

COURT FILE NUMBER 1001-07852
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY

Clerk's Stamp

APPLICANTS **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 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. (COLLECTIVELY, "THE MEDICAN GROUP OF COMPANIES")**

DOCUMENT **TENTH REPORT TO THE COURT OF RSM RICHTER INC. AS CCAA MONITOR OF THE MEDICAN GROUP OF COMPANIES DATED MAY 20, 2011**

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TABLE OF CONTENTS

INTRODUCTION.....	1
Purpose of this Report	1
Terms of Reference	2
Currency	2
BACKGROUND	3
COMPANY'S ACTIVITIES.....	3
MEDICAN MODULAR (CHARTWELL MEDICINE HAT) DEVELOPMENTS LTD.....	4
MEDICAN CONCRETE INC.	5
SANDERSON OF FISH CREEK (CALGARY) DEVELOPMENTS LTD.....	8
Phase 1 and 2	8
Phase 4A	9
Phase 3, 4B and Church Lands	9
AXXESS (GRANDE PRAIRIE) DEVELOPMENTS LTD.....	11
MEDICAN (WESTBANK) LAND LTD.....	13
1144233 ALBERTA LTD.	14
1870 6 TH AVENUE S. W. MEDICINE HAT	14
CLAIMS REVIEW.....	15
PLAN OF ARRANGEMENT	16
CASH FLOW	18
MONITOR'S ACTIVITIES	18
CONCLUSION AND RECOMMENDATION	19

INDEX OF APPENDICES

Unit Sales Summary “A”

Axxess Grande Prairie Units “B”

Cash Flow Variance Analysis..... “C”

Projected Statement of Cash Flow “D”

**TENTH REPORT OF RSM RICHTER INC.
AS CCAA MONITOR OF
THE MEDICAN GROUP OF COMPANIES**

May 20, 2011

INTRODUCTION

1. On May 26, 2010, the Court of Queen's Bench of Alberta ("Court") issued an order ("Initial Order") granting The Medican Group of Companies ("Medican Group" or the "Company") protection pursuant to the *Companies' Creditors Arrangement Act* ("CCAA") (the "CCAA Proceedings"). RSM Richter Inc. was appointed monitor ("Monitor") under the Initial Order.
2. Pursuant to a Court order made on March 31, 2011, the stay of proceedings under the Initial Order was extended to May 31, 2011.
3. The primary purposes of the CCAA Proceedings are to protect Medican Group's business and operations, to allow Medican Group an opportunity to realize value from its construction and development projects and to facilitate a restructuring of its business, all under a Court-supervised process.

Purpose of this Report

4. The purpose of this report ("Report") is to:
 - a) Provide an update on the Company's restructuring efforts; and
 - b) Respectfully recommend that this Honourable Court grant orders:
 - Extending the CCAA Proceedings from May 31, 2011 to July 29, 2011;

- Approving an Offer to Purchase (the “E.I.W.M. Offer”) from E.I.W.M. Holdings Ltd. (“E.I.W.M.”) for the Company’s head office located at 1870 6th Avenue S.W., Medicine Hat and legally described as Plan No. 9011188, Block 3, Lots 3 & 4 (the “Head Office”) and vesting in E.I.W.M., as of closing, title to the Head Office, free and clear of all liens, charges, security interests and other encumbrances other than those as set out in the E.I.W.M Offer, and directing the Registrar of Alberta Land Titles to register title to the Head Office in the name of E.I.W.M. or in that of its nominee, as described in this Report; and
- Approving the “Interim Access Arrangement” in respect of Medican Concrete Inc. (“Concrete”), as described in this Report.

Terms of Reference

5. In developing this Report, the Monitor has relied upon unaudited financial information prepared by the Company’s management, the Company’s books and records and discussions with its management. The Monitor has not performed an audit or other verification of such information. An examination of the Company’s financial forecasts as outlined in the *Canadian Institute of Chartered Accountants Handbook* has not been performed. Future-oriented financial information relied upon in this Report is based on management’s assumptions regarding future events. Actual results achieved may vary from this information and these variations may be material, and as such the Monitor expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this Report, or relied upon by the Monitor in preparing this Report.

Currency

6. Unless otherwise noted, all currency references in this Report are in Canadian dollars.

BACKGROUND

7. Medican Group is a private group of companies in the real estate construction and development business. The Company currently owns, operates and/or manages projects (“Projects”) in British Columbia, Alberta, and Quebec.
8. Additional background information is included in previous materials filed with the Court in these CCAA Proceedings, including the previous reports filed by the Monitor. Materials filed with the Court can be found on the Monitor’s website at www.rsmrichter.com.

COMPANY’S ACTIVITIES

9. A summary of the Company’s progress since the Monitor’s Ninth Report to Court dated March 25, 2011 (“Ninth Report”) is provided below. Among other things, the Company:
 - a) Accepted offers, with the Monitor’s approval, on 17 existing or under-construction residential condominium units (“Units”). A schedule identifying Unit sales from the date of the Initial Order is provided as Appendix “A”. In total, the Company has accepted 171 offers for sales of Units from the date of the Initial Order;
 - b) Closed the sale of the lands owned by The Estates of Valleydale Developments Ltd. to Classic Construction Ltd.;
 - c) Closed the sale of the Company’s property legally described as Plan No. 0312290, Lots 68, 69, 70, 71, 72 and 73 (the “River Ridge Lands”) with 1129971 Alberta Ltd.;
 - d) Received, negotiated and finalized an Interim Access Agreement and a Unanimous Shareholders Agreement with in respect of Concrete for the purposes of preserving Concrete’s business for the benefit of the Company and its stakeholders;
 - e) Participated in the marketing of the Head Office for sale pursuant to the Stalking Horse Offer received from Spider Electric Ltd. (“Spider”);
 - f) Increased pricing of certain Units in Calgary in response to some recovery of condominium prices in the Calgary, Alberta market;

