

Form 49
[Rule 13.19]

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**

**IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF MEDICAN HOLDINGS LTD.,
MEDICAN DEVELOPMENTS INC., R7 INVESTMENTS
LTD., MEDICAN CONSTRUCTION LTD., SANDERSON OF
FISH CREEK (CALGARY) DEVELOPMENTS LTD., et. al.**

DOCUMENT

AFFIDAVIT

ADDRESS FOR SERVICE AND CONTACT
INFORMATION OF PARTY FILING THIS
DOCUMENT

Tyler J. Bond
Fraser Milner Casgrain LLP
Bankers Court
15th Floor, 850 - 2nd Street S.W.
Calgary, Alberta T2P 0R8
Ph. (403) 268-7123 Fx. (403) 268-3100
File No.: 526686-1

AFFIDAVIT OF LUKE DAY

Sworn on December 2, 2010

I, LUKE DAY, of Calgary, Alberta, SWEAR AND SAY THAT:

1. I am General Counsel for the Medican Group of Companies and, as such, I have personal knowledge of the matters and facts herein deposed to except where stated to be known by information and belief and whereso stated I do verily believe the same to be true.
2. In 2007, Medican Development Inc. and Dundee Realty Corporation had been in negotiations regarding the purchase of land in the South West quadrant of the City of Calgary adjacent to the Tsu Tina First Nation lands (the "Providence Lands"). Dundee owned the Providence Lands and Medican wished to purchase a portion of the Providence Lands for multi-family condominium

development purposes. During the negotiations between Medican and Dundee, Dundee expressed a desire to also sell multi-family condominium land located in High River, Alberta to Medican for multi-family condominium development (the "Montrose Lands"). The development of the Montrose Lands was not something in which Medican would have been interested in outside of the option to purchase the Providence Lands. However, Dundee was willing to give Medican exclusive rights to purchase the first phase of development of the Providence Lands and a right of first refusal over the development of remaining phases of the Providence Lands if Medican agreed to purchase and develop the Montrose Lands. Now shown to me and marked as **Exhibit "A"** to this, my Affidavit, is a true copy of correspondence from Dundee to Medican dated August 8, 2007, which provides the basic framework for the purchase and development of both the Montrose Lands and the Providence Lands.

3. On or about August 10, 2007 Medican Development Inc. ("Medican") and Dundee Realty Corporation ("Dundee") entered into an Agreement for Sale of the Montrose Lands. Now shown to me and marked as **Exhibit "B"** to this, my Affidavit, is a true copy of the Agreement for Sale.
4. Medican paid a deposit of \$558,000.00 to Dundee in accordance with the Agreement for Sale.
5. The Providence Lands could not be subdivided as contemplated in the correspondence of August 8, 2007, and development could not proceed. Dundee did not provide an Agreement for the Purchase and Sale of the Providence Lands as contemplated in the correspondence of August 8, 2007. The problems and delays associated with the subdivision were the subject of correspondence from Dundee to Medican dated September 11, 2007, a true copy of which is now shown to me and marked as **Exhibit "C"** to this, my Affidavit.
6. Dundee has been unable to complete the necessary subdivision of the Providence Lands and, accordingly, was unable to convey title to those lands to Medican. The consideration for the Agreement for Sale regarding the Montrose Lands included the requirement that Dundee sell the Providence Lands to Medican. Sale of the Providence Lands became impossible due to the fact that the parcel of land to be sold could not be defined. Medican seeks a return of its deposit and takes the position that the Caveat that is the subject of the within application stands as security for the deposit to which Medican is entitled and ought not to be discharged without full refund of the deposit paid.

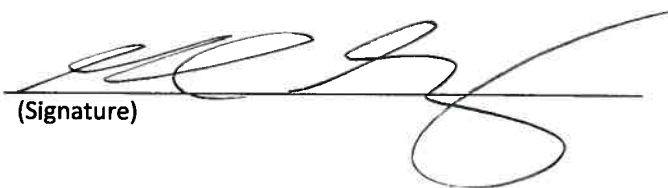
SWORN BEFORE ME)
at Calgary, Alberta, this 2nd day of December,)
2010.)
)

Charlene Moldovan
(Commissioner for Oaths
in and for the Province of Alberta)

PRINT NAME AND EXPIRY/LAWYER
/STUDENT-AT-LAW

CHARLENE A. MOLDOVAN
A Commissioner for Oaths in and
for the Province of Alberta
My Commission Expires:

July 2, 2012


(Signature)

LUKE DAY
(Print Name)



Suite 100, 1167 Kensington Cr
Calgary, Alberta T2N 1X7
Telephone (403) 245-3515
Facsimile (403) 244-2889
E-mail calgaryland@dundeerealty.com

August 8, 2007

THIS IS EXHIBIT " A "
referred to in the Affidavit of
Mike Day
Sworn before me this 2
Day of Dec A.D. 20 10
Charlene Hoban
A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

MEDICAN GROUP OF COMPANIES
1870A – 6th Avenue S.W.
Medicine Hat, AB
T1A 7X5

Attention: Wes Rein heller, President

CONFIDENTIAL

Dear Wes:

Re: **Multi-family
High River, Alberta and Providence, Calgary, Alberta**

Further to our conversations of the past weeks, we would like to confirm the following with Medican:

High River, Alberta

Medican will purchase the 4.0 acre site on 3rd Street in High River for the purposes of a retirement complex as per the Purchase and Sales Agreement. The Purchase and Sales Agreement will be executed and returned to Dundee prior to August 10, 2007. The 15% deposit will be due and payable to Dundee by September 14, 2007. We understand that construction will occur in 2008.

Providence (Dundee's holdings), Calgary

Dundee is prepared to enter into an agreement with your company for the Purchase and Sale of one multi-family parcel at this time – Site 1. The site discussed is as follows:

Area:	6 acres
Number of Units:	360
Density:	60 upa
Price:	\$7,200,000
Deposit:	15% \$1,080,000
Deposit Date:	November 30, 2007
Balance Due:	November 15, 2008 (or when a legal plan is registered)

The site is located on the south side of the future 146th Avenue S.W. and adjacent to a future storm pond. This will be adjacent to the quarter section lines of the SE ¼ Section 36-22-2-5. It is also understood that a church site will be incorporated into the northeast corner of this site.

