

IN THE COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL CENTRE 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.

The Petitioners

**NOTICE OF MOTION**

TAKE NOTICE that an application will be made on behalf of the Petitioners in these proceedings (collectively, the "**Medican Group**" or the "**Applicants**") before the Honourable Justice K.M. Horner, in Chambers, at the Calgary Courts Centre, 601 - 5<sup>th</sup> Street SW, in the City of Calgary, Province of Alberta on Wednesday the 8<sup>th</sup> day of September, 2010 at 1:00 o'clock in the afternoon or so soon thereafter as counsel may be heard, for the following relief:

1. Declaring service of notice of this application and the supporting materials to be good and sufficient, and abridging the time therefor, if necessary.
2. An Order, substantially in the form of the Order attached hereto as Schedule "A":

- (a) approving the financing arrangement between Medican (Red Deer – Michener Hill) Developments Ltd. ("**Michener**") and T & E Ventures Inc. ("**TEV**") outlined in the TEV Financing Agreement, as defined in the Affidavit of Tyrone Schneider, sworn September 3, 2010 (the "**Schneider Affidavit**"), with respect to Michener and the Michener Project, as defined in the Schneider Affidavit;
  - (b) authorizing the Medican Group to perform all of its obligations under the TEV Financing Agreement with respect to the Michener Project;
  - (c) granting the TEV Charge, as defined in the Schneider Affidavit, over the Michener Project, and ranking in priority to: (i) the DIP Lender's Charge, the Administration Charge and the Directors' Charge, as defined in the Initial Order (the "Initial Order") granted in these proceedings on May 26, 2010 (the "**CCAA Charges**"); and (ii) the security of 933680 Alberta Ltd.; and
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- (d) authorizing the use of the first advance made under the TEV Financing Agreement to pay out existing creditors of the Michener Project.
3. An Order, substantially in the form of the Order attached hereto as Schedule "B", approving the sale of commercial property held by R7 Investments Ltd. ("**R7**") to 937335 Alberta Ltd., doing business as Cypress College ("**Cypress College**").
  4. An Order, substantially in the form of Order attached hereto as Schedule "C", approving the sale of a condominium unit by R7 to Gerald and Marjory Kornelson.
  5. An Order, substantially in the form of Order attached hereto as Schedule "D", approving the sale of two condominium units by R7 to Vladimir Goncear.
  6. An Order, substantially in the form of Order attached hereto as Schedule "E", approving the financing arrangement between Medican (Edmonton Terwillegar) Developments Ltd., ("**Terwillegar**") and Macdonald Terwillegar Properties Ltd. ("**Macdonald Terwillegar**") outlined in the Macdonald Loan Amendment (as herein defined) with respect to Terwillegar and the Terwillegar Project (as herein defined) and granting the Macdonald Terwillegar Charge (as herein defined).

7. An Order, substantially in the form as attached hereto as Schedule "F" seeking a bid procedure in respect of Phases 4-7 of the Kaleido Project in which the Medican Group can solicit offers for the sale of that property (the "**Kaleido Bid Procedure Order**").

8. An Order, substantially in the form as attached hereto as Schedule "G", approving the arrangement among Medican Developments (Medicine Hat Southwest) Inc., Medican General Contractors 2010 Ltd. and Harvest Group Limited Partnership, by its general partner, Harvest Group GP Corporation ("**Harvest Group**") to convey certain lands associated with the Cimarron Project to the Harvest Group in consideration of \$295,000 and the Medican Group's right to develop the project on a cost-plus basis.

9. Such further and other relief as counsel may advise and this Honourable Court deems just.

**AND FURTHER TAKE NOTICE** that the grounds for this application are as follows:

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***The Michener Project***

10. The Michener Project is a Development Project that comprises a three phase condominium development project located in Red Deer, Alberta. The Michener Project was originally financed by Paragon Capital Corporation ("**Paragon**") and 933680 Alberta Ltd ("**933**"). The Medican Group received an offer to refinance the Michener Project from TEV.

11. The proposed financing is necessary to complete the Michener Project, and is consistent with the Medican Group's efforts to work with the Monitor, and its creditors, to finance and complete uncompleted development projects where it is anticipated there is recoverable value for the Medican Group's stakeholders.

12. The TEV Financing Agreement would make available up to \$42 million to complete the Michener Project. The first advance of this facility would be used to pay existing creditors of Michener, as follows:

- (a) the first mortgagee, Paragon, (approximately \$2.7 million);

- (b) the second mortgagee, 933, the sum of \$1.4 million (with the balance of amounts owed subordinated to TEV's financing);
- (c) existing lien and critical trade creditors designated by TEV (approximately \$1.76 million); and
- (d) \$200,000 for the benefit of the CCAA Charges.

13. The terms of the proposed financing is, in the view of the Medican Group and its advisors, fair, reasonable, and necessary for the Medican Group to maximize value for its stakeholders.

14. The Monitor approves the proposed financing and the TEV Charge Order, and supports this application.

15. The beneficiaries of the CCAA Charges all consent to the relief sought under the TEV Charge Order, as do the secured lenders to Michener Project.

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***The R7 – 7<sup>th</sup> Street Property Sale***

16. The Medican Group received an offer to purchase a residential building located in Medicine Hat held by R7 (the "**7<sup>th</sup> Street Property**") from Cypress College (the "**7<sup>th</sup> Street Offer**"). The 7<sup>th</sup> Street Offer is comparable to the appraised value for the 7<sup>th</sup> Street Property. The sale is expected to see the mortgage holder paid out in full with minor equity available to the Medican Group's stakeholders.

17. The Monitor approves of this sale and supports this application.

***The R7 – Kornelson Sale***

18. The Medican Group received an offer to purchase a condominium unit located in Medicine Hat, Alberta held by R7 (the "**River Ridge Property**") from Gerald and Marjory Kornelson for the sum of \$292,000 (the "**River Ridge Offer**"). The River Ridge Offer is the result of a listing process and is comparable to the appraised value for the River Ridge Property. The sale will see the mortgage holder on the property paid out in full with equity available to the Medican Group stakeholders.

19. The Monitor approves of this sales and supports this application

***The R7 – Goncear Sale***

20. The Medican Group received an offer to purchase a condominium unit located in Medicine Hat, Alberta held by R7 (the "**Saamis Property**") from Vladimir Goncear for the sum of \$112,500 (the "**Saamis Offer**"). The sale will see the mortgage holder on the property paid out in full with equity available to the Medican Group stakeholders.

21. The Monitor approves of this sales and supports this application.

***The Kaleido Bid Procedure Order***

22. The Medican Group, in consultation with the Monitor, has determined that some uncompleted development projects will not lead to a higher recoverable value for the stakeholders upon completion then it would through a sales process. Phases 4–7 of the Kaleido Project would be sold through an orderly bid process.

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23. The Medican Group, with the assistance of the Monitor, has developed a sales procedure for Phases 4-7 of the Kaleido Project that would establish a bid process overseen by the Monitor.

24. The bid procedure order, contemplates a process that solicits bids, provides for negotiations with certain potential and qualified bidders, and the selection of a successful bidder with the consultation and approval of the Monitor. A successful bid, if any, would remain subject to subsequent application to this Honourable Court for approval.

25. The terms of the Kaleido Bid Procedure Order are, in the view of the Medican Group and its advisors, fair, reasonable, and necessary for the Medican Group to maximize value for its stakeholders.

26. The Monitor approves the Kaleido Bid Procedure Order and supports this application.

***Cimarron Group/Harvest Group Arrangements***

27. The Cimarron Project is a master planned community that contains a wide range of amenities. The design and concept was adopted by the City of Medicine Hat in By-Law #3940 in an area structure plan on August 17, 2009.

28. The Cimarron Project is located on the southwest boundary of Medicine Hat and is designed to accommodate a population of 15,000 over an overall area of approximately 874 acres. The Project, and the Medican Group's remaining interest in the project, is summarized in the Fifth Report of the Monitor.

29. The Medican Group has concluded, in conjunction with the Monitor and the other stakeholders involved in the Cimarron Project, that the Medican Group's remaining interest in the project should be sold to Harvest Group in consideration of \$295,000 and the reservation of Medican Group's right to develop the project on a cost-plus basis when the Harvest Group finalizes its own plans to develop the Cimarron Project.

30. The terms of the Cimarron documents are commercially reasonable in the circumstances and represent a viable alternative for the Medican Group to maximize its value in the Cimarron Project for itself and its stakeholders.

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*Terwillegar*

31. The Terwillegar Project is a development project that comprises a three phase condominium project located in Edmonton, Alberta. Terwillegar is the owner of the subject lands, the developer, and the primary borrower for the Terwillegar Project. Approximately \$200,000 in additional funding is required to complete the marketing program for Phase 1 of the Terwillegar Project, which an existing lender to the Terwillegar Project, Macdonald Terwillegar, is prepared to fund.

