

RSM Richter

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

RSM Richter Inc.
Calgary, July 27, 2010

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

TABLE OF CONTENTS

INTRODUCTION.....	2
Purpose of this Report	2
Terms of Reference	3
Currency	3
BACKGROUND	3
COMPANY'S ACTIVITIES.....	4
CLAIMS PROCESS	5
DEVELOPMENT PROJECTS.....	6
The Legend (Winnipeg) Developments Ltd. ("Legend")	6
Medican (Red Deer – Michener Hill) Developments Ltd. ("Michener")	7
Sanderson of Fish Creek (Calgary) Developments Ltd. ("Sanderson")	8
Sonata Ridge (Kelowna) Developments Ltd. ("Sonata Ridge")	12
Medican (Edmonton Terwillegar) Developments Ltd. ("Terwillegar")	12
Canvas (Calgary) Developments Ltd.	15
Axxess (Sylvan Lake) Developments Ltd.	17
Riverstone (Medicine Hat) Developments Ltd. ("Riverstone")	19
Sitara on the Pond (Kelowna)	19
Cercle des Cantons and Kelowna Move Center	20
Medican (Westbank) Land Ltd.	21
Axxess (Grande Prairie) Developments Ltd.	23
Cimmaron (Medicine Hat)	23
Sylvan Lake Marina	24
Other Development Projects	25
EXAMINATION ORDER	25
CASH FLOW	26
DIP Financing	26
MONITOR'S ACTIVITIES	27
CONCLUSION AND RECOMMENDATION	28

INDEX OF APPENDICES

Unit sales summary “A”

Claims summary “B”

Sale Process..... “C”

Cash flow projection variance analysis “D”

Action No. 1001-07852

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

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

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

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

July 27, 2010

INTRODUCTION

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

Purpose of this Report

4. The purpose of this report ("Third Report") is to:
 - a) Provide background information about the Company;
 - b) Provide an update on the Company's restructuring efforts;
 - c) Provide a status update on certain of the Company's development projects and proposed sale processes for certain development lands;
 - d) Respectfully recommend that this Honourable Court grant orders:
 - Approving the Sale Process (defined below) in connection with the Terwillegar Project and Axxess Sylvan Lake Project, as described in this Third Report;
 - Approving the priority charges in respect of the Terwillegar Project, the Canvas Project and Phase 4A of the Sanderson Project, as described in this Third Report; and
 - Authorizing the Monitor to examine certain parties regarding the business and assets of Medican Group.

Terms of Reference

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

Currency

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

BACKGROUND

7. Medican Group is a private group of companies in the real estate construction and development business. The Company currently owns, operates and/or manages over 30 projects in British Columbia, Alberta, Manitoba and Quebec.
8. Medican Group comprises two divisions:
 - a) A residential development division ("Medican Projects") which develops condominium complexes mainly in western Canada; and
 - b) A construction division ("Medican Construction") operating as a general contractor for several customers, including Medican Projects.

9. Both Medican Projects and Medican Construction carry on business under the Medican trade name, using the same marketing and branding, the same head office and the same accounting and other administrative services.
10. Medican Projects operates two types of residential construction:
 - a) Development of residential real estate as the owner of the land and the assets being developed (“Development Project”); and
 - b) Construction of real estate projects under “Cost-Plus” contracts on behalf of third-party owners of the land on which the project is being built (“Cost-Plus Project”).
11. A Development Project and a Cost-Plus Project are sometimes referred to individually as a “Project” and collectively as the “Projects”.
12. Additional background information is included in previous materials filed with the Court in these CCAA Proceedings, including the previous reports filed by the Monitor.

COMPANY’S ACTIVITIES

13. The Company’s business has stabilized since the date of the Initial Order. In that regard, the Company has:
 - a) Implemented controls, policies and procedures;
 - b) Reduced costs with respect to labour and operating expenses;
 - c) Reviewed the viability of each of the Projects and developed disposition strategies for those Projects which do not meet the Company’s longer term business plan;
 - d) Revised its marketing strategy for many of the Development Projects. In this regard, the Company, with the Monitor’s approval, has accepted offers on 46 existing or under-construction residential condominium units (“Units”) since the date of the Initial Order. A schedule identifying these Unit sales is provided as Appendix “A”;
 - e) Met with prospective purchasers in respect of potential sales of the Company’s interests in certain Development Projects and received offers, as discussed later in this Third Report;

- f) Implemented the claims process (“Claims Process”), with the Monitor’s assistance, in accordance with an order of this Honourable Court dated June 11, 2010 (“Claims Procedure Order”);
- g) Issued a Notice by Debtor Company to Disclaim or Resiliate an Agreement on June 25, 2010 to those participants in the Company’s Investment Guaranteed Program (“IGP”);
- h) Met with the majority of its lenders; and
- i) Provided stakeholders with updates on its restructuring efforts.

CLAIMS PROCESS

- 14. The Monitor’s First Report to Court dated June 10, 2010 summarized the Company’s known obligations, including obligations with 14 secured lenders, outstanding property taxes, condominium association fees, liens, government remittances, deposits from purchasers for unsold Units and trade creditors.
- 15. The Claims Procedure Order authorized the Company to commence a claims process so it could assess claims against the Company, the Projects and their relative priority and assist the Company and its stakeholders to quantify the equity available in each Project.
- 16. Among other things, the Claims Procedure Order requires Affected Creditors (as defined in the Claims Procedure Order) to submit proofs of claims to the Monitor to be received prior to the claims bar date of 5 p.m. M.D.T. on July 30, 2010.
- 17. A summary of the claims received by the Monitor as at July 23, 2010 is provided as Appendix “B”.

DEVELOPMENT PROJECTS

18. As set out in the First Report, the Company's Development Projects generally fall under three categories: a) bare undeveloped land, which may or may not have been re-zoned and/or subject to development permits since acquired by the Company (4 Projects in total); b) partially developed land, where one or more phases of a residential/condominium complex are under construction and where Units have been or are being marketed for sale (9 Projects in total); and c) completed Development Projects with remaining owned and unsold Units (5 Projects in total).
19. Each Development Project is situated in a different location, has unique characteristics, was acquired for a particular purpose and is associated with a different group of stakeholders (lenders, trade creditors, customers/unit owners).
20. An update on the status of certain of the Development Projects is provided below.

The Legend (Winnipeg) Developments Ltd. ("Legend")

21. The Company is developing a condominium real estate project ("Legend Project") located in Winnipeg, Manitoba consisting of three phases. The Company completed and sold all Units in Phase 1 in 2008. Phase 1 is now being managed by a condominium association.
22. The Company has construction and development approvals for two additional phases of the Legend Project consisting of 56 Units each. A total of 49 Units in Phase 2 and 8 Units in Phase 3 have been sold or pre-sold.

23. Pursuant to a Court order made on June 25, 2010 (“Legend Order”), MCAP Financial Corporation (“MCAP”), Legend’s first ranking secured creditor, was given a senior Court-ordered charge for all further funding of up to \$1.853 million provided to Legend to complete construction of Phase 2.
24. MCAP has advanced approximately \$365,000 since the date of the Legend Order, which has resulted in completion of approximately 22 Units and occupancy by 8 purchasers. Phase 2 of the Legend Project has been subdivided into 56 individual Units. The sales of 41 Units in Phase 2 are scheduled to close in July, August and September, 2010 as purchasers take possession of their respective Units.
25. Legend is currently reviewing remaining costs to complete construction with MCAP. The Monitor understands that there may be certain cost overruns currently totalling approximately \$55,000 which Legend is attempting to resolve with the applicable trade suppliers and MCAP.

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

26. The project known as “Sierras of Michener Hill” is a three-phase residential Development Project located in Red Deer, Alberta, comprising 148 Units and a 38-unit duplex.
27. The Company has invested \$1.5 million in infrastructure costs and various development approvals related to the first phase. Construction is to resume if the Company receives appropriate financing.
28. The Company has pre-sold 39 of the 52 Units in Phase 1. Closing on Phase 1 Units could potentially begin February, 2011.

29. Secured debt registered by Paragon Capital Corporation (“Paragon”) and 933680 Alberta Ltd. (“933680”) against the Michener lands is estimated to total \$3.7 million.
30. As previously reported, Paragon had been approached with respect to financing construction for Phase 1. Following certain due diligence Paragon advised the Company that it is not prepared to provide further funding for this project.
31. On Friday July 23, 2010 the Company received an offer to finance the Michener Development Project (“Financing Offer”). The Financing Offer is for construction of all 148 Units and 38 duplexes and provides for an initial advance that appears sufficient to satisfy amounts owed to the secured creditors (Paragon and 933680) and to the trade suppliers for work completed to date. It is open for acceptance by Michener until July 28, 2010 and is subject to Court approval.
32. The Monitor is of the view that the Financing Offer is beneficial for the Company and its stakeholders. The Monitor will provide an analysis of and a recommendation on the Financing Offer in connection with the next Court application.

Sanderson of Fish Creek (Calgary) Developments Ltd. (“Sanderson”)

33. The project known as “Sanderson of Fish Creek” is a residential Development Project located in Calgary, Alberta consisting of five phases with a total of 352 Units (“Sanderson Project”). The Sanderson Project was established in multiple phases referred to as Phases 1, 2, 3, 4A and 4B. The Company also owns certain adjacent lands (“Church Lands”).

34. As previously reported, more than five different lenders hold various forms of security registered against the Sanderson lands and different unsold Units, along with other unsecured lenders and construction trade suppliers (some of which have registered liens). Financial obligations related to Sanderson are estimated by the Company to be at least \$60 million.

