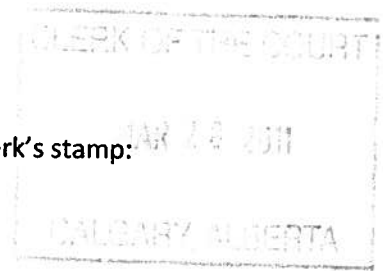


COURT FILE NUMBER
COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE

1001-07852

CALGARY

Clerk's stamp:



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

ADDRESS FOR SERVICE AND CONTACT
INFORMATION OF PARTY FILING THIS
DOCUMENT

APPLICATION BY THE PETITIONERS



FRASER MILNER CASGRAIN LLP

Bankers Court
15th Floor, 850 - 2nd Street S.W.
Calgary, Alberta T2P 0R8

Attention: David W. Mann / Rebecca L. Lewis
Ph. (403) 268-7097/6354 Fx. (403) 268-3100
File No.: 526686-1

NOTICE TO RESPONDENT(S)

This application is made on behalf of the Petitioners in the above noted proceedings. You are a respondent.

You have the right to state your side of this matter before the judge.

To do so, you must be in Court when the application is heard as shown below:

Date	March 31, 2011
Time	1:00 p.m.
Where	Court of Queen’s Bench of Alberta Calgary Courts Centre 601 – 5th Street S.W. Calgary, AB T2P 5P7
Before Whom	The Honourable Madam Justice K.M. Horner

Go to the end of this document to see what you can do and when you must do it.

Remedy claimed or sought:

1. Declaring service of notice of this application and the supporting materials to be good and sufficient, and abridging the time therefor, if necessary.
2. An Order, substantially in the form attached hereto as Schedule “A”, approving the sale and transfer of the certain River Ridge lots, as described in the Extension Affidavit, held by Medican Developments Inc. (“**Developments**”) to 1129971 Alberta Ltd. (“**112**”).
3. An Order, substantially in the form attached hereto as Schedule “B”, approving the sale and transfer of the certain Valleydale lots, as described in the Extension Affidavit, held by The Estates of Valleydale Developments Ltd. (“**Valleydale**”) to Classic Construction Ltd. (“**Classic**”).
4. An Order, substantially in the form attached hereto as Schedule “C”, approving the stalking horse bid of Spider Electric Ltd. (“**Spider**”) and bid procedure in respect of the commercial office building held by R7 Investments Ltd. (“**R7**”).
5. An Order, substantially in the form attached hereto as Schedule “D”, for the following relief:
 - (a) dismissing the Application by IMOR Capital Corp. (“**IMOR**”);
 - (b) approving the sale of certain units in the Sanderson Project, as described in the Extension Affidavit; and
 - (c) approving a sales process for the remaining units in the Sanderson Project, as described in the Extension Affidavit.
6. An Order, substantially in the form attached hereto as Schedule “E”, for the following relief:

- (a) granting an extension to the Stay Period granted in these proceedings under the provisions of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended ("**CCAA**") from the current expiry date of March 31, 2011 to May 31, 2011; and
- (b) approving the repayment of the DIP credit facility in its entirety to Paragon Capital Corporation.

Grounds for making this application:

The River Ridge Lots Sale

- 7. As part of its restructuring efforts, Medican has negotiated an offer (the "**112 Purchase Agreement**") whereby 112 has agreed to acquire certain River Ridge lots in Medicine Hat, Alberta held by Developments (the "**River Ridge Lots**").
- 8. The salient terms and conditions of the 112 Purchase Agreement include:
 - (a) as consideration for the transfer 112 will pay the sum of \$78,750 to the Medican Group; and
 - (b) the Medican Group will transfer the River Ridge Lots to 112, or its nominee, free and clear of all interests of the Medican Group and all parties claiming through the Medican Group.
- 9. The River Ridge Lots have been exposed to the market since July, 2010 and have generated no interest. The Medican Group believes this transfer is in the best interest of the Medican Group and its stakeholders.

The Valleydale Lots Sale

- 10. As part of its restructuring efforts, Medican has negotiated an offer (the "**Classic Purchase Agreement**") whereby Classic has agreed to acquire certain Valleydale lots in Medicine Hat, Alberta held by Valledale (the "**Valleydale Lots**").
- 11. The salient terms and conditions of the Classic Purchase Agreement include:
 - (a) as consideration for the transfer:
 - (i) Classic will pay the sum of \$655,000 to the Medican Group; and
 - (ii) Classic will be credited \$40,000 for: (i) replacing of the Letter of Credit held by the City of Medicine Hat with respect to the top lifting paving; and (ii) for completing the top lift paving required on the Valleydale Project; and
 - (b) the Medican Group will transfer the Valleydale Lots to Classic, or its nominee, free and clear of all interests of the Medican Group and all parties claiming through the Medican Group.

12. The Valleydale Lots have been listed throughout these proceedings and no offers have been received since the date of the Initial Order. The Medican Group believes this transfer is in the best interest of the Medican Group and its stakeholders.

Stalking Horse/Bid Procedure

13. The Medican Group, in consultation with the Monitor, has determined it would be in the best interest of the Medican Group and its stakeholders to sell the commercial building which houses Medican's head office located in Medicine Hat, Alberta (the "**Head Office**").

14. The Medican Group has negotiated an offer from Spider to purchase the Head Office (the "**Spider Offer**"), and Spider has agreed to allow the Spider Offer to stand as a stalking horse bid in a sales process. The Medican Group, with the assistance of the Monitor, has developed a stalking horse sales procedure to be run by the Monitor in this regard.
15. The Stalking Horse Bid Procedure is, in the view of the Medican Group and its advisors, fair, reasonable and necessary for the Medican Group to maximize value for its stakeholders.

