	<b>725,107</b>	<b>517,267</b>	<b>9,634,813</b>	
<b>Disbursements</b>																	
1	2,789,722	24,525	245,595	3,062	10,300	207,000	10,000	210,062	10,300	207,000	10,000	207,000	232,362	427,362	554,362	5,148,652	
3	659,607	92,735	135,912	-	-	-	-	-	-	-	-	-	-	-	-	888,254	
5	1,616,811	47,805	69,933	74,006	32,542	74,609	45,202	133,690	37,442	69,758	35,637	84,587	226,528	256,528	332,178	3,137,257	
<b>Total Disbursements</b>	<b>5,066,140</b>	<b>165,065</b>	<b>451,440</b>	<b>77,068</b>	<b>42,842</b>	<b>281,609</b>	<b>55,202</b>	<b>343,752</b>	<b>47,742</b>	<b>276,758</b>	<b>45,637</b>	<b>291,587</b>	<b>458,890</b>	<b>683,890</b>	<b>886,540</b>	<b>9,174,164</b>	
<b>Total Net Cash In/(Out)</b>	<b>(333,114)</b>	<b>211,441</b>	<b>(430,416)</b>	<b>246,991</b>	<b>462,033</b>	<b>(153,842)</b>	<b>671,762</b>	<b>(199,177)</b>	<b>(47,742)</b>	<b>(144,116)</b>	<b>104,363</b>	<b>183,094</b>	<b>217,430</b>	<b>41,217</b>	<b>(369,273)</b>	<b>460,649</b>	
Opening Cash Position	573,289	592,655	804,095	373,679	620,670	1,082,703	928,861	1,600,622	1,401,445	1,353,703	1,209,587	1,313,950	1,497,043	1,714,474	1,755,691	573,289	
Closing Cash Position	240,175	804,095	373,679	620,670	1,082,703	928,861	1,600,622	1,401,445	1,353,703	1,209,587	1,313,950	1,497,043	1,714,474	1,755,691	1,386,418	1,033,938	

Medican Group of Companies - Operations  
 Projected Statement of Cash Flow to December 30, 2011  
 (\$Cdn, Unaudited)

	Notes	Cumulative from 28-Feb to 15-Jul	Week Ended														Total
			22-Jul	29-Jul	5-Aug	12-Aug	19-Aug	26-Aug	2-Sep	9-Sep	16-Sep	23-Sep	30-Sep	October	November	December	
<b>Receipts</b>																	
Edgewood	6	349,466	-	-	-	-	-	-	-	-	-	-	-	-	-	-	349,466
Canvas at Millrise	7	348,749	-	-	80,034	-	-	-	-	-	-	-	-	-	-	188,000	666,783
Heritage Heights (Haven)	7	285,829	-	77,000	-	-	-	-	50,000	-	-	-	-	-	-	65,000	502,829
Brenda Stratford - Okotoks	7	600,351	-	-	-	120,000	-	-	75,000	-	-	-	-	-	120,000	120,000	1,200,351
Michener Hill	7	835,577	-	-	-	-	-	-	-	-	-	140,000	-	-	95,000	130,000	1,800,128
Central - Insurance	7	20,000	-	-	-	-	-	-	-	160,000	-	-	-	-	-	-	77,361
Extendicare	8	952,246	-	-	141,375	-	-	-	-	57,361	-	-	-	-	72,000	-	1,285,621
Canvas - Employee contracting	9	1,335	-	-	-	-	-	-	-	5,000	-	-	-	-	-	-	6,335
Cimmaron - Employee contracting	9	-	-	-	-	-	-	-	-	12,499	-	-	-	-	-	-	37,733
Cimmaron - Consulting and contract termination	9	-	-	-	-	-	-	-	-	172,071	-	-	-	-	-	-	172,071
Terwilliger - Employee contracting	9	26,221	-	3,150	-	-	-	-	1,575	-	-	-	-	-	-	-	30,946
Sanderson - HarbourIMOR	10	189,488	-	21,024	13,500	-	-	-	13,500	70,033	-	-	-	-	4,500	13,500	325,545
Sanderson - CIBC	10	91,816	-	9,000	-	-	-	-	4,500	-	-	-	-	-	4,500	13,500	123,316
Concrete equipment lease	11	-	-	-	-	7,767	-	-	-	-	-	-	-	-	7,767	7,767	38,835
Bromont reimbursement	9	14,625	-	-	4,875	-	-	-	-	-	-	-	-	-	4,875	-	24,375
<b>Total Receipts</b>		<b>3,715,704</b>	<b>279,550</b>	<b>21,024</b>	<b>324,059</b>	<b>4,875</b>	<b>127,767</b>	<b>536,964</b>	<b>144,575</b>	<b>-</b>	<b>132,642</b>	<b>-</b>	<b>214,681</b>	<b>576,320</b>	<b>275,767</b>	<b>287,767</b>	<b>6,641,695</b>
<b>Disbursements</b>																	
Payroll - Hourly	12	491,020	-	70,000	-	-	90,000	-	90,000	-	-	-	90,000	90,000	175,000	225,000	1,411,020
Payroll - Salary	12	252,941	-	25,000	-	-	30,000	-	30,000	-	-	-	30,000	30,000	60,000	90,000	577,941
Payroll - Subcontractors	12	377,859	10,000	78,700	-	10,000	80,000	10,000	80,000	10,000	10,000	10,000	80,000	100,000	175,000	215,000	1,316,559
Payroll - Expense reports	12	351,404	12,525	-	-	-	-	-	-	-	-	-	-	-	-	-	363,929
Remittances	13	391,088	2,000	2,000	-	-	-	-	2,000	-	-	-	2,000	4,000	4,000	6,000	417,088
GST	14	2,343	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,343
Benefits	15	23,274	-	-	-	-	-	-	-	-	-	-	-	-	-	-	23,274
Trade and Suppliers	16	459,617	-	-	-	-	-	-	-	-	-	-	-	-	-	-	459,617
Sanderson	10	440,176	-	69,895	3,062	300	5,000	-	8,062	300	5,000	-	5,000	8,362	13,362	18,362	576,881
<b>Total Disbursements</b>		<b>2,789,722</b>	<b>24,525</b>	<b>245,595</b>	<b>3,062</b>	<b>10,300</b>	<b>207,000</b>	<b>10,000</b>	<b>210,062</b>	<b>10,300</b>	<b>207,000</b>	<b>10,000</b>	<b>207,000</b>	<b>232,362</b>	<b>427,362</b>	<b>554,362</b>	<b>5,148,652</b>
<b>Total Project Cash Flow</b>		<b>925,982</b>	<b>255,025</b>	<b>(224,572)</b>	<b>320,997</b>	<b>(5,425)</b>	<b>(79,233)</b>	<b>526,964</b>	<b>(65,487)</b>	<b>(10,300)</b>	<b>(74,358)</b>	<b>(10,000)</b>	<b>7,681</b>	<b>343,958</b>	<b>(151,595)</b>	<b>(266,595)</b>	<b>1,493,042</b>