Phases 1 and 2

35. Construction on Phases 1 and 2 is substantially complete. Remaining costs to complete are estimated to be approximately \$650,000. The Company currently has 29 Units for sale and eight Units which have been sold and are subject to varying closing dates that will occur under the authority of the Court order made on June 11, 2010 (“Condominium Sale Approval and Vesting Order”) authorizing the sale of Units.
36. Of the 37 remaining Units, 33 Units are pledged to Harbour Mortgage Corp. (“Harbour”) and IMOR Capital Corp. (“IMOR”), and four Units are pledged to CIBC and IMOR. Pursuant to a memorandum of understanding dated July 19, 2010 among Sanderson, Harbour and IMOR, a protocol has been established governing, among other things, the allocation and delivery of sale proceeds upon sales of Units, utilization of the Harbour and IMOR loan reserves and the sales and marketing of the remaining Units.

Phase 3

37. The foundation (including underground parking) of Phase 3 is 60% complete; above ground construction has not yet commenced.
38. The Company has pre-sold 28 of the 75 Units in Phase 3.
39. The Company is continuing to meet with lenders with respect to construction financing.

Phase 4A

40. All of the 20 Units in Phase 4A are subject to security registrations in favour of CIBC. The Company has pre-sold but has not yet closed nine of the twenty Units in Phase 4A. The purchasers of two of these Units have requested to be released from their purchase contracts for personal reasons (illness). The Company intends to release these purchasers but will retain their deposits.
41. The Monitor understands that upon resumption of construction, Phase 4A is approximately ten weeks from completion. The Company estimates remaining construction costs to be \$1.097 million (excluding taxes).
42. On July 8, 2010, the Company received a cost to complete report ("QS Report") from Cuthbert Smith Consulting Partnership Inc. ("Cuthbert"), a quantity surveyor. The report estimated costs to complete Phase 4A to be \$1.195 million (plus GST).
43. The Company and the Monitor reviewed the QS Report. Based on the information available and on discussions with Cuthbert and the Company, the Monitor believes that the cost-to-complete estimate is reasonable.
44. The Company has reviewed the QS Report with CIBC. Similar to the circumstances with respect to the Legend Project which resulted in the Legend Order, the Company, the Monitor and CIBC are negotiating an agreement whereby CIBC would provide funding for Phase 4A on a Court-ordered priority basis to complete construction. A draft of the proposed order ("CIBC Order") is attached to the Notice of Motion for the current application. Prior to the July 29, 2010 Court hearing, the Company expects to settle the terms of the CIBC Order in substantially the same form prepared by the Company. The form of order also provides a distribution scheme with respect to Net Closing Proceeds

(as defined therein). Sales of Units would occur with the Monitor's approval and under the terms of the Condominium Sale Approval and Vesting Order.

Recommendation

45. The Monitor supports the Company's plan to complete Phase 4A as:
- There are seven confirmed Unit sales totalling approximately \$2.83 million which are expected to close upon construction completion;
 - Closing the seven units is expected to attract purchasers for the remaining Units;
 - Absent completion of the remaining units, their "as is" value is likely less than the balance owing to CIBC; and
 - There may be up to \$1.4 million of equity available to the Company, which, subject to the provisions of CIBC's security agreements and their cross-collateralization, may be available to cover estimated shortfalls in respect of other mortgages with CIBC on other development projects.

Phase 4B

46. Construction of Phase 4B has not commenced, nor has the Company begun pre-selling Units. The Company has not fully assessed its plans for the Phase 4B lands.

Church Lands

47. Monarch Land Ltd. ("Monarch") holds a mortgage against the Sanderson Project, including a charge against the Church Lands. Monarch has advised that the balance owing on its loan is \$5.8 million. Monarch's loan is cross-collateralized against other Development Projects.
48. On a confidential basis, Monarch provided the Monitor with an appraisal of the Church Lands. The Monitor has engaged an independent appraiser to review and report on the determination of fair market value in this appraisal.

49. The Company is currently seeking proposals from real estate brokerage firms to list the Church Lands for sale. The Company will review the proposals and seek approval from Monarch before selecting a realtor. Any sale would be subject to a reserve for the charges under the Initial Order and subject to approval of this Honourable Court.

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

50. The project known as “Sonata Ridge” currently consists of bare land in Lake Country, British Columbia upon which the Company had planned to construct a 213-unit condominium complex.
51. The Sonata Ridge lands were acquired with funding from Laurentian Bank of Canada (“Laurentian”), which is owed approximately \$3.8 million, and Carry Investments Ltd. (“Carry”), which is owed approximately \$3 million.
52. The Company does not intend to develop the Sonata Ridge lands. The Company has received a listing proposal and is awaiting receipt of a second proposal.
53. The proposals will be reviewed with Laurentian and Carry prior to the Sonata Ridge lands being listed for sale. Any sale would be subject to a reserve for the charges under the Initial Order and subject to approval of this Honourable Court.

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

54. The Company is developing a condominium real estate project located in Edmonton, Alberta (“Terwillegar Project”). The Company planned to complete a three-phase, 275 unit condo complex.
55. Construction of Phase 1 of the Terwillegar Project is essentially complete; 64 Units are currently for sale. Phases 2 and 3 of the Terwillegar Project have not been developed.

Phase 1

56. Phase 1 of the Terwillegar Project is financed by way of a secured lending facility with MCAP, with an estimated balance of \$8.5 million. The Phase 1 Units are subject to subsequent security registrations in favour of Monarch, with an estimated balance of \$352,000 (based on \$5,500 per Unit), and Macdonald Terwillegar Properties Ltd. (“Macdonald Terwillegar”), with an estimated balance of \$3.56 million in addition to a bonus payment of \$2.4 million upon repayment of its mortgage.
57. The Monitor has been in discussions with Macdonald Terwillegar with respect to the management of Phase 1 and the marketing program to sell the remaining Units. The Monitor has also reviewed a financial projection prepared by Macdonald Terwillegar related to the sale of Phase 1 Units. The projection reflects that:
- a) Phase 1 of the Terwillegar Project requires funding for, among other things, ongoing condominium association fees, a marketing program, deficiencies and a contingency, estimated to be \$900,000 in the aggregate; and
 - b) The Company will not be able to repay Macdonald Terwillegar the balances owing to it upon the sale of all Units.

Macdonald Terwillegar Charge

58. Similar to the circumstances with respect to the Legend Project which resulted in the Legend Order, the Company, the Monitor and Macdonald Terwillegar negotiated an agreement whereby Macdonald Terwillegar would provide funding to a maximum of \$900,000 to allow for the sale of all Phase 1 Units. The terms upon which Macdonald Terwillegar is to provide funding are set out in the Company’s draft form of Court order.

59. The form of Court order is substantially similar to the Legend Order and provides security (“Macdonald Terwillegar Charge”) to Macdonald Terwillegar for future monies to be advanced to Medican Group. The form of order also provides a distribution scheme with respect to Net Closing Proceeds (as defined therein). Sales of Units would occur with the Monitor’s approval and under the terms of the Condominium Sale Approval and Vesting Order.

Recommendation

60. The Monitor respectfully recommends that this Honourable Court approve the Macdonald Terwillegar Charge and the draft form of Court order for the following reasons:

- Selling Phase 1 Units in the ordinary course will maximize recoveries of the Terwillegar Project;
- Completing and selling all Phase 1 Units may enhance the value of Phases 2 and 3; and
- The terms of the Macdonald Terwillegar Charge are supported by the Terwillegar Project’s key stakeholders.

Phases 2 and 3

61. The Phase 2 and 3 lands are financed by way of a secured lending facility with Monarch with an estimated balance of \$5 million.
62. On a confidential basis, Monarch provided the Monitor with an appraisal of the Phase 2 and 3 lands. The appraised amount is less than the balance owing to Monarch. The Monitor has engaged an independent appraiser to review and report on the determination of fair market value in this appraisal.

63. Based on discussions with the Company and Monarch the Monitor prepared a proposed sale process (“Sale Process”) to market the Phase 2 and 3 lands. The Sale Process is summarized in Appendix “C” and more fully described in the form of Bid Procedures Order being sought by the Company. Monarch would reserve its right to credit bid for the Phase 2 and 3 lands at an amount equal to or higher than the appraised amount. Any sale would be subject to a reserve for the charges under the Initial Order and subject to approval of this Honourable Court.
64. The Monitor respectfully recommends that the Sale Process be approved in connection with the Terwillegar Project Phase 2 and 3 lands.

Canvas (Calgary) Developments Ltd.

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

Phases 1 and 2

66. As previously reported, in March, 2010, a fire partially destroyed Phases 1 and 2 of the Canvas Project. Medican Group has been retained to reconstruct this part of the complex and is working with the insurer in regards to this effort. The Company is in the process of demolishing the structures in order to prepare for a re-build.
67. Unsold Units in Phases 1 and 2 of the Canvas Project are financed by way of a secured lending facility with CIBC, with an estimated balance owing of \$2.5 million. None of the unsold 12 Units are subject to purchase agreements.

68. The Company is of the view that it is premature to market the remaining Units for sale until the demolition is completed and construction commences because of the optics associated with the current state of the property and concerns prospective purchasers may have regarding timing of completion.
69. The Company estimates that marketing should commence in the fall of 2010, at which time a listing proposal and suggested pricing will be sought from a real estate brokerage firm.