The Sanderson Project - Dismissing the IMOR Application

16. It is not just and convenient to lift the stay of proceedings which protects the Medican Group, nor is it just and convenient to appoint a receiver over the Medican Group or any of them.
17. IMOR is not prejudiced by these proceedings nor the sales procedure of units in the Sanderson Project in any way.
18. The Medican Group is actively marketing the IMOR collateral for sale, and therefore a receiver would add nothing and would be disruptive to the interests of other stakeholders and Medican's restructuring.

The Sanderson Project - Approving the Sale of Units

19. The Medican Group received ten offers to purchase condominium units in the Sanderson Project (as described in the Extension Affidavit) from ten respective purchasers. The offers are a result of a listing with a real estate agent and are with arm's length purchasers.
20. The Medican Group also proposes to apply the sum of \$525,000 out of the sale proceeds from the sale of Phase 3, 4B and the Church Land of the Sanderson Project to Monarch Land Ltd. in consideration for the purchase of a condominium unit in Phase 2 of the Sanderson Project to Mrs. Sanderson, who has a charge over the Sanderson Project as security for the delivery of such a unit.
21. The Medican Group believes these transactions are fair and reasonable given the circumstances and in the best interest of the Medican Group and its stakeholders.
22. The first secured lenders and the Monitor support these sales.

The Sanderson Project – Sales Procedure

23. Units in Phases 1 and 2 of the Sanderson Project were being sold pursuant to a Memorandum of Understanding among Sanderson of Fish Creek (Calgary) Developments Ltd., Harbour Mortgage Corp. and IMOR Capital Corp. (the “MOU”).
24. It appears that the sale mechanism pursuant to the MOU is no longer effective and a more efficient process is required. The Medican Group proposes to sell the remaining condominium units in Phases I and II of the Sanderson Project pursuant to the process outlined in the sales procedure outlined in Exhibit “J” to the Extension Affidavit.
25. The Monitor is in agreement with the proposed sale procedure.

The Stay Extension

26. Since the extension granted by this Honourable Court on December 2, 2010, the Medican Group has worked diligently on all aspects of this restructuring, including the items that are outlined in the Ninth Monitor’s Report.
27. An extension of the Stay Period to May 31, 2011 is necessary to continue the restructuring of the Medican Group and to allow the Medican Group to continue to stabilize its operations, communicate with its stakeholders, prioritize its projects, and develop a viable plan to enable the Medican Group to emerge from these proceedings for the benefit of all stakeholders.
28. As a result of its restructuring efforts, the Medican Group is now able to repay the DIP financing arrangement with Paragon Capital Corporation in its entirety. The Medican Group is seeking approval to repay the DIP credit facility without any prejudice to any subsequent application to allocate Charges pursuant to paragraph 43 of the Initial Order.
29. The Medican Group continues to work closely with the Monitor and all of the Medican Group’s stakeholders in all respects and the Monitor supports the proposed relief and stay extension.
30. The Medican Group is working in good faith and with due diligence in these proceedings and believe it is within the best interests of the Medican Group and all stakeholders to continue in these proceedings as outlined above.

Material or evidence to be relied on:

31. Affidavit of Tyrone Schneider, dated March 25, 2011 (the “**Extension Affidavit**”).
32. Affidavit of Tyrone Schneider, dated march 25, 2011 (the “**Sanderson Affidavit**”).
33. The Ninth Report of the Monitor, dated March 25, 2011.
34. Other pleadings and materials previously filed in these proceedings.
35. Such further and other materials as counsel for the Petitioners may advise and this Honourable Court may deem necessary.

Applicable Rules:

36. Part 6 of the *Alberta Rules of Court*.
37. Such further and other Rules as counsel for the Petitioners may advise and this Honourable Court may deem necessary.

Applicable Acts and regulations:

38. *Companies Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, and the regulations thereunder.
39. Such further and other acts and regulations as counsel for the Petitioners may advise and this Honourable Court may deem necessary.

How the application is proposed to be heard or considered:

40. In person before the Honourable Madam Justice K.M. Horner in Chambers with call-in availability for those parties unable to attend.

WARNING

If you do not come to Court either in person or by your lawyer, the Court may give the applicant(s) what they want in your absence. You will be bound by any order that the Court makes. If you want to take part in this application, you or your lawyer must attend in Court on the date and time shown at the beginning of the form. If you intend to rely on an affidavit or other evidence when the application is heard or considered, you must reply by giving reasonable notice of the material to the applicant.

SCHEDULE "A"

Clerk's stamp:

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

ORDER

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT



FRASER MILNER CASGRAIN LLP

Bankers Court
15th Floor, 850 - 2nd Street S.W.
Calgary, Alberta T2P 0R8
Attention: David W. Mann / Rebecca L. Lewis
Ph. (403) 268-7097/6354 Fx. (403) 268-3100
File No.: 526686-1

DATE ON WHICH ORDER WAS PRONOUNCED: MARCH 31, 2011
LOCATION WHERE ORDER WAS PRONOUNCED: CALGARY
NAME OF JUDGE WHO MADE THIS ORDER: JUSTICE K.M. HORNER

APPROVAL AND VESTING ORDER
(River Ridge Lots)