- g) Participated in the ongoing investigation of the transaction between 933 and Live Well in respect of the “Chartwell Project” (as defined below) and extensive negotiations with 933 and related parties in respect of a possible settlement of all matters between 933 and the Medican Group;
 - h) Dealt with several matters affecting the Sanderson project;
 - i) Provided regular reporting on Sanderson Unit sales to Harbour Mortgage Corp. (“Harbour”), Imor Capital Corp. (“Imor”), and the Canadian Imperial Bank of Commerce (“CIBC”);
 - j) Responded to the application of the condo corporation at the Axxess (Grande Prairie) Developments Ltd. Project;
 - k) Held several meetings with the Monitor to review the various contingent and unsecured claims filed against the Company by creditors pursuant to the Claims Procedure Order;
 - l) Continued to meet with third parties respecting the development or sale of the Company’s interests in certain projects;
 - m) Continued to provide stakeholders with updates on its restructuring efforts; and
 - n) Made significant progress in developing a plan of arrangement and compromise (the “Plan”) for the benefit of the Company’s creditors.
10. Certain of the above activities are discussed in greater detail herein.

MEDICAN MODULAR (CHARTWELL MEDICINE HAT) DEVELOPMENTS LTD.

11. Since July 2010, the Monitor and its counsel have been investigating the circumstances surrounding the purchase and sale of a prefabricated home development project located in Medicine Hat, Alberta, commonly known as “Chartwell” (the “Chartwell Project”).
12. The Monitor has reported to the Court as the investigation has progressed.
13. In an attempt to resolve the issues with the Chartwell Transaction in a more timely fashion, the Monitor and the Company proposed settlement options to 933. Through extensive negotiations the Company and 933 have reached a settlement, which is subject to conditions which are expected to be resolved shortly.

14. The Monitor anticipates filing a supplemental report and materials in respect of the settlement with 933 prior to the May 26, 2011 Court application date.

MEDICAN CONCRETE INC.

15. Concrete builds sidewalks and curbs. It provides its services mainly in south east Alberta in and around the Medicine Hat area. It is a seasonal business operating for approximately eight months per year and is weather dependant.
16. Concrete is owned 90% by R7 and 10% by Mr. Dave Mudrack (“Mudrack”). Mudrack has run Concrete’s operations for many years.
17. Concrete has historically been profitable and generates positive cash flow. For the calendar year ending December 31, 2010, Concrete generated revenues of approximately \$3.7 million, net income of \$1.6 million and positive cash flow of \$1.3 million.
18. At the commencement of the CCAA Proceedings, Concrete had a \$1.0 million line of credit with The Toronto-Dominion Bank (“TD”) which was fully utilized. The line of credit with TD has been paid down in full.
19. Because of Concrete’s seasonality it requires substantial working capital to commence operations each spring. Concrete has arranged a new line of credit with an individual that, in the Monitor’s view, will provide the necessary working capital for Concrete to continue to operate.
20. Concrete does not own any equipment. The equipment it uses in its business is either leased directly by Concrete or is provided to Concrete by Medican Construction Ltd. (“Construction”).

21. Concrete's profitability is being jeopardized by the CCAA Proceedings. It is unable to obtain bonding which is required by customers on larger Projects. Concrete has lost several potential contracts because it cannot be bonded while under the CCAA Proceedings.
22. Mudrack is integral to Concrete's operations. He has built significant business relationships in and around Medicine Hat and is responsible for obtaining the majority of the contracts awarded to Concrete. There is concern that if Mudrack leaves Concrete it may no longer be viable. He is also a significant creditor of Concrete owed more than \$940,000. Over the years the Medican Group diverted Concrete's profits to support many of the Medican Group's other operations and Projects.
23. Concrete and Mudrack are important to the Medican Group's restructuring. It is anticipated that a portion of the profits generated by Concrete will be used to fund the Company's plan of arrangement.
24. The Medican Group is proposing to enter into an Interim Access Agreement and a Unanimous Shareholders Agreement ("USA") (collectively the "Interim Access Arrangement") among Concrete, 1607679 Alberta Ltd. ("679"), and 1606752 Alberta Ltd. ("752"). 679 is owned 49% by 792 which in turn is owned by Mudrack's brother. Concrete owns 51% of 679. The highlights of the Interim Access Arrangement are as follows:
 - Concrete's business will be undertaken by 679;
 - 752 will own 49% of 679 and Concrete will own 51% of 679;
 - The USA provides that neither company can dispose of the shares of 679 except in conjunction with the Medican Group's restructuring;
 - Any work referred to Concrete or 752 will first be offered up to 679; and