Phases 3 and 4

70. There are 32 Units complete and currently for sale in Phases 3 and 4, 13 of which have been sold but not yet closed. The unsold Units are financed by way of a secured lending facility with Macdonald Canvas Properties Ltd. ("Macdonald Canvas"), with an estimated balance of \$5.5 million (inclusive of a \$3.75 million bonus amount).
71. The Monitor has been in discussions with Macdonald Canvas with respect to the management of Phase 3 and 4 and the marketing program to sell the remaining Units. The Monitor has also reviewed a financial projection prepared by Macdonald Canvas related to the sale of Phase 3 and 4 Units. The projection reflects that:
 - a) Phase 3 and 4 of the Canvas Project require funding for, among other things, construction costs, ongoing condominium association fees, a marketing program and a contingency, estimated to be \$500,000 in the aggregate; and
 - b) The Company will not be able to repay Macdonald Canvas the balances owing to it upon the sale of all Units.

Macdonald Canvas Charge

72. The Company, the Monitor and Macdonald Canvas negotiated an agreement whereby Macdonald Canvas would provide funding to a maximum of \$500,000 to allow for the

sale of all Phase 3 and 4 Units. The terms upon which Macdonald Canvas is to provide funding are set out in the Company's draft form of Court order.

73. The form of Court order is substantially similar to the Legend Order and provides security ("Macdonald Canvas Charge") to Macdonald Canvas for future monies to be advanced to Medican Group. The form of order also provides a distribution scheme with respect to Net Closing Proceeds (as defined therein). Sales of Units would occur with the Monitor's approval and under the terms of the Condominium Sale Approval and Vesting Order.

Recommendation

74. The Monitor respectfully recommends that this Honourable Court approve the Macdonald Canvas Charge in accordance with the draft form of Court order for the following reasons:
- Selling Phase 3 and 4 Units in the ordinary course will maximize recoveries of the Canvas Project; and
 - The terms of the Macdonald Canvas Charge are consistent with the terms of other similar agreements referenced in this Third Report and, in the Monitor's view, are reasonable.

Axxess (Sylvan Lake) Developments Ltd.

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

Phase 1

76. Phase 1 of the Axxess Sylvan Lake Project is complete, with one Unit remaining to be sold. CIBC has a registered security interest against this unit and is owed approximately \$181,000. The Company is seeking a listing proposal to sell this Unit.

Phase 2 and 3

77. The Company has pre-sold 10 of the 55 Units related to Phase 2. Construction has not started. Phase 3 has yet to be commenced and sits as bare land.
78. Phases 2 and 3 are financed by way of a secured lending facility from Monarch, with an estimated balance owing of \$3.1 million (including bonus amounts). The Monitor understands that the Monarch loan is secured in first priority against the Phase 2 and 3 lands.
79. Monarch has advised the Monitor that it wishes to retain the Phases 2 and 3 lands pending future development. It has provided the Monitor with a confidential appraisal reflecting that the current value is less than the balance it is owed. The Monitor has engaged an independent appraiser to review and report on the determination of fair market value in this appraisal.
80. Monarch has advised the Monitor that it supports the Monitor proceeding with the Sale Process in connection with the Axxess Sylvan Lake Project Phase 2 and 3 lands. Monarch would reserve its right to credit bid for the Phase 2 and 3 lands at an amount equal to or higher than the appraised amount. Any sale would be subject to a reserve for the charges under the Initial Order and subject to approval of this Honourable Court.

81. The Monitor respectfully recommends that the Sale Process be approved in connection with the Axxess Sylvan Lake Project Phase 2 and 3 lands.

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

82. Riverstone developed a Development Project located in Medicine Hat, Alberta. The Company had planned to complete a three-phase, 136 unit condominium complex (“Riverstone Project”) restricted to those over 30 years old.
83. The Company completed construction of Phase 1 and has five remaining Units listed for sale. CIBC has a registered security interest against the remaining Units and is owed approximately \$733,000. Discussions are ongoing among the Company, the Monitor and CIBC regarding the pricing of the remaining Units.
84. Phases 2 and 3 are bare land. The Company does not intend to develop Phases 2 and 3. Phases 2 and 3 are financed by way of a secured lending facility from Carry, with an estimated balance owing of \$4.5 million (this loan is cross-collateralized with the Sonata Ridge lands). The Monitor understands that the Carry loan for the Riverstone Project is subordinate to CIBC’s loan over the Riverstone Project lands.
85. The Monitor will approach Carry with respect to its intention relative to these lands. The Monitor will provide the Court with its recommendation in a subsequent report on a sale process regarding the Riverstone Project Phase 2 and 3 lands.

Sitara on the Pond (Kelowna)

86. The project known as “Sitara on the Pond” is a condominium Development Project located at Kelowna, British Columbia which consists of a completed two-phase condominium project (the “Sitara Project”).

87. The Company currently has four Units that it proposes be listed for sale in Phase 1. CIBC has a registered security interest against the remaining Units and is owed approximately \$983,000.
88. The Company received two listing proposals. The proposals have been forwarded to CIBC for review along with a recommendation on a listing agent and pricing of the Units. The Company will be following up with CIBC in this regard.

Cercle des Cantons and Kelowna Move Center

89. Cercle des Cantons is a 480-unit condominium Development Project, located on the slopes of Bromont Ski Resort at Bromont, Quebec (the “Bromont Project”). There were eight planned phases; Phase 1 and 2 are essentially complete. The Company does not own the lands for the remaining phases.
90. Construction of 19 Units remaining in Phase 1 and 2 has not been completed. Since the date of the Initial Order, the Company accepted offers on an “as is” basis for four of the Units.
91. The Bromont Project is financed by a secured lending facility with Harbour, with a balance owing of approximately \$3.2 million. The Monitor understands that the loan is cross-collateralized with a single story retail building located in Kelowna, British Columbia known as the “Kelowna Move Sales Center”, owned by Medican (Kelowna Move) Developments Ltd. and used as a sales center for real estate developments of Medican Projects in the area.
92. The Company and the Monitor are preparing a marketing plan for the Bromont Project, to be presented to Harbour. The Monitor intends to seek Court approval of the sale process once it receives feedback from Harbour.

93. With Harbour's approval, the Company listed the Kelowna Move Sales Center for sale with Coldwell Banker Horizon (Westbank) ("Coldwell") with a list price of \$1.68 million. Any sale would be subject to a reserve for the charges under the Initial Order and subject to approval of this Honourable Court.
94. The Company believe that there is substantial value in excess of the balance owing to Harbour with respect to these two properties. The Monitor concurs with the Company based on the Kelowna Move Sales Centre's list price and on the four recent sales at Bromont.

Medican (Westbank) Land Ltd.

95. The Company's Development Project known as "Kaleido at Westwind" ("Kaleido") is a condominium development project located in Westbank, British Columbia. The Company planned to develop a seven-phase, 717 unit condominium complex on the subject lands.
96. Construction of Phase 1 of Kaleido was completed in September, 2008, with 82 units being marketed for sale. Since the completion date the Company has sold 28 units. There are 54 units remaining for sale ("Kaleido Units").
97. The Company advises that approximately \$3 million in infrastructure costs have been invested in preparing the Phase 2 and 3 lands for construction, although construction on the actual Units has not yet commenced. Development has not commenced on Phases 4-7. Construction for promised amenities, such as a fitness centre, indoor and outdoor pools and a media theatre, has also not commenced.

98. Phases 1, 2 and 3 of Kaleido are financed by way of a secured lending facility with MCAP with an estimated balance owing of \$18.5 million. The lands of Phase 4–7 of Kaleido are financed by way of a secured lending facility with Zoltan and Margaret Majoros with an estimated balance owing of \$3 million. Subsequent registrations have been made by Monarch which total approximately \$3.7 million and which are cross-collateralized with other Development Projects.
99. The Kaleido Units are not listed with a real estate brokerage firm and are not on MLS. Subsequent to the date of the Initial Order, the Company sought a listing proposal from Coldwell for the Kaleido Units. Coldwell provided the Company with a marketing plan for the Kaleido Units along with historical sales and current inventory data to support its recommended pricing. The proposal has been presented to MCAP.
100. The Monitor received from Monarch, on a confidential basis, an appraisal of the lands comprising the remaining six phases of Kaleido. The Monitor has engaged an independent appraiser to review and report on the determination of fair market value in this appraisal. Based on the results of that report and discussions with the appraiser and the Company, the Company with the Monitor's assistance intends to develop a sale process to maximize recovery for the lands. The Monitor will provide its recommendation in a subsequent report.

Real Estate Development Marketing Act ("REDMA")

101. REDMA governs the sale of development properties in British Columbia. When there is a material change in the status of a particular development project, a developer is required to file an amended disclosure statement with the Superintendent of Real Estate in British Columbia and receive approval thereon before it can resume marketing and selling condominium units. The Company's counsel is preparing the amended disclosure

statement, which will be provided once the Company and MCAP agree to listing prices for the Kaleido Units.

Axxess (Grande Prairie) Developments Ltd.

102. Axxess Grande Prairie (“AGP”) is a completed condominium development consisting of three phases located in Grande Prairie, Alberta.
103. The Company has nine remaining units for sale (“AGP Units”), six of which are rented. CIBC has a registered security interest against the remaining Units and is owed approximately \$1.173 million.
104. The AGP Units are not currently listed with a realtor. On June 24, 2010, the Company received a listing proposal from a local real estate brokerage firm, which included a recommendation with respect to pricing of the AGP Units. The proposal has been presented to CIBC. The Company will be following up with CIBC in this regard.

Cimmaron (Medicine Hat)

105. Cimmaron (Medicine Hat) is a five-phase residential real estate project located in Medicine Hat, Alberta, for which it is planned upon its completion to yield an 1,800 unit residential development (the “Cimmaron Project”).
106. Medican Developments (Medicine Hat Southwest) Inc. is the developer of this project and is the primary borrower under the project’s lending facilities. It is the registered owner of the first 64 acres of the project. Expenditures for engineering, planning and underground work in the amount of approximately \$1.5 million have been incurred.