32. The terms and conditions of this additional funding have been the subject of negotiations amongst all of the stakeholders in the Terwillegar Project, including Macdonald Terwillegar, MCAP Financial Corporation, and Monarch Land Ltd., which negotiations have resulted in an amendment to the existing credit facility between Terwillegar and Macdonald Terwillegar that addresses the advance of funds necessary to complete and market the units in the project and how the proceeds resulting from the sale of units will be distributed (the "Macdonald Loan Agreement"). A copy of the Macdonald Loan Agreement is attached as Exhibit "H" to the Affidavit of Mr. Schneider, dated September 3, 2010.

33. The terms of Macdonald Loan Amendment and the Macdonald Terwillegar Charge contemplated therein are in the best interests of the Medican Group and its stakeholders, and approved by the Monitor.

34. The Medican Group is working in good faith and with due diligence in these proceedings and believe it is within the best interests of the Medican Group and all stakeholders in these proceedings to obtain the relief as outlined above.

**AND FURTHER TAKE NOTICE** that the Applicants will rely upon the Affidavit of Tyrone Schneider, dated September 3, 2010, filed; the Fifth Report of the Monitor, dated

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September 3, 2010 filed; the pleadings and other materials filed herein; the provisions of the *Companies' Creditors Arrangement Act* (Canada) and the *Alberta Rules of Court*; and such further and other material as counsel may advise and this Honourable Court may permit.

**DATED** at the City of Calgary, in the Province of Alberta, this 3<sup>rd</sup> day of September, 2010.

**FRASER MILNER CASGRAIN LLP,**  
solicitors for the Applicants.

Per: \_\_\_\_\_

David W. Mann/Rebecca L. Lewis

**TO:** The Clerk of the Court  
**AND TO:** The Attached Service List



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 JUDICIAL CENTRE OF CALGARY

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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., 1344241 ALBERTA LTD., 9150-3755 QUEBEC INC., AXCESS (GRANDE PRAIRIE) DEVELOPMENTS LTD., AXCESS (SYLVAN LAKE) DEVELOPMENTS LTD., CANVAS (CALGARY) DEVELOPMENTS LTD., HOMES BY KINGSLAND LTD., LAKE COUNTRY (SITARA) DEVELOPMENTS LTD., MEDCO DEVELOPMENT CORP., MEDICAN (EDMONTON TERWILLEGAR) DEVELOPMENTS 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.

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**SCHEDULE "A"**

Action No. 1001-07852

IN THE COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL CENTRE 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.

**the Petitioners**

BEFORE THE HONOURABLE  
MADAM JUSTICE K.M. HORNER  
IN CHAMBERS

)  
)  
)  
)

At the Courts Centre in the City of Calgary,  
in the Province of Alberta, on Thursday, the  
8<sup>th</sup> day of September, 2010

**ORDER**

**(TEV Charge – Michener Project)**

UPON the application of the Petitioners in these proceedings (collectively, the “**Medican Group**”); AND UPON having read the Notice of Motion of the Petitioners, dated September 3, 2010, the Affidavit of Tyrone Schneider, dated September 3, 2010 (the “**Schneider Affidavit**”), the Fifth Report of the Monitor, dated September 3, 2010, the Affidavit of Ronica Cameron,

dated September 3, 2010 (the “**Service Affidavit**”), and such other material in the pleadings and proceedings as deemed necessary; **AND UPON** hearing counsel for the Medican Group, counsel for TEV Ventures Inc. (“**TEV**”), counsel for the Monitor, and other interested parties; **AND UPON NOTING** that the holders of the DIP Lender’s Charge, the Administration Charge, and the Directors’ Charge all consent to the relief sought hereunder; **IT IS HEREBY ORDERED AND DECLARED THAT:**

*Service*

1. The time for service of notice of this application is abridged to the time actually given and service of the Notice of Motion and supporting material as described in the Service Affidavit is good and sufficient, and this hearing is properly returnable before this Honourable Court today and further service thereof is hereby dispensed with.
2. All capitalized terms not otherwise defined in this Order shall have the meaning ascribed to them in the Initial Order granted in these proceedings on May 26, 2010 (the “**Initial Order**”).

*Approval of the TEV Financing Agreement*

3. The financing agreement among TEV and the Medican Group, dated September 3, 2010 and attached as Exhibit “A” to the Schneider Affidavit (the “**TEV Financing Agreement**”) is hereby approved.
4. The Medican Group and the Monitor are hereby authorized and directed to do all things reasonably necessary to implement, and perform all of their respective obligations under, the TEV Financing Agreement.

*Approval of the TEV Charge*

5. As security for monies advanced by TEV to the Medican Group pursuant to the TEV Financing Agreement, a charge is hereby granted on all of the undertaking, property and assets of Medican (Red Deer – Michener Hill) Developments Ltd. used on, in, or in connection with the development project known as Red Deer Sierras Michener Hill in Red Deer, Alberta (the “**Michener Project**”) in favour of TEV (the “**TEV Charge**”) ranking in priority to the DIP Lender's Charge, the Administration Charge, the Directors’ Charge and to the security granted in favour of 933680 Alberta Ltd.

6. The Monitor and the Medican Group are hereby authorized to distribute the Initial Advance, as that term is defined in the TEV Financing Agreement, as follows:

- (a) firstly, to Paragon Capital Corporation in respect of all amounts owing to it in connection with its financing of the Michener Project;
- (b) secondly, to 933680 Alberta Ltd. in respect of the sum of \$1.4 million;
- (c) thirdly, to all lien and other critical trade suppliers designated by TEV in its sole discretion for all amounts owed to them in respect of goods and services that such creditors supplied to the Michener Project; and
- (d) fourthly, the sum of \$200,000 to the Monitor to apply in favour of the Charges in such manner as the beneficiaries of the Charges may agree.

7. Upon the distributions described in the foregoing paragraph being made the Monitor shall file a certificate with this Honourable Court confirming that such payments have been made which certificate, when presented to the Registrar of Land Titles in and for the Province of Alberta (the "Registrar") along with a certified copy of this Order, shall be the sole authority for the Registrar to discharge any encumbrances registered by any party receiving a payment pursuant to paragraph 6 hereof against the Michener Project.

***Miscellaneous***

8. The TEV Financing Agreement and the TEV Charge shall be valid and enforceable and not be rendered invalid or unenforceable and the rights and remedies of the parties thereto shall not otherwise be limited or impaired in any way by: (i) the pendency of these proceedings and the declaration of insolvency made herein; (ii) any Bankruptcy Order sought or issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) (the "BIA") in respect of any of the Medican Group or any assignment in bankruptcy made or deemed to be made in respect of any of the Medican Group; or (iii) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of encumbrances, contained in any existing agreement, lease, sub-lease, offer to lease or other arrangement which binds any of the Medican

Group (a “**Third Party Agreement**”), and notwithstanding any provision to the contrary in any Third Party Agreement:

- (a) neither the creation of the TEV Financing Agreement, the creation of the TEV Charge, nor the execution, delivery or performance of the TEV Financing Agreement shall create or be deemed to constitute a breach by any of the Medican Group of any Third Party Agreement to which it is a party; and
- (b) the parties to the TEV Financing Agreement shall not have liability to any person whatsoever as a result of any breach of any Third Party Agreement caused by or resulting from the creation of the TEV Charge or the execution, delivery or performance of the TEV Financing Agreement.

9. Notwithstanding: (i) the pendency of these proceedings and the declaration of insolvency made in these proceedings, (ii) any Bankruptcy Order sought or issued pursuant to the BIA in respect of any of the Applicants or any assignment in bankruptcy made or deemed to be made in respect of any of the Applicants, and (iii) the provisions of any federal or provincial statute, the TEV Financing Agreement and the TEV Charge shall constitute legal, valid and binding obligations of the Medican Group enforceable against them in accordance with the terms thereof, and the payments made by the parties pursuant to this Order, the TEV Financing Agreement, or the TEV Charge do not and will not constitute settlements, fraudulent preferences, fraudulent conveyances or other challengeable or reviewable transactions or conduct meriting an oppression remedy under any applicable law, and shall not constitute advances under *The Builders' Liens Act* (Alberta) nor be subject to any builder's lien registered at the date of this Order or thereafter.

10. Notwithstanding any other provision of this Order, the rights and remedies of the parties under the TEV Financing Agreement shall be subject to the terms of this Order, the Initial Order, including the stay of proceedings, and all other Orders made in these proceedings.

11. No action or proceeding may be commenced against a party to the TEV Financing Agreement by reason of any such party having entered into the TEV Financing Agreement or having performed the obligations thereunder without leave of this Court having been obtained on seven days' notice to such party, the Medican Group, and the Monitor.

12. The Medican Group, TEV and the Monitor or any party to the TEV Financing Agreement are at liberty to apply for such further advice, assistance and direction as may be necessary to give full force and effect to the terms of this Order.