UPON the application of the Petitioners in these proceedings (collectively, the "**Medican Group**"); **AND UPON** having read the Application by the Petitioners, dated March 25, 2011, the Sale Approval and Stay Extension Affidavit of Tyrone Schneider dated March 25, 2011 (the "**Extension Affidavit**"), the Affidavit of Gail Wheatley dated March ___, 2011 (the "**Service Affidavit**"), the Ninth Monitor's Report, dated March 25, 2011, all filed, and such other material in the pleadings and proceedings as are deemed necessary; **AND UPON** hearing counsel for the Medican Group, the Monitor, and other interested parties;

IT IS HEREBY ORDERED AND DECLARED THAT:

Service

1. The time for service of notice of this application is abridged to the time actually given and service of the Application and supporting material as described in the Service Affidavit is good and sufficient, and this hearing is properly returnable before this Honourable Court today and further service thereof is hereby dispensed with.
2. All capitalized terms not otherwise defined in this Order shall have the meaning ascribed to them in the Order granted by Madam Justice K.M. Horner in this Action dated May 26, 2010 (the "**Initial Order**"), and the following terms shall have the following meaning:
 - (a) "**Beneficiaries of the Charges**" means the beneficiaries of the DIP Lending Charge, the Administration Charge, and the Directors' Charge;
 - (b) "**Lands**" means the lands legally described in Schedule "A" hereto;
 - (c) "**Net Proceeds**" means the proceeds from the sale of the Property, less amounts required to pay all reasonable and ordinary closing costs, including without limitation goods and services and other applicable sales taxes, property taxes, commissions, applicable condominium fees and legal fees and disbursements;
 - (d) "**Property**" means all of Medican Developments Inc.'s right, title and interest in and to the Lands;
 - (e) "**Purchase and Sale Agreement**" means the agreement in writing respecting the sale of the Property from the Medican Group to the Purchaser, attached as Exhibit "B" to the Schneider Affidavit; and
 - (f) "**Purchaser**" means 1129971 Alberta Ltd., or its nominee.

Approval of Sale and Vesting of the River Ridge Lots

3. The conveyance of the Property to the Purchaser pursuant to the Purchase and Sale Agreement be and is hereby authorized and approved.

4. The Medican Group and the Monitor are hereby authorized and directed to execute all deeds, documents, and agreements, and to do all things reasonably necessary to complete the conveyance of the Property and carry out the terms of this Order.
5. Upon the Monitor delivering a certificate (the "**Monitor's Certificate**") certifying that the sale of the Property has closed substantially in accordance with the terms of the Purchase and Sale Agreement, and the required sums have been tendered to the Medican Group, then:
 - (a) the Property shall be vested in the name of the Purchaser free of all estate, right, title, interest, royalty, rental, and equity of redemption of the Medican Group and all persons who claim by, through or under the Medican Group in respect of the Property subject only to the permitted encumbrances outlined in Schedule "B" of this Order (the "**Permitted Encumbrances**");
 - (b) the Medican Group and all persons who claim by, through or under the Medican Group in respect of the Property, save and except the Permitted Encumbrances, shall stand absolutely barred and foreclosed from all estate, right, title, interest, royalty, rental, and equity of redemption of the Property and, to the extent that any such person remains in possession or control of any of the Property, they shall forthwith deliver possession of same to the Purchaser or its nominee;
 - (c) the Purchaser shall be entitled to enter into and upon, hold and enjoy the Property for its own use and benefit without any interference of or by the Medican Group, or any person claiming by or through or against the Medican Group; and
 - (d) the Registrar of the Land Titles Office of Alberta shall discharge all encumbrances in respect of the Lands save and except the Permitted Encumbrances, and shall register the Property in the name of the Purchaser.
6. The Medican Group is authorized and empowered, in respect of the Property, to execute and deliver: (a) such additional, related and ancillary documents and assurances governing or giving effect to the conveyance of the Property, which, in the Medican Group's discretion are reasonably necessary or advisable to conclude the transactions contemplated in or in furtherance of the transfer of the Property and/or this Order; and (b) any and all instruments and documents in respect of the Property as may be required by the Registrar of the Land Titles Office of Alberta or deemed necessary by the Medican Group, and the Registrar is hereby directed, notwithstanding s. 191 of the *Land Titles Act* (Alberta), to effect registration of any such instrument or document so executed by the Medican Group or its solicitors.
7. Upon the filing of the Monitor's Certificate, the Monitor may discharge, or authorize the discharge of, any security registration or registrations in the Personal Property Registry of Alberta as may be required to properly convey clear title of the Property to the Purchaser.
8. Until further Order of the Honourable Court, counsel to the Medican Group, Fraser Milner Casgrain LLP, shall hold all Net Proceeds in trust and such Net Proceeds shall stand in the place and stead of the Property transferred pursuant to this Order, and all claims of whatsoever nature or kind, including without limitation, all liens, claims, encumbrances, mortgages, proprietary claims, trust claims, lease claims, royalty claims, and other interests (the "**Claims**") shall attach solely to the Net Proceeds with the same validity, priority and in the same amounts

and subject to the same defences that were or may have been available when the Claims were attached to the property itself.

9. Notwithstanding paragraph 8 of this Order, the Monitor is authorized, in its sole discretion and as it deems necessary or appropriate, to direct that any or all of the Net Proceeds be paid to valid and enforceable claims that exist in respect of the Net Proceeds; provided however, that adequate provision has been made for the Beneficiaries of the Charges.
10. Any provision made for the Beneficiaries of the Charges by the Monitor pursuant to paragraph 9 hereof shall be done with the consent of the Beneficiaries of the Charges and shall be without prejudice to any subsequent application to allocate Charges pursuant to paragraph 43 of the Initial Order.