107. Medican intended to purchase three blocks of land totalling 380 acres in connection with this project known as the “Hatview Lands” (160 acres), the “Coulee Lands” (100 acres) and the “Church Lands” (120 acres). All land purchases were to be on an instalment basis.
108. 64 acres of the Hatview Lands were purchased and were transferred to the Company. The remaining 96 acres are subject to an agreement for sale. Development of the Hatview Lands is estimated to cost \$62 million.
109. Medican Group is in default in respect of the purchase of the Coulee Lands.
110. Medican and the Harvest Group (“Harvest”) entered into an arrangement whereby Harvest would purchase the 64 acres for \$3.7 million plus an assumption of the approximately \$2.2 million in mortgages registered on the lands. Harvest paid the Company the \$3.7 million in 4 instalments; however, the purchase agreement has not been executed by either party.
111. Harvest intends on raising additional capital to purchase the remaining 96 acres and pay the City of Medicine Hat a levy of \$1.15 million in connection with the installation of utilities (water and sewer). The agreement with Harvest provides for Medican Group to share in the management and development profits on a 50-50 basis with Harvest.
112. The Monitor has not fully completed its review of the arrangement between Medican Group and Harvest. The Monitor will make a recommendation to this Honourable Court in its next report.

Sylvan Lake Marina

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

114. Medican sold the Sylvan Lake Marina Project to 933680 in exchange for 933680 “assuming” its debt totalling \$3.6 million. The nature and validity of this sale transaction is under review to determine whether it was a sale for fair market value. The Monitor has engaged an independent appraiser with respect to this project and expects to receive the appraisal shortly. The Monitor intends to report and make a recommendation to this Honourable Court in a subsequent report.
115. Pursuant to the sale agreement with 933680, the Company entered into a lease agreement with 933680. As the Monitor noted in its First Report, 933680 attempted to repudiate the lease at 1:56 p.m. (Calgary time) on the date of the Initial Order. The Monitor conducted a review of the operations of the marina. It is indebted to 933680 for unpaid rent and property taxes and generates negative cash flow. On July 23, 2010, Medican Group acknowledged the lease repudiation and is no longer operating the marina.

Other Development Projects

116. The Company and the Monitor are reviewing the status of the remaining Development Projects. The Company and the Monitor will update this Honourable Court on the status of the review and propose next steps for each project after consultation with relevant stakeholders.

EXAMINATION ORDER

117. In the course of the Monitor reviewing various aspects of the Company’s operations, the Monitor has identified certain transactions completed for consideration that may have been less than fair market value, where goods and services were provided by the Company for no consideration, or where deposits were recorded as being received by Medican Group without the deposits actually being received.

118. The Monitor has been unable to fully assess the nature and validity of these transactions based on the available documentation at Medican Group, in part because certain employees that have knowledge of the transactions are no longer with the Company. To fully review the nature and validity of the transactions the Monitor is seeking a Court order to examine those parties who have knowledge of or were directly involved in the reviewable transactions.

CASH FLOW

119. Medican Group filed a 13-week cash flow projection for the period commencing June 11, 2010 to September 3, 2010 with its CCAA extension materials. A comparison of the budget to actual results for the nine week period ending July 23, 2010 is provided as Appendix “D”.

DIP Financing

120. Pursuant to the Initial Order and subsequent orders, the Company is authorized to borrow \$2.5 million in debtor-in-possession (“DIP”) financing. The DIP financing is being provided by Paragon. As at the date of this Third Report, the Company has drawn \$1,909,614 in DIP financing.
121. The monitoring of Medican Group’s operations and addressing the myriad of issues impacting the Company has been more complicated and time consuming than initially estimated. Consequently, the professional fees are more than budgeted. As at the date of this Third Report, unpaid and accrued professional fees of the Monitor, the Monitor’s legal counsel and the Company’s legal counsel to June 30, 2010 total approximately \$590,000.

122. A significant amount of progress has been made in respect of dealing with Medican's numerous projects and taking steps towards developing a plan of arrangement. Additional time and expense is required to address the remainder of the Company's projects and to advance a plan of arrangement for consideration by the Company's creditors.
123. The Company will require an increase in its DIP financing facility of approximately \$1 million, to a total of \$3.5 million. An updated cash flow projection is being prepared in support of this increase.
124. The Company and the Monitor have met with Paragon. Paragon advised that it is prepared to advance the additional \$1 million generally in accordance with the terms of the existing DIP facility. The Company intends to make an application for the increase when it seeks an extension of the current stay of proceedings.

MONITOR'S ACTIVITIES

125. In addition to the activities referenced in this Third Report, the Monitor's activities since the date of the Second Report to Court dated June 23, 2010 include:
- Attending at the Company's head office premises on a daily basis to carry out its duties under the Initial Order and subsequent orders;
 - Reviewing the Company's cash flow;
 - Assisting the Company to carry out the Claims Process;
 - Reviewing security documents provided by numerous creditors of Medican Group;
 - Communicating with creditors;
 - Implementing the Claims Procedure in respect of the Affected Creditors (as defined in the Claims Procedure Order);
 - Responding to concerns raised by participants in the IGP;

- Corresponding with certain real estate agents representing the Company;
- Reviewing offers for the Company's Units;
- Reviewing liens filed against certain Development Projects;
- Discussing with the Company the status of its Cost-Plus Projects;
- Reviewing an offer received by the Company regarding projects related to the Cost-Plus Projects;
- Communicating with counsel to certain stakeholders;
- Posting documents filed in these proceedings on its website; and
- Drafting this Third Report.

CONCLUSION AND RECOMMENDATION

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

* * *

All of which is respectfully submitted this 27th day of July, 2010.



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

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

Appendix "A"

Date	Site	Phase	Closing	Suite	Asking Price	Accepted Price
5/28/2010	Terwillegar	1	6/18/2010	304	\$ 230,000.00	\$ 222,869.00
5/28/2010	Terwillegar	1	6/25/2010	104	\$ 225,000.00	\$ 217,776.00
5/29/2010	Canvas @ Millrise	4	7/9/2010	2127	\$ 224,900.00	\$ 214,900.00
5/31/2010	Canvas @ Millrise	4	7/30/2010	2129	\$ 224,900.00	\$ 209,677.00
5/31/2010	Canvas @ Millrise	4	7/30/2010	2121	\$ 224,900.00	\$ 214,900.00
5/31/2010	Canvas @ Millrise	4	7/30/2010	2125	\$ 224,900.00	\$ 214,900.00
6/1/2010	Canvas @ Millrise	4	7/23/2010	2122	\$ 179,900.00	\$ 169,900.00
6/1/2010	Legend @ Creekbend	2	6/30/2010	315	\$ 256,000.00	\$ 254,000.00
6/2/2010	Terwillegar	1	7/15/2010	102	\$ 249,000.00	\$ 240,311.00
6/2/2010	Canvas @ Millrise	3	7/21/2010	2108	\$ 179,900.00	\$ 169,900.00
6/2/2010	Canvas @ Millrise	4	7/25/2010	2134	\$ 184,900.00	\$ 174,900.00
6/2/2010	Sanderson	2	10/1/2010	B306	\$ 491,612.00	\$ 468,700.00
6/2/2010	Canvas @ Millrise	4	7/16/2010	2124	\$ 179,900.00	\$ 169,900.00
6/2/2010	Canvas @ Millrise	4	6/30/2010	2139	\$ 204,900.00	\$ 194,900.00
6/4/2010	Legend @ Creekbend	2	9/1/2010	431	\$ 171,491.00	\$ 172,491.00
6/4/2010	Canvas @ Millrise	4	6/30/2010	2131	\$ 224,900.00	\$ 214,900.00
6/8/2010	Terwillegar	1	7/5/2010	228	\$ 225,000.00	\$ 218,024.00
6/10/2010	Canvas @ Millrise	4	7/19/2010	2231	\$ 259,900.00	\$ 249,900.00
6/14/2010	Canvas @ Millrise	3	8/1/2010	2217	\$ 249,000.00	\$ 234,496.00
5/29/2010	Sanderson Ridge	4A	10/1/2010	F140	\$ 560,300.00	\$ 504,300.00
6/7/2010	Sanderson Ridge	3	pre sale	A013	\$ 471,900.00	\$ 419,805.00
6/14/2010	Sanderson Ridge	2	9/3/2010	B308	\$ 393,830.00	\$ 356,850.00
6/19/2010	Canvas @ Millrise	4	7/30/2010	2126	\$ 259,622.00	\$ 254,400.00
6/19/2010	Canvas @ Millrise	3	7/30/2010	2412	\$ 279,900.00	\$ 264,900.00
6/19/2010	Canvas @ Millrise	4	9/30/2010	2128	\$ 256,622.00	\$ 241,350.00
6/21/2010	Canvas @ Millrise	3	7/2/2010	2135	\$ 249,900.00	\$ 239,900.00
6/22/2010	Legend @ Creekbend	2	7/28/2010	219	\$ 198,000.00	\$ 204,000.00
6/23/2010	Sanderson Ridge	3	pre sale	A202	\$ 499,900.00	\$ 438,650.00
6/23/2010	Legend @ Creekbend	3	pre sale	143	\$ 199,000.00	\$ 189,000.00
6/24/2010	Axxess @ Terwillegar	1	7/23/2010	106	\$ 173,000.00	\$ 164,000.00
6/24/2010	Legend @ Creekbend	3	pre sale	338	\$ 289,900.00	\$ 279,000.00
6/25/2010	Axxess @ Terwillegar	1	7/5/2010	314	\$ 213,000.00	\$ 203,489.00
6/26/2010	Canvas @ Millrise	4	7/21/2010	2410	\$ 224,900.00	\$ 214,900.00
6/29/2010	Canvas @ Millrise	4	8/25/2010	2137	\$ 239,900.00	\$ 229,900.00
6/30/2010	Canvas @ Millrise	3	8/16/2010	2131	\$ 224,900.00	\$ 214,900.00
7/5/2010	Cercle des Cantons	2	7/10/2010	105	\$ 210,000.00	\$ 170,000.00
7/7/2010	Canvas @ Millrise	4	9/30/2010	2423	\$ 269,900.00	\$ 257,000.00
7/8/2010	Legend @ Creekbend	3	pre sale	243	\$ 201,000.00	\$ 191,000.00
7/14/2010	Sanderson Ridge	3	pre sale	A317	\$ 699,900.00	\$ 641,155.00
7/15/2010	Canvas @ Millrise	4	8/18/2010	2325	\$ 259,900.00	\$ 242,000.00
7/15/2010	Canvas @ Millrise	3	8/3/2010	2130	\$ 199,900.00	\$ 189,900.00
7/17/2010	Axxess @ Terwillegar	1	8/23/2010	414	\$ 210,000.00	\$ 198,644.00
7/21/2010	Canvas @ Millrise	3	8/4/2010	2230	\$ 209,900.00	\$ 199,900.00
7/22/2010	Cercle des Cantons	2	8/6/2010	100	\$ 295,000.00	\$ 250,000.00
7/25/2010	Cercle des Cantons	2	8/6/2010	307	\$ 390,000.00	\$ 325,000.00
7/25/2010	Cercle des Cantons	2	8/6/2010	204	\$ 270,000.00	\$ 230,000.00
					<u>\$ 12,361,077.00</u>	<u>\$ 11,541,287.00</u>