13. The Medican Group shall serve, by courier, facsimile transmission, e-mail transmission, or ordinary post, a copy of this Order on all parties present at this application and on all parties who received notice of this application or who are presently on the service list established in these proceedings, and service on any or all other parties is hereby dispensed with. Service effected as aforesaid shall be good and sufficient service.

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J.C.Q.B.A.

**ENTERED** this \_\_\_\_ day of September, 2010

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**CLERK OF THE COURT**

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Action No. 1001 - 07852

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

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**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.**

The Petitioners

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**ORDER**

**(TEV CHARGE – MICHENER PROJECT)**

---

**FRASER MILNER CASGRAIN LLP**

Barristers and Solicitors  
15<sup>th</sup> Floor Bankers Court  
850 2 Street SW

Calgary, Alberta  
T2P 0R8

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**SCHEDULE "B"**

Action No. 1001-07852

IN THE COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL CENTRE 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.

**the Petitioners**

BEFORE THE HONOURABLE )  
MADAM JUSTICE K.M. HORNER ) At the Courts Centre in the City of Calgary,  
IN CHAMBERS ) in the Province of Alberta, on Wednesday,  
 ) the 8<sup>th</sup> day of September, 2010

**APPROVAL AND VESTING ORDER**  
**(R7 – 7<sup>th</sup> Street Property)**

UPON the application of the Petitioners in these proceedings (collectively, the “**Medican Group**”); AND UPON having read the Notice of Motion of the Petitioners, dated September 3, 2010, the Affidavit of Tyrone Schneider dated September 3, 2010 (the “**Schneider Affidavit**”), the Affidavit of Ronica Cameron dated September 3, 2010 (the “**Service Affidavit**”), the

Monitor's Fifth Report, dated September 3, 2010 and such other material in the pleadings and proceedings as are deemed necessary; **AND UPON** hearing counsel for the Medican Group, the Monitor, and other interested parties; **IT IS HEREBY ORDERED AND DECLARED THAT:**

*Service*

1. The time for service of notice of this application is abridged to the time actually given and service of the Notice of Motion and supporting material as described in the Service Affidavit is good and sufficient, and this hearing is properly returnable before this Honourable Court today and further service thereof is hereby dispensed with.

2. All capitalized terms not otherwise defined in this Order shall have the meaning ascribed to them in the Initial Order, and the following terms shall have the following meaning:

- (a) **"Beneficiaries of the Charges"** means the beneficiaries of the DIP Lending Charge, the Administration Charge, and the Directors' Charge;

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- (b) **"Net Proceeds"** means the proceeds from the sale of the Property, less amounts required to pay all reasonable and ordinary closing costs, including without limitation goods and services and other applicable sales taxes, property taxes, commissions, applicable condominium fees and legal fees and disbursements;
- (c) **"Purchase and Sale Agreement"** means the agreement in writing respecting the sale of the Property (as herein defined) from the Medican Group to the Purchaser; and
- (d) **"Purchaser"** means 937335 Alberta Ltd. (operating as Cypress College).

*Approval of Sale and Vesting of the 7<sup>th</sup> Street Property*

3. The sale of the 7<sup>th</sup> Street Property being the lands legally described as:

PLAN 1132M  
BLOCK 9  
LOTS 1 AND 2  
EXCEPTING THEREOUT ALL MINES AND MINERALS

and all personalty associated therewith (as further defined in the Schneider Affidavit) (the "**Property**") to the Purchaser, 937335 Alberta Ltd., in accordance with the terms and conditions of the Purchase and Sale Agreement be and is hereby authorized and approved.

4. The Medican Group and the Monitor are hereby authorized and directed to execute all deeds, documents, and agreements, and to do all things reasonably necessary to complete the sale of the Property and carry out the terms of this Order

5. Upon the Monitor delivering a certificate (the "Monitor's Certificate") certifying that the sale of the Property has closed substantially in accordance with the terms of the Purchase and Sale Agreement and all purchase monies due and owing in respect of such sale have been tendered to the Medican Group then:

- (a) the Property, as legally described above, shall be vested in the name of 937335 Alberta Ltd. free of all estate, right, title, interest, royalty, rental, and equity of redemption of the Medican Group and all persons who claim by, through or under the Medican Group in respect of the Property, other than permitted encumbrances expressly set forth in the Purchase and Sale Agreement;
- (b) the Medican Group and all persons who claim by, through or under the Medican Group shall stand absolutely barred and foreclosed from all estate, right, title, interest, royalty, rental, and equity of redemption of the Property and, to the extent that any such person remains in possession or control of any of the Property, they shall forthwith deliver possession of same to the Purchaser or its nominee;
- (c) the Purchaser shall be entitled to enter into and upon, hold and enjoy the Property for its own use and benefit without any interference of or by the Medican Group, or any person claiming by or through or against the Medican Group and/or any of the Property; and
- (d) the Registrar of Land Titles of Southern Alberta shall discharge all encumbrances (except Permitted Encumbrances) listed in the Purchase and Sale Agreement in

respect of the Property and shall register the Property in the name of 937335 Alberta Ltd.

6. The Medican Group is authorized and empowered, in respect of the Property, to execute and deliver: (a) such additional, related and ancillary documents and assurances governing or giving effect to the sale of the Property, which, in the Medican Group's discretion are reasonably necessary or advisable to conclude the transactions contemplated in or in furtherance of the purchase of the Property and/or this Order; and (b) any and all instruments and documents in respect of the Property as may be required by the Registrar of the Land Titles Office of Alberta or deemed necessary by the Medican Group, and the Registrar is hereby directed, notwithstanding section 191(1) of the *Land Titles Act* (Alberta) to effect registration of any such instrument or document so executed by the Medican Group or its solicitors.

7. Upon the filing of the Monitor's Certificate, the Monitor may discharge, or authorize the discharge of, any security registration or registrations in the Personal Property Registry of the Province where the Property is located as may be required to properly convey clear title of the Property to the Purchaser.

8. Until further Order of the Honourable Court, counsel to the Medican Group, Fraser Milner Casgrain LLP, shall hold all Net Proceeds in trust and such Net Proceeds shall stand in the place and stead of the Property transferred pursuant to this Order, and all claims of whatsoever nature or kind, including without limitation, all liens, claims, encumbrances, mortgages, proprietary claims, trust claims, lease claims, royalty claims, and other interests (the "Claims") shall attach solely to the Net Proceeds with the same validity, priority and in the same amounts and subject to the same defences that were or may have been available when the Claims were attached to the property itself.

9. Notwithstanding paragraph 8 of this Order, the Monitor is authorized, in its sole discretion and as it deems necessary or appropriate, to direct that any or all of the Net Proceeds be paid to valid and enforceable claims that exist in respect of the Net Proceeds; provided however, that adequate provision has been made for the Beneficiaries of the Charges.

10. Any provision made for the Beneficiaries of the Charges by the Monitor pursuant to paragraph 9 hereof shall be done with the consent of the Beneficiaries of the Charges and shall be without prejudice to any subsequent application to allocate Charges pursuant to paragraph 43 of the Initial Order.

***Miscellaneous***

11. The transfer of Property made pursuant to the provisions of this Order shall be valid and enforceable and not be rendered invalid or unenforceable and the rights and remedies of the parties thereto shall not otherwise be limited or impaired in any way by: (i) the pendency of these proceedings and the declaration of insolvency made herein; (ii) any Bankruptcy Order sought or issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) (“BIA”) in respect of any of the Petitioners; or (iii) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of encumbrances, contained in any existing agreement, lease, sub-lease, offer to lease or other arrangement which binds any of the Petitioners (a “**Third Party Agreement**”), and notwithstanding any provision to the contrary in any Third Party Agreement:

- (a) neither the Purchase and Sale Agreement nor any transaction contemplated hereby or coordinated therewith shall create or be deemed to constitute a breach by any of the Petitioners of any Third Party Agreement to which they are a party; and
- (b) the Purchaser shall not have liability to any person whatsoever as a result of any breach of any Third Party Agreement cause by or resulting from the creation, execution, delivery or performance of the Purchase and Sale Agreement or any transaction contemplated hereby or coordinated therewith.

12. Notwithstanding (i) the pendency of these proceedings and the declaration of insolvency made herein, (ii) any Bankruptcy Order sought or issued pursuant to the BIA in respect of any of the Petitioners, and (iii) the provisions under the BIA, or any other applicable federal or provincial legislation or common law, the Purchase and Sale Agreement or any transaction contemplated hereby or coordinated therewith shall constitute legal, valid and binding obligations of the Petitioners enforceable against them in accordance with the terms thereof, and neither the Purchase and Sale Agreement nor any transaction contemplated hereby or

coordinated therewith will be void or voidable at the instance of creditors and claimants and do not constitute nor shall they be deemed to constitute settlements, fraudulent preferences, assignments, fraudulent conveyances, oppressive conduct, or other reviewable transactions under the BIA, or any other applicable federal or provincial legislation or common law.