DATE Dec 1/10 EXHIBIT NO. 1
EXAM. OF M. Cowie
Gayle Hert
EXAMINER CSR (A)
Amicus Reporting Group

MEDICAN GROUP OF COMPANIES
Attention: Wes Reinheller, President

August 8, 2007
Page 2 of 3

Medican should be aware that this is only an approximation of a multi-family site; much planning work has to be done to gain approval from the City of Calgary. The land currently has an approved Regional Policy Plan. An Area Structure Plan is in the process of being formalized and it is expected to have this before City Council early in the New Year. At this time, we are preparing an "Outline Plan" necessary to achieve land use approval from Council. It is our intent to submit this to the City so that simultaneous approval can be achieved with the Area Structure Plan.

A Purchase and Sales Agreement will be prepared and forwarded to you shortly to define and establish this first purchase in Providence. It should be noted here that Dundee's area in the ASP will not be called Providence and we will arrive at a name that will refer to only Dundee's land holdings.

Additional Multi-family Sites - Providence

As Medican has expressed a definitive interest in many of the multi-family parcels proposed on our land and is willing to assist in the overall conceptual presentation of these higher density project, Dundee is prepared to recognize this by giving Medican the option on six (6) further sites within the Dundee land holdings as nominated as Sites 2, 3, 4, 5, 6 and 7 on the attached plan. This means that when Dundee is in position to sell them (and service these sites) Medican will have the right to purchase any of these 6 further sites for a price which is reflective of the current market conditions at that time. Medican and Dundee are to agree that the timing of the sale is mutually beneficial. This obligation will continue until the end of 2013 or until such time all sites have been accounted for by way of a Purchase and Sales Agreement (whichever comes first). Dundee will not be promoting sale of these sites during this period.

If agreement cannot be reached on a "fair market" price at the time of contemplated sale, then Dundee will be free and clear to sell this particular site to another purchaser.

It should be recognized that much planning work and engineering work has to be completed before some of these multi-family parcels can be brought to market. However, Dundee recognizes that considerable lead time will be necessary to architecturally design and engineer the various projects on these parcels. Especially the twin high rise towers proposed on the lands high point, it is therefore anticipated that Purchase and Sales Agreements will be entered into sooner rather than later.





MEDICAN GROUP OF COMPANIES
Attention: Wes Rein heller, President

August 8, 2007
Page 3 of 3

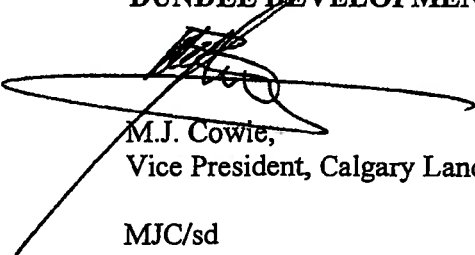
It is not expected that approvals will take place until 2008 and therefore our phasing, direction of development, and servicing program will not be solidified until that time.

The terms of this arrangement are to remain as strictly confidential between Dundee and Medican. If you are in agreement with the general approach, please sign a copy of this letter of understanding and return.

Thank you.

Yours truly,

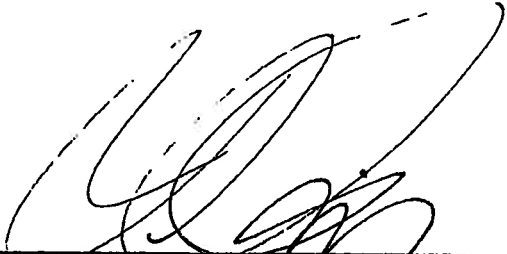
DUNDEE DEVELOPMENTS



M.J. Cowie,
Vice President, Calgary Land

MJC/sd

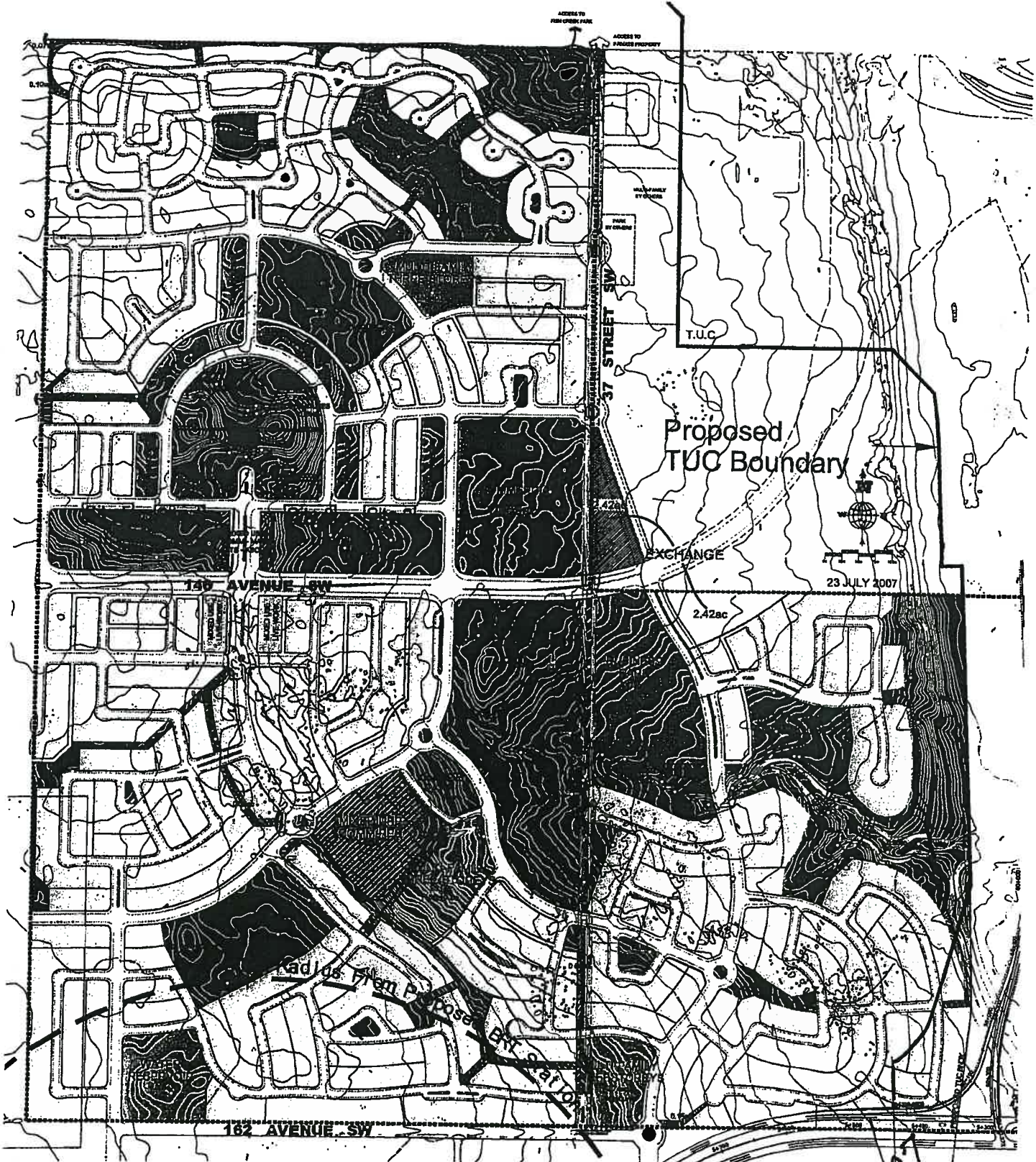
Encl.



