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12 December 2011

To the Creditors of the:
Medican Group of Companies

**Re: Plan of Compromise and Arrangement (the "Plan")
Companies' Creditors Arrangement Act ("CCAA Proceedings")**

Introduction

On May 26, 2010, the Medican Group made an application to the Court of Queen's Bench of Alberta (the "Court") and was granted an Order (the "Initial Order") under the CCAA to stay proceedings against the Medican Group and allow it time to develop its Plan. RSM Richter Inc. ("Richter") was appointed as monitor (the "Monitor") of the business and financial affairs of the Medican Group.

On December 2, 2011, Richter merged with Ernst & Young Inc. ("EY") (the "Richter/EY Merger"). As a result of the Richter/EY Merger, and approval of the Court on December 5, 2011, EY has become the Monitor of the Medican Group (the "Substitution Order"). Your main contacts with respect to this matter remain Bob Taylor and Nicole Frankiw (nee Do), whose contact information is noted at the end of this letter. A copy of the Substitution Order is available on EY's website at <http://documentcentre.eycan.com/Pages/Main.aspx?SID=196>.

The Medican Group filed its Plan on December 5, 2011.

The purpose of this letter is to provide you with a copy of the Plan, advise you of a meeting to be held on **January 11, 2012** to vote on the Plan, and instructions on completing the Proxy form.

Some of the attached documents refer to Richter, Richter's mailing address, fax number, email addresses, and phone numbers as certain documentation in respect of the Medican Group's Plan was prepared and filed with the Court prior to the Richter/EY Merger and prior to the Substitution Order. Please note below EY's address and the contact information for both Bob Taylor and Nicole Frankiw.

1. Voting on the Plan

A meeting ("Meeting") of the creditors to consider the Plan is scheduled for:

Date: January 11, 2012
Time: 2:00 pm (Calgary time)
Location: Radisson Hotel
2120 16th Avenue NE
Calgary, Alberta

The purpose of the Meeting will be for creditors to consider and vote on the Medican Group's Plan. The creditors voting on the Plan (the "Affected Creditors") will comprise all claims filed against the Medican Group (other than creditors of Sanderson of Fish Creek (Calgary) Developments Ltd. (the Sanderson Project") and Medican (Westbank) Development Ltd. and Medican (Westbank) Land Ltd. (the "Kaleido Project"). Affected Creditors include those creditors whose claims filed with the Monitor are now less than the claim amount filed as a result of certain payments, compromise or other deduction to the claim over the course of the CCAA Proceedings. Creditors will vote to either accept or reject the Plan. Attached are the following documents (collectively referred to as the Information Package) in connection with the Medican Group's Plan:

1. The Notice of the Creditors Meeting
2. The Plan
3. The Proxy and instructions
4. The Creditor's Meeting Order
5. Monitor's Fifteenth Report

Please read all information carefully. The Information Package is also available on EY's website at <http://documentcentre.eycan.com/Pages/Main.aspx?SID=196>

In order for the Plan to be accepted, the Plan must be approved by two thirds in dollar value and over 50% in number of the Affected Creditors voting at the Meeting either in person, by proxy or by mail. Affected Creditors comprise any and all claims filed against the Medican Group other than creditors in the Sanderson Project and the Kaleido Project. It is anticipated that the Sanderson Project will file its own Plan at a later date. It is unlikely that there will be any Plan for the Kaleido Project.

The Monitor assessed the fairness of the Plan in its Fifteenth Report. The Monitor concluded that Affected Creditors will experience superior recoveries if Affected Creditors vote to approve the Plan rather than reject it.

To assess the dollar value of your vote, please refer to Appendix "A" in Monitor's Fifteenth Report. For purposes of voting and distribution under the Plan, an Affected Creditor's Claim remains subject to further review and final acceptance and may be determined, in whole, or in part, to be a Disputed

Claim. A Disputed Claim will not be entitled to receive a distribution under the Plan in respect thereof until such time as the Disputed Claim has been resolved.

Affected creditors are entitled to attend and vote at the meeting in person or by proxy. To vote by proxy an Affected Creditor must submit the Proxy and Voting Letter to the Monitor on or before noon (Calgary Time) by January 10, 2012 or delivered by hand to the Monitor at the Meeting prior to the commencement of the Meeting. No Proxies can be accepted by the Monitor after commencement of the Meeting. Voting on the Plan at the Meeting will be conducted by written ballot.

It is preferred that the completed Proxy and Voting Letter be emailed to the Monitor. If Affected Creditors are unable to email their Proxy and Voting Letter, it can be delivered to the Monitor by registered mail, facsimile transmission or courier to the email or address below:

By email: Nicole.Frankiw@ca.ey.com

By registered mail, courier, or facsimile:

Ernst & Young Inc.
Monitor of the Medican Group of Companies
1000, 440 2nd Avenue SW
Calgary, AB T2P 5E9
Facsimile: (403) 290 4265

If you wish to speak to a representative of the Monitor, please contact one of the following individuals:

Nicole Frankiw: 403 206 5047
(Nicole.Frankiw@ca.ey.com)

Bob Taylor: 403 233 7112
(Bob.Taylor@ca.ey.com)

Thank you for your attention in this matter.

Yours very truly,

ERNST & YOUNG INC.
IN ITS CAPACITY AS CCAA MONITOR OF
THE MEDICAN GROUP AND
NOT IN ITS PERSONAL CAPACITY



Per: Robert J. Taylor, CA, CIRP

Attachments