



COURT FILE NUMBER  
COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL CENTRE

1001-07B52

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)

DOCUMENT

AFFIDAVIT

ADDRESS FOR SERVICE AND CONTACT  
INFORMATION OF PARTY FILING THIS  
DOCUMENT

FRASER MILNER CASGRAIN LLP  
Bankers Court  
15<sup>th</sup> Floor, BS0 - 2<sup>nd</sup> Street S.W.  
Calgary, Alberta T2P 0R8  
Attention: David W. Mann / Derek M. Pontin  
Ph. (403) 268-7097/6301 Fx. (403) 268-3100  
File No.: S26686-1

AFFIDAVIT OF TYRONE SCHNEIDER  
Sworn on February 23, 2012

Let the within Affidavit be filed notwithstanding that it is not an original

'Master Laycock'  
M.C.Q.B.A.

I, Tyrone Schneider, of Alberta, SWEAR AND SAY THAT:

1. I am the president of 1539319 Alberta Ltd., the Court appointed chief restructuring officer to all of the Petitioners (the "CRO") appointed to assist with the restructuring of the Petitioners. As such, I am familiar with the books and records of these proceedings and have personal knowledge of the matters herein deposed to except where stated to be based upon information and belief, in which case I do verily believe the same to be true.
2. All capitalized terms used in this Affidavit shall have the meaning ascribed to them in the Affidavit sworn by Mr. Wesley Reinheller and filed in these proceedings on May 25, 2010 (the "Initial Affidavit") unless otherwise indicated in this Affidavit.
3. I swear this Affidavit in support of the Application served by the Petitioners in these proceedings (the "Application") for an Order substantially in the form attached to the Application as Schedule "A", extending the stay period in these proceedings (the "Stay") in respect of Medican (Westbank) Development Ltd. and Medican (Westbank) Land Ltd. (collectively, the "Kaleido Companies"), and Sanderson of Fish Creek (Calgary) Developments Ltd. ("Sanderson"), and lifting the stay in favour of the secured lenders of the lands known as the Kaleido Phase 4-7 Lands (as defined below) for the limited purpose of allowing the secured lenders to commence foreclosure proceedings in respect of the Kaleido Phase 4-7 Lands.
4. I have had the opportunity to review the Seventeenth Report of Ernst & Young Inc., the court appointed monitor of the Petitioners in these proceedings (the "Monitor"), dated February 24, 2012, and I agree with the summaries and recommendations provided therein.

***Overview of the Kaleido and Sanderson Projects***

5. On November 30, 2011, the Medican Group filed a Plan of Compromise and Arrangement (the "Plan") in respect of all of the Petitioners apart from the Kaleido Companies and Sanderson. On January 11, 2012, a substantial majority of the Affected Creditors (as defined in the Plan) voted in favour of the Plan, and on January 13, 2012 the Plan was sanctioned by Order of the Court.
6. On December 5, 2011, the Court extended the Stay in respect of all of the Petitioners to and including February 29, 2012. Under the Plan, the Stay was further extended in respect of the Petitioners apart from the Kaleido Companies and Sanderson. The Stay in respect of the Kaleido Companies and Sanderson is presently set to expire on February 29, 2012.
7. Prior to the commencement of these CCAA proceedings, the Kaleido Companies had intended to build a seven-phase condominium development project in Kelowna, British Columbia. On December 5, 2011, the Court granted an Order lifting the stay of proceedings for the limited purpose of allowing MCAP Financial Corporation ("MCAP") to appoint a receiver in respect of the lands owned by the Kaleido Companies known as the Phase 1-3 Lands. The remaining Kaleido lands, phases 4-7, are raw land.
8. The phase 4-7 lands are municipally known as 3635 Carrington Road (Phase 4-7), comprising approximately 7.7 acres in the District of West Kelowna, B.C., and are legally described as Lot 5058 ODYD, except plans 15774, H18426, Kap46771 and Kap85028 (the "Kaleido Phase 4-7 Lands"). A copy of the title to the Kaleido Phase 4-7 Lands is attached hereto and marked as Exhibit "A" to this my Affidavit.