**Medican Group of Companies
Claims Register as of July 26, 2010**

<i>Creditor Name</i>	<i>Proof of Claim?</i>	<i>Amount Filed</i>
Secured creditors		
1. 6020658 Manitoba Ltd.	Yes	2,173,059.11
2. Artistic Stairs Inc	Yes	304,239.79
3. Bancorp Financial Services Inc	Yes	1,222,259.14
4. Bank West	Yes	129,833.92
5. Canvas Properties Limited Partnership Attn: Ronald Lanthier	Yes	9,296,746.38
6. CIBC Mortgages Inc.	Yes	592,207.53
7. City Of Medicine Hat	Yes	122,054.43
8. CNH Capital Canada Ltd. Attn: Liane Daoust	Yes	103,619.68
9. Commission scolaire du Val-des-Cerfs	Yes	531.17
10. Cooper, Anne (SDRSP) Attn: Wendy Gervais	Yes	569,038.49
11. Darby, Marlene & Costello, Susan	Yes	21,050.00
12. Dipert, Robert & Myrna	Yes	4,500,000.00
13. Dundas, Ian C	Yes	408,000.00
14. Egert, Dennis and Lynae	Yes	25,000.00
15. Fuller, Gerald	Yes	408,000.00
16. Gunther's Masonry Construction Ltd	Yes	329,987.40
17. Hatview Dairy Farm Ltd	Yes	4,500,000.00
18. HMT Holdings Inc	Yes	3,238,135.55
19. Home Trust Company	Yes	8,638,692.19
20. Imor Capital Corp	Yes	4,966,101.90
21. Karia, Nalini	Yes	24,668.85
22. Lombard General Insurance Co. of Canada	Yes	3,500,000.00
23. Ministere du Revenu du Quebec	Yes	72,564.83
24. Monarch Land Ltd.	Yes	17,971,246.00
25. Mutlow, Robert & Katie	Yes	3,149.54
26. Nexus Holdings Inc.	Yes	11,719.20
27. Paragon Capital Corporation Ltd.	Yes	2,676,681.94
28. Sparks Electric Ltd	Yes	397,583.83
29. Terwillegar Properties Limited Partnership Attn: Ronald Lanthier	Yes	5,952,765.21
30. The City Of Red Deer	Yes	29,430.14
31. The Town of Sylvan Lake	Yes	112,897.00
32. Ville de Bromont	Yes	60,395.42

**Medican Group of Companies
Claims Register as of July 26, 2010**

<i>Creditor Name</i>	<i>Proof of Claim?</i>	<i>Amount Filed</i>
33. Wilson, Henry & Erna (Olympia Trust RRSP)	Yes	262,500.00
34. Worthington Mortgage Corp	Yes	462,003.17
35. Yuill, Willard	Yes	101,956.00
Total : Secured		73,188,117.81

Unsecured creditors

1. 1088898 Alberta Ltd	Yes	5,397.70
2. 1326849 Alberta Ltd	Yes	20,000.00
3. 537384 Alberta Ltd	Yes	50,000.00
4. 970703 Alberta Ltd.	Yes	6,715.15
5. A&L Crane & Equipment Rental Ltd	Yes	579.60
6. A&S Stucco	Yes	16,136.06
7. A.D. Williams Engineering Inc	Yes	1,268.18
8. A.R.C. Appraisals Ltd	Yes	52.50
9. A+ Quality Repair Ltd	Yes	10,678.50
10. A1 Power Door (Alberta) Ltd	Yes	9,660.00
11. Acklands-Grainger Inc.	Yes	680.83
12. Action Electrical Ltd.	Yes	256,080.82
13. Action Parts (M.H. 2006) Ltd.	Yes	309.32
14. Adair, Troy	Yes	1,089.50
15. AgCom Petroleum Sales Ltd	Yes	5,758.69
16. AI - Terra Engineering Ltd	Yes	21,681.03
17. Alarm Masters Ltd	Yes	144.58
18. Alberta Erosion Control Ltd	Yes	3,617.24
19. Alberta Plumbing Depot Ltd	Yes	58,405.31
20. Alberta Porta-Podi	Yes	47,325.93
21. Alberta Sound Exteriors Ltd.	Yes	124,863.54
22. All Seasons Self Storage	Yes	220.50
23. All Weather Windows Ltd.	Yes	37,410.41
24. Allmar International	Yes	1,290.45
25. All-Metal Supply Ltd.	Yes	2,878.40
26. Alta-Wide Builders Supplies (Medicine Hat) Ltd	Yes	1,330.25
27. Amos, Cindy	Yes	1,300.00
28. Anderson, Irene and Howard	Yes	1,431.24
29. Anderson, Robert W	Yes	2,000.00

**Medican Group of Companies
Claims Register as of July 26, 2010**

<i>Creditor Name</i>	<i>Proof of Claim?</i>	<i>Amount Filed</i>
30. Aqua-Coast Engineering Ltd	Yes	945.00
31. Arte Roofing & Construction Inc	Yes	1,672.65
32. Artisan Glass & Mirror	Yes	4,580.63
34. Atlas Signs (2000) Ltd.	Yes	533.40
35. Au, Andy and Theresa	Yes	1,500.00
36. Badger Daylighting LP	Yes	4,289.25
38. Barnes & Duncan Land Surveyors	Yes	10,841.43
39. Barry Bryan Associates (1991) Limited	Yes	17,522.21
40. Barry Tarney, Kathleen	Yes	22,500.00
41. Batchelor, Michael/Park, Lynn	Yes	4,698.00
42. Batzner, Andrew T	Yes	40,750.00
43. Beacon Glass Products Ltd.	Yes	2,225.00
44. Bearing & Transmission (div of Applied)	Yes	158.08
45. Belfor (Canada) Inc.	Yes	10,242.21
46. Bell Mobility	Yes	42,678.90
47. Belsher Drywall Ltd.	Yes	19,472.25
48. Benchmark Geomatics Inc	Yes	4,830.00
49. Ben's Office Machines Ltd	Yes	6,406.69
50. Bentley III Distributors Ltd.	Yes	5,528.46
51. Bergen, Rob	Yes	3,148.32
52. Bernier Cost Management Ltd	Yes	2,332.44
53. Big M Ford Lincoln Ltd	Yes	267.37
54. Bishop, Barbara J	Yes	3,045.59
55. Black Press Group Ltd	Yes	26,612.85
56. Bonnet, Louise	Yes	5,653.73
57. Border Paving Ltd	Yes	157,838.68
58. Boswall, Lincoln	Yes	9,498.76
59. BriCar Contracting Ltd.	Yes	8,074.14
60. Brydon, Ray & Carol	Yes	3,360.00
61. Building & Construction Canada	Yes	2,800.00
62. Building Envelope Engineering Inc	Yes	945.00
63. BuildTopia Inc.	Yes	13,960.81
64. Bulls-Eye Concrete Forming Ltd	Yes	50,085.00
65. Burnco Rock Products Ltd.	Yes	12,181.91
66. Byrne Publishing Group Inc.	Yes	14,840.36