13. The Medican Group, the Monitor, the Purchaser, or any interested party may apply to this Court for advice and direction on notice to any party likely to be affected by the Order sought or on such notice as this Court directs.

14. The Medican Group shall serve, by courier, facsimile transmission, e-mail transmission, or ordinary post, a copy of this Order on all parties present at this application and on all parties who received notice of this application or who are presently on the service list established in these proceedings, and service on any or all other parties is hereby dispensed with. Service affected as aforesaid shall be good and sufficient service.

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\_\_\_\_\_  
**J.C.Q.B.A.**

**ENTERED** this \_\_\_\_\_ day of  
September, 2010

\_\_\_\_\_  
**CLERK OF THE COURT**

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

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**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.**

**The Petitioners**

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**APPROVAL AND VESTING ORDER  
(R7 – 7<sup>th</sup> Street Property)**

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**FRASER MILNER CASGRAIN LLP**

Barristers and Solicitors  
15<sup>th</sup> Floor Bankers Court  
850 2 Street SW

Calgary, Alberta  
T2P 0R8

Solicitors: David W. Mann/Rebecca L. Lewis  
Telephone: (403) 268-7097/(403) 268-6354  
Facsimile: (403) 268-3100  
File: 526686-1

**SCHEDULE "C"**

Action No. 1001-07852

IN THE COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL CENTRE 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.

the Petitioners

BEFORE THE HONOURABLE  
MADAM JUSTICE K.M. HORNER  
IN CHAMBERS

)  
)  
)  
)  
) At the Courts Centre in the City of Calgary,  
in the Province of Alberta, on Wednesday,  
the 8<sup>th</sup> day of September, 2010

**APPROVAL AND VESTING ORDER**  
**(R7 – River Ridge Drive Property)**

UPON the application of the Petitioners in these proceedings (collectively, the "**Medican Group**"); AND UPON having read the Notice of Motion of the Petitioners, dated September 3, 2010, the Affidavit of Tyrone Schneider dated September 3, 2010 (the "**Schneider Affidavit**"), the Affidavit of Ronica Cameron dated September 3, 2010 (the "**Service Affidavit**"), the



Monitor's Fifth Report, dated September 3, 2010 and such other material in the pleadings and proceedings as are deemed necessary; **AND UPON** hearing counsel for the Medican Group, the Monitor, and other interested parties; **IT IS HEREBY ORDERED AND DECLARED THAT:**

*Service*

1. The time for service of notice of this application is abridged to the time actually given and service of the Notice of Motion and supporting material as described in the Service Affidavit is good and sufficient, and this hearing is properly returnable before this Honourable Court today and further service thereof is hereby dispensed with.

2. All capitalized terms not otherwise defined in this Order shall have the meaning ascribed to them in the Initial Order, and the following terms shall have the following meaning:

- (a) "**Beneficiaries of the Charges**" means the beneficiaries of the DIP Lending Charge, the Administration Charge, and the Directors' Charge;

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- (b) "**Net Proceeds**" means the proceeds from the sale of the Property, less amounts required to pay all reasonable and ordinary closing costs, including without limitation goods and services and other applicable sales taxes, property taxes, commissions, applicable condominium fees and legal fees and disbursements;
- (c) "**Purchase and Sale Agreement**" means the agreement in writing respecting the sale of the Property (as herein defined) from the Medican Group to the Purchasers; and
- (d) "**Purchasers**" means Gerald Kornelson and Marjorie Kornelson.

*Approval of Sale and Vesting of the River Ridge Drive Property*

3. The sale of the River Ridge Drive Property being the lands legally described as:

CONDOMINIUM PLAN 0512634  
UNITS 323 AND 341  
AND THEIR RESPECTIVE UNDIVIDED 1/10,000 SHARES IN THE  
COMMON PROPERTY EXCEPTING THEREOUT ALL MINES AND  
MINERALS  
EXCEPTING THEREOUT ALL MINES AND MINERALS

and all personalty associated therewith (as further defined in the Schneider Affidavit) (the "Property") to the Purchasers, Gerald Kornelson and Marjorie Kornelson, in accordance with the terms and conditions of the Purchase and Sale Agreement be and is hereby authorized and approved.

4. The Medican Group and the Monitor are hereby authorized and directed to execute all deeds, documents, and agreements, and to do all things reasonably necessary to complete the sale of the Property and carry out the terms of this Order

5. Upon the Monitor delivering a certificate (the "Monitor's Certificate") certifying that the sale of the Property has closed substantially in accordance with the terms of the Purchase and Sale Agreement and all purchase monies due and owing in respect of such sale have been tendered to the Medican Group then:

- (a) the Property, as legally described above, shall be vested in the name of Gerald Kornelson and Marjorie Kornelson free of all estate, right, title, interest, royalty, rental, and equity of redemption of the Medican Group and all persons who claim by, through or under the Medican Group in respect of the Property, other than permitted encumbrances expressly set forth in the Purchase and Sale Agreement;
- (b) the Medican Group and all persons who claim by, through or under the Medican Group shall stand absolutely barred and foreclosed from all estate, right, title, interest, royalty, rental, and equity of redemption of the Property and, to the extent that any such person remains in possession or control of any of the Property, they shall forthwith deliver possession of same to the Purchasers or their nominee;
- (c) the Purchasers shall be entitled to enter into and upon, hold and enjoy the Property for its own use and benefit without any interference of or by the Medican Group, or any person claiming by or through or against the Medican Group and/or any of the Property; and
- (d) the Registrar of Land Titles of Southern Alberta shall discharge all encumbrances (except Permitted Encumbrances) listed in the Purchase and Sale Agreement in

respect of the Property and shall register the Property in the name of Gerald Kornelson and Marjorie Kornelson.

6. The Medican Group is authorized and empowered, in respect of the Property, to execute and deliver: (a) such additional, related and ancillary documents and assurances governing or giving effect to the sale of the Property, which, in the Medican Group's discretion are reasonably necessary or advisable to conclude the transactions contemplated in or in furtherance of the purchase of the Property and/or this Order; and (b) any and all instruments and documents in respect of the Property as may be required by the Registrar of the Land Titles Office of Alberta or deemed necessary by the Medican Group, and the Registrar is hereby directed, notwithstanding section 191(1) of the *Land Titles Act* (Alberta) to effect registration of any such instrument or document so executed by the Medican Group or its solicitors.

7. Upon the filing of the Monitor's Certificate, the Monitor may discharge, or authorize the discharge of, any security registration or registrations in the Personal Property Registry of the Province where the Property is located as may be required to properly convey clear title of the Property to the Purchasers.

8. Until further Order of the Honourable Court, counsel to the Medican Group, Fraser Milner Casgrain LLP, shall hold all Net Proceeds in trust and such Net Proceeds shall stand in the place and stead of the Property transferred pursuant to this Order, and all claims of whatsoever nature or kind, including without limitation, all liens, claims, encumbrances, mortgages, proprietary claims, trust claims, lease claims, royalty claims, and other interests (the "**Claims**") shall attach solely to the Net Proceeds with the same validity, priority and in the same amounts and subject to the same defences that were or may have been available when the Claims were attached to the property itself.

9. Notwithstanding paragraph 8 of this Order, the Monitor is authorized, in its sole discretion and as it deems necessary or appropriate, to direct that any or all of the Net Proceeds be paid to valid and enforceable claims that exist in respect of the Net Proceeds; provided however, that adequate provision has been made for the Beneficiaries of the Charges.

10. Any provision made for the Beneficiaries of the Charges by the Monitor pursuant to paragraph 9 hereof shall be done with the consent of the Beneficiaries of the Charges and shall be without prejudice to any subsequent application to allocate Charges pursuant to paragraph 43 of the Initial Order.

*Miscellaneous*

11. The transfer of Property made pursuant to the provisions of this Order shall be valid and enforceable and not be rendered invalid or unenforceable and the rights and remedies of the parties thereto shall not otherwise be limited or impaired in any way by: (i) the pendency of these proceedings and the declaration of insolvency made herein; (ii) any Bankruptcy Order sought or issued pursuant to the *Bankruptcy and Insolvency Act (Canada)* (“BIA”) in respect of any of the Petitioners; or (iii) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of encumbrances, contained in any existing agreement, lease, sub-lease, offer to lease or other arrangement which binds any of the Petitioners (a “Third Party Agreement”), and notwithstanding any provision to the contrary in any Third Party Agreement:

- (a) neither the Purchase and Sale Agreement nor any transaction contemplated hereby or coordinated therewith shall create or be deemed to constitute a breach by any of the Petitioners of any Third Party Agreement to which they are a party; and
- (b) the Purchasers shall not have liability to any person whatsoever as a result of any breach of any Third Party Agreement cause by or resulting from the creation, execution, delivery or performance of the Purchase and Sale Agreement or any transaction contemplated hereby or coordinated therewith.

