

I hereby certify this to be a true copy of
the original Order
Dated this 29 day of July 2010
S. Ammirante
Clerk of the Court

Action No. 1001-07852

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE OF 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

BEFORE THE HONOURABLE)
)) At the Courts Centre in the City of Calgary,
MADAM JUSTICE K.M. HORNER) in the Province of Alberta, on Thursday, the
) 29th day of July, 2010
IN CHAMBERS)

ORDER

(CIBC – Sanderson, Phase 4A - Charge)

UPON the application of the Petitioners in these proceedings (collectively, the “**Medican Group**”); **AND UPON** having read the Notice of Motion of the Petitioners, dated July 27, 2010, the Affidavit of Tyrone Schneider, sworn July 27, 2010 (the “**Schneider Affidavit**”), to be filed; the Affidavit of Tyrone Schneider, dated July 29, 2010 (the “**Supplemental Affidavit**”), to be

be filed; the Third Report of the Monitor, dated July 27, 2010, the Affidavit of Ronica Cameron, dated July 29, 2010 (the "**Service Affidavit**"), to be filed; and such other material in the pleadings and proceedings as deemed necessary; **AND UPON** hearing counsel for the Medican Group, counsel for CIBC, counsel for Monarch Land Ltd. ("**Monarch**"), counsel for the Monitor, and other interested parties; **AND UPON NOTING** that the holders of the DIP Lender's Charge, the Administration Charge, and the Directors' Charge all consent to the relief sought hereunder; **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 Initial Order granted in these proceedings on May 26, 2010 (the "**Initial Order**").

Approval of the CIBC Loan Amendment

3. The loan amending letter among CIBC and the Medican Group, amending a mortgage loan commitment letter dated July 25, 2007, dated July 28, 2010 and attached as Exhibit "B" to the Supplemental Affidavit (the "**CIBC Loan Amendment**") is hereby approved.

4. The Medican Group and the Monitor are hereby authorized and directed to do all things reasonably necessary to implement, and perform all of their respective obligations under, the CIBC Loan Amendment.

Approval of the CIBC Charge

5. As security for monies advanced by CIBC to the Medican Group pursuant to the CIBC Loan Amendment, a charge is hereby granted on the undertaking, property, and assets of Sanderson of Fish Creek (Calgary) Developments Ltd. that are used on, in, or in connection with the portion of the development project known as Phase 4A of Sanderson of Fish Creek (the "**Sanderson (4A) Project**") in favour of CIBC (the "**CIBC Charge**") ranking in priority to the

DIP Lender's Charge, the Administration Charge, and the Directors' Charge, and subject only to the distribution scheme set forth below in this Order.

6. The net proceeds from the condominium units of the Sanderson (4A) Project shall be distributed as follows:

- (a) firstly, to CIBC in repayment of all monies advanced by CIBC pursuant to the provisions of the CIBC Loan Amendment, to a maximum principal amount of one million, two hundred and fifty thousand dollars (\$1,250,000) plus interest thereon at the rate charged pursuant to the existing security granted to CIBC as against the Sanderson 4A Project;
- (b) secondly, upon repayment of all monies advanced by CIBC pursuant to subparagraph 6(a), the sum of eight thousand, five hundred dollars (\$8,500) from each condominium sale, will be paid to Fraser Milner Casgrain LLP, the solicitors for the Medican Group, and held, pending allocation pursuant to paragraph 10 hereof, in a separate trust account for the benefit of the holders of the DIP Lender's Charge, the Administration Charge, and the Directors' Charge;
- (c) thirdly, from each condominium unit of the Sanderson 4A Project sold, funds will be paid to CIBC to reduce the outstanding principal, interest and fees owing pursuant to the existing security granted to CIBC as against the Sanderson 4A Project;
- (d) fourthly, the balance of the funds will be held by Fraser Milner Casgrain LLP, in trust, pending determination of the validity and priority of any additional security; and
- (e) once all valid and enforceable charges against the Sanderson (4A) Project are paid, the remaining sales proceeds will be held in trust by Fraser Milner Casgrain LLP until further order of this Court.

7. Notwithstanding paragraph 6 hereof or any other terms of this Order, this Order shall not prejudice any rights or claims by Monarch regarding its security or agreements in relation to the Sanderson (4A) Project.