**Medican Group of Companies
Claims Register as of July 26, 2010**

<i>Creditor Name</i>	<i>Proof of Claim?</i>	<i>Amount Filed</i>
67. C&H Irrigation Ltd.	Yes	149.12
68. C.K. Sheet Metal Inc.	Yes	79,015.48
69. Calgary Neon Signs & Services Ltd	Yes	4,153.80
70. Calgary Tent & Awning Ltd.	Yes	1,255.26
71. Calliber Construction Ltd	Yes	13,560.75
72. Canadian Corps of Commissionaires (Southern	Yes	15,855.84
73. Canadian Golf Incorporated	Yes	10,184.91
74. Canadian Homebuilder Assoc. Medicine Hat & District	Yes	128.70
75. Carbon Copy Digital	Yes	802.81
76. Carpet Colour Centre Carpet One	Yes	139,061.77
77. Carpet Supermarket Sales Ltd	Yes	558,489.26
78. Cassin, Florence	Yes	100,000.00
79. Castanet Media Ltd	Yes	11,025.00
80. Cee Gee Southern Inc	Yes	94,379.44
81. Ceramique Noka	Yes	900.18
82. Chen, Weiming	Yes	8,850.54
83. Chinook Glass & Screen Ltd.	Yes	25,223.74
84. Chinook Innovations Ltd	Yes	14,158.41
85. Chiu, Anna	Yes	1,500.00
86. Cienkowski, Mary	Yes	
87. City Of Medicine Hat	Yes	6,325.90
88. Classic Concrete Coring and Cutting	Yes	470.40
89. Classic Woodcrafting Ltd.	Yes	22,464.49
90. CNH Capital Canada Ltd. Attn: Liane Daoust	Yes	22,873.03
91. Coaldale Nurseries Ltd.	Yes	10,884.27
92. Cobijar Consulting Co Ltd.	Yes	13,201.34
94. Condo Corp #0113543 Attn: Robert Stein	Yes	225,024.72
95. Condominium Corporation 0212098	Yes	1,500,000.00
96. Condominium Corporation 0212098	Yes	34,258.61
97. Condominium Corporation 0510913	Yes	1,274,631.81
98. Condominium Corporation 0827218	Yes	1,722.78
99. Condominium Corporation 9310722	Yes	1,500,000.00
100. Condominium Corporation No. 9512876	Yes	1,400,000.00
101. Condominium Plan 9710731	Yes	1,000,000.00

**Medican Group of Companies
Claims Register as of July 26, 2010**

<i>Creditor Name</i>	<i>Proof of Claim?</i>	<i>Amount Filed</i>
102. Connections Career & Safety Services Ltd	Yes	682.50
103. Construction Supply Ltd.	Yes	7,614.75
104. Crawford, Helen	Yes	1,779.99
105. Creekside Coffee Roasting Co.	Yes	2,077.75
106. Crosier Kilgour & Partners Ltd	Yes	1,312.50
107. CSC Ltd.	Yes	1,113.84
108. Cursa Construction	Yes	2,484.97
109. Custom Cutting & Coring Ltd	Yes	51,828.24
110. Cuthbert Smith Consulting Partnership Inc	Yes	4,565.50
111. Cutline Painting	Yes	16,376.23
112. CW Edmonton Inc.	Yes	9,724.05
113. CWMM Consulting Engineers Ltd	Yes	543.21
114. D R Stucco (2004) Ltd.	Yes	37,063.95
115. D.Wenzel Enterprises Inc.	Yes	682.50
116. DaCosta, Gillian	Yes	30,360.00
117. Davidson Enman Lumber Ltd.	Yes	2,091.57
118. Davidson's Furniture Galleries	Yes	2,480.00
119. Davis Pontiac Buick (Medicine Hat) GMC Ltd	Yes	254.95
120. De Grandpre Chait LLP	Yes	30,413.07
121. Denson Commercial Services inc (o/a Bow River Chem Yes Drv)	Yes	1,129.24
122. Design Kitchens & Countertops R S Ltd.	Yes	85,727.25
123. Desjarlais, Jeffrey	Yes	1,295.00
124. Dimirsky, Dr. Mark	Yes	20,600.00
125. Dipert, Robert & Myrna	Yes	24,050.00
126. Direct Energy Regulated Services	Yes	27,862.35
127. Dirty Deeds Landscape Services	Yes	9,950.00
128. Donkers, Anne	Yes	2,146.86
129. Douglas Walters Landscape Architect Ltd.	Yes	2,148.15
130. Dreamlife Design Inc	Yes	63,513.86
131. Durwest Construction Services (Alta) Ltd.	Yes	80,247.48
132. Dutch Bros. Paints Co. Ltd.	Yes	612.68
133. Ebel's Auto Value Ltd	Yes	4,819.55
134. Elite Control Ltd	Yes	131,595.01
135. Eliuk, John	Yes	3,964.40

**Medican Group of Companies
Claims Register as of July 26, 2010**

<i>Creditor Name</i>	<i>Proof of Claim?</i>	<i>Amount Filed</i>
136. Enmax Corporation	Yes	106,543.26
137. Ens, Cam	Yes	50,000.00
138. Enviro Geo Testing	Yes	1,890.00
139. Falcon Engineering Ltd	Yes	15,777.10
140. Finning (Canada)	Yes	4,018.93
141. Fit Rent Ltd. (o/a Flaman Fitness)	Yes	23,198.75
142. Five Star Exterior Systems Inc	Yes	50,669.80
143. Flagworks Inc	Yes	10,000.00
144. Floor Covering (Wall to Wall) Direct Ltd.	Yes	26,893.89
145. Fontaine, Laurette	Yes	20,400.00
146. Foothills Tiles (1985) Ltd.	Yes	364,185.06
147. Fort McMurray Today	Yes	28,278.58
148. Fountain Tire	Yes	1,665.29
149. Fox Air Systems Inc	Yes	488,351.18
150. Friedt, Joe & Joanne	Yes	3,045.00
151. G.W. Cox Construction Ltd.	Yes	19,964.71
152. Garda Canada Security Corporation	Yes	4,646.93
153. General Fasteners Ltd.	Yes	311.85
154. Gill, Foster & Wanda	Yes	3,188.81
155. Glenn Marty Realty Inc	Yes	1,162,560.00
156. Global Surveys Group Inc	Yes	3,974.25
157. Granson, Ernest & Katherine	Yes	33,600.00
158. Grant, Janice E	Yes	4,341.45
159. Great West Newspapers	Yes	457.00
160. Grower Direct	Yes	85.05
161. Guilbault, Deborah	Yes	12,092.74
162. Gunther's Masonry Construction Ltd	Yes	64,720.00
163. Hamby, Heather	Yes	1,265.25
164. Hat Truck Repair	Yes	865.17
165. Haughton, Charles	Yes	2,390.37
166. Hertz Equipment Rental	Yes	524.16
167. Highlander Enterprises (o/a Sanatec Environmental)	Yes	408.45
168. Hirsch Signs & Silkscreening	Yes	125.95
169. Hirsch, Dennis & Louise	Yes	3,000.00
170. Holmes Printing	Yes	1,070.48

**Medican Group of Companies
Claims Register as of July 26, 2010**

<i>Creditor Name</i>	<i>Proof of Claim?</i>	<i>Amount Filed</i>
171. Homes & Land of Red Deer Ltd	Yes	5,422.55
172. Hoover Mechanical Plumbing & Heating Ltd	Yes	211,864.67
173. Horch, Matthew & Jenny	Yes	25,000.00
174. Hydraco Industries Ltd.	Yes	1,524.29
175. Hydrodig Canada Inc.	Yes	1,032.94
176. Ikon Office Solutions	Yes	594.01
177. Impact Security Group Inc.	Yes	22,113.00
178. Industrial BackhoesLtd.	Yes	2,315.25
179. Interior Reforestation Co Ltd	Yes	9,302.71
180. International Painting & Drywall Ltd	Yes	64,027.85
181. Jayson Roofing Inc	Yes	27,417.39
182. Jepson Petroleum (Alberta) Ltd	Yes	855.48
183. Jetco Mechanical Limited	Yes	571,330.37
184. Jubilee Engineering Consultants Ltd	Yes	10,192.88
185. K.O.P.S. Security & Investigations Inc	Yes	22,680.00
187. KBM Commercial Floor Coverings Inc.	Yes	16,301.25
188. Kimberley Const	Yes	12,305.59
189. KMI Publishing and Events Ltd	Yes	15,172.50
190. Koback's Backhoe & Excavating Services Ltd	Yes	4,347.36
191. Kova Engineering Ltd	Yes	567.00
192. Kova Engineering South Ltd.	Yes	1,764.54
193. Kowalchuk, Larissa	Yes	1,000.00
194. Kowalchuk, Terence	Yes	25,000.00
195. Kurt's Iron Works Ltd.	Yes	5,299.30
196. Lafarge Canada Inc. Attn: Marv Kennedv	Yes	405,913.80
197. LaTouche, Earle & Patricia	Yes	2,035.95
198. Lavine, Lorraine	Yes	10,000.00
199. Lawn Shop Services (M.H.) Ltd.	Yes	67.16
200. Lawrence, Allan and Christina	Yes	907.00
201. Lawson, Paul and Denise	Yes	3,000.00
202. Leavitt Machinery General Partnership	Yes	12,595.43
203. Les Tapis Eddy 1979 Ltee	Yes	19,614.52
204. Lethbridge Custom Canvas	Yes	1,890.00
205. Lichtenwald, Cathy	Yes	1,800.00

