

RSM Richter

June 17, 2010

VIA POST

To the Creditors of the
Medican Group

RSM Richter Inc.

3810, 205 5 Avenue SW., Calgary, AB T2P 2V7
Tel: 403.233.8462 Fax: 403.233.8688
www.rsmrichter.com

Robert J. Taylor, CA, CIRP
Direct dial: 403.233.7112
E-mail: btaylor@rsmrichter.com

Dear Sirs;

Re:

Companies' Creditors Arrangement Act ("CCAA") Proceedings

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. ("Medican Group")

Action No: 1001-07852

We last wrote to you on June 1, 2010 advising that on May 26, 2010, the Medican Group made application to the Court of Queen's Bench of Alberta (the "Court") and was granted an Order (the "Initial Order") under the CCAA to stay proceedings against the Medican Group and allow it time to develop a plan of arrangement and compromise. RSM Richter Inc. was appointed as monitor (the "Monitor") of the business and financial affairs of the Medican Group.

The initial stay of proceedings was for 15 days. On June 11, 2010, the Court extended the stay period to August 12, 2010. Consequently, creditors of the Medican Group may not take action to collect amounts owed to them by the Medican Group, nor are creditors at liberty to cancel agreements, or repossess equipment or assets without an Order of the Court, following an application made on notice to the Medican Group and the Monitor.

A copy of the June 11, 2010 Stay Extension Order has been posted on our web site at www.rsmrichter.com, (follow the "Insolvency Files" link then refer to the "Medican" listing for "Available Public Information" link).

On June 11, 2010, the Court also granted a Claims Procedure Order, which is also posted on our web site. In connection with that Order, we are enclosing:

- 1) Schedule A – Notice to Creditors; and
- 2) Schedule B – Proof of Claim.

Please read the Notice and follow the instructions provided therein if you choose to file a Proof of Claim against an entity forming the Medican Group. **Deadline for you to file a claim is on or before 5 pm Mountain Daylight Time on July 30, 2010.**

If you wish to speak to a representative of the Monitor, please contact one of the following individuals:

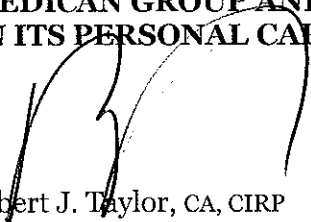
Nicole Do: 403.206.0877
(ndo@rsmrichter.com)

Bob Taylor: 403.233.7112
(btaylor@rsmrichter.com)

Thank you for your attention to the enclosed.

Yours very truly,

**RSM RICHTER INC.,
IN ITS CAPACITY AS CCAA MONITOR OF
THE MEDICAN GROUP AND
NOT IN ITS PERSONAL CAPACITY**


per: Robert J. Taylor, CA, CIRP

SCHEDULE "A"

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. 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

NOTICE TO CREDITORS

On May 26, 2010, the Petitioners in the above noted proceedings (collectively, the "**Medican Group**") received protection under the *Companies Creditors Arrangement Act* (the "**CCAA**") from the Court of Queen's Bench of Alberta (the "**Court**"). RSM Richter Inc. was appointed by the Court as the monitor in these proceedings (the "**Monitor**").

On June 11, 2010, the Court directed the Applicants and the Monitor to solicit claims from all creditors of the Medican Group for the purpose of determining the claims which will participate in the CCAA proceedings.

Any creditor having a claim against an entity forming the Medican Group arising before May 26, 2010 of any nature whatsoever, including an unsecured, secured, contingent or unliquidated claim, (a "**Claim**") and is required to file, in the manner set out in this Notice to Creditors, a Proof of Claim in the prescribed form (which has been provided to you with this Notice to Creditors) with the Monitor in order to participate in any voting or distribution associated with the CCAA proceedings.

Additional copies of the prescribed Proof of Claim form can be obtained by contacting the Monitor via telephone at 403.233.8462 or via e-mail at egyinfo@rsmrichter.com or it can be downloaded from the Monitor's website at <http://www.rsmrichter.com/Restructuring/Medican.aspx>.

Any creditor who chooses to file a Proof of Claim is required to provide whatever documentation they may have to support their Claim against the Medican Group, such as contracts, invoices, bills of lading, and shipping receipts, in relation to the goods and/or services provided to the Medican Group in the appropriate currency under which their Claim arose.

All Proof of Claim forms, together with the required supporting documentation, must be delivered, sent by facsimile or mailed to RSM Richter Inc. at Bow Valley Square 2, 3810, 205 - 5 Avenue SW, Calgary, AB T2P 2V7, or fax: 403-233-8688 to the attention of Lynda Huber on or before 5:00 pm Mountain Daylight Time on July 30, 2010.