Medican Group of Companies - Sale of Assets  
 Projected Statement of Cash Flow to December 30, 2011  
 (\$Cdn, Unaudited)

	Notes	Cumulative from 28-Feb to 15-Jul	Week Ended							Month Ended			Total			
			22-Jul	29-Jul	5-Aug	12-Aug	19-Aug	26-Aug	2-Sep	9-Sep	16-Sep	23-Sep		30-Sep	October	November
<i>Receipts</i>																
Bromont	17	100,000	-	-	-	-	-	-	-	-	-	-	100,000	100,000	-	300,000
Legend at Creekbend	18	110,000	-	-	-	-	-	-	-	-	-	-	-	-	-	110,000
Vehicle and equipment sale	19	47,625	-	-	-	-	-	-	-	-	-	-	-	-	-	47,625
Diepert land	20	-	-	-	-	-	-	-	-	-	-	-	-	-	-	260,000
Valleydale sale	21	-	-	-	-	-	140,000	-	-	-	-	-	-	-	-	140,000
<i>Total Receipts</i>		257,625	-	-	-	-	140,000	-	-	-	-	-	100,000	100,000	-	857,625



**Medican Group of Companies****Notes to the Consolidated Projected Statement of Cash Flow to December 30, 2011**(\$Cdn, Unaudited)

---

1. See Appendix "D1".
2. See Appendix "D2".
3. Approximately \$999,340 will be paid by 1607679 Alberta Ltd. ("679") (which conducts the business of Medican Concrete Inc.) to repay Construction for expenses it is paid on behalf of 679. The amounts to be repaid comprise a portion of amounts currently in 679's bank account, a \$500,000 loan to be advanced to 679 by T&E Ventures Inc. ("T&E") and from 679's accounts receivable collections. Commencing August 1, 2011, 679 will be required to pay for its own expenses. Construction will be paid additional amounts in November and December, when 679's profits will commence being distributed.
4. Represents various refunds, and other settlements agreed to by Medican and other parties.
5. See Appendix "D3".
6. Estimated draw on the Edgewood Brooks project. The project is substantially complete and future draws are expected to be minimal.
7. Estimated draw on work performed. The Canvas at Millrise project will be substantially completed by September 2011 and future draws are expected to be minimal.
8. The Extencicare receipts relate to the Lethbridge and Edmonton cost-plus projects. The Lethbridge project is substantially completed with minor work required, and the Edmonton project is expected to be completed by August 2011.
9. Medican Group employees have been contracted to work on certain projects.
10. Amounts advanced by the Sanderson secured creditors to meet Unit marketing and administration costs associated with marketing the Sanderson Units and to pay trades for costs to complete unfinished Units.
11. Represents the monthly charge for equipment owned by the Company and rented to 679.
12. Estimated payroll costs and reimbursement of expenses based on current employee/subcontractor complement.
13. Employer remittance portion only as employee remittance portion is included in payroll.
14. Projected GST collected and remitted to CRA has been excluded from receipts and disbursements as it does not impact Medican Group's cash flow position.
15. Benefits are no longer reflected on a separate line item but are included in payroll.
16. Payments to trades and suppliers.
17. Funds from the sale of Bromont units.
18. Funds received from the sale of the Legend Project.
19. Proceeds from the sales of vehicles and equipment.
20. Balance of sale proceeds payable to the Medican Group in September 2011.
21. Funds available to Medican Group from the sale of Valleydale.
22. Overhead costs include office related costs including utilities, office supplies, and IT support.
23. Includes employee CPP, EI, and taxes to be remitted to CRA. The employer portion of the remittances is recorded in payroll.
24. Reimbursement of employee expenses incurred on behalf of the Medican Group.
25. The DIP facility provided by Paragon was repaid in full in March 2011.