- Should the Medican Group's Plan be unsuccessful, pursuant to the USA, 752 will have the right to purchase Concrete's shares of 679 at fair market value as determined by an appraiser selected by the Monitor.
25. Furthermore, the Interim Access Arrangement also provides that:
- 679 will pay rent to use the concrete assets owned by Concrete and Construction;
 - 679 will fund all payroll and employee expenses of all employees employed by Concrete, providing savings to the Medican Group of \$56,000 monthly; and
 - 679 agrees to pay the Medican Group approximately \$372,000 to compensate the Medican Group for amounts it expended on Concrete's behalf for the period January 1 to June 1, 2011.
26. The Interim Access Agreement and the USA are appended as exhibits to the affidavit of Tyrone Schneider sworn May 20, 2011 (the "Schneider Affidavit").
27. The Monitor has reviewed the terms of the Interim Access Agreement and the USA and respectfully recommends that this Honourable Court approve them for the following reasons:
- Transferring Concrete's business to 679 will allow the business to obtain bonding which is currently not available to Concrete, thereby maximizing profits and cash flow;
 - An employee that is necessary for the survival of Concrete's business will be retained. If Mudrack were to leave, it is doubtful Concrete's business would survive as Medican Group has no one to replace Mudrack nor does it have the relationships with the customers who retain Concrete;
 - Concrete's business will survive so that a portion of the profits generated therefrom can be used to assist in funding the Company's Plan; and
 - The Medican Group will be reimbursed for expenses incurred on behalf of Concrete totalling approximately \$372,000, which augments the Company's cash flow.

SANDERSON OF FISH CREEK (CALGARY) DEVELOPMENTS LTD.

28. The project known as “Sanderson of Fish Creek” is a residential Development Project located in Calgary, Alberta, which consists of five phases with a total of 352 Units (“Sanderson Project”). The Sanderson Project was established in multiple phases referred to as Phases 1, 2, 3, 4A and 4B. The Sanderson Project also included certain adjacent lands (“Church Lands”).
29. Several lenders hold various forms of security against the Sanderson Project and unsold Units. Monies are also owed to Canada Revenue Agency, unsecured lenders and trade suppliers (some of which have registered liens).

Phase 1 and 2

30. Harbour holds a first charge on all but three of the remaining Units in Phase 1 and 2¹. IMOR has a second charge on all the remaining Units. 13 Units secured by Harbour and IMOR remain unsold.
31. The Units in Phase 1 and 2 are not complete. The estimated costs to complete construction on the remaining Units total approximately \$400,000. The costs to complete are being funded from funds received on the sale of completed Units in accordance with the budget approved by this Honourable Court.
32. The Company continues to market for sale the unsold Units. Prospective purchaser activity has been increasing commensurate with the economic recovery; however, there are construction deficiencies which appear to be impeding sales of the remaining Units. This matter is discussed later in the Report.

¹ CIBC holds a first charge on three Units in Phase 1 and 2 of the Sanderson Project.

33. The Company is providing weekly update reports to Harbour and Imor in respect of its marketing efforts and sales of Units.

Phase 4A

34. CIBC advanced \$1 million to the Company to complete construction of Phase 4A of the Sanderson Project pursuant to a Court Order obtained by the Company on July 29, 2010. The funds were deposited with Fraser Milner Casgrain LLP (“FMC”), the Company’s legal counsel.
35. Construction of Phase 4A is complete. Construction costs were on budget. Of the 20 Units in Phase 4A, 15 have sold (five have not yet closed) and five remain listed for sale. The Company and CIBC continue to work together under protocols established earlier in these CCAA Proceedings.
36. The Company is providing weekly update reports to the CIBC in respect of its marketing efforts and sales of Units.

Phase 3, 4B and Church Lands

37. The Company completed the Court-approved transaction (the “Monarch Transaction”) with Monarch Land Ltd. (“Monarch”) in respect of Phase 3 and 4B of the Sanderson Project and the Church Lands.
38. One of the terms and conditions of the Monarch Transaction was that Monarch would fund and complete the deficiencies in respect of the common property up to a maximum of \$600,000. It was both the Monitor’s and the Company’s understanding that if the deficiencies exceeded \$600,000, that Monarch would fund and complete those deficiencies (the “Additional Deficiencies”) and deduct the costs from the profits to be realized upon the build out and sale of the Units to be constructed in Phase 3 and 4B.

39. An assessment of the quantum of all deficiencies at the Sanderson Project has been undertaken independently by both Monarch and the Company. There is disagreement between the Company and Monarch on the total costs to rectify the deficiencies; however, it appears the costs range between \$1.2 million and \$1.3 million.
40. Monarch has not advanced any amounts to address the deficiencies. It is the Monitor's understanding that Monarch will not advance any funds in respect of the deficiencies until funding of the Additional Deficiencies has been addressed.
41. The City of Calgary inspected the Sanderson Project in March 2011 and noted certain deficiencies that must be rectified or the Company could face a fine. The costs to fix the deficiencies identified by the City of Calgary total approximately \$127,000 based on independent quotes obtained by the Company. Rather than risk a fine, the Company has commenced rectification of those deficiencies. However, as Monarch has declined to advance any funds in respect of the deficiencies, the Company is funding the remediation of the deficiencies from its cash flows which will negatively affect the Company's working capital.
42. The Monitor has previously advised this Honourable Court that the Company's share of net profits on the build out of the Sanderson Project is estimated to be in the range of \$4 million to \$10 million. The profits are expected to fund part of the Company's Plan. The dispute with Monarch in respect of the deficiencies and the Additional Deficiencies may cause delays in the build out of Phase 3 and 4B and has contributed to the delay in the Company finalizing its Plan.

AXXESS (GRANDE PRAIRIE) DEVELOPMENTS LTD.

