

Action No.: 1001-07852  
Deponent: Tyrone Schneider  
Date Sworn: July 29, 2010

**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**

**AFFIDAVIT**

I, Tyrone Schneider, of the City of Medicine Hat, in the Province of Alberta, **MAKE  
OATH AND SAY THAT:**

***Introduction***

1. I am the president of 1539319 Alberta Ltd., the restructuring consultant to all of the Petitioners (the "Consultant") retained to assist with the restructuring of the Petitioners. As such, I am familiar with the books and records of these proceedings and have personal knowledge of

the matters herein deposed to except where based upon information and belief, in which case I do verify believe the same to be true.

2. All capitalized terms used in this Affidavit shall have the meaning ascribed to them in my Affidavit in these proceedings on sworn July 27, 2010 unless otherwise indicated in this Affidavit.

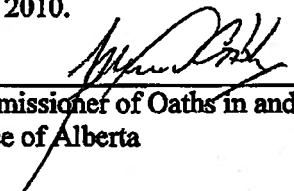
3. In paragraph 12 of my Affidavit of July 27, 2010, I referred to the Macdonald Loan Amendments, which were being finalized between (i) Terwillegar and Macdonald Terwillegar and (ii) Canvas (Calgary) and Macdonald Canvas. The stakeholders in the Terwillegar Project require more time to finalize the documents. The loan amendment with respect to Canvas (Calgary) and Macdonald Canvas is now finalized. A copy of the letter is attached hereto and marked as Exhibit "A".

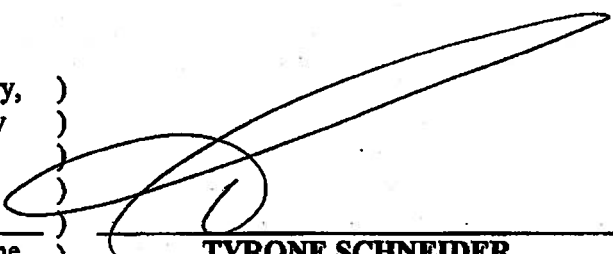
4. In paragraph 17 of my Affidavit of July 27, 2010, I referred to the CIBC Loan Amendment, which was being finalized between Sanderson and CIBC. The CIBC Loan Amendment is now finalized. A copy of the CIBC Loan Amendment is attached hereto and marked as Exhibit "B".

**Relief Sought**

5. I make this Affidavit in support of an Application for the relief described in my Affidavit of July 27, 2010.

Sworn before me in the City of Calgary, )  
in the Province of Alberta, the 29<sup>th</sup> day )  
of July, 2010. )

  
A Commissioner of Oaths in and for the )  
Province of Alberta )

  
\_\_\_\_\_  
**TYRONE SCHNEIDER**

**JOHN D. CRISP**  
Commissioner of Oaths  
5088572\_1.1 My Commission expires March 21, 2012



**FRASER MILNER CASGRAIN LLP**

THIS IS EXHIBIT "A" referred to in the Affidavit of Ivonne Schneider sworn before me this 29 Day of July A.D. 2010

**David W. Mann**  
(403) 268-7097  
[david.mann@fmc-law.com](mailto:david.mann@fmc-law.com)

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A COMMISSIONER FOR OATHS  
IN AND FOR THE PROVINCE OF ALBERTA

July 28, 2010

**VIA E-MAIL**

Macdonald Canvas Properties Ltd.  
11<sup>th</sup> Floor  
938 Howe Street  
Vancouver, British Columbia V6N 1N9

Attention: Ron Lanthier

Dear Sir:

**Subject:           Medican Group of Companies  
                      Canvas (Calgary) Developments Ltd.  
                      Alberta Court of Queen's Bench Action No. 1001-07852  
                      File No. 526686-1**

We are the solicitors to Medican Holdings Ltd. and certain affiliated companies (collectively, the "Medican Group"), in respect of proceedings taken under the *Companies' Creditors Arrangement Act* (Canada) in the Court of Queen's Bench of Alberta (the "Court") and the protection granted to the Medican Group pursuant to an Order dated May 26, 2010 (the "Order") wherein RSM Richter Inc. (the "Monitor") was appointed the monitor of the Medican Group, and the property thereof.

