



COURT FILE NUMBER
COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE

1001-07852

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

APPLICATION BY THE PETITIONERS

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
Ph. (403) 268-7097/6301 Fx. (403) 268-3100
File No.: 526686-1

NOTICE TO RESPONDENT(S)

This application is made on behalf of the Petitioners in the above noted proceedings. You are a respondent.

You have the right to state your side of this matter before the judge.

To do so, you must be in Court when the application is heard as shown below:

Date	February 29, 2012
Time	2:00 p.m.
Where	Court of Queen's Bench of Alberta Calgary Courts Centre 601 – 5th Street S.W. Calgary, AB T2P 5P7
Before Whom	The Honourable Madam Justice Eidsvik

Go to the end of this document to see what you can do and when you must do it.

Remedy claimed or sought:

1. Declaring service of notice of this application and the supporting materials to be good and sufficient, and abridging the time therefor, if necessary.
2. An Order substantially in the form attached to this Application as Schedule "A":
 - (a) granting an extension to the stay period in these proceedings under the provisions of the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the "CCAA") in relation to Medican (Westbank) Development Ltd., Medican (Westbank) Land Ltd. and Sanderson of Fish Creek (Calgary) Developments Ltd. (the "Stay Period") to and including May 30, 2012; and
 - (b) lifting the Stay Period for the limited purpose of allowing Zoltan Majoros, Margaret Majoros, Gaspar Majoros and Viktoria Majoros (collectively, "Majoros"), and Monarch Land Ltd. ("Monarch") to commence and conduct foreclosure proceedings in respect of the lands legally described as LOT 5058 OSOYOS DIVISION YALE DISTRICT EXCEPT PLANS 15774, H18426, KAP46771 and KAP85028 and municipally known as 3635 Carrington Road (Phase 4-7), comprising approximately 7.7 acres in the District of West Kelowna, B.C. (the "Kaleido Phase 4-7 Lands").
3. Such further and other relief as may be necessary and appropriate in these proceedings.

Grounds for making this application:

Extension of the Stay Period

4. The Petitioners are seeking an extension of the Stay Period to May 30, 2012.
5. Since the last extension was granted in these proceedings on December 5, 2011, the Petitioners have continued with their restructuring efforts, including working closely with the Monitor and the CRO to advance the various activities outlined in the Seventeenth Report of the Monitor.
6. On January 11, 2012, a meeting of the creditors of the Medican Group was held and the Plan of Compromise and Arrangement (the "Plan") of the Medican Group was approved by an overwhelming majority of Affected Creditors (as these terms are defined in the Plan) who were present and voted, either in person or by proxy, at the creditors' meeting.

7. On January 13, 2012, the Plan was sanctioned by Order of this Honourable Court. The Plan will be implemented in accordance with section 7.3 of the Plan upon the filing by the Monitor of the Monitor's Certificate.
8. As described in the Plan, the Plan does not affect the Petitioners Medican (Westbank) Development Ltd., Medican (Westbank) Land Ltd. (collectively, the "**Kaleido Companies**") and Sanderson of Fish Creek (Calgary) Developments Ltd. ("**Sanderson**"). The Kaleido Companies and Sanderson remain subject to the Stay Period set to expire on February 29, 2012.
9. An extension of the Stay Period to May 30, 2012 is necessary to allow the Petitioners time to resolve a strategy for dealing with Sanderson in a manner that is most beneficial to creditors and stakeholders. The Petitioners, the Monitor and the CRO continue to work on a strategy for Sanderson, focusing on the remediation of deficiencies and the building out and monetization of the Sanderson Project.
10. The Kaleido Phase 4-7 Lands are raw land owned by the Kaleido Companies. Since the outset of the proceedings the Petitioners have attempted to maximize the value of the Kaleido Companies. Unfortunately, given the current market conditions in Kelowna no viable alternative acceptable to the project's lenders has been found.
11. It has been determined by the Petitioners that the maximum benefit to creditors and stakeholders from the Kaleido Phase 4-7 Lands will be realized through sale. It is proposed that the Stay Period be lifted in favour of the primary secured creditors of the Kaleido Phase 4-7 Lands, Majoros and Monarch, for the limited purpose of allowing foreclosure proceedings to be commenced.
12. The extension of the Stay Period, subject to the requested relief, will allow the resolution of matters regarding Sanderson and the Kaleido Companies without impact on the Plan as it affects the remaining Petitioners.
13. The Petitioners continue to work in good faith and with due diligence in these proceedings and it is in the best interests of the Petitioners and all of the stakeholders to continue in these proceedings, in the manner sought herein.