All Claims must account for the following:

1. All Claims must be adjusted for any equipment and/or other assets released by the Medican Group to the creditor whether by court order or otherwise; and
2. Where a creditor is claiming an offset against all or a portion of amounts owing by the Medican Group, full particulars of the offset must be included.

All Claims received by the Monitor or, in the case of mailing, postmarked, after the claims Bar Date will, unless otherwise ordered by the Court, be forever extinguished, barred, and will not participate in any voting or distributions in the CCAA proceedings.

With respect to secured creditors, the Monitor will within 21 days of receiving the Proof of Claim, in turn provide to the creditor a notice in writing by registered mail, by courier service, or by facsimile as to whether their Claim is accepted or disputed in whole or in part, and the reason for the dispute pursuant to a Notice of Revision or Disallowance.

Where a secured creditor objects to a Notice of Revision or Disallowance, the creditor shall notify the Monitor and the Medican Group of its objection in writing (the "Notice of Objection") by registered mail, courier service or facsimile within 14 days from the date on the Notice of Revision or Disallowance.

With respect to all other claims, the Monitor will accumulate the Proof of Claim forms and, in due course, provide to the creditor a notice in writing by registered mail, by courier service, or by facsimile as to whether their Claim is accepted, or disputed in whole or in part, and indicating the reason for the dispute pursuant to a Notice of Revision or Disallowance.

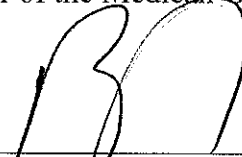
Where a creditor objects to a Notice of Revision or Disallowance, the creditor shall notify the Monitor and the Medican Group of its objection in writing (the "**Dispute Notice**") within 14 days of receipt of a Notice of Revision or Disallowance.

The Monitor and the Medican Group will attempt to consensually resolve disputes with respect to any claim. If the dispute cannot be resolved the Monitor or the Applicants may (or, in the case of a secured claim shall) bring an application before the Court for the determination of the claim.

A creditor not filing a Dispute Notice to a Notice of Revision or Disallowance issued by the Medican Group shall, unless otherwise ordered by the Court, be conclusively deemed to have accepted the assessment of its Claim as set out in such Notice of Revision or Disallowance.

Dated June 17, 2010 in Calgary, Alberta.

RSM RICHTER INC. in its capacity as
Monitor of the Medican Group.

A handwritten signature in black ink, appearing to be 'RT', written over a horizontal line.

Per: Robert Taylor

SCHEDULE "B"

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. 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.

**Proof of Claim
For Claims Arising Before May 26, 2010
(See Reverse for Instructions)**

Regarding the claim of _____ (referred to in this form as "the creditor").
(name of creditor)

All notices or correspondence regarding this claim to be forwarded to the creditor at the following address:

Telephone: _____

Fax: _____

I, _____
(name of person signing claim)

residing in the _____
(city, town, etc.)

of _____
(name of city, town, etc.)

in the Province of _____

Do hereby certify that:

1. I am the creditor

or

I am _____ of the creditor.
(if an officer or employee of the company, state position or title)

2. I have knowledge of all the circumstances connected with the claim referred to in this form.

3. Check box of appropriate CCAA debtor that your claim is against:

- | | | | |
|--------------------------|--|--------------------------|---|
| <input type="checkbox"/> | Medican Holdings Ltd. | <input type="checkbox"/> | Medican Developments Inc. |
| <input type="checkbox"/> | R7 Investments Ltd. | <input type="checkbox"/> | Medican Construction Ltd. |
| <input type="checkbox"/> | Medican Concrete Inc. | <input type="checkbox"/> | 1090772 Alberta Ltd. |
| <input type="checkbox"/> | 1144233 Alberta Ltd. | <input type="checkbox"/> | 1344241 Alberta Ltd. |
| <input type="checkbox"/> | 9150-3755 Quebec Inc. | <input type="checkbox"/> | Axxess (Grande Prairie) Developments Ltd. |
| <input type="checkbox"/> | Axxess (Sylvan Lake) Developments Ltd. | <input type="checkbox"/> | Canvas (Calgary) Developments Ltd. |
| <input type="checkbox"/> | Elements (Grande Prairie) Developments Ltd. | <input type="checkbox"/> | Homes By Kingsland Ltd. |
| <input type="checkbox"/> | Lake Country (Sitara) Developments Ltd. | <input type="checkbox"/> | Medican (Edmonton Terwillegar) Developments Ltd. |
| <input type="checkbox"/> | Medican (Grande Prairie) Holdings Ltd. | <input type="checkbox"/> | Medican (Kelowna Move) Developments Ltd. |
| <input type="checkbox"/> | Medican (Lethbridge – Fairmont Park) Developments Ltd. | <input type="checkbox"/> | Medican (Red Deer – Michener Hill) Developments Ltd. |
| <input type="checkbox"/> | Medican (Sylvan Lake) Developments Ltd. | <input type="checkbox"/> | Medican (Westbank) Development Ltd. |
| <input type="checkbox"/> | Medican (Westbank) Land Ltd. | <input type="checkbox"/> | Medican Concrete Forming Ltd. |
| <input type="checkbox"/> | Medican Developments (Medicine Hat Southwest) Inc. | <input type="checkbox"/> | Medican Enterprises Inc. / Les Entreprises Medican Inc. |
| <input type="checkbox"/> | Medican Equipment Ltd. | <input type="checkbox"/> | Medican Framing Ltd. |
| <input type="checkbox"/> | Medican General Contractors Ltd. | <input type="checkbox"/> | Medican General Contractors 2010 Ltd. |
| <input type="checkbox"/> | Riverstone (Medicine Hat) Developments Ltd. | <input type="checkbox"/> | Sanderson Of Fish Creek (Calgary) Developments Ltd. |
| <input type="checkbox"/> | Sierras Of Eaux Claires (Edmonton) Developments Ltd. | <input type="checkbox"/> | Sonata Ridge (Kelowna) Developments Ltd. |
| <input type="checkbox"/> | Sylvan Lake Marina Developments Ltd. | <input type="checkbox"/> | The Estates Of Valleydale Developments Ltd. |
| <input type="checkbox"/> | The Legend (Winnipeg) Developments Ltd. | <input type="checkbox"/> | Watercrest (Sylvan Lake) Developments Ltd. |