12. Notwithstanding (i) the pendency of these proceedings and the declaration of insolvency made herein, (ii) any Bankruptcy Order sought or issued pursuant to the BIA in respect of any of the Petitioners, and (iii) the provisions under the BIA, or any other applicable federal or provincial legislation or common law, the Purchase and Sale Agreement or any transaction contemplated hereby or coordinated therewith shall constitute legal, valid and binding obligations of the Petitioners enforceable against them in accordance with the terms thereof, and neither the Purchase and Sale Agreement nor any transaction contemplated hereby or

coordinated therewith will be void or voidable at the instance of creditors and claimants and do not constitute nor shall they be deemed to constitute settlements, fraudulent preferences, assignments, fraudulent conveyances, oppressive conduct, or other reviewable transactions under the BIA, or any other applicable federal or provincial legislation or common law.

13. The Medican Group, the Monitor, the Purchasers, or any interested party may apply to this Court for advice and direction on notice to any party likely to be affected by the Order sought or on such notice as this Court directs.

14. The Medican Group shall serve, by courier, facsimile transmission, e-mail transmission, or ordinary post, a copy of this Order on all parties present at this application and on all parties who received notice of this application or who are presently on the service list established in these proceedings, and service on any or all other parties is hereby dispensed with. Service affected as aforesaid shall be good and sufficient service.

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**J.C.Q.B.A.**

**ENTERED** this \_\_\_\_\_ day of  
September, 2010

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**CLERK OF THE COURT**

5197229\_1.DOC

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

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**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.**

**The Petitioners**

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**APPROVAL AND VESTING ORDER  
(R7 – River Ridge Drive Property)**

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**FRASER MILNER CASGRAIN LLP**

Barristers and Solicitors  
15<sup>th</sup> Floor Bankers Court  
850 2 Street SW

Calgary, Alberta  
T2P 0R8

Solicitors: David W. Mann/Rebecca L. Lewis  
Telephone: (403) 268-7097/(403) 268-6354  
Facsimile: (403) 268-3100  
File: 526686-1

**SCHEDULE "D"**

Action No. 1001-07852

IN THE COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL CENTRE 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.

the Petitioners

BEFORE THE HONOURABLE  
MADAM JUSTICE K.M. HORNER  
IN CHAMBERS

)  
)  
)  
)

At the Courts Centre in the City of Calgary,  
in the Province of Alberta, on Wednesday,  
the 8<sup>th</sup> day of September, 2010

**APPROVAL AND VESTING ORDER**  
**(R7 – Saamis Drive Property)**

UPON the application of the Petitioners in these proceedings (collectively, the “**Medican Group**”); AND UPON having read the Notice of Motion of the Petitioners, dated September 3, 2010, the Affidavit of Tyrone Schneider dated September 3, 2010 (the “**Schneider Affidavit**”), the Affidavit of Ronica Cameron dated September 3, 2010 (the “**Service Affidavit**”), the

Monitor's Fifth Report, dated September 3, 2010 and such other material in the pleadings and proceedings as are deemed necessary; **AND UPON** hearing counsel for the Medican Group, the Monitor, and other interested parties; **IT IS HEREBY ORDERED AND DECLARED THAT:**

***Service***

1. The time for service of notice of this application is abridged to the time actually given and service of the Notice of Motion and supporting material as described in the Service Affidavit is good and sufficient, and this hearing is properly returnable before this Honourable Court today and further service thereof is hereby dispensed with.

2. All capitalized terms not otherwise defined in this Order shall have the meaning ascribed to them in the Initial Order, and the following terms shall have the following meaning:

(a) **"Beneficiaries of the Charges"** means the beneficiaries of the DIP Lending Charge, the Administration Charge, and the Directors' Charge;

(b) **"Net Proceeds"** means the proceeds from the sale of the Property, less amounts required to pay all reasonable and ordinary closing costs, including without limitation goods and services and other applicable sales taxes, property taxes, commissions, applicable condominium fees and legal fees and disbursements;

(c) **"Purchase and Sale Agreement"** means the agreement in writing respecting the sale of the Property (as herein defined) from the Medican Group to the Purchaser; and

(d) **"Purchaser"** means Vladimir Goncar.

***Approval of Sale and Vesting of the Saamis Drive Property***

3. The sale of the Saamis Drive Property being the lands legally described as:

CONDOMINIUM PLAN 051037  
UNITS 40 AND 118  
AND THEIR RESPECTIVE UNDIVIDED 1/10,000 SHARES IN THE  
COMMON PROPERTY EXCEPTING THEREOUT ALL MINES AND  
MINERALS  
EXCEPTING THEREOUT ALL MINES AND MINERALS



and all personalty associated therewith (as further defined in the Schneider Affidavit) (the "**Property**") to the Purchaser, Vladimir Goncear, in accordance with the terms and conditions of the Purchase and Sale Agreement be and is hereby authorized and approved.

4. The Medican Group and the Monitor are hereby authorized and directed to execute all deeds, documents, and agreements, and to do all things reasonably necessary to complete the sale of the Property and carry out the terms of this Order

5. Upon the Monitor delivering a certificate (the "Monitor's Certificate") certifying that the sale of the Property has closed substantially in accordance with the terms of the Purchase and Sale Agreement and all purchase monies due and owing in respect of such sale have been tendered to the Medican Group then:

- (a) the Property, as legally described above, shall be vested in the name of Vladimir Goncear free of all estate, right, title, interest, royalty, rental, and equity of redemption of the Medican Group and all persons who claim by, through or under the Medican Group in respect of the Property, other than permitted encumbrances expressly set forth in the Purchase and Sale Agreement;
- (b) the Medican Group and all persons who claim by, through or under the Medican Group shall stand absolutely barred and foreclosed from all estate, right, title, interest, royalty, rental, and equity of redemption of the Property and, to the extent that any such person remains in possession or control of any of the Property, they shall forthwith deliver possession of same to the Purchaser or its nominee;
- (c) the Purchaser shall be entitled to enter into and upon, hold and enjoy the Property for its own use and benefit without any interference of or by the Medican Group, or any person claiming by or through or against the Medican Group and/or any of the Property; and
- (d) the Registrar of Land Titles of Southern Alberta shall discharge all encumbrances (except Permitted Encumbrances) listed in the Purchase and Sale Agreement in

respect of the Property and shall register the Property in the name of Vladimir Goncear.

6. The Medican Group is authorized and empowered, in respect of the Property, to execute and deliver: (a) such additional, related and ancillary documents and assurances governing or giving effect to the sale of the Property, which, in the Medican Group's discretion are reasonably necessary or advisable to conclude the transactions contemplated in or in furtherance of the purchase of the Property and/or this Order; and (b) any and all instruments and documents in respect of the Property as may be required by the Registrar of the Land Titles Office of Alberta or deemed necessary by the Medican Group, and the Registrar is hereby directed, notwithstanding section 191(1) of the *Land Titles Act* (Alberta) to effect registration of any such instrument or document so executed by the Medican Group or its solicitors.

7. Upon the filing of the Monitor's Certificate, the Monitor may discharge, or authorize the discharge of, any security registration or registrations in the Personal Property Registry of the Province where the Property is located as may be required to properly convey clear title of the Property to the Purchaser.

8. Until further Order of the Honourable Court, counsel to the Medican Group, Fraser Milner Casgrain LLP, shall hold all Net Proceeds in trust and such Net Proceeds shall stand in the place and stead of the Property transferred pursuant to this Order, and all claims of whatsoever nature or kind, including without limitation, all liens, claims, encumbrances, mortgages, proprietary claims, trust claims, lease claims, royalty claims, and other interests (the "**Claims**") shall attach solely to the Net Proceeds with the same validity, priority and in the same amounts and subject to the same defences that were or may have been available when the Claims were attached to the property itself.

9. Notwithstanding paragraph 8 of this Order, the Monitor is authorized, in its sole discretion and as it deems necessary or appropriate, to direct that any or all of the Net Proceeds be paid to valid and enforceable claims that exist in respect of the Net Proceeds; provided however, that adequate provision has been made for the Beneficiaries of the Charges.

10. Any provision made for the Beneficiaries of the Charges by the Monitor pursuant to paragraph 9 hereof shall be done with the consent of the Beneficiaries of the Charges and shall be without prejudice to any subsequent application to allocate Charges pursuant to paragraph 43 of the Initial Order.