Material or evidence to be relied on:

14. Affidavit of Tyrone Schneider, dated February 23, 2012 (the "**Schneider Affidavit**").
15. The Seventeenth Report of the Monitor.
16. Other pleadings and materials previously filed in these proceedings.
17. Such further and other materials as counsel for the Petitioners may advise and this Honourable Court may deem necessary.

Applicable Rules:

18. The *Alberta Rules of Court*.

19. Such further and other Rules as counsel for the Petitioners may advise and this Honourable Court may deem necessary.

Applicable Acts and regulations:

20. *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, as amended, and the regulations thereunder.
21. Such further and other acts and regulations as counsel for the Petitioners may advise and this Honourable Court may deem necessary.

How the application is proposed to be heard or considered:

22. In person before the Honourable Madam Justice Eidsvik in Chambers with call-in availability for those parties unable to attend.

WARNING

If you do not come to Court either in person or by your lawyer, the Court may give the applicant(s) what they want in your absence. You will be bound by any order that the Court makes. If you want to take part in this application, you or your lawyer must attend in Court on the date and time shown at the beginning of the form. If you intend to rely on an affidavit or other evidence when the application is heard or considered, you must reply by giving reasonable notice of the material to the applicant.

SCHEDULE "A"

Clerk's stamp:

DRAFT

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
Ph. (403) 268-7097/6301 Fx. (403) 268-3100
File No.: 526686-1

DATE ON WHICH ORDER WAS PRONOUNCED: February 29, 2012

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary

NAME OF JUDGE WHO MADE THIS ORDER: Justice Eidsvik

ORDER

UPON the application of the Petitioners in these proceedings (collectively, the "**Medican Group**"); **AND UPON** having read the Application by the Petitioners, dated February 23, 2012, the Affidavit of Tyrone Schneider, dated February 23, 2012 (the "**Schneider Affidavit**"), the Affidavit of Ronica Cameron, dated February _____, 2012 (the "**Service Affidavit**"), the Seventeenth Report of Ernst & Young Inc., the Court appointed monitor (the "**Monitor**"), dated February _____, 2012, 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**").

The Kaleido Phase 4-7 Lands

3. Zoltan Majoros, Margaret Majoros, Gaspar Majoros and Viktoria Majoros (collectively, "**Majoros**") and Monarch Land Ltd. ("**Monarch**") be and are hereby granted leave to commence and conduct foreclosure proceedings in relation to the lands legally described as LOT 5058 OSOYOOS DIVISION YALE DISTRICT EXCEPT PLANS 15774, H18426, KAP46771 and KAP85028, and municipally known as 3635 Carrington Road (Phase 4-7), comprising approximately 7.7 acres in the District of West Kelowna, B.C. (herein referred to as the "**Kaleido Phase 4-7 Lands**") and the stay of proceedings currently in place in these CCAA Proceedings (the "**Stay**") is hereby lifted in favour of Majoros and Monarch for the limited purpose of allowing the foreclosure to proceed in respect of the Kaleido Phase 4-7 Lands.
4. Nothing in this Order, or in any steps taken in connection with the said foreclosure against the Kaleido Phase 4-7 Lands, will affect in any manner the quantum, validity or priority of the Administration Charge and the DIP Lender's Charge granted in these proceedings, as against the Kaleido Phase 4-7 Lands, or at all.

Extension of Stay

5. Subject only to paragraph 3 of this Order, the Stay Period in relation to Medican (Westbank) Development Ltd., Medican (Westbank) Land Ltd. and Sanderson of Fish Creek (Calgary) Developments Ltd. is hereby confirmed and extended up to and including May 30, 2012.

Miscellaneous

6. 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.

DRAFT

Justice of the Court of Queen's Bench of Alberta