The CCAA Debtor (check appropriate box above) was, as at May 26, 2010, and still is indebted to the creditor in the sum of \$_____ CDN as shown by the statement of account attached hereto and marked "Schedule A". Claims should not include the value of goods and/or services supplied after May 26, 2010. If a creditor's claim is to be reduced by deducting any counter claims to which the CCAA Debtor is entitled and/or amounts associated with the return of equipment and/or assets by the CCAA Debtor, please specify.

The statement of account must specify the vouchers or other evidence in support of the claim including the date and location of the delivery of all services and materials. Any claim for interest must be supported by contractual documentation evidencing the entitlement to interest.

4. **Unsecured claim.** \$_____. In respect to the said debt, the creditor does not and has not held any assets of as security.
- Secured claim.** \$_____ In respect of the said debt, the creditor holds assets valued at \$_____ as security:

Provide full particulars of the security, including the date on which the security was given and the value at which the creditor assesses the security together with the basis of valuation, and attach a copy of the security documents as Schedule "B".

Dated at _____, this ____ day of _____, 2010.
Insert city and date of signature

Witness _____

(signature of individual completing the form)

Must be signed and witnessed

Instructions for Completing Proof of Claim Forms

In completing the attached form, your attention is directed to the notes on the form and to the following requirements:

Proof of Claim:

1. The form must be completed by an individual and not by a corporation. If you are acting for a corporation or other person, you must state the capacity in which you are acting, such as, "Credit Manager", "Treasurer", "Authorized Agent", etc., and the full legal name of the party you represent.
2. The person signing the form must have knowledge of the circumstances connected with the claim.
3. Check the box of the appropriate CCAA Debtor your claim is against. A Statement of Account containing details of secured and unsecured claims, and if applicable, of the amount due in respect of property claims, must be attached and marked Schedule "A". Claims should **not** include the value of goods and/or services arising after May 26, 2010. It is necessary that all creditors indicate the date and location of the delivery of all goods and/or services. Any amounts claimed as interest should be clearly noted as being for interest.
4. The nature of the claim must be indicated by ticking the type of claim which applies. e.g. -

Checking (A) indicates the claim is unsecured;

Checking (B) indicates the claim is secured, such as a mortgage, lease, or other security interest, and the value at which the creditor assesses the security must be inserted, together with the basis of valuation. Details of each item of security held should be attached as Schedule "B" and submitted with a copy of the chattel mortgage, conditional sales contract, security agreement, etc.

5. The person signing the form must insert the place and date in the space provided, and the signature must be witnessed.

Additional information regarding the Medican Group and the CCAA process, as well as copies of claims documents may be obtained at <http://www.rsmrichter.com/Restructuring/Medican.aspx> . If there are any questions in completing the notice of claim, please write or telephone the office of the Monitor at:

RSM Richter Inc.
Attention: Lynda Huber
Bow Valley Square 2
3810, 205 - 5 Avenue SW
Calgary, AB T2P 2V7
Telephone : 403.233.8462
Facsimile : 403.233.8688
E-mail : cgyinfo@rsmrichter.com

Note: Any claim not delivered to the Monitor at the above noted address by July 30, 2010, will, unless otherwise ordered by the Alberta Court of Queen's Bench, be barred and may not thereafter be advanced against the CCAA Debtor.