43. Axxess (Grande Prairie) Developments Ltd. ("AGP") is a completed condominium development located in Grande Prairie, Alberta. It comprises 177 units in three phases.
44. As at the date of the Initial Order there were nine Units (the "AGP Units") remaining that had not been sold. The nine AGP Units have been marketed for sale since 2008. Since August 4, 2010, the AGP Units have been listed for sale with Re/Max Grande Prairie (the "Realtor").
45. As at the date of this report two AGP Units have sold and closed, three AGP Units have sold but not closed and four are actively being marketed for sale by the realtor. From the sales proceeds realized, outstanding condominium fees owed on the specific AGP Unit sold were paid to the condominium corporation.
46. CIBC was one of the Company's primary construction lenders. CIBC holds blanket security against seven of the Medican Group entities. As at the date of this Report, CIBC is owed approximately \$8.0 million (principal and interest) under its blanket security, with the amount owing by AGP totalling \$1,441,500.
47. Condominium Corporation No. 0627724 ("Condo Corp.") was created on the registration of the AGP condominium plan. As has previously been reported to this Honourable Court, the Condo Corp. is seeking to obtain funds to repair alleged deficiencies at AGP. The Condo Corp. is of the view that it is entitled to obtain these funds, in priority to any other party, from the sales proceeds to be realized on the sale and closing of the remaining seven AGP Units. The Condo Corp. has registered caveats against title to the seven AGP Units.

48. On May 12, 2011, a consent order was agreed to by the Condo Corp., the Company and CIBC. The Condo Corp. has agreed that it will issue estoppel certificates and insurance certificates so that sales of the AGP Units can close. The sales proceeds from the AGP Units will be held in trust by the Company's legal counsel pending the Court hearing the Condo Corp.'s application, which is scheduled for May 27, 2011.
49. The Monitor remains of the view that the relief being sought by the Condo Corp. is prejudicial to the Medican Group, CIBC and other Medican Group creditors and stakeholders.
50. With respect to the alleged deficiencies, the Condo Corp. should pursue those through the proof of claim process established in the CCAA Proceedings rather than attempting to circumvent the process. If and when a plan of arrangement and compromise is advanced to the Medican Group's creditors, the claims of the various creditors, including the claim of the Condo Corp., will be considered.
51. Attached as Appendix "B" is a summary of the estimated proceeds to be realized by CIBC from the sales of the AGP Units. CIBC is owed approximately \$1,441,500 by AGP. It appears CIBC will suffer a shortfall of approximately \$220,000 on the amount owed to it by AGP. CIBC will look to the other Projects to recover its shortfall pursuant to its blanket security, one of those being the Sanderson Project. The Sanderson Project is integral to the Company advancing the Plan to its creditors. If the Sanderson Project is saddled with additional CIBC debt, the Company's ability to advance the Plan for the benefit of all its creditors and stakeholders will be negatively impacted.
52. The position advanced by the Condo Corp. has required that Medican and its advisors invest significant resources diverting attention away from finalizing its Plan. This matter needs to be determined before the Medican Group can finalize its Plan.

MEDICAN (WESTBANK) LAND LTD.

53. The Company's Development Project known as "Kaleido at Westwind" ("Kaleido Project") is a condominium development project located in Westbank, British Columbia. The Company planned to develop a seven-phase, 717 unit condominium complex on the subject lands.
54. Construction of Phase 1 of Kaleido was completed in September, 2008, with 82 units being marketed for sale. There are 53 units remaining for sale ("Kaleido Units").
55. Phases 1, 2 and 3 of Kaleido are financed by way of a secured lending facility with MCAP Financial Corporation ("MCAP"). MCAP is owed approximately \$15.6 million and has also provided letters of credit totalling \$2,204,575.50. With the approval of MCAP, the Company selected a listing agent and established listing prices for the Kaleido Units. No Units have been sold since the date of the Initial Order.
56. The Phase 4-7 lands of Kaleido are financed by way of a secured lending facility with Zoltan and Margaret Majoros with an estimated balance owing of \$3.4 million. Subsequent registrations have been made by Monarch which total approximately \$3.7 million and which are cross-collateralized with other Projects.
57. The Phase 4-7 Kaleido lands were marketed for sale pursuant to the Bid Procedures Order made by this Honourable Court on July 29, 2010. No offers were received for the Phase 4-7 lands.
58. The Company has been pursuing a sale of the Kaleido Project. An offer has been received by the Company for the Kaleido Project, the terms and conditions of which are being finalized. The Company anticipates the offer will be placed in front of the various secured creditors for their consideration in the next few weeks. If the offer is acceptable to the

secured creditors the Company will seek Court approval for the transaction.

1144233 ALBERTA LTD.

59. As previously reported to this Honourable Court, 1144233 Alberta Ltd. (“114”) owned land and a building described as Plan 0713843, Block 1, Unit 3 in Medicine Hat (the “Property”). The Company planned on seeking Court approval of a sale of the Property; however, a portion of the building collapsed on January 22, 2011 and as such the sale could not proceed.
60. The Company did not pursue a rebuild of the building as it is located on or near a flood plain. Because of new strict building bylaws in Medicine Hat for structures located on or near a flood plain, the re-construction costs were estimated to be greater than the quantum of insurance coverage on the building. The Company has been attempting to negotiate a settlement with its insurer. The Monitor is advised by the Company that the insurer is delaying settlement. The Company’s legal counsel is now involved in this matter.

1870 6TH AVENUE S. W. MEDICINE HAT

61. R7 owns the Head Office. TD has a \$3.0 million first mortgage registered against title to the Head Office. TD is owed approximately \$1.04 million on its mortgage. In addition to the mortgage, TD has outstanding Letters of Credit (“LCs”) totalling approximately \$750,000 in respect of the Company’s various Projects. The LCs are secured by the TD’s mortgage. 933 holds a second charge on the Head Office ranking subordinate to TD.
62. On March 24, 2011 Spider submitted the Stalking Horse Offer in the amount of \$1.5 million for the Head Office. The Stalking Horse Offer was approved by the Court on March 31, 2011.

