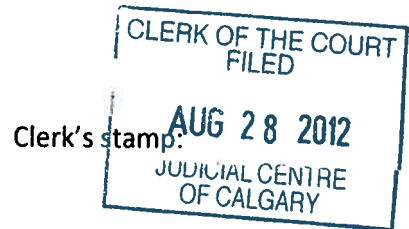


COURT FILE NUMBER
COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE

1001-07852



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

APPLICATION BY THE PETITIONERS

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 / Derek M. Pontin
Ph. (403) 268-7097/6301 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	August 31, 2012
Time	10:00 a.m.
Where	Court of Queen's Bench of Alberta Calgary Courts Centre 601 – 5th Street S.W. Calgary, AB T2P 5P7
Before Whom	Honourable Justice LoVecchio

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 to this Application as Schedule "A", granting an extension to the stay period in these proceedings (the "**Stay Period**") under the provisions of the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the "**CCAA**") in relation to Medican (Westbank) Development Ltd. and Medican (Westbank) Land Ltd. (collectively, the "**Kaleido Companies**"), and Sanderson of Fish Creek (Calgary) Developments Ltd. ("**Sanderson**") to and including November 30, 2012.
3. Such further and other relief as may be necessary and appropriate in these proceedings.

Grounds for making this application:

Extension of the Stay Period

4. The Petitioners are seeking an extension of the Stay Period to November 30, 2012.
5. Since the last extension was granted in these proceedings on July 27, 2012, the Petitioners have continued working closely with the Monitor and the CRO to advance the restructuring, including by the various activities outlined in the Twentieth Report of the Monitor.
6. Sanderson is currently engaged in the construction and development of a multi-phase condominium project (the "**Sanderson Project**"). Sanderson has a net profit interest contingent upon the completion of the Sanderson Project (the "**NPI**"). The NPI is a valuable asset of Sanderson and is critical to its successful emergence from the CCAA proceedings.
7. A number of legal issues are affecting the completion of the Sanderson Project and are currently unresolved. These issues exist primarily between Sanderson and Monarch Land Ltd. ("**Monarch**"), Aviva Insurance Company of Canada, represented by its agent National Home Warranty Group Inc. (collectively "**NHW**") and the Sanderson Condo Corporation ("**Condo Corp.**"). These issues will need to be litigated, and are described in more detail in the Affidavit of Tyrone Schneider, filed August 28, 2012.
8. A schedule for the litigation of these issues has been proposed, which assumes these matters will be properly resolved in advance of November 30, 2012.

9. It is reasonable, appropriate and necessary in the circumstances to extend the Stay Period to November 30, 2012. The Petitioners continue to sell units and work with the Monitor in these proceedings.
10. The Petitioners continue to work in good faith and with due diligence in these proceedings and it is in the best interests of the Petitioners and all of the stakeholders that the extension be granted in the manner sought herein.

Material or evidence to be relied on:

11. Affidavit of Tyrone Schneider, dated August 28, 2012 (the "**Schneider Affidavit**").
12. The Twentieth Report of the Monitor.
13. Other pleadings and materials previously filed in these proceedings.
14. Such further and other materials as counsel for the Petitioners may advise and this Honourable Court may deem necessary.

Applicable Rules:

15. The *Alberta Rules of Court*.
16. Such further and other Rules as counsel for the Petitioners may advise and this Honourable Court may deem necessary.

Applicable Acts and regulations:

17. *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, as amended, and the regulations thereunder.
18. 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:

19. In person in Chambers.

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(s).

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 / Derek M. Pontin
Ph. (403) 268-7097/6301 Fx. (403) 268-3100
File No.: 526686-1

DATE ON WHICH ORDER WAS PRONOUNCED: August 31, 2012

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary

NAME OF JUDGE WHO MADE THIS ORDER: Honourable Justice LoVecchio

ORDER

UPON the application of the Petitioners in these proceedings (collectively, the "**Medican Group**"); **AND UPON** having read the Application by the Petitioners, filed August 28, 2012, the Affidavit of Tyrone Schneider, filed August 28, 2012 (the "**Schneider Affidavit**"), the Affidavit of Gail Wheatley, dated August ____, 2012 (the "**Service Affidavit**"), the Twentieth Report of Ernst & Young Inc., the Court appointed monitor (the "**Monitor**"), 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**").

Extension of Stay

3. The stay of proceedings currently in place in these CCAA 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**") is hereby confirmed and extended up to and including November 30, 2012.

Miscellaneous

4. 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