Below you will find the proposal of the Monitor and Canvas (Calgary) Developments Ltd. (the "Developer") in respect of financing by Macdonald Canvas Properties Ltd. ("Macdonald Canvas") for the project being developed in Calgary, Alberta by the Developer and commonly known as Canvas at Millrise (Calgary) (the "Project"), which proposal remains subject to the approval of the Court.

If the following is acceptable to Macdonald Canvas, please execute below and return a signed copy of this letter to the writer. The Developer will bring an application to obtain approval of

the Court (the "Macdonald Canvas Order") as soon as possible upon Macdonald Canvas executing and returning to the writer a copy of this letter.

1. Macdonald Canvas will advance the funds required to complete and market the Project as requested by the Developer (the "Draws") in accordance with the terms of the loan agreement dated August 24, 2009, as amended (collectively, the "Commitment") to a maximum principal amount of five hundred thousand dollars (\$500,000) plus interest thereon at the rate charged pursuant to the existing security granted to Macdonald Canvas as against the Project.
2. The funds advanced by Macdonald Canvas under the Draws shall not revolve.
3. Macdonald Canvas will be provided a super priority charge in respect of the Project for the Draws ranking ahead of the existing debtor in possession financing charge.
4. Net Closing Proceeds (as defined in the Commitment) from the units of the Project will be distributed as follows:
  - (a) firstly, in repayment of the Draws;
  - (b) secondly, upon repayment of the Draws, the sum of eight thousand, five hundred dollars (\$8,500) from each condominium unit of the Project sold will be paid to Fraser Milner Casgrain LLP, the solicitors for the Developer, ("FMC") and held in a separate trust account pursuant to the Order and the Macdonald Canvas Order in respect of the priority charges as stated in the Order;
  - (c) thirdly, from each condominium unit of the Project sold, funds will be paid to Macdonald Canvas to reduce the outstanding principal, interest and fees owing pursuant to the existing security granted to Macdonald Canvas as against the Project;
  - (d) fourthly, the balance of the funds will be paid in favour of the valid and enforceable charges against the Project, in accordance with their lawful priority; and
  - (e) lastly, once all valid and enforceable charges against the Project are paid, the remaining funds will be held in trust by FMC until further order of the Court.

Yours truly,

**FRASER MILNER CASGRAIN LLP**



For: David W. Mann

cc: RSM Richter Inc. (Attention: Bob Taylor) – via e-mail  
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**ACKNOWLEDGMENT AND APPROVAL**

The Monitor hereby acknowledges and approves the above noted terms.

**RSM RICHTER INC.**

Per: 

Robert J. Taylor

Dated this 29<sup>th</sup> day of July, 2010

**ACCEPTANCE**

For valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Macdonald Canvas Properties Ltd. accepts the above noted terms.

**MACDONALD CANVAS PROPERTIES LTD.**

Per: 

Ron Lanthier

I have authority to bind the corporation

Dated this 29 day of July, 2010



FRASER MILNER CASGRAIN LLP

THIS IS EXHIBIT "B"  
referred to in the Affidavit of  
Tyrone Schneider  
Sworn before me this 29  
Day of July A.D. 2010

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A COMMISSIONER FOR OATHS  
IN AND FOR THE PROVINCE OF ALBERTA

David W. Mann  
(403) 268-7097  
david.mann@fmc-law.com

July 28, 2010

VIA E-MAIL

Canadian Imperial Bank of Commerce  
199 Bay Street  
6th Floor  
Toronto, ON M5L 1A2

Attention: Jack S. McMurray

Dear Sir:

**Subject:           Medican Group of Companies  
                      Sanderson of Fish Creek (Calgary) Developments Ltd.  
                      Alberta Court of Queen's Bench Action No. 1001-07852  
                      File No. 526686-1**

We are the solicitors to Medican Holdings Ltd. and certain affiliated companies (collectively, the "Medican Group"), in respect of proceedings taken under the *Companies' Creditors Arrangement Act* (Canada) in the Court of Queen's Bench of Alberta (the "Court") and the protection granted to the Medican Group pursuant to an Order dated May 26, 2010 (the "Order") wherein RSM Richter Inc. (the "Monitor") was appointed the monitor of the Medican Group, and the property thereof.