***Miscellaneous***

11. The transfer of Property made pursuant to the provisions of this Order shall be valid and enforceable and not be rendered invalid or unenforceable and the rights and remedies of the parties thereto shall not otherwise be limited or impaired in any way by: (i) the pendency of these proceedings and the declaration of insolvency made herein; (ii) any Bankruptcy Order sought or issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) (“**BIA**”) in respect of any of the Petitioners; or (iii) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of encumbrances, contained in any existing agreement, lease, sub-lease, offer to lease or other arrangement which binds any of the Petitioners (a “**Third Party Agreement**”), and notwithstanding any provision to the contrary in any Third Party Agreement:

- (a) neither the Purchase and Sale Agreement nor any transaction contemplated hereby or coordinated therewith shall create or be deemed to constitute a breach by any of the Petitioners of any Third Party Agreement to which they are a party; and
- (b) the Purchaser shall not have liability to any person whatsoever as a result of any breach of any Third Party Agreement cause by or resulting from the creation, execution, delivery or performance of the Purchase and Sale Agreement or any transaction contemplated hereby or coordinated therewith.

12. Notwithstanding (i) the pendency of these proceedings and the declaration of insolvency made herein, (ii) any Bankruptcy Order sought or issued pursuant to the BIA in respect of any of the Petitioners, and (iii) the provisions under the BIA, or any other applicable federal or provincial legislation or common law, the Purchase and Sale Agreement or any transaction contemplated hereby or coordinated therewith shall constitute legal, valid and binding obligations of the Petitioners enforceable against them in accordance with the terms thereof, and neither the Purchase and Sale Agreement nor any transaction contemplated hereby or

coordinated therewith will be void or voidable at the instance of creditors and claimants and do not constitute nor shall they be deemed to constitute settlements, fraudulent preferences, assignments, fraudulent conveyances, oppressive conduct, or other reviewable transactions under the BIA, or any other applicable federal or provincial legislation or common law.

13. The Medican Group, the Monitor, the Purchaser, or any interested party may apply to this Court for advice and direction on notice to any party likely to be affected by the Order sought or on such notice as this Court directs.

14. The Medican Group shall serve, by courier, facsimile transmission, e-mail transmission, or ordinary post, a copy of this Order on all parties present at this application and on all parties who received notice of this application or who are presently on the service list established in these proceedings, and service on any or all other parties is hereby dispensed with. Service affected as aforesaid shall be good and sufficient service.

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**J.C.Q.B.A.**

**ENTERED** this \_\_\_\_\_ day of  
September, 2010

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**CLERK OF THE COURT**

5197198\_1.DOC

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

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**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.**

**The Petitioners**

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**APPROVAL AND VESTING ORDER  
(R7 – Saamis Drive Property)**

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**FRASER MILNER CASGRAIN LLP**

Barristers and Solicitors  
15<sup>th</sup> Floor Bankers Court  
850 2 Street SW

Calgary, Alberta  
T2P 0R8

Solicitors: David W. Mann/Rebecca L. Lewis  
Telephone: (403) 268-7097/(403) 268-6354  
Facsimile: (403) 268-3100  
File: 526686-1

**SCHEDULE "E"**

Action No. 1001 - 07852

IN THE COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL CENTRE 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.~~

**the Petitioners**

BEFORE THE HONOURABLE  
MADAM JUSTICE K.M. HORNER  
IN CHAMBERS

)  
)  
)  
)

At the Courts Centre in the City of Calgary,  
in the Province of Alberta, on Wednesday,  
the 8<sup>th</sup> day of September, 2010

**ORDER**

**(MacDonald Charge – Terwillegar Project, Phase 1)**

UPON the application of the Petitioners in these proceedings (collectively, the “**Medican Group**”); AND UPON having read the Notice of Motion of the Petitioners, dated September 3, 2010, the Affidavit of Tyrone Schneider, dated September 3, 2010 (the “**Schneider Affidavit**”),

the Affidavit of Ronica Cameron, dated September 3, 2010 (the “**Service Affidavit**”), and such other material in the pleadings and proceedings as deemed necessary; **AND UPON** hearing counsel for the Medican Group, counsel for Macdonald Terwillegar Properties Ltd. (“**Macdonald**”), counsel for the Monitor, and other interested parties; **AND UPON NOTING** that the holders of the DIP Lender’s Charge, the Administration Charge, and the Directors’ Charge all consent to the relief sought hereunder; **IT IS HEREBY ORDERED AND DECLARED THAT:**

*Service*

1. The time for service of notice of this application is abridged to the time actually given and service of the Notice of Motion and supporting material as described in the Service Affidavit is good and sufficient, and this hearing is properly returnable before this Honourable Court today and further service thereof is hereby dispensed with.

~~2. All capitalized terms not otherwise defined in this Order shall have the meaning ascribed to them in the Initial Order granted in these proceedings on May 26, 2010 (the “**Initial Order**”).~~

*Approval of the Macdonald Loan Amendment*

3. The loan amending letter among Macdonald, Medican (Edmonton Terwillegar) Developments Inc. (“**Medican Terwillegar**”) and Medican Holdings Ltd. dated September 3, 2010, amending a commitment letter among Macdonald, Medican Terwillegar and Medican Holdings Ltd. dated September 29, 2009, and attached as Exhibit “A” to the Schneider Affidavit (the “**Macdonald Loan Amendment**”) is hereby approved.

4. The Medican Group and the Monitor are hereby authorized and directed to do all things reasonably necessary to implement, and perform all of their respective obligations under, the Macdonald Loan Amendment.

*Approval of the Macdonald Charge*

5. As security for monies advanced by Macdonald to the Medican Group pursuant to the Macdonald Loan Amendment, a super-priority charge is hereby granted on all of the undertaking, property and assets, and any proceeds arising therefrom, of Medican Terwillegar used on, in, or in connection with Phase 1 of the development project known as Axxess

Terwillegar in Edmonton, Alberta (the “**Terwillegar Project (Phase I)**”) in favour of Macdonald (the “**Macdonald Charge**”) ranking in priority to the DIP Lender’s Charge, the Administration Charge, and the Directors’ Charge, and subject only to the distribution scheme set forth below in this Order.

6. Net closing proceeds from the condominium units of the Terwillegar Project (Phase I) shall be distributed as follows:

- (a) firstly, to Macdonald in repayment of all monies advanced by Macdonald pursuant to the provisions of the Macdonald Loan Amendment, to a maximum principal amount of two hundred thousand dollars (\$200,000) plus interest thereon, at the rate charged pursuant to the existing security granted to Macdonald as against the Terwillegar Project (Phase 1);
- (b) secondly, upon repayment of all monies advanced by Macdonald pursuant to subparagraph 6(a), the sum of eight thousand, five hundred dollars (\$8,500) from each condominium sale, to a maximum aggregate amount of six hundred twenty thousand, five hundred dollars (\$620,500) will be paid to Fraser Milner Casgrain LLP, the solicitors for the Medican Group, and held, pending allocation pursuant to paragraph 11 hereof, in a separate trust account for the benefit of (i) the holders of the DIP Lender’s Charge, the Administration Charge, and the Directors’ Charge, and (ii) all other parties having an interest in any portion thereof not allocated to the DIP Lender’s Charge, the Administration Charge and the Directors’ Charge, including the holders of any charges upon the Terwillegar Project (Phase 1) who are not otherwise fully paid from sale proceeds received in accordance with this paragraph 6;
- (c) thirdly, from each condominium unit of the Terwillegar Project (Phase 1) sold, funds will be paid to MCAP Financial Corporation (“**MCAP**”) to reduce the outstanding principal, interest, fees and charges owing pursuant to the existing security granted to MCAP as against the Terwillegar Project (Phase 1) until such time as MCAP is fully repaid;



- (d) fourthly, a sum equivalent to five thousand, five hundred dollars (\$5,500) in respect of each condominium unit of the Terwillegar Project (Phase 1) sold (the “**Holdback**”) will be held in trust by Ogilvie LLP pending agreement between MCAP and Monarch Land Ltd. (“**Monarch**”) or court order regarding entitlement to priority between MCAP and Monarch to the Holdback;
- (e) fifthly, following full repayment of MCAP as set out in paragraph 6(c) and Ogilvie LLP retaining the Holdback pursuant to paragraph 6(d), funds from each condominium unit of the Terwillegar Project (Phase 1) sold will be paid to Macdonald to reduce the outstanding principal, interest, fees and charges owing pursuant to the existing security granted to Macdonald as against the Terwillegar Project (Phase 1) until such time as Macdonald is fully repaid;
- (f) sixthly, the balance of the funds will be paid in favour of the valid and enforceable charges against the Terwillegar Project (Phase 1), in accordance with their lawful priority; and
- (g) once all valid and enforceable charges against the Terwillegar Project (Phase 1) are paid, the remaining sales proceeds will be held in trust by Fraser Milner Casgrain LLP until further order of this Court.