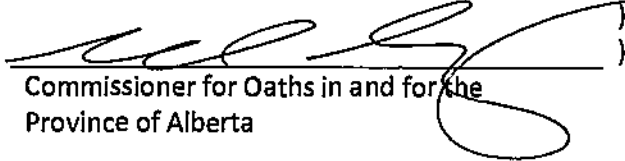
9. The Kaleido Phase 4-7 Lands are financed by way of a secured lending facility with Zoltan, Margaret, Gaspar and Viktoria Majoros (collectively, "Majoros"), with an estimated balance owing to them of \$3.5 million (including interest). A subsequent interest is registered against the lands in favour of Monarch Land Ltd. ("Monarch") which is owed approximately \$4.8 million (including interest).
10. The Kaleido Phase 4-7 Lands were marketed for sale pursuant to a Court Order granted in these proceedings on September 8, 2010, however no offers were received. This process was consistent with the marketing processes used in these proceedings for other Medicana Group bare land development projects.
11. It has been determined by the Petitioners, in consultation with the Monitor and the secured creditors of the Kaleido Phase 4-7 Lands, that the maximum benefit from the Kaleido Phase 4-7 Lands to the Kaleido Companies and their creditors and stakeholders will be realized from sale. The Kaleido Phase 4-7 Lands are presently generating no value for the Petitioners or creditors.
12. At this time, I believe there is no reasonable, viable alternative to permitting a foreclosure proceeding to be commenced by the secured creditors in respect of the Kaleido Phase 4-7 Lands. Despite significant discussion and negotiation, a consensual listing agreement for the marketing and sale of the lands has not been reached.
13. The Sanderson project is a five-phase condominium construction project in Calgary, Alberta. A number of unit sales and transactions have taken place regarding the Sanderson project through the course of these proceedings, with various issues remaining to be resolved.
14. The Petitioners and the Monitor are presently working on an arrangement to have certain deficiencies dealt with, and to see the Sanderson project ultimately built out and monetized. At this time, an extension of the Stay Period to May 30, 2012 is necessary to allow the Petitioners time to resolve a strategy for dealing with Sanderson in a manner that is most beneficial to creditors and stakeholders.

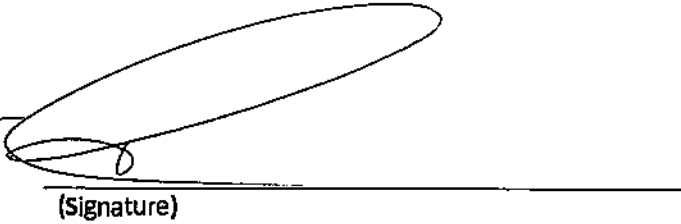
***Extension of the Stay***

15. Further to the foregoing, the Petitioners continue to work in good faith and with due diligence in these proceedings and I verily believe it is in the best interests of the Petitioners and all of the stakeholders to continue in these proceedings in the manner sought herein.
16. The extension of the Stay, subject to the requested relief, will allow the resolution of matters regarding Sanderson and the Kaleido Companies without impact on the Plan.
17. I verily believe it is reasonable and in the best interests of the Petitioners and their creditors that the Stay be extended to May 30, 2012, with leave granted to Majoros and Monarch for the limited purpose of commencing foreclosure proceedings in respect of the Kaleido Phase 4-7 Lands.

18. I make this Affidavit in support of an Application for the relief described in paragraph 3, above.

SWORN BEFORE ME at the City of 23<sup>rd</sup> )  
Alberta, this 23<sup>rd</sup> day of February, 2012. )

  
\_\_\_\_\_  
Commissioner for Oaths in and for the  
Province of Alberta

  
\_\_\_\_\_  
(Signature)

LUKE M. DAY  
\_\_\_\_\_  
BANKER Solicitor in and for  
the Province of Alberta  
1870A - 6th Avenue SW  
Medicine Hat, Alberta T1A 7X5  
(403) 526-3477

Tyrone Schneider  
\_\_\_\_\_  
(Print Name)

Date: 09-Jan-2012  
Requester: (PC98238)  
Folio: 528886-1

TITLE SEARCH PRINT  
ELDOR-WAL REGISTRATIONS (1987) LTD.  
TITLE - LB124122

Time: 07:47:43  
Page 001 of 004

KAMLOOPS LAND TITLE OFFICE TITLE NO: LB124122  
FROM TITLE NO: LB64823

APPLICATION FOR REGISTRATION RECEIVED ON: 17 OCTOBER, 2007  
ENTERED: 22 OCTOBER, 2007

REGISTERED OWNER IN FEE SIMPLE:  
MEDICAN (WESTBANK) LAND LTD., INC. NO. 0768843  
1870A 8TH AVENUE SW  
MEDICINE HAT, AB  
T1A 7X5