Below you will find the proposal of the Monitor and Sanderson of Fish Creek (Calgary) Developments Ltd. (the "Developer") in respect of financing by Canadian Imperial Bank of Commerce ("CIBC") to complete phase 4A of the project commonly known as Sanderson of Fish Creek (the "Project") being developed in Calgary, Alberta by the Developer, which proposal remains subject to the approval of the Court.

If the following is acceptable to CIBC, please execute below and return a signed copy of this letter to the writer. The Developer will bring an application to obtain approval of the Court (the "CIBC Order") as soon as possible upon CIBC executing and returning to the writer a copy of this letter.

1. CIBC will advance funds required to complete phase 4A of the Project as requested by the Developer (the "Draws") in accordance with the terms of the mortgage loan commitment letter dated July 25, 2007, as amended (collectively, the "Commitment"), to a maximum aggregate principal amount of one million two hundred fifty thousand dollars (\$1,250,000)

plus interest thereon at the rate charged pursuant to the existing security granted to CIBC as against the Project.

2. The Draws shall be advanced in two separate instalments:
  - (a) one million one hundred thousand dollars (\$1,100,000) will be advanced forthwith; and
  - (b) the remaining one hundred and fifty thousand dollars (\$150,000) shall be advanced upon receipt by CIBC of a request for the balance of the funds, and particulars as to the parties who will be paid from these funds, and such other assurances as CIBC may reasonably require.
3. The funds advanced by CIBC under the Draws shall not revolve.
4. CIBC will be provided a super priority in respect of the Project for the Draws ranking ahead of the existing debtor in possession financing charge.
5. Net Closing Proceeds (as defined in the Commitment) from the sale of units of the Project will be distributed as follows:
  - (a) firstly, in repayment of the Draws;
  - (b) secondly, upon repayment of the Draws, the sum of eight thousand, five hundred dollars (\$8,500) from each condominium unit of the Project sold will be paid to Fraser Milner Casgrain LLP, the solicitors for the Developer, ("FMC") and held in a separate trust account pursuant to the Order and the CIBC Order in respect of the priority charges as stated in the Order;
  - (c) thirdly, from each condominium unit of the Project sold, funds will be paid to CIBC to reduce the outstanding principal, interest, and costs owing pursuant to the existing security granted to CIBC as against the Project;
  - (d) fourthly, the balance of the funds will be paid in favour of the valid and enforceable charges against the Project, in accordance with their lawful priority; and
  - (e) lastly, once all valid and enforceable charges against the Project are paid, the remaining funds will be held in trust by FMC until further order of the Court.

Yours truly,

FRASER MILNER CASGRAIN LLP



for: David W. Mann

cc: RSM Richter Inc. (Attention: Bob Taylor) - via e-mail  
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**ACKNOWLEDGMENT AND APPROVAL**

The Monitor hereby acknowledges and approves the above noted terms.

**RSM RICHTER INC.**

Per: 

Robert J. Taylor

Dated this 29<sup>th</sup> day of July, 2010

**ACCEPTANCE**

For valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Canadian Imperial Bank of Commerce accepts the above noted terms.

**CANADIAN IMPERIAL BANK OF COMMERCE**

Per: 

Jack S. McMurray

I have authority to bind the corporation

Dated this 29 day of July, 2010



Action No. 1001-07852  
Deponent: Tyrone Schneider  
Date Sworn: July 29, 2010

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

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**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**

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**AFFIDAVIT**

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**FRASER MILNER CASGRAIN LLP**

Barristers and Solicitors  
15<sup>th</sup> Floor Bankers Court  
850 2 Street SW  
Calgary, Alberta T2P 0R8

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Facsimile: (403) 268-3100  
File: 526686-1