***Miscellaneous***

7. MCAP is hereby authorized and directed to pay and apply the cash security deposited in trust with its solicitors, Messrs. Kennedy Agrios LLP, pursuant to a certain Mortgage Renewal and Amending Agreement dated November 27, 2009 among Medican Terwillegar, MCAP, Medican Holdings Ltd. and R7 Investments Ltd. in the amount of \$650,000.00, together with any interest earned while so deposited, against the outstanding principal, interest, fees and charges owing pursuant to MCAP's existing security granted to MCAP as against the Terwillegar Project (Phase 1).

8. The Macdonald Loan Amendment and the Macdonald Charge shall be valid and enforceable and not be rendered invalid or unenforceable and the rights and remedies of the parties thereto shall not otherwise be limited or impaired in any way by: (i) the pendency of

these proceedings and the declaration of insolvency made herein; (ii) any Bankruptcy Order sought or issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) (the “BIA”) in respect of any of the Medican Group or any assignment in bankruptcy made or deemed to be made in respect of any of the Medican Group; or (iii) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of encumbrances, contained in any existing agreement, lease, sub-lease, offer to lease or other arrangement which binds any of the Medican Group (a “**Third Party Agreement**”), and notwithstanding any provision to the contrary in any Third Party Agreement:

- (a) neither the creation of the Macdonald Loan Amendment, the creation of the Macdonald Charge, nor the execution, delivery or performance of the Macdonald Loan Amendment shall create or be deemed to constitute a breach by any of the Medican Group of any Third Party Agreement to which it is a party; and
- (b) the parties to the Macdonald Loan Amendment shall not have liability to any person whatsoever as a result of any breach of any Third Party Agreement caused by or resulting from the creation of the Macdonald Charge or the execution, delivery or performance of the Macdonald Loan Amendment.

9. Notwithstanding: (i) the pendency of these proceedings and the declaration of insolvency made in these proceedings, (ii) any Bankruptcy Order sought or issued pursuant to the BIA in respect of any of the Applicants or any assignment in bankruptcy made or deemed to be made in respect of any of the Applicants, and (iii) the provisions of any federal or provincial statute, the Macdonald Loan Amendment and the Macdonald Charge shall constitute legal, valid and binding obligations of the Medican Group enforceable against them in accordance with the terms thereof, and the payments made by the parties pursuant to this Order, the Macdonald Loan Amendment, or the Macdonald Charge do not and will not constitute settlements, fraudulent preferences, fraudulent conveyances or other challengeable or reviewable transactions or conduct meriting an oppression remedy under any applicable law, and shall not constitute advances under the *Builders' Liens Act* (Alberta) nor be subject to any builder's lien registered at the date of this Order or thereafter.

10. Notwithstanding any other provision of this Order, the rights and remedies of the parties under the Macdonald Loan Amendment shall be subject to the terms of this Order, the Initial Order, including the stay of proceedings, and all other Orders made in these proceedings.

11. The reserve of proceeds for the benefit of the DIP Lender's Charge, the Administration Charge, and the Directors' Charge set forth in subparagraph 6(b) shall be without prejudice to any subsequent application to allocate Charges pursuant to paragraph 43 of the Initial Order. To the extent there are funds remaining in the reserve after allocation to the DIP Lender's Charge, the Administration Charge and the Directors' Charge, such funds are to be paid in accordance with subparagraphs 6(f) and (g).

12. No action or proceeding may be commenced against a party to the Macdonald Loan Amendment by reason of any such party having entered into the Macdonald Loan Amendment or having performed the obligations thereunder without leave of this Court having been obtained on seven days' notice to such party, the Medican Group, and the Monitor.

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13. The Medican Group, Macdonald, MCAP, Monarch and the Monitor or any party to the Macdonald Loan Amendment are at liberty to apply for such further advice, assistance and direction as may be necessary to give full force and effect to the terms of this Order.

14. The Medican Group shall serve, by courier, facsimile transmission, e-mail transmission, or ordinary post, a copy of this Order on all parties present at this application and on all parties

who received notice of this application or who are presently on the service list established in these proceedings, and service on any or all other parties is hereby dispensed with. Service effected as aforesaid shall be good and sufficient service.

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J.C.Q.B.A.

**CONSENTED TO THIS \_\_\_\_ DAY OF SEPTEMBER, 2010**

**FRASER MILNER CASGRAIN LLP**

Per: \_\_\_\_\_  
David W. Mann  
Solicitors for the Petitioners

**MACLEOD DIXON LLP**

Per: \_\_\_\_\_  
Howard A. Gorman  
Solicitors for RSM Richter Inc.

**KENNEDY AGRIOS LLP**

Per: \_\_\_\_\_  
Richard H. Kennedy  
Solicitors for MCAP Financial Corporation

**MILES DAVISON LLP**

Per: \_\_\_\_\_  
Terry Czechowskyj  
Solicitors for Monarch Land Ltd.

**FRASER MILNER CASGRAIN LLP**

Per: \_\_\_\_\_  
Christopher Ramsey  
Solicitors for Macdonald Terwillegar Properties Ltd.

**ENTERED this \_\_\_\_ day of September, 2010**

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**CLERK OF THE COURT**

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

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**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.**

The Petitioners

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**ORDER**

**(MACDONALD CHARGE – TERWILLEGAR PROJECT, PHASE 1)**

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**FRASER MILNER CASGRAIN LLP**

Barristers and Solicitors  
15<sup>th</sup> Floor Bankers Court  
850 2 Street SW

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Calgary, Alberta  
T2P 0R8

Solicitors: David W. Mann/Rebecca L. Lewis  
Telephone: (403) 268-7097/(403) 268-6354  
Facsimile: (403) 268-3100  
File: 526686-1

**SCHEDULE "F"**

Action No. 1001-07852

IN THE COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL CENTRE 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.

the Petitioners

BEFORE THE HONOURABLE  
MADAM JUSTICE K.M. HORNER  
IN CHAMBERS

)  
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)  
)

At the Courts Centre in the City of Calgary,  
in the Province of Alberta, on Wednesday,  
the 8<sup>th</sup> day of September, 2010

**ORDER**

**(Bid Procedure Order re: Phases 4, 5, 6 & 7 of the Kaleido Project)**

UPON the application of the Petitioners in these proceedings (collectively, the “**Medican Group**”); AND UPON having read the Notice of Motion of the Petitioners, dated September 3, 2010, the Affidavit of Tyrone Schneider, sworn September 3, 2010 (the “**Schneider Affidavit**”), to be filed; the Fifth Report of the Monitor, dated September 3, 2010, the Affidavit of Ronica

Cameron, sworn September 3, 2010 (the “**Service Affidavit**”), to be filed; and such other material in the pleadings and proceedings as deemed necessary; **AND UPON** hearing counsel for the Medican Group, counsel for the Monitor, and other interested parties; **IT IS HEREBY ORDERED AND DECLARED THAT:**

*Service*

1. The time for service of notice of this application is abridged to the time actually given and service of the Notice of Motion and supporting material as described in the Service Affidavit is good and sufficient, and this hearing is properly returnable before this Honourable Court today and further service thereof is hereby dispensed with.
2. All capitalized terms not otherwise defined in this Order shall have the meaning ascribed to them in the Initial Order granted in these proceedings on May 26, 2010 (the “**Initial Order**”).

*Approval of the Sales Procedure and Solicitation Process*

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3. The sales procedures and solicitation process in the form attached as Schedule “A” to this Order (the “**Sales Procedure**”) be and is hereby approved and the Medican Group and the Monitor are hereby authorized and directed to implement the Sales Procedure and do all such things as are reasonably necessary to conduct and give full effect to the Sales Procedure and carry out their respective obligations thereunder.

*Miscellaneous*

4. The Sales Procedure may be altered or amended by the Monitor in a non-substantive manner to give full or better effect to the sales procedure approved hereby.
5. The Medican Group shall serve, by courier, facsimile transmission, e-mail transmission, or ordinary post, a copy of this Order on all parties present at this application and on all parties

who received notice of this application or who are presently on the service list established in these proceedings, and service on any or all other parties is hereby dispensed with. Service effected as aforesaid shall be good and sufficient service.