Miscellaneous

8. The CIBC Loan Amendment and the CIBC Charge 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) (the “BIA”) in respect of any of the Medican Group or any assignment in bankruptcy made or deemed to be made in respect of any of the Medican Group; 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 Medican Group (a “Third Party Agreement”), and notwithstanding any provision to the contrary in any Third Party Agreement:

- (a) neither the creation of the CIBC Loan Amendment, the creation of the CIBC Charge, nor the execution, delivery or performance of the CIBC Loan Amendment shall create or be deemed to constitute a breach by any of the Medican Group of any Third Party Agreement to which it is a party; and
- (b) the parties to the CIBC Loan Amendment shall not have liability to any person whatsoever as a result of any breach of any Third Party Agreement caused by or resulting from the creation of the CIBC Charge or the execution, delivery or performance of the CIBC Loan Amendment.

9. Notwithstanding: (i) the pendency of these proceedings and the declaration of insolvency made in these proceedings, (ii) any Bankruptcy Order sought or issued pursuant to the BIA in respect of any of the Applicants or any assignment in bankruptcy made or deemed to be made in respect of any of the Applicants, and (iii) the provisions of any federal or provincial statute, the CIBC Loan Amendment and the CIBC Charge shall constitute legal, valid and binding obligations of the Medican Group enforceable against them in accordance with the terms thereof,

and the payments made by the parties pursuant to this Order, the CIBC Loan Amendment, or the CIBC Charge do not and will not constitute settlements, fraudulent preferences, fraudulent conveyances or other challengeable or reviewable transactions or conduct meriting an oppression remedy under any applicable law, and shall not constitute advances under *The Builders' Liens Act* (Alberta) nor be subject to any builder's lien registered at the date of this Order or thereafter.

10. Notwithstanding any other provision of this Order, the rights and remedies of the parties under the CIBC Loan Amendment shall be subject to the terms of this Order, the Initial Order, including the stay of proceedings, and all other Orders made in these proceedings.

11. The reserve of proceeds for the benefit of the DIP Lender's Charge, the Administration Charge, and the Directors' Charge set forth in subparagraph 6(b) shall be without prejudice to any subsequent application to allocate Charges pursuant to paragraph 43 of the Initial Order.

12. No action or proceeding may be commenced against a party to the CIBC Loan Amendment by reason of any such party having entered into the CIBC Loan Amendment or having performed the obligations thereunder without leave of this Court having been obtained on seven days' notice to such party, the Medican Group, and the Monitor.

13. The Medican Group, CIBC, Monarch and the Monitor or any party to the CIBC Loan Amendment are at liberty to apply for such further advice, assistance and direction as may be necessary to give full force and effect to the terms of this Order.

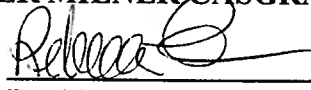
14. The Medican Group shall serve, by courier, facsimile transmission, e-mail transmission, or ordinary post, a copy of this Order on all parties present at this application and on all parties who received notice of this application or who are presently on the service list established in these proceedings,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



J.C.Q.B.A.

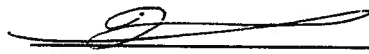
CONSENTED TO THIS 29 DAY OF
JULY, 2010

FRASER MILNER CASGRAIN LLP

for Per: 

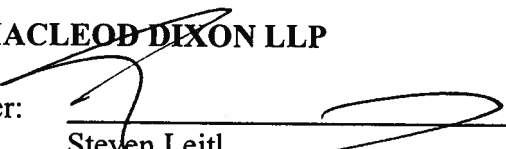
David W. Mann
Solicitors for the Petitioners

BENNETT JONES LLP

Per: 


Frank Dearlove
Solicitors for CIBC

MACLEOD DIXON LLP

Per: 

Steven Leidl
Solicitors for RSM Richter Inc.

MILES DAVISON LLP

Per: 

Susan Robinson Burns, Q.C.
Solicitors for Monarch Lands Ltd.

ENTERED this 29th day of July, 2010



CLERK OF THE COURT



Action No. 1001-07852

**IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL DISTRICT OF CALGARY**

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C.
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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

ORDER

(CIBC – SANDERSON, PHASE 4A - CHARGE)

FRASER MILNER CASGRAIN LLP

Barristers and Solicitors
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Calgary, Alberta
T2P 0R8

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