Miscellaneous

11. Any conveyance or transfer of Property made pursuant to the provisions of this Order shall be valid and enforceable and not be rendered invalid or unenforceable and the rights and remedies of the parties thereto shall not otherwise be limited or impaired in any way by: (i) the pendency of these proceedings and the declaration of insolvency made herein; (ii) any Bankruptcy Order sought or issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) ("**BIA**") in respect of any of the Petitioners; or (iii) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of encumbrances, contained in any existing agreement, lease, sub-lease, offer to lease or other arrangement which binds any of the Petitioners (a "**Third Party Agreement**"), and notwithstanding any provision to the contrary in any Third Party Agreement:
 - (a) the transaction contemplated hereby shall not create or be deemed to constitute a breach by any of the Petitioners of any Third Party Agreement to which they are a party; and
 - (b) the Purchaser shall not have liability to any person whatsoever as a result of any breach of any Third Party Agreement cause by or resulting from the creation, execution, delivery or performance of any transaction contemplated hereby.
12. Notwithstanding (i) the pendency of these proceedings and the declaration of insolvency made herein, (ii) any Bankruptcy Order sought or issued pursuant to the BIA in respect of any of the Petitioners, and (iii) the provisions under the BIA, or any other applicable federal or provincial legislation or common law, the Purchase and transaction contemplated hereby shall constitute legal, valid and binding obligations of the Petitioners enforceable against them in accordance with the terms thereof, and no transaction contemplated herein will be void or voidable at the instance of creditors and claimants and do not constitute nor shall they be deemed to constitute settlements, fraudulent preferences, assignments, fraudulent conveyances, oppressive conduct, or other reviewable transactions under the BIA, or any other applicable federal or provincial legislation or common law.
13. The Medican Group, the Monitor, the Purchaser, or any interested party may apply to this Court for advice and direction on notice to any party likely to be affected by the Order sought or on such notice as this Court directs.

SCHEDULE "A"
THE LANDS

CONDOMINIUM PLAN NO. 0312290
LOTS 68, 69, 70, 71, 72 AND 73
AND THE RESPECTIVE UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE COMMON PROPERTY
EXCEPTING THEREOUT ALL MINES AND MINERALS

SCHEDULE "B"
PERMITTED ENCUMBRANCES

Lot 68

011 373 749	Utility Right of Way, City of Medicine Hat
011 374 511	Caveat Development Agreement
011 374 512	Easement
011 374 513	Agreement
031 150 088	Partial Discharge of Utility Right of Way

Lot 69

011 374 511	Caveat Development Agreement
011 374 512	Easement
011 374 513	Agreement
031 277 505	Utility Right of Way City of Medicine Hat

Lot 70

011 374 511	Caveat Development Agreement
011 374 512	Easement
011 374 513	Agreement
031 277 505	Utility Right of Way City of Medicine Hat

Lot 71

011 374 511	Caveat Development Agreement
011 374 512	Easement
011 374 513	Agreement
031 277 505	Utility Right of Way City of Medicine Hat

Lot 72

011 374 511	Caveat Development Agreement
011 374 512	Easement
011 374 513	Agreement
031 277 505	Utility Right of Way City of Medicine Hat

Lot 73

011 374 511	Caveat Development Agreement
011 374 512	Easement
011 374 513	Agreement
031 277 505	Utility Right of Way City of Medicine Hat

SCHEDULE "B"

Clerk's stamp:

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

ORDER

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT



FRASER MILNER CASGRAIN LLP

Bankers Court
15th Floor, 850 - 2nd Street S.W.
Calgary, Alberta T2P 0R8
Attention: David W. Mann / Rebecca L. Lewis
Ph. (403) 268-7097/6354 Fx. (403) 268-3100
File No.: 526686-1

DATE ON WHICH ORDER WAS PRONOUNCED: MARCH 31, 2011
LOCATION WHERE ORDER WAS PRONOUNCED: CALGARY
NAME OF JUDGE WHO MADE THIS ORDER: JUSTICE K.M. HORNER

APPROVAL AND VESTING ORDER
(Valleydale Lots)

UPON the application of the Petitioners in these proceedings (collectively, the "**Medican Group**"); **AND UPON** having read the Application by the Petitioners, dated March 25, 2011, the Sales Approval and Stay Extension Affidavit of Tyrone Schneider dated March 25, 2011 (the "**Extension Affidavit**"), the Affidavit of Gail Wheatley dated March ___, 2011 (the "**Service Affidavit**"), the Ninth Monitor's Report, dated March 25, 2011, all filed, and such other material in the pleadings and proceedings as are deemed necessary; **AND UPON** hearing counsel for the Medican Group, the Monitor, and other interested parties;

IT IS HEREBY ORDERED AND DECLARED THAT:

Service

1. The time for service of notice of this application is abridged to the time actually given and service of the Application and supporting material as described in the Service Affidavit is good and sufficient, and this hearing is properly returnable before this Honourable Court today and further service thereof is hereby dispensed with.
2. All capitalized terms not otherwise defined in this Order shall have the meaning ascribed to them in the Order granted by Madam Justice K.M. Horner in this Action dated May 26, 2010 (the "Initial Order"), and the following terms shall have the following meaning:
 - (a) "**Beneficiaries of the Charges**" means the beneficiaries of the DIP Lending Charge, the Administration Charge, and the Directors' Charge;
 - (b) "**Lands**" means the lands legally described in Schedule "A" hereto;
 - (c) "**Net Proceeds**" means the proceeds from the sale of the Property, less amounts required to pay all reasonable and ordinary closing costs, including without limitation goods and services and other applicable sales taxes, property taxes, commissions, applicable condominium fees and legal fees and disbursements;
 - (d) "**Property**" means all of The Estates of Valleydale Developments Ltd.'s right, title and interest in and to the Lands;
 - (e) "**Purchase and Sale Agreement**" means the agreement in writing respecting the sale of the Property from the Medican Group to the Purchaser, attached as Exhibit "D", to the Extension Affidavit; and
 - (f) "**Purchaser**" means Classic Construction Ltd., or its nominee.