63. Pursuant to the Stalking Horse Offer, the Head Office continued to be listed for sale with Re/Max until 12:00 pm April 30, 2011. Interested parties were made aware of the Stalking Horse Offer and were encouraged by Re/Max to submit superior offers. The purchase price of any offer had to be at least equal to the Stalking Horse Offer plus a Break Fee (as defined in the Stalking Horse Offer) in the amount of \$100,000 and any realtor commissions payable.
64. The Monitor received two offers on the Head Office which were superior to the Stalking Horse Offer.
65. One of the offers was from 933 and contained certain conditions precedent in respect of other aspects of the Medican Group's restructuring including 933's claim against the Medican Group.
66. As there was a possibility of a settlement of all matters in dispute between the Medican Group and 933, the Monitor agreed to allow the Medican Group and 933 until 5:00 pm on May 4, 2011 to address the conditions precedent set out in 933's offer.
67. Unfortunately 933 was unable to waive its conditions precedent.
68. The Monitor informed E.I.W.M. on May 5, 2011 that it had accepted the E.I.W.M. Offer. Spider was not inclined to increase its offer.
69. The Monitor respectfully recommends that this Honourable Court approve the sale of the Head Office to E.I.W.M.

CLAIMS REVIEW

70. As previously reported to this Honourable Court, Affected Creditors (as defined in the Claims Procedure Order) have filed 673 claims with the Monitor including 75 claims filed

subsequent to the established Claims Bar Date, numerous contingent claims, unsupported claims, incorrect claims, more than \$111 million in intercompany claims and numerous duplicate claims against several Medican Group entities.

71. The Monitor has met with the Company on several occasions to discuss the various claims with a view to quantifying same and to arrive at an amount that is supported by the documentation.
72. Several of the claims that have not yet been settled or agreed to are the contingent claims. The Monitor estimates that contingent claims submitted total in excess of \$25 million. The Monitor is working with the Company and its legal counsel to attempt to establish a mechanism to deal with and quantify the contingent claims in an efficient manner.
73. The Monitor plans to address the various creditor claims with the Company's input by June 30, 2011.
74. The Monitor has reviewed the late-filed claims and will be making a recommendation to this Honourable Court in a subsequent report.

PLAN OF ARRANGEMENT

75. The Company is progressing diligently to finalize its Plan. As previously reported to this Honourable Court the Plan depends on the viability of several of its Projects. It also depends on continuing the business of Concrete as 679 and on both current and new cost plus projects.

76. With respect to the Projects, the Michener Project, the Cimarron Project and the completion of Phases 3 and 4B of the Sanderson Project will be integral components of the Company's Plan for consideration by its creditors and stakeholders. These three Projects are expected to produce significant equity once completed and all the Units are sold. The Company and Monarch must settle their dispute in respect of the Additional Deficiencies in the Sanderson Project before the Plan can be filed.
77. Concrete's business and retaining Mudrack is essential to the Plan. Approval of the Interim Access Agreement by this Honourable Court will ensure that component of the Plan is in place.
78. The Company has identified several new cost-plus Projects. The Projects generally are required to be bonded and the Company is unable to obtain bonding while in the CCAA Proceedings. Once the Company emerges from CCAA it expects to obtain several cost-plus Projects which will contribute to the Plan.
79. Before the Plan can be finalized, the application of the Condo Corp. in respect of AGP will have to be determined.
80. The Company will be significantly downsized. In respect of the Plan, it is expected to include:
- A successor corporation, owned by the current employees of the Medican Group;
 - 679 generating positive cash flow through future concrete projects;
 - Continued development on certain Projects noted in paragraph 76 above; and
 - Consolidation of its corporate structure.

CASH FLOW

81. Medican Group previously filed a cash flow projection for the period ending April 1, 2011. A comparison of the budget to actual results for the period ending May 13, 2011 is provided as Appendix “C”.
82. An updated projected statement of cash flow to the week ending September 30, 2011 (“Projection”) is provided as Appendix “D”. The notes to the Projection should be read in conjunction with the Projection.
83. The Monitor assisted the Company with the preparation of the Projection. The Projection is predicated on Medican Group continuing to operate in the normal course in the context of the CCAA Proceedings. The Monitor reviewed the Projection and its underlying assumptions and concluded that it is reasonable in the circumstances.

MONITOR’S ACTIVITIES

84. In addition to the activities referenced in this Report, the Monitor’s activities since the date of the Ninth Report include:
- Reviewing the Company’s cash flow;
 - Reviewing claims resulting from the Court-approved claims process;
 - Participating in meetings with the Company and certain senior lenders;
 - Reviewing and approving offers for the sale of Units;
 - Reviewing and assessing offers received in respect of certain of the Company’s assets;
 - Investigating the Chartwell Transaction;
 - Discussions in respect of the settlement of 933’s claim;
 - Filing reports with this Honourable Court in respect of the AGP matter;

- Assisting the Company with the development of its Plan;
- Continuing to communicate with creditors of the Company;
- Corresponding with certain real estate agents representing the Company; and
- Drafting this Report.

CONCLUSION AND RECOMMENDATION

85. The Monitor is of the view that the Company is acting in good faith and with due diligence. It has made significant progress in developing a Plan to be advanced to its creditors and stakeholders which cannot be finalized until certain matters described in this report have been addressed.