Agreed: Medican Group of Companies
Wes Rein heller, President

Aug 8 / 07

Date



PROVIDENCE, CALGARY S.W.

Preliminary Outline Plan Only
 Dundee's Holdings - August 8, 2007

Aug 8 / 07

Agreement Dated:

Ref SA # 810

THIS IS EXHIBIT " B " referred to in the Affidavit of Luke Day Sworn before me this 18 Day of November A.D. 2010
Cherise Hobbs
A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA



This is Exhibit " B " referred to in the Affidavit of MICHAEL COWIE Sworn before me this 18 day of November A.D. 2010
[Signature]
A Notary Public A Commissioner for Oaths
in and for the Province of Alberta

ANDREW P. BEDFORD
Barrister & Solicitor

AGREEMENT FOR PURCHASE AND SALE

BETWEEN

DUNDEE REALTY CORPORATION
#100, 1187 Kensington Crescent N.W.
Calgary, Alberta
T2N 1X7

- and -

~~MEDICAN GROUP OF COMPANIES~~ *Development Inc.*
1870A - 6th Avenue S.W.
Medicine Hat, AB
T1A 7X5

[Handwritten signature]
[Handwritten signature]
Aug 31st 2010
[Handwritten signature]

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SCHEDULES

Schedule "A"- Part of the unregistered subdivision plan of Montrose, Phase 1 showing the "Lands" as outlined in red.

AGREEMENT FOR PURCHASE AND SALE

BETWEEN:

DUNDEE REALTY CORPORATION, a body corporate with an office in Calgary, Alberta (hereinafter called the "Vendor")

- and -

~~MEDICAN GROUP OF COMPANIES~~ *Development Inc.*
1870A - 6th Avenue S.W.
Medicine Hat, AB
T1A 7X5
(hereinafter called the "Purchaser")

1. Description and Purchase Price

or its nominee
The Purchaser agrees to buy and the Vendor agrees to sell those lands in the Town of High River, in the Province of Alberta, described as Lot 1 Block 4 Unregistered Plan attached hereto which form part of the Montrose Subdivision (the "Subdivision") and which are outlined in red on Schedule "A" of the "unregistered plan" attached hereto, excepting thereout all mines and minerals (the "Lands").

The purchase price for the Lands is \$3,720,000 (the "Purchase Price") payable as follows:

- (1) \$558,000 as a 15% deposit towards the Purchase Price in order to confirm purchase and which is due and payable by ~~July 27, 2007~~ *September 14th, 2007*
- (2) \$3,162,000 as the balance of the Purchase Price (the "Principal") shall be paid by the Purchaser to the Vendor by the Payment Date, or when the Vendor wishes to take title to the Lands.

2. Interest

On the balance owing to the Vendor the Purchaser will pay to the Vendor:

- (1) Interest computed from the Interest Adjustment Date at the rate equal to the Canadian Imperial Bank of Commerce Prime rate in effect on the Interest Adjustment Date plus 1% per annum; and,
- (2) Interest computed from the Payment Date at the rate equal to the Canadian Imperial Bank of Commerce Prime rate in effect on the Payment Date plus 6% per annum.
- (3) Upon default, interest accrued to the date of default will at once become principal and interest at the rate specified in article (2) above, shall accrue and shall be payable on the first day of each month; and on default of payment of any installment of interest that interest shall at once become principal and bear interest at the same rate.

Interest Adjustment Date: November 30, 2007.

3. Payment Date

In any event the Purchaser shall pay the balance of the Purchase Price plus accrued interest to the Vendor on or before:

Payment Date: ~~November 30, 2008~~ *June 15, 2009*

4. Land Use

The current land use is designated as R-3. The Purchaser shall apply to the Town of High River to amend the R-3 guidelines to suit the Vendor's retirement village concept. The Purchaser shall build a full retirement assisted living project complete with common facilities available for the residents.

This site is sold to the Purchaser on the understanding that 124 units can be built on the lands, if further units are deemed necessary to complete the project then the "Purchase Price" will be adjusted at the rate of \$30,000/unit on the Payment Date. Similarly, if 124 units are not built, then the Purchase Price may be reduced accordingly at \$30,000/unit provided that the intent of the project is still met and the number of units is in the 120 unit range.

5. Taxes

The Town of High River property taxes and assessments shall be adjusted between the Vendor and the Purchaser as at midnight on July 31, 2007 and subsequent to that date the Purchaser shall pay all the taxes.