Approval of Sale and Vesting of the Valleydale Lots

3. The conveyance of the Property to the Purchaser pursuant to the Purchase and Sale Agreement be and is hereby authorized and approved.

4. The Medican Group and the Monitor are hereby authorized and directed to execute all deeds, documents, and agreements, and to do all things reasonably necessary to complete the conveyance of the Property and carry out the terms of this Order.
5. Upon the Monitor delivering a certificate (the "**Monitor's Certificate**") certifying that the sale of the Property has closed substantially in accordance with the terms of the Purchase and Sale Agreement, and the required sums have been tendered to the Medican Group, then:
 - (a) the Property shall be vested in the name of the Purchaser free of all estate, right, title, interest, royalty, rental, and equity of redemption of the Medican Group and all persons who claim by, through or under the Medican Group in respect of the Property subject only to the permitted encumbrances outlined in Schedule "B" of this Order (the "**Permitted Encumbrances**");
 - (b) the Medican Group and all persons who claim by, through or under the Medican Group in respect of the Property, save and except the Permitted Encumbrances, shall stand absolutely barred and foreclosed from all estate, right, title, interest, royalty, rental, and equity of redemption of the Property and, to the extent that any such person remains in possession or control of any of the Property, they shall forthwith deliver possession of same to the Purchaser or its nominee;
 - (c) the Purchaser shall be entitled to enter into and upon, hold and enjoy the Property for its own use and benefit without any interference of or by the Medican Group, or any person claiming by or through or against the Medican Group; and
 - (d) the Registrar of the Land Titles Office of Alberta shall discharge all encumbrances in respect of the Lands save and except the Permitted Encumbrances, and shall register the Property in the name of the Purchaser.
6. The Medican Group is authorized and empowered, in respect of the Property, to execute and deliver: (a) such additional, related and ancillary documents and assurances governing or giving effect to the conveyance of the Property, which, in the Medican Group's discretion are reasonably necessary or advisable to conclude the transactions contemplated in or in furtherance of the transfer of the Property and/or this Order; and (b) any and all instruments and documents in respect of the Property as may be required by the Registrar of the Land Titles Office of Alberta or deemed necessary by the Medican Group, and the Registrar is hereby directed, notwithstanding s. 191 of the *Land Titles Act* (Alberta), to effect registration of any such instrument or document so executed by the Medican Group or its solicitors.
7. Upon the filing of the Monitor's Certificate, the Monitor may discharge, or authorize the discharge of, any security registration or registrations in the Personal Property Registry of Alberta as may be required to properly convey clear title of the Property to the Purchaser.
8. The Monitor is authorized, in its sole discretion and as it deems necessary or appropriate, to direct that any or all of the Net Proceeds be paid to valid and enforceable claims that exist in respect of the Net Proceeds; provided however, that adequate provision has been made for the Beneficiaries of the Charges.

9. Any provision made for the Beneficiaries of the Charges by the Monitor pursuant to paragraph 8 hereof shall be done with the consent of the Beneficiaries of the Charges and shall be without prejudice to any subsequent application to allocate Charges pursuant to paragraph 43 of the Initial Order.

Miscellaneous

10. Any conveyance or transfer of Property made pursuant to the provisions of this Order shall be valid and enforceable and not be rendered invalid or unenforceable and the rights and remedies of the parties thereto shall not otherwise be limited or impaired in any way by: (i) the pendency of these proceedings and the declaration of insolvency made herein; (ii) any Bankruptcy Order sought or issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) (“BIA”) in respect of any of the Petitioners; or (iii) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of encumbrances, contained in any existing agreement, lease, sub-lease, offer to lease or other arrangement which binds any of the Petitioners (a “Third Party Agreement”), and notwithstanding any provision to the contrary in any Third Party Agreement:
- (a) the transaction contemplated hereby shall not create or be deemed to constitute a breach by any of the Petitioners of any Third Party Agreement to which they are a party; and
 - (b) the Purchaser shall not have liability to any person whatsoever as a result of any breach of any Third Party Agreement cause by or resulting from the creation, execution, delivery or performance of any transaction contemplated hereby.
11. Notwithstanding (i) the pendency of these proceedings and the declaration of insolvency made herein, (ii) any Bankruptcy Order sought or issued pursuant to the BIA in respect of any of the Petitioners, and (iii) the provisions under the BIA, or any other applicable federal or provincial legislation or common law, the Purchase and transaction contemplated hereby shall constitute legal, valid and binding obligations of the Petitioners enforceable against them in accordance with the terms thereof, and no transaction contemplated herein will be void or voidable at the instance of creditors and claimants and do not constitute nor shall they be deemed to constitute settlements, fraudulent preferences, assignments, fraudulent conveyances, oppressive conduct, or other reviewable transactions under the BIA, or any other applicable federal or provincial legislation or common law.
12. The Medican Group, the Monitor, the Purchaser, or any interested party may apply to this Court for advice and direction on notice to any party likely to be affected by the Order sought or on such notice as this Court directs.
13. The Medican Group shall serve, by courier, facsimile transmission, e-mail transmission, or ordinary post, a copy of this Order on all parties present at this application and on all parties who received notice of this application or who are presently on the service list established in these proceedings, and service on any or all other parties is hereby dispensed with. Service affected as aforesaid shall be good and sufficient service.

