

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.

I hereby certify this to be a true and correct copy of the original Order
Dated this 30 day of Sept 2010
[Signature]
for Clerk of the Court

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
) 30th day of September, 2010

APPROVAL AND VESTING ORDER
(Axxess Sylvan Lake - Phase 2 & 3)

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 27, 2010, the Affidavit of Tyrone Schneider dated September 27, 2010, the Affidavit of Ronica Cameron dated September 30, 2010, to be filed (the "Service Affidavit"), the Monitor's Sixth Report, dated September 27, 2010 and such other material in the pleadings and proceedings as

are deemed necessary; **AND UPON** the Monitor conducting the bid procedure outlined in the Order of the Honourable Madam Justice Horner dated July 29, 2010 (the “**Bid Procedure**”); **AND UPON** noting that the Monitor did not receive any bids; **AND UPON** the Monitor discharging its obligations under the Bid Procedure, **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; and
- (b) “**Purchaser**” means Monarch Land Ltd., or its nominee.

Approval of Sale and Vesting of the Axxess Sylvan Lake Lands

3. The conveyance of the Axxess Sylvan Lake lands, being legally described as:

CONDOMINIUM PLAN 0827218
UNIT 2 AND 3
AND THE RESPECTIVE UNDIVIDED ONE TEN THOUSANDTH SHARES
IN THE COMMON PROPERTY
EXCEPTING THEREOUT ALL MINES AND MINERALS

and all personalty associated therewith (as defined in the Monitor’s Sixth Report) (the “**Property**”) to the Purchaser 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 conveyance of the Property and carry out the terms of this Order.

5. Upon the Monitor delivering a certificate (the “**Monitor’s Certificate**”) certifying that: (i) the transfer of the Property to the Purchaser has been tendered, (ii) the Purchaser has acknowledged the reduction of the principal amount owing by the Medican Group to the Purchaser by the sum of \$690,000, and (iii) the sum of \$34,500 for the benefit of the Beneficiaries of the Charges, as herein provided, have been tendered to the Medican Group, then:

- (a) the Property shall be vested in the name of the Purchaser 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 whose interests are subordinate to those of the Purchaser by virtue of its security on the Property, subject only to the permitted encumbrances outlined in Schedule “A” of this Order (the “**Permitted Encumbrances**”);
- (b) the Medican Group and all persons who claim by, through or under the Medican Group in respect of the Property whose interests are subordinate to those of the Purchaser, save and except the Permitted Encumbrances, by virtue of its security on the Property 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 in respect of the Property whose interests are subordinate to those of the Purchaser by virtue of its security on the Property; and
- (d) the Registrar of the Land Titles Office of Alberta shall discharge all encumbrances in respect of the Property whose interests are subordinate to those of the Purchaser by virtue of its security on the Property in respect of that

Property, save and except the Permitted Encumbrances, and shall register the Property in the name of the Purchaser.

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 conveyance 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 transfer 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. The sum of \$34,500 standing to the benefit of the Beneficiaries of the Charges pursuant to paragraph 5 hereof shall: (a) be held as replacement security in favour of the Beneficiaries of the Charges, which Charges shall, upon the Monitor's Certificate being filed, be extinguished as against the Properties, and Purchaser is hereby granted a security interest against the said sum held in trust, in priority to all other charges save and except for the DIP Lender's Charge, the Administration Charge and the Directors' Charge; (b) be maintained in an interest bearing trust account with the Petitioner's counsel, Fraser Milner Casgrain LLP; (c) not disbursed without agreement of the Purchaser and the Beneficiaries of the Charges or further order of this Court; and (d) be without prejudice to any subsequent application to allocate Charges pursuant to paragraph 43 of the Initial Order.

Miscellaneous

9. 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) the transaction contemplated hereby shall not 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 any transaction contemplated hereby.

10. 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 transaction contemplated hereby shall constitute legal, valid and binding obligations of the Petitioners enforceable against them in accordance with the terms thereof, and no transaction contemplated herein 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.

11. The Medican Group and the Monitor are hereby discharged of any further obligations under the Bid Procedure and are released from any further liabilities with respect to the Bid Procedure.

12. 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.

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 affected as aforesaid shall be good and sufficient service.

ENTERED this 30 day of
September, 2010

A. J. J. J. J.

CLERK OF THE COURT



"K.M. Horner"

J.C.Q.B.A.

SCHEDULE "A"
PERMITTED ENCUMBRANCES

Permitted Encumbrances for lands legally described as:

CONDOMINIUM PLAN 0827218

UNIT 2

AND THE RESPECTIVE UNDIVIDED ONE TEN THOUSANDTH SHARES
IN THE COMMON PROPERTY

EXCEPTING THEREOUT ALL MINES AND MINERALS

<u>Registration Number</u>	<u>Registration</u>
752 118 956	Utility Right of Way Grantee – Atco Gas and Pipeline Ltd.
082 373 300	Utility Right of Way Grantee – Axxess (Sylvan Lake) Developments Ltd.
092 057 393	Utility Right of Way Grantee – FortisAlberta Inc.

Permitted Encumbrances for lands legally described as:

CONDOMINIUM PLAN 0827218

UNIT 3

AND THE RESPECTIVE UNDIVIDED ONE TEN THOUSANDTH SHARES
IN THE COMMON PROPERTY

EXCEPTING THEREOUT ALL MINES AND MINERALS

<u>Registration Number</u>	<u>Registration</u>
752 118 956	Utility Right of Way Grantee – Atco Gas and Pipeline Ltd.
892 187 954	Utility Right of Way Grantee – Alberta Government Telephones
082 373 300	Utility Right of Way Grantee – Axxess (Sylvan Lake) Developments Ltd.
092 057 385	Utility Right of Way Grantee – The Town of Sylvan Lake
092 057 393	Utility Right of Way Grantee – FortisAlberta Inc.

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1985, c. C-36, AS AMENDED AND *THE JUDICATURE ACT*, R.S.A. 2000, c. J-2, AS
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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., 1144233 ALBERTA LTD., 1344241 ALBERTA LTD., 9150-3755
QUEBEC INC., AXXESS (GRANDE PRAIRIE) DEVELOPMENTS LTD., AXXESS
(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

**APPROVAL AND VESTING ORDER
(Axxess Sylvan Lake – Phase 2 & 3)**

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