6. Security Deposit

Prior to the release of a building grade form to the Purchaser, the Purchaser shall provide to the Vendor the amount of \$10,000 as a security deposit (the "Security Deposit") for the performance of this Agreement. An irrevocable Letter of Credit in favour of the Vendor is acceptable. All security deposits are refundable upon completion of the project with no interest.

7. Purchaser's Responsibilities

- (a) From the date of this Agreement, the Purchaser shall take good care of each public utility, road, and sidewalk which is located in the Subdivision. The Purchaser shall be responsible for the cost of locating and replacing or repairing damage occasioned to any tree, landscaped boulevard, water line, storm sewer, sanitary sewer, grade stake, curb, sidewalk, concrete or grass drainage swale, hydrant, water valve, storm sewer connection, sanitary sewer connection, electric cable, transformer, telephone line, cable television line and any other service related to the Lands, and for repairing, refilling, removing and regrading any road where the road has been damaged or where earth or any other foreign matter has been deposited on a road in the Subdivision if, in the opinion of the Vendor (acting reasonably), such cost has been incurred by reason of any action of the Purchaser or its servant, agent, workman, or contractor. If the Vendor pays for any item specified in this Section 6(a), then after a written demand from the Vendor the Purchaser shall forthwith pay that cost to the Vendor.
- (b) The Purchaser shall be responsible for the installation costs of all driveways, underground utilities and landscaping on the Lands.
- (c) The Purchaser agrees not to carry on any operation or do anything upon the Lands that will in any way interfere with the surface drainage in the Subdivision, and the Purchaser will carry on each building operation so that it complies with the grading plan. The Purchaser shall not collect the water from the roof drainage into an underground pipe system and then concentrate that collected water to a specific point, unless connected to a public storm system.
- (d) Any earth to be removed from the Lands as a result of grading or excavating shall be removed by the Purchaser at its own expense and the Purchaser shall place the earth at any point within the Subdivision specified by the Vendor without cost to the Vendor, and the Vendor shall be entitled to such excess earth without charge. In the absence of such specification, the Purchaser shall (at its expense) remove the earth from the Subdivision.
- (e) At all times (including during the construction period) the Purchaser agrees to keep the Lands in a neat and tidy condition. The Purchaser will comply with all reasonable requests made by the Vendor in respect of the appearance of the Lands during construction. The Purchaser agrees that all supplies of bricks, lumber and other building materials shall be stored neatly on the Lands, but not stored on any right-of-way or easement registered on title to the Lands.
- (f) The Purchaser shall cut weeds on the Lands and the Purchaser shall keep the Lands free from all material such as debris, waste materials, tree stumps, and discarded boulders; and the Purchaser shall not place or dump any article or earth material or thing on any lands in the Subdivision except as specified by the Vendor.
- (g) The Purchaser shall comply with the provisions of federal, provincial and municipal law; and the Purchaser shall comply with the provisions of each restrictive covenant and easement registered on title to the Lands.

- (h) The Purchaser shall be responsible for all design and engineering to achieve servicing of the units on the lands. In addition the Purchaser shall form a condominium association on the Lands.

8. Use of Security Deposit - Refund

- (a) If the Purchaser's obligations in Article 7 and Section (a) (b) are not satisfied, the Security Deposit shall be used to satisfy the obligations and shall be forfeited to the Vendor and used by the Vendor to satisfy the obligations. Any sum paid by the Vendor to satisfy the obligations of the Purchaser in excess of the amount of the Security Deposit shall be paid by the Purchaser to the Vendor on demand and until paid shall constitute a charge on the Lands, and 30 days following the date of demand that excess sum shall bear interest at the rate specified in Article 2(2).
- (b) On the third anniversary date that this Agreement has been signed by the Vendor or after all of the Purchaser's obligations in Article 7 are satisfied, whichever shall first occur, the Purchaser may give the Vendor notice for repayment of the Security Deposit, and the Vendor shall return to the Purchaser the Security Deposit or such portion thereof not required to satisfy the obligations of the Purchaser, without interest.

9. No Merger

The provisions of this Agreement shall not merge on the registration of the transfer of title to the Lands, but shall survive the registration of the transfer of title for a period of 6 years.

10. No Commission

No real estate commission shall be payable by the Vendor for the sale of the Lands.

11. Soil Conditions

The Vendor shall not be responsible for the condition of the soil of the Lands nor for any loss, damage, expense, injury, claim or action incurred or suffered by the Purchaser as a result of the condition of the soil.

12. Advertising

Without the prior written consent of the Vendor, the Purchaser shall not

- (a) erect or install any sign or promotional device on the Lands, or
- (b) use the Vendor's name or use the name of the Subdivision in any promotional material or media advertising.

If consent is given by the Vendor, the Purchaser shall use only those graphics and words provided by the Vendor.

The Vendor will incorporate and promote the purchaser in advertising where practical and appropriate.

13. Basement Walls

The Purchaser covenants that on or before the second anniversary of the date this Agreement has been signed by the Vendor, the Purchaser will excavate, pour the footings, and complete the basement walls for the units comprising the Lands.

14. Vendor Option

- (a) If the Purchaser has not complied with the provisions in Article 13, the Purchaser (for One Dollar (\$1.00) and other good and valuable consideration paid by the Vendor to the Purchaser, the receipt and sufficiency of which is hereby acknowledged by the Purchaser) hereby grants to the Vendor an exclusive and irrevocable option to purchase (the "Option") the Lands with respect to which the provisions in Article 13 have not been complied. The Option shall be open to be exercised by the Vendor for a period of 180 days commencing on the second anniversary of the date that the Vendor has signed this Agreement (the "Option Period").

80% *WHL* 4

The option purchase price shall be equal to 50% of the amount the Purchaser has actually paid in cash to the Vendor for the Lands (the "Option Purchase Price"). To exercise the Option, the Vendor must deliver written notice to the Purchaser during the Option Period, and the closing date for the purchase of the Lands shall be the 21st day from the date of the delivery of the notice ("Option Closing Date"). Five (5) business days prior to the Option Closing Date, the Purchaser shall cause its lawyer to deliver to the Vendor's lawyer the necessary conveyancing documents which may include, but are not limited to, the transfer of title of the Lands, the discharges of caveats and the discharges of any and all financial charges including builders' liens, under reasonable trust conditions and against the payment of the Option Purchase Price to the Purchaser's lawyer.