Justice of the Court of Queen’s Bench of Alberta

SCHEDULE "A"
THE LANDS

PLAN 0810331

BLOCK 1

LOTS 32, 33, 35, 38, 39, 41, 45, 50 AND 52

EXCEPTING THEREOUT ALL MINES AND MINERALS

SCHEDULE "B"
PERMITTED ENCUMBRANCES

Lot 32

911 119 129	Utility Right of Way – City of Medicine Hat
081 186 904	Utility Right of Way – City of Medicine Hat
081 186 905	Caveat – Development Agreement
091 122 877	Restrictive Covenant
091 126 623	Restrictive Covenant

Lot 33

911 119 129	Utility Right of Way – City of Medicine Hat
081 186 904	Utility Right of Way – City of Medicine Hat
081 186 905	Caveat – Development Agreement
091 122 877	Restrictive Covenant
091 126 623	Restrictive Covenant

Lot 35

911 119 129	Utility Right of Way – City of Medicine Hat
081 186 904	Utility Right of Way – City of Medicine Hat
081 186 905	Caveat – Development Agreement
091 122 877	Restrictive Covenant
091 126 623	Restrictive Covenant

Lot 38

081 186 904	Utility Right of Way – City of Medicine Hat
081 186 905	Caveat – Development Agreement
091 122 877	Restrictive Covenant
091 126 623	Restrictive Covenant

Lot 39

081 186 904	Utility Right of Way – City of Medicine Hat
081 186 905	Caveat – Development Agreement
091 122 877	Restrictive Covenant
091 126 623	Restrictive Covenant

Lot 41

081 186 904	Utility Right of Way – City of Medicine Hat
081 186 905	Caveat – Development Agreement
091 122 877	Restrictive Covenant
091 126 623	Restrictive Covenant

Lot 45

081 186 903	Utility Right of Way – City of Medicine Hat
081 186 904	Utility Right of Way – City of Medicine Hat
081 186 905	Caveat – Development Agreement
091 122 877	Restrictive Covenant
091 126 623	Restrictive Covenant

Lot 50

081 186 903	Utility Right of Way – City of Medicine Hat
081 186 904	Utility Right of Way – City of Medicine Hat
081 186 905	Caveat – Development Agreement
091 122 877	Restrictive Covenant
091 126 623	Restrictive Covenant

Lot 52

081 186 903	Utility Right of Way – City of Medicine Hat
081 186 904	Utility Right of Way – City of Medicine Hat
081 186 905	Caveat – Development Agreement
091 122 877	Restrictive Covenant
091 126 623	Restrictive Covenant

SCHEDULE "C"

Clerk's stamp:

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

ORDER

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT



FRASER MILNER CASGRAIN LLP

Bankers Court
15th Floor, 850 - 2nd Street S.W.
Calgary, Alberta T2P 0R8
Attention: David W. Mann / Rebecca L. Lewis
Ph. (403) 268-7097/6354 Fx. (403) 268-3100
File No.: 166677-83

DATE ON WHICH ORDER WAS PRONOUNCED: March 31, 2011

LOCATION WHERE ORDER WAS PRONOUNCED: CALGARY

NAME OF JUDGE WHO MADE THIS ORDER: JUSTICE K.M. HORNER

ORDER
(STALKING HORSE)

UPON the application of the Petitioners in these proceedings (collectively, the "**Medican Group**"); **AND UPON** having read the Application of the Petitioners, dated March 25, 2011, the Affidavit of Tyrone Schneider, sworn March 25, 2011 (the "**Extension Affidavit**"), the Ninth Report of the Monitor, dated March 25, 2011, the Affidavit of Gail Wheatley, sworn March __, 2011 (the "**Service Affidavit**"), all filed, and such other material in the pleadings and proceedings as deemed necessary; **AND UPON** hearing counsel for the Medican Group, counsel for the Monitor, and other interested parties;

IT IS HEREBY ORDERED THAT:

Service

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

Approval of the Sales Procedure and Solicitation Process

3. The Offer to Purchase among Spider Electric Ltd. and R7 Investments Ltd. dated March 25, 2011 (the "**Spider Offer**") including the Break Fee (as that term is defined therein) to sell the lands legally defined as Plan 9011188, Block 3, Lots 3 & 4 and all appurtenances thereto (the "**Lands**"), be and is hereby approved, and the Spider Offer shall form the Stalking Horse Bid.
4. The Medican Group and the Monitor are hereby authorized and directed to accept the Spider Offer, continue listing the Lands, and proceed with the procedure outlined in the Sales Procedure attached hereto as Schedule "A" (the "**Sales Procedure**") and do all such things as are reasonably necessary to carry out their respective obligations thereunder and give full effect to the Sales Procedure.

Miscellaneous

5. The Sales Procedure may be altered or amended by the Monitor in a non-substantive manner to give full or better effect to the sales procedure approved hereby.
6. The Medican Group shall serve, by courier, facsimile transmission, e-mail transmission, or ordinary post, a copy of this Order on all parties present at this application and on all parties who received notice of this application or who are presently on the service list established in these proceedings, and service on any or all other parties is hereby dispensed with. Service effected as aforesaid shall be good and sufficient service.

Justice of the Court of Queen's Bench of Alberta

SCHEDULE "A"
TO THE STALKING HORSE ORDER

Medican Group of Companies – Sales Procedure

R7 Investments Ltd.