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**J.C.Q.B.A.**

**ENTERED** this \_\_\_\_ day of September, 2010

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**CLERK OF THE COURT**



Action No. 1001-07852

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

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**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.**

The Petitioners

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**ORDER**

**(Bid Procedure Order Re: Phases 4, 5, 6 & 7 Of The Kaleido Project)**

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**FRASER MILNER CASGRAIN LLP**

Barristers and Solicitors  
15<sup>th</sup> Floor Bankers Court  
850 2 Street SW

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File: 526686-1

**SCHEDULE "G"**

Action No. 1001-07852

IN THE COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL CENTRE 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.~~

the Petitioners

BEFORE THE HONOURABLE  
MADAM JUSTICE K.M. HORNER  
IN CHAMBERS

)  
)  
)  
)

At the Courts Centre in the City of Calgary,  
in the Province of Alberta, on Wednesday,  
the 8<sup>th</sup> day of September, 2010

**APPROVAL AND VESTING ORDER**  
**(Harvest Group – Hatview Lands - Cimarron Project)**

UPON the application of the Petitioners in these proceedings (collectively, the “**Medican Group**”); AND UPON having read the Notice of Motion of the Petitioners, dated September 3, 2010, the Affidavit of Tyrone Schneider dated September 3, 2010, the Affidavit of Ronica Cameron dated September 3, 2010 (the “**Service Affidavit**”), the Monitor’s Fifth Report, dated

September 3, 2010 and such other material in the pleadings and proceedings as are deemed necessary; **AND UPON** hearing counsel for the Medican Group, the Monitor, and other interested parties; **IT IS HEREBY ORDERED AND DECLARED THAT:**

*Service*

1. The time for service of notice of this application is abridged to the time actually given and service of the Notice of Motion and supporting material as described in the Service Affidavit is good and sufficient, and this hearing is properly returnable before this Honourable Court today and further service thereof is hereby dispensed with.

2. All capitalized terms not otherwise defined in this Order shall have the meaning ascribed to them in the Initial Order, and the following terms shall have the following meaning:

- (a) **“Beneficiaries of the Charges”** means the beneficiaries of the DIP Lending Charge, the Administration Charge, and the Directors’ Charge;

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- (b) **“Development Project Management Agreement”** means the agreement in writing respecting the management of the Property (as herein defined);
- (c) **“Memorandum of Understanding”** means the memorandum of understanding among the Medican Group and the Purchaser (as herein defined) respecting the Property (as herein defined);
- (d) **“Purchase and Sale Agreement”** means the agreement in writing respecting the sale of the Property (as herein defined) from the Medican Group to the Purchaser; and
- (e) **“Purchaser”** means Harvest Group Limited Partnership, by its general partner, Harvest Group GP Corporation.

*Approval of Sale and Vesting of the Cimarron Lands*

3. The participation of the Medican Group and the Purchaser in the development of the Cimarron Project as outlined in the Memorandum of Understanding, attached as Exhibit “J” to the Schneider Affidavit, be and is hereby authorized and approved.

4. The management agreement among the Medican Group and the Purchaser outlined in the Development Project Management Agreement, attached as Exhibit "K" to the Schneider Affidavit, be and is hereby authorized and approved.

5. The sale of the Hatview Lands being legally described as:

PLAN 0614556  
BLOCK 1  
LOT 1  
EXCEPTING THEREOUT ALL MINES AND MINERALS  
AREA: 11.84 HECTARES (29.26 ACRES) MORE OR LESS

PLAN 0810982  
BLOCK 1  
LOT 2  
EXCEPTING THEREOUT ALL MINES AND MINERALS  
AREA: 12.43 HECTARES (30.72 Acres) more or less

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and all personalty associated therewith (as defined in the Monitor's Fifth Report) (the "Property") to the Purchaser in accordance with the terms and conditions of the Purchase and Sale Agreement, as attached as Exhibit "L" to the Schneider Affidavit, be and is hereby authorized and approved.

6. The Medican Group and the Monitor are hereby authorized and directed to execute all deeds, documents, and agreements, and to do all things reasonably necessary to give effect to the Memorandum of Understanding and the Development Project Management Agreement, and to complete the sale of the Property and carry out the terms of this Order.

7. Upon the Monitor delivering a certificate (the "Monitor's Certificate") certifying that the sale of the Property has closed substantially in accordance with the terms of the Purchase and Sale Agreement and all purchase monies due and owing in respect of such sale have been tendered to the Medican Group, including without limiting the foregoing, the receipt of the sum of \$295,000 to be paid for the benefit of the Beneficiaries of the Charges, then:

- (a) the Property shall be vested in the name of Harvest Group GP Corporation free of all estate, right, title, interest, royalty, rental, and equity of redemption of the Medican Group and all persons who claim by, through or under the Medican

Group in respect of the Property, other than permitted encumbrances expressly set forth in the Purchase and Sale Agreement;

- (b) the Medican Group and all persons who claim by, through or under the Medican Group shall stand absolutely barred and foreclosed from all estate, right, title, interest, royalty, rental, and equity of redemption of the Property and, to the extent that any such person remains in possession or control of any of the Property, they shall forthwith deliver possession of same to the Purchaser or its nominee;
- (c) the Purchaser shall be entitled to enter into and upon, hold and enjoy the Property for its own use and benefit without any interference of or by the Medican Group, or any person claiming by or through or against the Medican Group and/or any of the Property; and
- (d) the Registrar of the South Alberta Land Registration District shall discharge all encumbrances (except Permitted Encumbrances listed in the Purchase and Sale Agreement) in respect of that Property and shall register the Property in the name of Harvest Group GP Corporation.

8. The Medican Group is authorized and empowered, in respect of the Property, to execute and deliver: (a) such additional, related and ancillary documents and assurances governing or giving effect to the sale of the Property, which, in the Medican Group's discretion are reasonably necessary or advisable to conclude the transactions contemplated in or in furtherance of the purchase of the Property and/or this Order; and (b) any and all instruments and documents in respect of the Property as may be required by the Registrar of the Land Titles Office of Alberta or deemed necessary by the Medican Group, and the Registrar is hereby directed, notwithstanding section 191(1) of the *Land Titles Act* (Alberta) to effect registration of any such instrument or document so executed by the Medican Group or its solicitors.

9. Upon the filing of the Monitor's Certificate, the Monitor may discharge, or authorize the discharge of, any security registration or registrations in the Personal Property Registry of the

Province where the Property is located as may be required to properly convey clear title of the Property to the Purchaser.

10. Any provision made for the Beneficiaries of the Charges by the Monitor pursuant to paragraph 11 hereof shall be done with the consent of the Beneficiaries of the Charges and shall be without prejudice to any subsequent application to allocate Charges pursuant to paragraph 43 of the Initial Order.

*Miscellaneous*

11. Any conveyance or transfer of Property made pursuant to the provisions of this Order shall be valid and enforceable and not be rendered invalid or unenforceable and the rights and remedies of the parties thereto shall not otherwise be limited or impaired in any way by: (i) the pendency of these proceedings and the declaration of insolvency made herein; (ii) any Bankruptcy Order sought or issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) (“**BIA**”) in respect of any of the Petitioners; or (iii) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of encumbrances, contained in any existing agreement, lease, sub-lease, offer to lease or other arrangement which binds any of the Petitioners (a “**Third Party Agreement**”), and notwithstanding any provision to the contrary in any Third Party Agreement:

- (a) neither the Purchase and Sale Agreement nor any transaction contemplated hereby or coordinated therewith shall create or be deemed to constitute a breach by any of the Petitioners of any Third Party Agreement to which they are a party; and
- (b) the Purchaser shall not have liability to any person whatsoever as a result of any breach of any Third Party Agreement cause by or resulting from the creation, execution, delivery or performance of the Purchase and Sale Agreement or any transaction contemplated hereby or coordinated therewith.

12. Notwithstanding (i) the pendency of these proceedings and the declaration of insolvency made herein, (ii) any Bankruptcy Order sought or issued pursuant to the BIA in respect of any of the Petitioners, and (iii) the provisions under the BIA, or any other applicable federal or provincial legislation or common law, the Purchase and Sale Agreement or any transaction

contemplated hereby or coordinated therewith shall constitute legal, valid and binding obligations of the Petitioners enforceable against them in accordance with the terms thereof, and neither the Purchase and Sale Agreement nor any transaction contemplated hereby or coordinated therewith will be void or voidable at the instance of creditors and claimants and do not constitute nor shall they be deemed to constitute settlements, fraudulent preferences, assignments, fraudulent conveyances, oppressive conduct, or other reviewable transactions under the BIA, or any other applicable federal or provincial legislation or common law.

13. The Medican Group, the Monitor, the Purchaser, or any interested party may apply to this Court for advice and direction on notice to any party likely to be affected by the Order sought or on such notice as this Court directs.

14. The Medican Group shall serve, by courier, facsimile transmission, e-mail transmission, or ordinary post, a copy of this Order on all parties present at this application and on all parties who received notice of this application or who are presently on the service list established in these proceedings, and service on any or all other parties is hereby dispensed with. Service affected as aforesaid shall be good and sufficient service.

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**J.C.Q.B.A.**

**ENTERED** this \_\_\_\_\_ day of  
September, 2010

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**CLERK OF THE COURT**

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**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.**

The Petitioners

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**APPROVAL AND VESTING ORDER  
(Harvest Group – Hatview Lands - Cimarron Project)**

---

**FRASER MILNER CASGRAIN LLP**

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Facsimile: (403) 268-3100  
File: 526686-1



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

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**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.**

**The Petitioners**

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**NOTICE OF MOTION**

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**FRASER MILNER CASGRAIN LLP**

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