86. Accordingly, the Monitor respectfully recommends that this Honourable Court make orders granting the relief detailed in Section 4b) of this Report.

* * *

All of which is respectfully submitted this 20th day of May, 2011.

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

Per: _____



Medican Group of Companies
Summary of Unit Sales from May 26, 2010
As at May 20, 2011
(\$Cdn, Unaudited)

Appendix "A"

Date	Site	Phase	Closing	Suite	Asking Price	Accepted Price
5/28/2010	Axxess Terwillegar	1	6/18/2010	304	230,000	222,869
5/28/2010	Axxess Terwillegar	1	6/25/2010	104	225,000	217,776
5/29/2010	Canvas @ Millrise	4	7/9/2010	2127	224,900	214,900
5/31/2010	Canvas @ Millrise	4	7/30/2010	2129	224,900	209,677
5/31/2010	Canvas @ Millrise	4	7/30/2010	2121	224,900	214,900
5/31/2010	Canvas @ Millrise	4	7/30/2010	2125	224,900	214,900
6/1/2010	Canvas @ Millrise	4	7/23/2010	2122	179,900	169,900
6/1/2010	Legend @ Creekbend	2	6/30/2010	315	256,000	254,000
6/2/2010	Axxess Terwillegar	1	7/15/2010	102	249,000	240,311
6/2/2010	Canvas @ Millrise	3	7/21/2010	2108	179,900	169,900
6/2/2010	Canvas @ Millrise	4	7/25/2010	2134	184,900	174,900
6/2/2010	Canvas @ Millrise	4	7/16/2010	2124	179,900	169,900
6/2/2010	Canvas @ Millrise	4	6/30/2010	2139	204,900	194,900
6/4/2010	Legend @ Creekbend	2	9/1/2010	431	171,491	172,491
6/8/2010	Axxess Terwillegar	1	7/5/2010	228	225,000	218,024
6/10/2010	Canvas @ Millrise	4	7/19/2010	2231	259,900	249,900
6/14/2010	Canvas @ Millrise	3	8/1/2010	2217	249,000	234,496
5/29/2010	Sanderson Ridge	4A	10/1/2010	F140	560,300	504,300
6/7/2010	Sanderson Ridge	3	pre sale	A013	471,900	419,805
6/14/2010	Sanderson Ridge	2	9/3/2010	B308	393,830	356,850
6/19/2010	Canvas @ Millrise	4	7/30/2010	2126	259,622	254,400
6/19/2010	Canvas @ Millrise	3	7/30/2010	2412	279,900	264,900
6/19/2010	Canvas @ Millrise	4	9/30/2010	2128	256,622	241,350
6/21/2010	Canvas @ Millrise	3	7/2/2010	2135	249,900	239,900
6/22/2010	Legend @ Creekbend	2	7/28/2010	219	198,000	204,000
6/23/2010	Legend @ Creekbend	3	pre sale	143	199,000	189,000
6/23/2010	Sanderson Ridge	3	pre sale	A202	499,900	438,650
6/24/2010	Axxess @ Terwillegar	1	7/23/2010	106	173,000	164,000
6/24/2010	Legend @ Creekbend	3	pre sale	338	289,900	279,000
6/25/2010	Axxess @ Terwillegar	1	7/5/2010	314	213,000	203,489
6/26/2010	Canvas @ Millrise	4	7/21/2010	2410	224,900	214,900
6/30/2010	Canvas @ Millrise	3	8/16/2010	2131	224,900	214,900
7/5/2010	Cercle des Cantons	2	7/10/2010	105	210,000	170,000
7/7/2010	Canvas @ Millrise	4	9/30/2010	2423	269,900	257,000
7/8/2010	Legend @ Creekbend	3	pre sale	243	201,000	191,000
7/14/2010	Sanderson Ridge	3	pre sale	A317	699,900	641,155
7/15/2010	Canvas @ Millrise	3	8/3/2010	2130	199,900	189,900
7/15/2010	Canvas @ Millrise	4	8/18/2010	2325	259,900	242,000
7/17/2010	Axxess @ Terwillegar	1	8/23/2010	414	210,000	198,644
7/21/2010	Canvas @ Millrise	3	8/4/2010	2230	209,900	199,900
7/22/2010	Cercle des Cantons	2	8/6/2010	100	295,000	250,000
7/25/2010	Cercle des Cantons	2	8/6/2010	307	390,000	325,000
7/25/2010	Cercle des Cantons	2	8/6/2010	204	270,000	230,000
7/31/2010	Axxess @ Terwillegar	1	9/1/2010	113	154,070	153,570
8/1/2010	Cercle des Cantons	2	9/15/2010	201	295,000	241,000

Medican Group of Companies
Summary of Unit Sales from May 26, 2010
As at May 20, 2011
(\$Cdn, Unaudited)

Appendix "A"