Overview of contemplated sales procedure (the "**Sale Process**") for the Commercial Office Building municipally located at 1870 6 Avenue, Medicine Hat, Alberta and legally described as Plan No. 9011188, Block 3, Lots 3 & 4, and all appurtenances thereto (the "**Lands**"):

1. The Offer to Purchase the Lands by Spider Electric Ltd. ("**Spider**") dated March 24, 2011 (the "**Spider Offer**"), is a "Stalking Horse" bid and the Spider Offer may be utilized by the Vendor in conjunction with it continuing to list the lands and sell the Lands on terms and conditions that are (a) no less favourable, (b) no more burdensome or conditional, and (c) except for purchase consideration greater than the Purchase Consideration, substantially similar to the Spider Offer.
2. The Company will continue to list the Lands pursuant to an MLS listing agreement with Remax.
3. The Spider Offer will be made available to all potential purchasers.
4. The Monitor and the Company will facilitate site visits for prospective purchasers.
5. A potential purchaser ("**Competing Bidder**") who wishes to acquire the Lands shall submit its offer – in form and substance substantially similar to the Spider Offer - to the Monitor no later than noon on April 30, 2011, which offer shall provide:
 - (a) a deposit of not less than 10% of that offer's total consideration,
 - (b) a closing time of not later than May 30, 2011,
 - (c) the purchase consideration to be in excess of the current purchase price of \$1.5 million by an amount equal to at least the Break Fee plus any realtor commissions payable, and
 - (d) an option for the Vendor to occupy the Lands on terms no less favourable than the Option,(a "**Competing Bid**").
6. If the Monitor receives a Competing Bid then, in its sole and unfettered discretion:
 - (a) the Monitor may ask any or all Competing Bids (including Spider) to submit a further bid,
 - (b) the Monitor may conduct an auction for the Lands, whereby all Competing Bidders and Spider would bid on the Lands,
 - (c) the most favourable bid shall be selected as the successful bidder (the "**Successful Bidder**"), and

- (d) the Closing Time (as defined in the Spider Offer) shall be extended by not more than ten Business Days.
7. The Medican Group and the Monitor shall seek a vesting Order as soon as reasonably practicable after:
- (a) A successful bidder is selected by the Monitor, or
 - (b) If there is no competing bidder, April 30, 2011.
-
8. The sale of the Lands will be on an “as is, where is” basis and without surviving representations or warranties of any kind, nature, or description by the Monitor, the Medican Group or any of their agents, estates, advisors, professionals or otherwise.
9. Spider shall be entitled to a fee (the “**Break Fee**”), secured against the purchase consideration provided by the Successful Bidder in an amount equal to \$100,000, which is fair and reasonable compensation to Spider for its costs and providing the Spider Offer.
10. In the event of any conflict between this Sales Procedure and the Spider Offer, this Sales Procedure shall prevail.
-

SCHEDULE "D"

Clerk's stamp:

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

ORDER

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT



FRASER MILNER CASGRAIN LLP

Bankers Court
15th Floor, 850 - 2nd Street S.W.
Calgary, Alberta T2P 0R8
Attention: David W. Mann / Rebecca L. Lewis
Ph. (403) 268-7097/6354 Fx. (403) 268-3100
File No.: 526686-1

DATE ON WHICH ORDER WAS PRONOUNCED: MARCH 31, 2011
LOCATION WHERE ORDER WAS PRONOUNCED: CALGARY
NAME OF JUDGE WHO MADE THIS ORDER: JUSTICE K.M. HORNER

ORDER
(Sanderson Project)

UPON the application of the Petitioners in these proceedings (collectively, the "**Medican Group**"); **AND UPON** having read the Application by the Petitioners, dated March 25, 2011, the Sale Approval and Stay Extension Affidavit of Tyrone Schneider dated March 25, 2011 (the "**Extension Affidavit**"), the Sanderson Affidavit of Tyrone Schneider dated March 25, 2011 (the "**Sanderson Affidavit**"), the Affidavit of Gail Wheatley dated March ____, 2011 (the "**Service Affidavit**"), the Ninth Monitor's Report, dated March 25, 2011, all filed, and such other material in the pleadings and proceedings as are deemed necessary; **AND UPON** hearing counsel for the Medican Group, the Monitor, and other interested parties;

IT IS HEREBY ORDERED AND DECLARED THAT:

Service

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

Dismissing the IMOR Application

3. The Application filed by IMOR Capital Corp. in these proceedings is hereby dismissed.

Approving the Sale of Units

4. The ten condominium units sales in the Sanderson Project (as described in the Extension Affidavit) pursuant to the Purchase and Sales Agreements attached as Exhibit "J" to the Extension Affidavit be and are hereby approved.
5. The conveyance of unit B310 in favour of Mrs. Sanderson as described in the Extension Affidavit be and is hereby approved.
6. The Medican Group and the Monitor be and are hereby authorized and directed to execute all deeds, documents, and agreements, and to do all things reasonably necessary to complete the sales contemplated in paragraphs 4 and 5 of this Order, including without limitation, the Monitor issuing Monitor's Certificates as contemplated in the Condominium Sales Order granted by this Honourable Court on June 11, 2010 in connection with such sales.

Approval of the Sales Procedure

7. The sales procedure in respect of the remaining condominium units in Phases 1 and 2 of the Sanderson Project attached as Schedule "A" to this Order be and is hereby approved and the Medican Group and the Monitor be and are hereby authorized and directed to execute all

deeds, documents, and agreements, and to do all things reasonably necessary to carry out such procedures and complete all sales concluded pursuant to such procedure.