- (b) Should the Vendor exercise the Option on the Option Closing Date, the Purchaser shall transfer title to the Lands to the Vendor free and clear of all liens, charges and encumbrances (except the Permitted Encumbrances as defined in Article 34) against payment by the Vendor to the Purchaser of the Option Purchase Price. Taxes on the Lands shall be adjusted as at midnight on the Option Closing Date and subsequent to that date the Vendor shall pay all the taxes. The Purchaser shall deliver vacant possession of the Lands to the Vendor at midnight on the Option Closing Date.

15. Method of Payment

Each payment required or contemplated by this Agreement shall be in Canadian dollars and each payment shall be by a bank draft from a Canadian chartered bank, by certified cheque or by a solicitor's trust cheque made payable to the Vendor.

16. Corrective Measures

If within 8 years after the date of registration of the transfer of title of the Lands to the Purchaser the Vendor shall be required by any government authority or bonding company to effect any corrective measure with respect to the Subdivision or to any of the lots comprising the Lands, then the Vendor has the right within that 8 year period to enter the Lands for the purpose of effecting each corrective measure without being deemed to have committed a trespass, and the Vendor shall be entitled to access any portion of the Lands at all times for any such purpose. After completion of a corrective measure, the Vendor shall use reasonable efforts to reclaim the Lands to the condition of the Lands immediately prior to the corrective measure.

17. Architectural Control

The units to be built on the Lands shall generally follow the exterior specifications contained in "A Development Guide" Montrose, dated October 2006.

- (a) The Purchaser shall submit a site plan and colour and material chart to the architectural control committee established by the Vendor (the "Montrose Architectural Control Committee").
- (b) The Purchaser shall not apply for a building permit or commence construction of any building on the Lands until the Montrose Architectural Control Committee (acting reasonably) has approved in writing the building plans, colours, materials and plot plan (the "Approval").
- (c) The Purchaser shall ensure that subsequent purchasers of the Lands are aware that any changes, modifications or additions to any building on the Lands require the prior written approval of the Montrose Architectural Control Committee until the year 2015.

18. Construction Completion Date

The Purchaser covenants that, prior to the third anniversary of the date that this Agreement has been signed by the Vendor, the Purchaser shall complete the construction of all of the units on the Lands. The words "complete the construction of the units shall mean that there has been "substantial performance" of all the work on the Lands as defined in section 2 of the Builders' Lien Act (Alberta).

19. Vacant Possession

After the Purchaser pays all of the deposit moneys to the Vendor, the Purchaser is entitled to vacant possession of the Lands.

20. Trust Conditions

The Vendor's lawyer will deliver to the Purchaser's lawyer a registrable transfer of title to such lots (the "Transfer") under the trust conditions that the Purchaser's lawyer shall deliver to the Vendor's lawyer the Principal for the Lands together with interest pursuant to the provisions of this Agreement. When the Purchaser has paid the Vendor these monies, the Purchaser is entitled to register the Transfer free and clear of any encumbrances except:

- (a) the Permitted Encumbrances (as defined in Article 34);
- (b) the caveats to be registered by the Vendor pursuant to Article 24 of this Agreement; and
- (c) any encumbrance created directly or indirectly by, through or under the Purchaser.

The Purchaser shall pay the costs to register the transfer of title.

21. Notices

Any notice, request, consent, acceptance, waiver or other communication required or permitted to be given under this Agreement (a "Notice"), shall be in writing and shall be given by delivery by courier to the applicable address set forth below.

The Purchaser's address for notice is:

MEDICAN GROUP OF COMPANIES *Development Inc.*
1870A - 6th Avenue S.W.
Medicine Hat, AB
T1A 7X5

The Vendor's address for notice is:

DUNDEE REALTY CORPORATION
#100, 1167 Kensington Crescent N.W.
Calgary, Alberta
T2N 1X7

Any Notice so delivered by courier shall be deemed to have been validly and effectively given and received on the date of delivery. By giving to the other party at least five (5) days Notice, either party may, at any time and from time to time, change its address for delivery or communication for the purposes of this Article 21.

22. Transfer of Lands

The Purchaser agrees not to sell, transfer or assign its interest in the Lands, or any part thereof, or this Agreement in any manner whatsoever prior to substantial completion of a single family residential dwelling thereon, without the prior written consent of the Vendor; provided, however, and in any event, any such sale, transfer or assignment shall only be accomplished if any person acquiring the Purchaser's interest first executes and delivers to the Vendor an agreement in form and content satisfactory to the Vendor, whereby such person binds itself to the Vendor to perform all of the terms and provisions of this Agreement required to be performed by the Purchaser.

23. Default

- (1) Each and every one of the events following shall, for purposes of this Agreement, constitute an event of default ("Event of Default"):
- (a) the Purchaser fails to make any payment of principal, interest, fees or other amounts on the dates as required pursuant to this Agreement;
 - (b) the Purchaser defaults in the observance or performance of something required to be done or some covenant or condition to be observed or performed by it pursuant to this Agreement (other than any covenant to pay principal, interest, fees or other amounts) and such default continues for a period of five (5) days after written notice by the Vendor to the Purchaser specifying the nature of the default or defaults;
 - (c) any receiver, administrator or manager of the Lands, assets or undertaking of the Purchaser is appointed or an agent or a creditor of the Purchaser is appointed pursuant to the terms of any trust deed, trust indenture, debenture, mortgage or other security instrument or by or under any judgment or order of any court;
 - (d) the Purchaser ceases or threatens to cease to carry on business or makes or proposes to make any sale of the whole or a substantial portion of its assets in bulk or out of the ordinary course of its business or if a petition or other application is made for a receiving order or for the winding up of the Purchaser;
 - (e) the Purchaser makes any assignment for the general benefit of creditors, becomes insolvent, commits any act of bankruptcy or bankruptcy, reorganization or if insolvency proceedings are instituted against the Purchaser and are not dismissed within thirty (30) days of being instituted, or any resolution is passed for, or judgement order given by any court of competent jurisdiction ordering the winding up or other liquidation of the Purchaser or if the Purchaser seeks any arrangement or composition with the creditor;
 - (f) the Vendor, in good faith and upon commercially reasonable grounds, believes that the prospect of payment or performance of this Agreement is or is about to be impaired; or
 - (g) the Purchaser permits or suffers to be permitted any builders' lien to remain registered on the certificate of title to the Lands or any portion thereof for any period in excess of 40 days.
- (2) Upon the occurrence of an Event of Default, the Vendor may, in its sole and unfettered discretion, in addition to any other remedies it may have at law or in equity, exercise one or more of the following remedies, such remedies being cumulative in nature:
- (a) The Vendor may, at its option and without terminating this Agreement, do all acts and make all expenditures to remedy such default and the Purchaser shall immediately upon demand reimburse the Vendor for any and all such expenditures with interest as provided for in Section 2 of this Agreement.
 - (b) The Vendor may, at its option, and without terminating this Agreement, declare that the balance of the Purchase Price together with interest thereon at the applicable rate shall immediately become due and payable.