TAXATION AUTHORITY:  
DISTRICT OF WEST KELLOWA

DESCRIPTION OF LAND:  
PARCEL IDENTIFIER: 009-811-789  
DISTRICT LOT 5058 OSOYOOS DIVISION YALE DISTRICT EXCEPT PLANS 1577A-  
R18428, KAP46771 AND KAP85028

LEGAL NOTATIONS:

HERETO IS AMERGED EASEMENT LB235547 OVER LOT 1 PLAN KAP85028

HERETO IS AMERGED EASEMENT LB235548 OVER LOT 1 PLAN KAP85028

HERETO IS AMERGED EASEMENT LB235555 OVER LOT 1 PLAN KAP85028

HERETO IS AMERGED EASEMENT LB235558 OVER LOT 1 PLAN KAP85028

THIS TITLE MAY BE AFFECTED BY A PERMIT UNDER PART 28 OF THE LOCAL  
GOVERNMENT ACT, SEE LB67772

CHARGES, LIENS AND INTERESTS:

NATURE OF CHARGE  
CHARGE NUMBER DATE TIME

COVENANT

KF17258 1992-02-28 08:40

REGISTERED OWNER OF CHARGE:

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA  
AS REPRESENTED BY THE MINISTRY OF ENVIRONMENT AND  
REGIONAL DISTRICT OF CENTRAL OKANAGAN

KF17258

REMARKS: INTER ALIA  
SECTION 215 LTA

STATUTORY RIGHT OF WAY

KF58811 1992-06-22 15:49

REGISTERED OWNER OF CHARGE:

WESTBANK IRRIGATION DISTRICT  
KF58811

REMARKS: INTER ALIA  
PART SHOWN ON PLAN KAP47472

THIS IS EXHIBIT "A"  
referred to in the Affidavit of  
TYRONE SHOENIDER  
Sworn before me this 23<sup>rd</sup>  
Day of February A.D. 2012

A COMMISSIONER FOR OATHS  
IN AND FOR THE PROVINCE OF ALBERTA  
LUKE M. DAY  
Barrister & Solicitor in and for  
the Province of Alberta  
1870A - 6th Avenue SW  
Medicine Hat, Alberta T1A 7X5  
1577A-(403)626-3477

Date: 09-Jan-2012  
Requestor: IPC962381  
Folio: 526686-1

TITLE SEARCH PRINT  
ELDER-WAL REGISTRATIONS (1987) LTD.  
TITLE - LB124122

Time: 07:47:43  
Page 002 of 004

**MORTGAGE**

CA301188 2006-09-29 14:43

REGISTERED OWNER OF CHARGE:

IOLIAN MAJOROS  
MARGARET MAJOROS  
GASPAR MAJOROS  
VICTORIA MAJOROS  
CA301188

REMARKS: INTER ALIA

**MORTGAGE**

CA301303 2006-09-29 15:19

REGISTERED OWNER OF CHARGE:

MONARCH LAND LTD.  
INCORPORATION NO. A66484  
CA301303

REMARKS: INTER ALIA

**COVENANT**

LA169491 2006-12-08 12:15

REGISTERED OWNER OF CHARGE:

THE CROWN IN RIGHT OF BRITISH COLUMBIA  
REGIONAL DISTRICT OF CENTRAL OKANAGAN  
LA169491

REMARKS: INTER ALIA

MODIFIED BY LB237622

**PRIORITY AGREEMENT**

LA189492 2008-12-08 12:15

REMARKS: INTER ALIA

GRANTING LA169491 PRIORITY OVER CA301303

**PRIORITY AGREEMENT**

LA169493 2006-12-08 12:15

REMARKS: INTER ALIA

GRANTING LA189491 PRIORITY OVER CA301188

**COVENANT**

LA169494 2006-12-08 12:16

REGISTERED OWNER OF CHARGE:

REGIONAL DISTRICT OF CENTRAL OKANAGAN  
LA169494

REMARKS: INTER ALIA

**PRIORITY AGREEMENT**

LA169495 2008-12-08 12:18

REMARKS: INTER ALIA

GRANTING LA169494 PRIORITY OVER CA301303

**PRIORITY AGREEMENT**

LA169496 2006-12-08 12:16

REMARKS: INTER ALIA

GRANTING LA169494 PRIORITY OVER CA301188

**STATUTORY RIGHT OF WAY**

LB25019 2007-03-05 09:25

Date: 09-Jan-2012  
Requestor: (PC96238)  
Folio: 526686-1

TITLE SEARCH PRINT  
ELDOR-WAL REGISTRATIONS (1987) LTD.  
TITLE - LB124122

Time: 07:47:43  
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REGISTERED OWNER OF CHARGE:  
BRITISH COLUMBIA HYDRO AND POWER AUTHORITY  
LB25019  
REMARKS: INTER ALIA

STATUTORY RIGHT OF WAY  
LB25020 2007-03-05 09:25  
REGISTERED OWNER OF CHARGE:  
TELUS COMMUNICATIONS INC.  
LB25020  
REMARKS: INTER ALIA

PRIORITY AGREEMENT  
LB25021 2007-03-05 09:25  
REMARKS: INTER ALIA  
GRANTING LB25019 PRIORITY OVER CA301188 AND  
CA301303

PRIORITY AGREEMENT  
LB25022 2007-03-05 09:25  
REMARKS: INTER ALIA  
GRANTING LB25020 PRIORITY OVER CA301188 AND  
CA301303

COVENANT  
LB124127 2007-10-17 09:20  
REGISTERED OWNER OF CHARGE:  
REGIONAL DISTRICT OF CENTRAL OKANAGAN  
LB124127

PRIORITY AGREEMENT  
LB124128 2007-10-17 09:20  
REMARKS: GRANTING LB124127 PRIORITY OVER CA301188  
AND CA301303

STATUTORY RIGHT OF WAY  
LB124132 2007-10-17 09:21  
REGISTERED OWNER OF CHARGE:  
REGIONAL DISTRICT OF CENTRAL OKANAGAN  
LB124132

COVENANT  
LB124133 2007-10-17 09:21  
REGISTERED OWNER OF CHARGE:  
REGIONAL DISTRICT OF CENTRAL OKANAGAN  
LB124133

PRIORITY AGREEMENT  
LB124134 2007-10-17 09:21  
REMARKS: GRANTING LB124132 PRIORITY OVER CA301188  
AND CA301303

PRIORITY AGREEMENT  
LB124135 2007-10-17 09:21  
REMARKS: GRANTING LB124133 PRIORITY OVER CA301188  
AND CA301303

Date: 09-Jan-2012  
Requestor: (PC96236)  
Folio: 526686-1

TITLE SEARCH PRINT  
ELDOR-WAL REGISTRATIONS (1987) LTD.  
TITLE - LB124122

Time: 07:47:43  
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COVENANT

LB237622 2008-09-08 14:08  
REMARKS: INTER ALIA  
MODIFICATION OF LA169491

PRIORITY AGREEMENT

LB237623 2008-09-08 14:08  
REMARKS: INTER ALIA  
GRANTING LB237622 PRIORITY OVER CA301303

PRIORITY AGREEMENT

LB237628 2008-09-08 14:08  
REMARKS: GRANTING LB237622 PRIORITY OVER CA301188

CLAIM OF BUILDERS LIEN

CA1419550 2010-01-12 15:40  
REGISTERED OWNER OF CHARGE:  
D.E. FILLING & ASSOCIATES LTD.  
INCORPORATION NO. BC0269904  
CA1419550  
REMARKS: INTER ALIA

CERTIFICATE OF PENDING LITIGATION

CA1862951 2011-01-10 10:12  
REGISTERED OWNER OF CHARGE:  
D.E. FILLING & ASSOCIATES LTD.  
INCORPORATION NO. BC0269904  
CA1862951  
REMARKS: INTER ALIA

\*CAUTION - CHARGES MAY NOT APPEAR IN ORDER OF PRIORITY. SEE SECTION 28, L.T.A.\*

DUPLICATE INDEFEASIBLE TITLE: NONE OUTSTANDING

TRANSFERS: NONE

PENDING APPLICATIONS: NONE

\*\*\* CURRENT INFORMATION ONLY - NO CANCELLED INFORMATION SHOWN \*\*\*