Date	Site	Phase	Closing	Suite	Asking Price	Accepted Price
8/3/2010	Axxess @ Terwillegar	1	8/27/2010	327	249,000	237,404
8/3/2010	Cercle des Cantons	2	9/1/2010	110	293,802	259,802
8/4/2010	Legend @ Creekbend	2	11/1/2010	226	257,000	253,000
8/9/2010	Axxess @ Terwillegar	1	9/10/2010	223	166,000	162,000
8/12/2010	Cercle des Cantons	2	8/23/2010	101	295,000	245,000
8/21/2010	Axxess @ Terwillegar	1	9/17/2010	119	154,070	154,070
8/22/2010	Axxess @ Terwillegar	1	10/18/2010	123	162,000	154,070
8/23/2010	Axxess @ Terwillegar	1	9/17/2010	128	223,000	215,601
8/23/2010	Canvas @ Millrise	3	9/23/2010	2408	224,900	214,900
8/26/2010	Canvas @ Millrise	4	10/1/2010	2335	269,900	259,900
8/28/2010	Axxess @ Terwillegar	1	9/15/2010	121	185,000	171,550
8/31/2010	Canvas @ Millrise	3	9/20/2010	2209	264,900	250,900
9/4/2010	Legend @ Creekbend	2	10/1/2010	421	252,000	252,000
9/8/2010	Legend @ Creekbend	3	5/18/2012	237	290,000	280,000
9/10/2010	Cercle des Cantons	2	9/20/2010	113	199,000	185,000
9/10/2010	Canvas @ Millrise	4	10/1/2010	2433	279,900	263,900
9/17/2010	Axxess @ Terwillegar	1	10/28/2010	219	166,000	157,946
9/23/2010	Cercle des Cantons	2	10/3/2010	300	367,000	304,675
9/26/2010	Canvas @ Millrise	3	2/1/2011	2137	239,900	229,900
9/28/2010	Canvas @ Millrise	4	11/26/2010	2228	254,900	244,900
10/2/2010	Axxess @ Terwillegar	1	10/25/2010	215	239,342	237,342
10/4/2010	Canvas @ Millrise	3	11/5/2010	2210	219,900	209,900
10/8/2010	Canvas @ Millrise	4	10/22/2010	2329	249,000	237,900
10/10/2010	Axxess @ Terwillegar	1	10/29/2010	103	163,760	155,039
10/13/2010	Axxess @ Terwillegar	1	11/30/2010	203	192,830	188,954
10/14/2010	Canvas @ Millrise	4	11/5/2010	2429	264,900	247,093
10/17/2010	Canvas @ Millrise	4	11/26/2010	2226	254,900	239,900
10/18/2010	Canvas @ Millrise	4	11/26/2010	2425	264,900	251,937
10/18/2010	Canvas @ Millrise	4	11/27/2010	2435	254,900	244,900
10/20/2010	Axxess @ Terwillegar	1	11/28/2010	127	221,898	218,023
10/21/2010	Canvas @ Millrise	4	11/29/2010	2437	259,900	244,900
10/21/2010	Axxess @ Terwillegar	1	11/30/2010	230	227,712	222,869
10/25/2010	Canvas @ Millrise	3	12/1/2010	2212	259,900	244,900
10/26/2010	Axxess @ Terwillegar	1	12/2/2010	202	252,000	242,250
10/26/2010	Axxess @ Terwillegar	1	12/3/2010	227	229,650	222,868
11/4/2010	Cercle des Cantons	2	12/4/2010	118	333,000	333,000
11/4/2010	Sanderson Ridge	1	12/5/2010	F309	253,000	240,000
11/4/2010	Canvas @ Millrise	3	12/6/2010	2102	249,900	230,620
11/6/2010	Canvas @ Millrise	3	12/7/2010	2119	219,900	209,900
11/9/2010	Axxess @ Terwillegar	1	12/8/2010	318	212,210	208,000
11/10/2010	Axxess @ Terwillegar	1	12/9/2010	208	156,977	156,008
11/12/2010	Canvas @ Millrise	3	12/10/2010	2442	269,900	259,900
11/13/2010	Sanderson Ridge	1	12/11/2010	B104	339,000	336,965
11/13/2010	Sanderson Ridge	1	12/12/2010	B206	354,000	354,000
11/16/2010	Sanderson Ridge	2	12/13/2010	F134	242,000	230,000

Medican Group of Companies
Summary of Unit Sales from May 26, 2010
As at May 20, 2011
(\$Cdn, Unaudited)

Appendix "A"