- (c) The Vendor may, at its option, in the name of and as the irrevocably appointed agent and attorney for the Purchaser (which appointment the Purchaser hereby confirms) and without terminating or being deemed to have terminated this Agreement, proceed to deal with the Lands in any manner and upon such terms and conditions as the Vendor may, acting reasonably, deem fit and receive and hold any monies and apply such monies against the amounts expressed to be payable from time to time by the Purchaser under this Agreement.
 - (d) The Vendor shall be at liberty to sell the Lands without re-entry and all monies and monies worth paid hereunder shall be retained by the Vendor as liquidated damages and not as a penalty, and the Purchaser shall not have any rights to any reclamation or compensation for monies paid or work expended on the Lands but shall immediately deliver up quiet and peaceful possession of the Lands to the Vendor; and if the Purchaser or anyone claiming through or under the Purchaser has caused any caveat or any other encumbrance to be registered against title to the Lands or any part thereof, the Purchaser shall immediately discharge or cause to be discharged each caveat and each encumbrance upon written notice from the Vendor.
 - (e) The Purchaser shall pay to the Vendor immediately upon demand all costs and expenses, including legal fees on a solicitor and his own client basis, on a full indemnity basis, incurred by the Vendor in exercising any of its rights or remedies or enforcing any of the terms, conditions or provisions under this Agreement.
- (3) It is expressly understood that time is of the essence of this Agreement.
 - (4) The waiver by the Vendor of the strict performance or the timely performance of any covenant, condition, or stipulation contained in this Agreement shall not of itself constitute a waiver of (or abrogate) that covenant, condition or stipulation nor will it be deemed to be a waiver of any subsequent breach of any covenant, condition or stipulation.

24. Vendor's Caveats

- (1) The Vendor is entitled to register a caveat on the title to the lots comprising the Lands to protect the Vendor's interests under Articles 14 and 16 of this Agreement, but nothing in this Agreement shall impose any duty or responsibility upon the Vendor to file a caveat. The Vendor is entitled to maintain its registered caveat on title of the lot comprising the Lands. After the Purchaser has complied with the provisions in Article 13 of this Agreement, the Vendor will, upon receipt from the Purchaser of a discharge of the caveat relating to Article 14 of this Agreement, execute and deliver same to the Purchaser. After the sixth anniversary of the date of this Agreement, the Vendor will, upon the receipt from the Purchaser of a discharge of the caveat relating to Article 16 of this Agreement, execute and deliver same to the Purchaser.
- (2) The Vendor is entitled to register a vendor's lien caveat on the title to the lot comprising the Lands prior to the time that the Vendor delivers to the Purchaser's lawyer the registrable transfer of title. When all of the money payable to the Vendor pursuant to the provisions of this Agreement for the lot comprising the Lands has been unconditionally paid to the Vendor, the Vendor shall forthwith upon receipt from the Purchaser of a discharge of the vendor's lien caveat relating to the lot, execute and deliver same to the Purchaser's lawyer.

25. Services

The Vendor agrees to install or cause to be installed, at its own expense, where required pursuant to a Subdivision Development Agreement between the Vendor and the Town of High River with respect to the Subdivision, storm and sanitary sewers, water mains, catch basins, hydrants, curbs, gutters, asphalt paved roads, paved lanes, concrete sidewalks, paved walkways and street lights. The Purchaser is responsible for making all connections to the sanitary, storm sewer, watermain and shallow utilities located in the adjacent road right-of-way.

The Purchaser will also be responsible for providing necessary driveway aprons and road construction works within the site.

In addition to the above, the Vendor will provide rights-of-way for the gas company.

26. Loam

The Purchaser may obtain loam at no charge, if and when it is available, from the Vendor's stockpiles located in or near the Subdivision. The loam is to be used only after final grading of the Lands and in a reasonable thickness in preparation for landscaping; loam is not to be used as fill to obtain design grades.

The loam that is available is unscrubbed and the Vendor does not provide any warranty as to its quality or suitability for use in landscaping.

27. Fences

Any fence built or re-built on the lot shall have its design and colour approved by the Vendor prior to installation.

28. Landscaping

The Purchaser shall carry out all landscaping on the lands in accordance with the development permit required for the lands.