**Medican Group of Companies
Claims Register as of July 26, 2010**

<i>Creditor Name</i>	<i>Proof of Claim?</i>	<i>Amount Filed</i>
207. Lounsbury, Kevin J	Yes	4,300.00
208. LPR Concrete Ltd	Yes	22,068.68
209. Lucky's Alignment	Yes	1,000.45
210. Lutes Building Centre Ltd.	Yes	2,421.34
211. M. Pidherney's Trucking Ltd	Yes	73,088.42
212. Mabe Canada Inc Attn: Tina Koelz	Yes	321,228.28
213. Mack Ventures Limited	Yes	1,789.05
214. Mackeil, Blaine & Karen	Yes	30,360.00
215. Mackey, Jim	Yes	628,879.25
216. Mackie, Robert James	Yes	58,295.11
217. MacKinnon, Betty	Yes	251,000.00
218. Madge Contracting Ltd	Yes	4,708.97
219. Main Floor Carpets Ltd.	Yes	113,245.01
220. Manix Construction Ltd.	Yes	187,882.71
221. Manz, Ernold & Eleanor	Yes	2,130.75
222. Marchmount Cleaning Services Inc	Yes	9,861.80
223. Matte, George	Yes	3,261.56
224. MBI Systemes Electroniques Inc	Yes	1,435.91
225. Medicine Hat Co-Op Ltd	Yes	5,980.61
226. Melhoff Security Inc.	Yes	535.99
227. Metro Paving And Roadbuilding Ltd	Yes	284,468.76
228. Meyers Norris Penny LLP	Yes	327,406.04
229. Miller Thomson LLP	Yes	79,530.44
230. Ministere du Revenu du Quebec	Yes	161,114.98
231. Modern Industrial Rentals (1978) Ltd.	Yes	160.02
232. Modu-Loc Fence Rentals Ltd	Yes	381.39
233. Mody, Douglas J	Yes	1,067.07
235. Moquin, Claude	Yes	3,232.00
236. Mosaic Moulding Industries Inc	Yes	1,902.08
237. Mountain Springs Services	Yes	278.25
238. MPA Engineering Ltd.	Yes	25,403.99
239. Mudrack, David	Yes	941,916.30
240. Mudrack, Dennis	Yes	157,455.00
241. Mutlow, Robert & Katie	Yes	2,642.28

**Medican Group of Companies
Claims Register as of July 26, 2010**

<i>Creditor Name</i>	<i>Proof of Claim?</i>	<i>Amount Filed</i>
242. National Concrete Accessories	Yes	4,897.55
243. National Protection Services Ltd	Yes	18,126.15
244. Nelson Lumber Company Ltd.	Yes	20,813.17
245. New West Equipment Services Ltd	Yes	2,184.48
247. Nordic Mechanical Ltd.	Yes	239,775.49
248. Nordstar Kitchens Ltd.	Yes	52,013.03
249. Northside Construction Partnership	Yes	39,416.78
250. Nutter's Bulk & Natural Foods (Medicine Hat) Ltd	Yes	2,688.00
251. Okanagan Map Guides Ltd.	Yes	1,359.75
252. Olynyk, Donald	Yes	525.00
253. O'Meara, Mitchell	Yes	1,200.00
254. Orom's Holding (2003) Ltd.	Yes	4,206.94
255. Ossa Terra Ltd.	Yes	6,252.43
256. Otis Elevator Company Attn: Credit & Collections	Yes	64,517.32
257. P. Machibroda Engineering Ltd.	Yes	17,850.00
259. Park Lighting Ltd	Yes	32,398.24
260. Pass Creek Properties Ltd	Yes	491,440.00
261. Patches	Yes	157.50
262. Patel, Hemagini & Ravi	Yes	10,430.60
263. Pattison Outdoor Advertising LP	Yes	28,262.85
264. Pauls, Jennifer	Yes	10,000.00
265. PCC Communications Inc/Pro Comm Solutions Inc	Yes	29,779.77
266. Peak Communicators Ltd	Yes	3,845.63
267. Penner, Walter or Velma	Yes	401.56
268. Performance Paving Services Inc	Yes	18,361.98
269. Peterbauer Bowling Supplies Ltd	Yes	5,457.90
270. PF Manufacturing Ltd	Yes	80,905.64
271. Pigeon, Daniel	Yes	12,876.63
272. Pike Wheaton Chevrolet Olds Ltd	Yes	624.83
273. Pinnacle International	Yes	1,990.95
274. Place-Crete Systems Inc	Yes	178,557.02
275. Ploutos Enterprises Ltd	Yes	86,701.73
276. Ply Gem Canada Inc	Yes	35,690.06
277. Pop Design Group Inc.	Yes	132,206.92

**Medican Group of Companies
Claims Register as of July 26, 2010**

<i>Creditor Name</i>	<i>Proof of Claim?</i>	<i>Amount Filed</i>
278. Portable Fencing (Red Deer)	Yes	346.71
279. Powell, David C	Yes	39,964.80
280. Prairie Sage Holdings Ltd.	Yes	48,329.09
281. Premier Fencing & Bobcat Service Ltd	Yes	3,575.68
282. Premier Printing Ltd.	Yes	3,140.55
283. Pro Flow Plumbing & Heating Corp	Yes	283.50
284. Purolator Courier Ltd.	Yes	2,071.09
285. Q2 Electrical Contractors Ltd	Yes	72,763.57
286. R & D Drywall Inc	Yes	26,716.51
287. Raichuk, Josie & Len/Estate of Len Raichuk	Yes	34,000.00
288. Rath, Marnie	Yes	29,000.00
289. Re/max Elite	Yes	155,695.30
290. Rebels Sports Ltd	Yes	4,416.75
291. Reinbold Engineering Group	Yes	52,321.50
292. Reinheller, Wayne	Yes	10,000.00
293. Rempel, John & Alice	Yes	550.00
294. RoadKing Travel Centre	Yes	6,355.79
295. Robitaille, Andre, Notary	Yes	39,229.53
296. Roest Acoustics Ltd.	Yes	7,234.50
297. Rooks Management Ltd	Yes	320,000.00
298. Rooks, Roger & Shirley	Yes	240,000.00
299. Rosenau Transport Ltd.	Yes	347.26
300. Roxy's Drywall Ltd.	Yes	6,226.50
301. S3 Interior Design Inc	Yes	8,463.00
302. Saccomanno, Matteo	Yes	4,500.00
303. Saik, Robert D	Yes	26,350.00
304. Sams Craft Iron Ltd.	Yes	18,301.00
305. SAS-CAN MASONRY LTD	Yes	83,632.77
306. Sasktel	Yes	182.22
307. Sawatzky, Tannis d.b.a. Inezjua Designs	Yes	6,414.49
308. Sayers, Monty	Yes	63,000.00
309. Securtek - A Sasktel Company	Yes	377.36
310. Select Equipment Rentals Ltd.	Yes	2,289.92
311. Sermica Inc.	Yes	18,201.70
312. Sewline Upholstery Ltd	Yes	262.50

**Medican Group of Companies
Claims Register as of July 26, 2010**

<i>Creditor Name</i>	<i>Proof of Claim?</i>	<i>Amount Filed</i>
313. Shannon, Joan	Yes	25,389.84
314. Shaw Business Solutions	Yes	5,502.92
315. Shaw Cablesystems G.P.	Yes	497.44
316. Shelby Engineering Ltd	Yes	6,987.91
317. Sierra Contract Flooring Ltd	Yes	121,918.46
318. Signature Interiors	Yes	11,550.00
319. Sihvon Carter Fisher & Berger LLP	Yes	71,382.01
320. Site 360 Consulting Inc.	Yes	2,283.89
321. Six Gun Rentals	Yes	1,012.20
322. Skyline Billboards	Yes	34,650.00
323. Smith, Lloyd AJ	Yes	1,000.00
324. Smith, Patrick or Dryden, Shari	Yes	25,000.00
325. Snell & Oslund Surveys (1979) Ltd	Yes	39,061.81
326. Source Media Group Corp	Yes	32,869.60
327. South Country Glass Ltd.	Yes	2,819.69
328. Southfork Contracting Services Inc	Yes	8,435.03
329. Sparks Electric Ltd	Yes	11,759.87
330. Speedpro Signs	Yes	1,782.17
331. Speedpro Signs (Medicine Hat)	Yes	11,329.17
332. Steels Industrial Products Ltd.	Yes	2,400.22
333. Steep Rock Ltd.	Yes	3,272.75
334. Strata Corporation KAS3274	Yes	5,055.18
335. Strathcona Central Electric Ltd	Yes	1,725.41
336. Stuber, Brandi	Yes	750.00
337. Summum Granite Inc	Yes	10,910.50
338. Superior Fencing Ltd	Yes	26,759.25
339. Sylvan Lake Self Storage	Yes	531.00
340. Szabo, Attila	Yes	1,610.16
341. Tallon, Chad	Yes	1,520.00
342. Tar-ific Construction Ltd.	Yes	66,313.54
343. Taylor, William and Darleen	Yes	41,400.00
344. Teodoro Construction Ltd.	Yes	36,700.04
345. Terralta Inc.	Yes	906.22
346. The Brenda Strafford Foundation Ltd	Yes	16,749,907.97

**Medican Group of Companies
Claims Register as of July 26, 2010**

<i>Creditor Name</i>	<i>Proof of Claim?</i>	<i>Amount Filed</i>
347. The City of Calgary Corporate Accounts	Yes	4,337.66
348. The City Of Red Deer	Yes	92,643.24
349. The Coast Medicine Hat Hotel	Yes	555.90
350. The Daily Courier	Yes	19,450.97
351. The Ten Penny Company Ltd	Yes	102.38
352. The Town of Sylvan Lake	Yes	100,900.00
353. Thomas Scott SignCraft Ltd	Yes	524.16
354. Tollestrup Construction (2005) Inc	Yes	39,161.46
355. Tomecek Roney Little & Associates Ltd	Yes	36,294.75
356. Top Line Roofing Ltd,	Yes	11,088.00
357. Top Shelf Closets & Glass Inc.	Yes	29,155.77
358. Towsley, Anne	Yes	1,651.44
359. Trader Corporation	Yes	19,015.50
360. Trades Labour Corporation-EDM	Yes	16,451.21
361. Travelodge Hotel Medicine Hat	Yes	556.99
362. Trico Lighting Products Ltd	Yes	1,077.86
363. Tri-Co Machining Ltd.	Yes	90.41
364. Triple A Electric Ltd.	Yes	742.88
365. TT Contractors Ltd	Yes	125,241.21
366. UMC Financial Management Inc	Yes	53,173.27
367. Unger, Erwin	Yes	18,390.00
368. Unifirst	Yes	1,123.96
369. United Rentals of Canada	Yes	129,662.44
370. Valley Plumbing & Heating	Yes	222,135.81
371. Valley Tech Ltd.	Yes	21,110.67
372. Varsteel Ltd	Yes	9,510.92
374. Vision Sports Group/Westside Warriors	Yes	3,420.00
375. Waste Management Inc	Yes	6,429.73
376. Waste Services (CA) Inc.	Yes	315.73
377. Waterhouse, Byron	Yes	1,650.00
378. Watson, Brett	Yes	10,000.00
379. Watson, Carol	Yes	9,372.93
380. Westcon Construction Ltd	Yes	4,782.75
381. Western Canada Welding Products Ltd.	Yes	7,424.30
382. Westerra Insulation Inc.	Yes	2,058.00

