

CLERK OF THE COURT
FILED
JUL 28 2011
JUDICIAL CENTRE
OF CALGARY

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
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File No.: 526686-1

DATE ON WHICH ORDER WAS PRONOUNCED: July 28, 2011
LOCATION WHERE ORDER WAS PRONOUNCED: CALGARY
NAME OF JUDGE WHO MADE THIS ORDER: JUSTICE K.M. HORNER

ORDER
(933680 Alberta Ltd. Settlement Approval)

UPON the application of the Petitioners in these proceedings (collectively, the "**Medican Group**"); **AND UPON** having read the Application by the Petitioners, dated July 27, 2011, the Affidavit of Tyrone Schneider dated July 27, 2011 (the "**Schneider 933 Affidavit**"), the Affidavit of Kelsea McGillivray dated July 28, 2011 (the "**Service Affidavit**"), the Twelfth Report of RSM Richter Inc. the Court appointed monitor (the "**Monitor**"), dated July 27, 2011 (the "**Twelfth Report**"), 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 as:

PLAN 9512561
BLOCK 1
LOT 1
CONTAINING 31.49 HECTARES (77.81 ACRES) MORE OR LESS
EXCEPTING THEREOUT ALL MINES AND MINERALS;
3. "**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;
4. "**Property**" means all of the Vendor's right, title and interest in and to the Lands;
5. "**Purchase and Sale Agreement**" means the agreement in writing respecting the sale of the Property (as herein defined) from the Vendor to the Purchaser;
6. "**Purchaser**" means 1554670 Alberta Ltd. ("**670**"), or their nominee; and
7. "**Vendor**" means, collectively, R7 Investments Ltd. and Medican Construction Ltd.

Approval of the 933680 Alberta Ltd. Settlement Agreement and Vesting of the Property

8. The settlement agreement among 933680 Alberta Ltd. ("**933**") and the Medican Group dated July 27, 2011, as attached as Exhibit "A" to the Schneider 933 Affidavit (the "**933 Settlement Agreement**") and the transactions contemplated therein be and are hereby approved and the

Medican Group and the Monitor are hereby authorized to take all necessary steps to promptly carry out and perform the terms of the 933 Settlement Agreement.

9. The Medican Group is authorized to make such amendments, revisions and/or supplements (collectively, the "**Amendments**") to the 933 Settlement Agreement as it may determine to be necessary or desirable, provided that: (i) the Amendments do not materially alter the business terms of the 933 Settlement Agreement including the transactions contemplated thereby; and (ii) the Medican Group, the Monitor, and 933 each consent to the Amendments.
10. The sale and conveyance of the Property to the Purchaser, in accordance with the terms and conditions of the Purchase and Sale Agreement, be and is hereby authorized and approved.
11. 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 sale and conveyance of the Property and carry out the terms of this Order.
12. 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 all purchase monies due and owing in respect of such sale 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 "A" 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 their 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, notwithstanding the requirements in section 191 of the *Land Titles Act* (Alberta).
13. 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 section 191(1) of the *Land Titles Act* (Alberta) to effect registration of any such instrument or document so executed by the Medican Group or its solicitors.

14. 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 the Province where the Property is located as may be required to properly convey clear title of the Property to the Purchaser.
15. The Medican Group is authorized and directed to remit the amount of \$300,000.00 out of the Net Proceeds to 933680 Alberta Ltd., the first mortgagee on the Lands, in accordance with the Settlement Agreement dated July 27, 2011 (the "**Distribution**"), and that the Net Proceeds remaining after the Distribution be retained for the Beneficiaries of the Charges.
16. The payment in respect of the Beneficiaries of the Charges pursuant to paragraph 15 shall be without prejudice to any subsequent application to allocate Charges pursuant to paragraph 43 of the Initial Order.

Miscellaneous

17. 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"

Permitted Encumbrances

Registration No.

Registration

001 175 430

Utility Right of Way

051 299 326

Utility Right of Way