29. Hazardous Materials

- (1) The Purchaser covenants with and represents and warrants to and in favour of the Vendor that:
 - (a) it shall not allow any Hazardous Materials to be placed, held, located or disposed of on, under or at the Lands; and
 - (b) it shall not allow the Lands to be utilized in any manner in contravention of any applicable laws intended to protect the environment, including without limitations, laws respecting the disposal and emission of Hazardous Materials.
- (2) The Purchaser hereby indemnifies and saves harmless the Vendor and its directors, officers, employees, agents and contractors from and against any and all losses, liabilities, damages, costs and expenses of any kind whatsoever including, without limitation:
 - (a) the costs of defending, counter-claiming or claiming over against third parties in respect of any action or matter including legal fees, costs and disbursements on a solicitor and his own client basis and at all court levels as a result of anything done by the Purchaser;
 - (b) any cost, liability of damage arising out of a settlement of any action entered into by the Vendor with or without the consent of the Purchaser as a result of anything done by the Purchaser; and

- (c) the cost of repair, clean-up or restoration paid by the Vendor and any fines levied against the Vendor, which at any time or from time to time may be paid, incurred or asserted against the Vendor, as to a direct or indirect result of the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission or release, of Hazardous Materials from the Lands either into the atmosphere or into any water or onto any land not subject to this agreement (but including the Lands) as a result of anything done by the Purchaser.
- (d) This indemnification shall survive the satisfaction, release or enforcement of this Agreement and the payment of the Purchase Price for the Lands.

- (3) For the purposes of this Section 29, "Hazardous Materials" shall include, without limitation, any and all materials or substances listed in any federal, provincial or municipal law, code or ordinance or under any rules and regulations promulgated thereunder or under any other applicable law, as hazardous or potentially hazardous, toxic or potentially toxic, environmentally sensitive or potentially environmentally sensitive or unwanted or potentially unwanted substances of any nature and kind whatsoever and includes, without limitation, and whether so listed in such laws, codes, ordinances, rules or regulations, the following: waste, garbage, gasoline, petroleum, petroleum by-products, ureaformaldehyde, asbestos, aluminum wire, polychlorinated biphenyls, chlorofluorocarbons and lead paints.

30. Section 116 of Income Tax Act

The Vendor represents to the Purchaser that it is not a non-resident of Canada within the meaning of section 116 of the *Income Tax Act* (Canada).

31. Additional Taxes

The Purchaser shall pay all sales, consumption, value added or goods and services taxes which are or may be imposed by any governmental authority with respect to the sale and purchase of the Lands. If the Vendor is required to collect any such taxes from the Purchaser, the Purchaser shall pay such taxes to the Vendor at the same time as the Principal is paid.

32. No Other Representations or Warranties

The terms and conditions of this Agreement are the full and complete terms of this Agreement and no alterations, modifications or amendments of such terms and conditions may be made without first obtaining written consent of the parties hereto; and there are no collateral warranties, representations or conditions other than those contained in this Agreement.

33. Grammatical Changes

The neuter and the singular shall be changed to the feminine, the masculine, and the plural as the context requires.

34. Permitted Encumbrances

Some or all of the following are registered on specific lots:

- (1) General Utility Easement
- (2) Restrictive Covenant – General
- (3) Any other non-financial encumbrance which may remain on title from the previous raw land purchase, but which will not adversely affect the Lands.

Note: Utility Right-of-Ways 9011923 and Utility Right-of-Way 9411817 will not be required or included on the Lands when transferred to the Purchaser.

35. Purchaser's Acknowledgement

The Purchaser acknowledges and agrees that the Vendor is not for any purposes in relation to this Agreement or the development or building on the Lands (or any part thereof) a "prime contractor" as such term is defined in the *Occupational Health and Safety Act* (Alberta).

36. Liability and Indemnification

- (1) The Purchaser agrees that the Vendor will not be liable or responsible in any way for any personal injury, including death, that may be sustained by the Purchaser or any employee, contractor, agent, invitee or licensee of the Purchaser or of any other person who may be on the Lands, including all sidewalks, parking areas, or highways forming a part thereof or adjacent thereto, or for any loss of or damage or injury to property belonging to or in the possession of the Purchaser or any employee, contractor, agent, invitee or licensee of the Purchaser or any other person.
- (2) The Purchaser hereby indemnifies and agrees to save harmless the Vendor from and against any and all liabilities, damages, costs, expenses (including legal fees and disbursements on a solicitor and client basis), causes of action, actions, claims, suits and judgments which the Vendor may incur or suffer or be put to by reason of or in connection with or arising from:
 - (a) any breach, violation or non-performance by the Purchaser of any covenant, condition or agreement set forth in this Agreement;
 - (b) any damage or injury, including death, referred to in Section 36(1) of this Agreement; and
 - (c) any wrongful act or neglect of the Purchaser, its employees, contractors, agents, invitees or licensees, in and about the Lands.
- (3) The indemnification set out in this Article 36 shall survive the termination of this Agreement and the completion of the registration of the transfer of the Lands for a period of twenty-four (24) months, anything in this Agreement to the contrary notwithstanding.

37. Successors and Assigns

This Agreement shall be binding upon and shall enure to the benefit of the parties hereto and their respective successors and permitted assigns.

38. Severability

Should any part of this Agreement be declared or held invalid for any reason, such invalidity shall not affect the validity of the remainder, but shall continue in force and be construed as if this Agreement had been executed without the invalid portions and it is hereby declared the intention of the parties that this Agreement would have been executed without reference to any portions which may, for any reason, be hereafter declared or held invalid.

If the Purchaser is a corporation, the Purchaser has affixed its corporate seal and the Purchaser has signed by the proper officers.

MEDICAN GROUP OF COMPANIES *Development Inc.*

Per: [Signature]

Per: _____
(corporate seal)

PURCHASER'S G.S.T. REGISTRATION #

The Purchaser signed this Agreement on Aug. 8, 2007.

The Vendor has affixed its corporate seal and the Vendor has signed by its proper officers.