**Medican Group of Companies
Claims Register as of July 26, 2010**

<i>Creditor Name</i>	<i>Proof of Claim?</i>	<i>Amount Filed</i>
383. Wheeler, Clara/Gross Bertha	Yes	14,912.00
384. Wheeler, Clara/Wheeler, Olivia	Yes	20,600.00
385. White, Leanne	Yes	850.00
386. Whitten, Robert	Yes	149,388.70
387. Williams Engineering Canada Inc	Yes	1,050.40
388. Williams Scotsman Inc Attn: Aimee Dubon	Yes	2,091.66
389. Wind River Glass Ltd.	Yes	255.15
390. Wouters, Ernie	Yes	50,000.00
391. Wright, Robert	Yes	13,917.28
392. Xani Enterprises Ltd.	Yes	9,620.10
393. Yu, Zhong (Lloyd)	Yes	8,850.54
394. Zemek Steel Manufacturing Ltd	Yes	23,772.00
	Total : Unsecured	39,328,549.22
		112,516,667.03

Medican Group of Companies – Sales Procedure and Solicitation Process

Medican (Edmonton Terwilliger) Developments Ltd. Phase 2 and 3

Overview of contemplated sales procedure and solicitation process (“Sale Process”) for certain of the Company’s undeveloped bare lands (“Property”):

1. The Monitor will generate a list of prospective purchasers based on: a listing of potential real estate holding and development companies generated through an external data provider; recent industry news/transactions; consultation with local real estate brokerage firms; and input from the Company’s management/advisors and the existing secured lenders.
2. The Monitor will contact industry associations, investment banks and other contacts for potential interest;
3. The Monitor will place an advertisement regarding this opportunity in the national edition of *The Globe and Mail* newspaper and, potentially, industry publications and regional/local media, in order to identify prospective purchasers;
4. The Monitor and the Company will distribute to prospective purchasers an interest solicitation letter (“ISL”) detailing the acquisition opportunity on or before August 9, 2010. Attached to the solicitation letter will be a confidentiality agreement (“CA”). Should a party be interested in performing due diligence and receiving additional information, it would first be required to execute the CA;
5. The Monitor and the Company will prepare a confidential information package (“CIP”) that would be made available to parties who execute a CA. The CIP will provide an overview of the Property, existing pro-formas and potential opportunities associated therewith;
6. Prospective purchasers will have the opportunity to perform due diligence, including reviewing information in a “data room” to be made available to prospective purchasers in electronic format. The data room may include excerpts of appraisal(s) of the Property, though the appraised market values would not be disclosed;
7. The Monitor and the Company will facilitate site visits for prospective purchasers;
8. The Monitor and the Company will provide to prospective purchasers a draft asset purchase agreement. Prospective purchasers will be advised that offers should be submitted in this format (or substantially in this format);
9. The Monitor and the Company will require prospective purchasers to submit binding offers to the Monitor by 5:00 p.m. (Calgary Time) on September 7, 2010. Offers would remain open for acceptance for a period of 10 days pending negotiations and entering into definitive agreements.
10. Any sale would be subject to Court approval.

Medican Group of Companies – Sales Procedure and Solicitation Process

Axxess (Sylvan Lake) Developments Ltd. - Phase 2 and 3

Overview of contemplated sales procedure and solicitation process ("Sale Process") for certain of the Company's undeveloped bare lands ("Property"):

1. The Monitor will generate a list of prospective purchasers based on: a listing of potential real estate holding and development companies generated through an external data provider; recent industry news/transactions; consultation with local real estate brokerage firms; and input from the Company's management/advisors and the existing secured lenders.
2. The Monitor will contact industry associations, investment banks and other contacts for potential interest;
3. The Monitor will place an advertisement regarding this opportunity in the national edition of *The Globe and Mail* newspaper and, potentially, industry publications and regional/local media, in order to identify prospective purchasers;
4. The Monitor and the Company will distribute to prospective purchasers an interest solicitation letter ("ISL") detailing the acquisition opportunity on or before August 9, 2010. Attached to the solicitation letter will be a confidentiality agreement ("CA"). Should a party be interested in performing due diligence and receiving additional information, it would first be required to execute the CA;
5. The Monitor and the Company will prepare a confidential information package ("CIP") that would be made available to parties who execute a CA. The CIP will provide an overview of the Property, existing pro-formas and potential opportunities associated therewith;
6. Prospective purchasers will have the opportunity to perform due diligence, including reviewing information in a "data room" to be made available to prospective purchasers in electronic format. The data room may include excerpts of appraisal(s) of the Property, though the appraised market values would not be disclosed;
7. The Monitor and the Company will facilitate site visits for prospective purchasers;
8. The Monitor and the Company will provide to prospective purchasers a draft asset purchase agreement. Prospective purchasers will be advised that offers should be submitted in this format (or substantially in this format);
9. The Monitor and the Company will require prospective purchasers to submit binding offers to the Monitor by 5:00 p.m. (Calgary Time) on September 7, 2010. Offers would remain open for acceptance for a period of 10 days pending negotiations and entering into definitive agreements.
10. Any sale would be subject to Court approval.

Medican Group of Companies
Cumulative Results - Actual to Budget - 9 weeks ending July 23, 2010
Unaudited, C\$

Appendix "D"

		<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Receipts				
Income from Medican Concrete Ltd.	1	165,690	310,175	144,485
Millrise	2	80,000	493,070	413,070
Haven	3	20,000	-	(20,000)
Brenda Strafford Foundation/Okotoks	3	20,000	-	(20,000)
Profits from Extendicare projects		-	-	-
Miscellaneous	4	98,221	219,407	121,186
DIP Financing	5	1,880,000	1,909,614	29,614
Total receipts		2,263,911	2,932,265	611,398
Disbursements				
Utilities and supplies	6	81,179	253,402	(172,223)
Preauthorized payments	7	170,194	166,328	3,866
Preauthorized payments - Concrete		18,941	18,941	(0)
Payroll - Hourly	8	279,693	368,271	(88,578)
Payroll - Salary	9	376,636	416,368	(39,732)
Payroll - Quebec		2,681	3,544	(863)
Payroll - Concrete	10	146,749	317,345	(170,596)
Payroll - Subcontractors	11	253,099	164,533	88,565
Payroll - Remittances	12	236,230	276,426	(40,196)
WCB	13	35,233	71,789	(36,556)
Benefits - GWL/LL	14	64,000	93,922	(29,922)
GST		-	-	-
Professional fees	15	600,000	300,000	300,000
Accounting fees		83,383	82,412	971
Service Charges		4,250	7,072	(2,822)
Paragon fees	5	40,431	74,061	(33,630)
Contingency	4, 16	70,000	111,271	(41,271)
Total disbursements		2,462,698	2,725,686	(262,988)
Total cash in/(out)		(198,787)	206,579	405,367
Opening position		211,033	211,033	-
Closing position		12,246	417,612	405,367

Medican Group of Companies

Notes to Cumulative Results - Actual to Budget - 7 weeks ending July 23, 2010

Unaudited, C\$

- 1 Timing difference.
- 2 Revenue collected from Millrise during week ending July 16, 2010. Future collections anticipated week ending August 20, 2010.
- 3 Projects have started, however timing of receipts is uncertain.
- 4 \$41,328 was transferred to Construction bank account from various Development companies in order to pay owners in the IGP (June rentals). Also, a deposit of \$27,500 was made by a purchaser for a suite. Funds were transferred to Construction in order to place the deposit into a lawyer's trust account.
- 5 Gross amount of the DIP financing. The related financing fees are recorded as disbursements in the amount of approximately \$33,000.
- 6 Timing difference. Includes approximately \$138,000 which was disbursed relating to the Millrise project where income was received during week ending July 16, 2010.
- 7 Timing difference.
- 8 Employees were terminated on June 11, 2010 but were still paid during this week for the previous weeks. Projection was understated. Since the start of the Millrise project, 45 employees have been hired increasing payroll by \$105,000.
- 9 Included in payroll are employee reimbursements which totalled approximately \$23,000.
- 10 Concrete expenses totalled \$121,526, payable to Dave Mudrack as he charges materials to his credit card.
- 11 Subcontractors were terminated.
- 12 Higher than expected remittances due to higher than expected overall payroll.
- 13 Outstanding WCB due on May 31, 2010 is \$32,850.21 (not provided for in projections).
- 14 Timing difference
- 15 Some professional fees have been deferred until week ending July 30, 2010
- 16 Funds were transferred in from Development companies in order to pay out IGP rental payments and security deposits.