Miscellaneous

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

Justice of the Court of Queen's Bench of Alberta

SCHEDULE "A"

Medican Group of Companies – Sales Procedure

Sanderson of Fish Creek (Calgary) Developments Ltd. – Remaining Units in Phases I & II

This is the sales procedure (the "Sale Procedure") for the remaining units in Phases I & II of the Sanderson Project, as outlined in Schedule "A.1" to this Procedure (the "Units"):

1. The Company will continue to sell the Units in accordance with the Company's general sales practices, at or above the prices, as adjusted, in Schedule "A.1" of this Procedure (the "Revised Listing Prices").
2. All adjustments set forth in the Revised Listing Prices be and are hereby approved.
3. The Monitor is hereby empowered and directed to approve any offer for a price no less than \$1,500 below the Revised Listing Prices and issue Monitor's Certificates in respect of such accepted offers in accordance with the provisions of the Condominium Sales Order granted by this Honourable Court on June 11, 2010.
4. The Monitor is hereby empowered and directed to approve any offer for a price less than the amounts described in paragraph 3 of this Sales Procedure only if: (a) it has the agreement of all parties with an encumbrance on the Unit, and the Medican Group, or (b) further Order of this Honourable Court.

Medican Group of Companies
Sanderson - Harbour/IMOR Phase 1 and 2
Suites Available for Sale
(\$Canadian, Unaudited)

Phase	Suite	Listing Price	Estimated Cost to			Condo fees *	Property taxes*	Legal fees* DIP/Admin	Harbour exit fee	Total Costs	Estimated equity
			Complete	Commissions*							
1	D101	344,000	8,041	9,600	3,499	3,500	1,000	8,500	3,000	37,139	306,861
1	D201	349,000	6,644	9,725	3,499	3,500	1,000	8,500	3,000	35,868	313,132
1	D203	347,000	8,361	9,675	3,499	3,500	1,000	8,500	3,000	37,535	309,465
1	D303	353,000	8,041	9,825	3,499	3,500	1,000	8,500	3,000	37,364	315,636
1	F234	247,000	2,400	7,175	3,499	3,500	1,000	8,500	3,000	29,073	217,927
Total Phase 1			33,487	46,000	17,493	17,500	5,000	42,500	15,000	176,979	1,463,021
2	B101	344,000	23,170	9,600	3,499	3,500	1,000	8,500	3,000	52,269	291,731
2	B103	339,000	30,416	9,475	3,499	3,500	1,000	8,500	3,000	59,390	279,610
2	B201	349,000	29,811	9,725	3,499	3,500	1,000	8,500	3,000	59,034	289,966
2	B203	349,000	30,833	9,725	3,499	3,500	1,000	8,500	3,000	60,057	288,943
2	B204	349,000	24,155	9,725	3,499	3,500	1,000	8,500	3,000	53,379	295,621
2	B207	352,000	395	9,800	3,499	3,500	1,000	8,500	3,000	29,693	322,307
2	C202	349,000	29,811	9,725	3,499	3,500	1,000	8,500	3,000	59,034	289,966
2	C301	354,000	29,811	9,850	3,499	3,500	1,000	8,500	3,000	59,159	294,841
2	C302	354,000	-	9,850	3,499	3,500	1,000	8,500	3,000	29,349	324,651
2	F108	300,000	29,525	8,500	3,499	3,500	1,000	8,500	3,000	57,523	242,477
2	F208	305,000	29,562	8,625	3,499	3,500	1,000	8,500	3,000	57,685	247,315
Total Phase 2			257,488	104,600	38,484	38,500	11,000	93,500	33,000	576,572	3,167,428
Grand Total			290,975	150,600	55,977	56,000	16,000	136,000	48,000	753,551	4,630,449

Total units available for sale 16

* Estimate

SCHEDULE "E"

Clerk's stamp:

COURT FILE NUMBER 1001-07852

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE 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

ORDER

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT



FRASER MILNER CASGRAIN LLP

Bankers Court

15th Floor, 850 - 2nd Street S.W.

Calgary, Alberta T2P 0R8

Attention: David W. Mann / Rebecca L. Lewis

Ph. (403) 268-7097/6354 Fx. (403) 268-3100

File No.: 526686-1

DATE ON WHICH ORDER WAS PRONOUNCED: MARCH 31, 2011

LOCATION WHERE ORDER WAS PRONOUNCED: CALGARY

NAME OF JUDGE WHO MADE THIS ORDER: JUSTICE K.M. HORNER

ORDER
(Stay Extension and DIP Payment)

UPON the application of the Petitioners in these proceedings (collectively, the "**Medican Group**"); **AND UPON** having read the Application by the Petitioners, dated March 25, 2011, the Sales Approval and Stay Extension Affidavit of Tyrone Schneider dated March 25, 2011 (the "**Extension Affidavit**"), the Affidavit of Gail Wheatley dated March __, 2011 (the "**Service Affidavit**"), the Ninth Monitor's Report, dated March 25, 2011, all filed, and such other material in the pleadings and proceedings as are deemed necessary; **AND UPON** hearing counsel for the Medican Group, the Monitor, and other interested parties;

IT IS HEREBY ORDERED AND DECLARED THAT:

Service

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

Extension of Stay

3. The Stay Period as defined in the Initial Order is hereby extended up to and including May 31, 2011.

DIP Credit Facility

4. The Medican Group be and is hereby authorized to repay all amounts owing to Paragon Capital Corporation under DIP credit facility, and such repayment shall be without prejudice to any subsequent application to allocate Charges pursuant to paragraph 43 of the Initial Order.

Miscellaneous

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

Justice of the Court of Queen's Bench of Alberta