DUNDEE REALTY CORPORATION



Per: [Signature]
M.J. Cowie, Vice President, Calgary Land

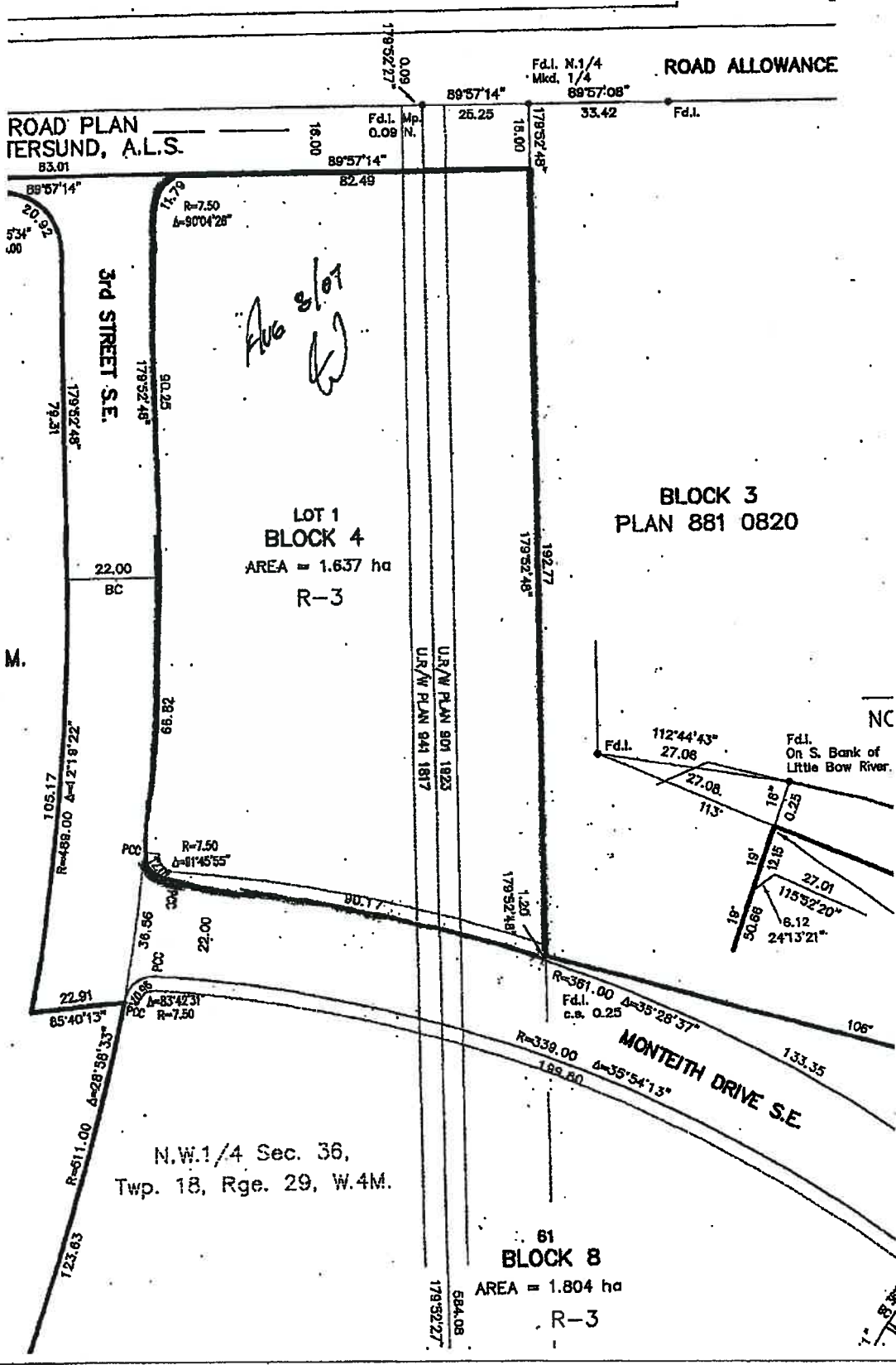
Per: [Signature]
(corporate seal)

DUNDEE REALTY CORPORATION G.S.T. REGISTRATION #898428768 RT0003

The Vendor signed this Agreement on Aug 10, 2007

**BLOCK J
PLAN 1896 JK**

**Schedule "A"
Portion of the Unregistered Subdivision Plan**



File 8/07

**LOT 1
BLOCK 4
AREA = 1.637 ha
R-3**

**BLOCK 3
PLAN 881 0820**

**61
BLOCK 8
AREA = 1.804 ha
R-3**

**ROAD PLAN
PERSUND, A.L.S.**

ROAD ALLOWANCE

M.

NC

N.W.1/4 Sec. 36,
Twp. 18, Rge. 29, W.4M.

MONTEITH DRIVE S.E.



September 11, 2007

Suite 100, 1167 Kensington Crescent N.W.
 Calgary, Alberta T2N 1X7
 Telephone (403) 245-3515
 Facsimile (403) 244-2889
 E-mail calgaryland@dundeerealty.com

MEDICAN DEVELOPMENT INC.
 1870A - 6th Avenue S.W.
 Medicine Hat, AB
 T1A 7X5

Attention: Luke Day, General Counsel

Dear Sir:

**Re: Providence, Calgary and High River
 Multi-family Sites**

THIS IS EXHIBIT " C "
 referred to in the Affidavit of
Luke Day
 Sworn before me this 2
 Day of Dec A.D. 20 10
Charlene Holburn
 A COMMISSIONER FOR OATHS
 IN AND FOR THE PROVINCE OF ALBERTA

In response to your letters of August 24, 2007 and September 11, 2007.

As indicated in our letter of August 8, 2007 we are prepared to enter into an agreement. At this time we are still finalizing the shape and exact size of this first parcel, Site 1, and are reluctant to do an agreement which relies on a piece of land which has not been properly defined. The August 8, 2007 letter of intent, has agreed to do a sale to your company but we do not have an Area Structure Plan or an Outline Plan/Land Use plan completed yet. It should be noted also that we would not accept a caveat (based upon the agreement) being filed on the title of our land holdings prior to subdivision of this parcel. We also anticipate confirmation by your company of the High River purchase agreement prior to entering into this new agreement.


Hopefully we will be in a position to have finalized our Providence plan by early November and consequently the finalization and execution of the agreement with the deposit due as mentioned in our August 8, 2007 letter should coincide with the original November 30, 2007 date.

We trust that you find this satisfactory. If you have any further queries please call the writer at (403) 245-3609.

Thank you.

Yours truly,

DUNDEE DEVELOPMENTS


 M.J. Cowie,
 Vice President, Calgary Land
 MJC/sd

DATE Dec 1/10 EXHIBIT NO. 2
 EXAM. OF M. COWIE
Bryle Shere
 EXAMINER CSR (A)
 Amicus Reporting Group