Date	Site	Phase	Closing	Suite	Asking Price	Accepted Price
11/16/2010	Axxess @ Terwillegar	1	12/14/2010	306	173,450	170,543
11/21/2010	Axxess @ Terwillegar	1	12/15/2010	330	231,588	228,000
11/21/2010	Sanderson Ridge	1	12/16/2010	C407	575,000	550,000
11/25/2010	Axxess @ Terwillegar	1	12/17/2010	323	167,000	167,000
11/30/2010	Axxess @ Terwillegar	1	12/18/2010	206	177,000	170,000
11/30/2010	Axxess @ Terwillegar	1	12/19/2010	406	173,450	167,636
12/1/2010	Cercle des Cantons	2	12/20/2010	302	355,000	297,000
12/2/2010	Axxess @ Terwillegar	1	12/21/2010	125	163,760	163,760
12/3/2010	Sanderson Ridge	1	12/22/2010	B202	349,000	343,903
12/6/2010	Axxess @ Terwillegar	1	12/23/2010	425	192,830	189,923
12/6/2010	Axxess @ Terwillegar	1	12/24/2010	213	156,977	155,039
12/7/2010	Axxess @ Terwillegar	1	12/25/2010	107	154,070	154,070
12/10/2010	Axxess @ Terwillegar	1	12/26/2010	320	174,350	170,543
12/10/2010	Canvas @ Millrise	4	12/27/2010	2224	199,900	183,900
12/11/2010	Axxess @ Terwillegar	1	12/28/2010	225	186,046	182,171
12/15/2010	Axxess @ Terwillegar	1	12/30/2010	315	250,968	245,256
12/16/2010	Axxess @ Terwillegar	1	12/31/2010	430	250,968	242,249
12/16/2010	Sanderson Ridge	1	1/1/2011	B306	362,000	357,000
12/16/2010	Axxess @ Terwillegar	1	1/2/2011	319	159,883	156,237
12/20/2010	Sanderson Ridge	1	1/3/2011	B302	354,000	349,000
12/22/2010	Axxess @ Terwillegar	1	1/4/2011	419	173,449	167,152
12/27/2010	Axxess @ Grande Prairie	3	1/5/2011	112	138,900	132,000
12/27/2010	Canvas @ Millrise	2	1/6/2011	1242	264,900	254,900
12/31/2010	Legend @ Creekbend	2	1/7/2011	325	180,000	180,000
1/5/2011	Sanderson Ridge	1	1/8/2011	C101	344,000	341,000
1/5/2011	Axxess @ Terwillegar	1	1/9/2011	421	173,449	171,600
1/5/2011	Sanderson Ridge	1	1/10/2011	B307	357,000	352,500
1/10/2011	Sanderson Ridge	1	1/11/2011	F303	289,000	284,000
1/13/2011	Axxess @ Terwillegar	1	1/12/2011	325	188,953	185,320
1/17/2011	Axxess @ Terwillegar	1	1/15/2011	117	154,070	154,070
1/18/2011	Canvas @ Millrise	2	3/1/2011	1223	264,900	254,900
1/20/2011	Sanderson Ridge	4A	3/17/2011	F342	344,000	339,000
1/20/2011	Sanderson Ridge	4A	5/1/2011	F442	349,000	349,000
1/22/2011	Axxess @ Grande Prairie	2	2/15/2011	110	160,900	153,000
1/28/2011	Canvas @ Millrise	2	4/1/2011	1233	274,900	264,900
2/2/2011	Sanderson Ridge	4A	5/27/2011	F242	339,000	337,000
2/4/2011	Axxess @ Terwillegar	1	3/9/2011	405	176,841	176,841
2/5/2011	Cercle des Cantons	2	2/28/2011	107	210,000	189,000
2/8/2011	Sanderson Ridge	1	6/15/2011	B303	354,000	354,000
2/8/2011	Canvas @ Millrise	3	3/1/2011	2413	254,900	227,713
2/13/2011	Sanderson Ridge	4A	3/15/2011	F138	260,000	260,000
2/13/2011	Cercle des Cantons	2	3/4/2011	306	320,000	275,000
2/14/2011	River Stone	1	4/1/2011	328	174,900	135,238
2/16/2011	Canvas @ Millrise	1	7/30/2011	1307	259,900	247,400
2/17/2011	Canvas @ Millrise	1	3/24/2011	1437	274,900	261,000

Medican Group of Companies
Summary of Unit Sales from May 26, 2010
As at May 20, 2011
(\$Cdn, Unaudited)

Appendix "A"

Date	Site	Phase	Closing	Suite	Asking Price	Accepted Price
2/20/2011	Cercle des Cantons	2	3/28/2011	209	348,000	293,305
2/24/2011	Canvas @ Millrise	2	3/28/2011	1336	279,900	269,900
2/24/2011	Axxess @ Terwillegar	1	3/15/2011	222	169,574	169,574
2/25/2011	Axxess @ Grande Prairie	2	5/2/2011	402	150,900	145,000
2/27/2011	Canvas @ Millrise	2	4/29/2011	1131	254,900	244,900
2/28/2011	Canvas @ Millrise	2	4/29/2011	1129	254,900	244,900
2/28/2011	Axxess @ Terwillegar	1	3/15/2011	413	173,449	166,666
2/28/2011	Axxess @ Terwillegar	1	3/18/2011	423	173,449	169,089
3/4/2011	Axxess @ Terwillegar	1	4/29/2011	130	237,403	237,403
3/7/2011	Sanderson Ridge	4A	4/23/2011	F236	268,000	263,000
3/9/2011	Axxess @ Terwillegar	1	4/1/2011	427	237,403	234,903
3/10/2011	Canvas @ Millrise	2	4/1/2011	1339	224,900	214,900
3/10/2011	Axxess @ Terwillegar	1	6/30/2011	201	237,402	237,402
3/11/2011	Sanderson Ridge	4A	8/15/2011	F317	358,000	353,000
3/14/2011	Axxess @ Terwillegar	1	3/28/2011	217	156,977	156,977
3/16/2011	Axxess @ Terwillegar	1	7/15/2011	101	237,403	234,903
3/17/2011	Axxess @ Terwillegar	1	4/29/2011	116	211,999	210,756
3/18/2011	Axxess @ Terwillegar	1	4/29/2011	410	175,387	171,511
3/22/2011	Axxess @ Terwillegar	1	5/2/2011	313	167,151	167,151
3/23/2011	Sanderson Ridge	4A	6/30/2011	F142	334,000	329,000
3/28/2011	Axxess @ Grande Prairie	3	4/17/2011	302	146,221	140,504
4/4/2011	Axxess @ Terwillegar	1	4/29/2011	422	171,511	166,667
4/8/2011	Axxess @ Terwillegar	1	5/5/2011	408	173,759	171,027
4/12/2011	Sanderson Ridge	1	8/31/2011	B204	359,500	357,950
4/12/2011	Canvas @ Millrise	2	4/29/2011	1123	229,900	217,900
4/15/2011	Axxess @ Terwillegar	1	5/20/2011	326	173,449	166,250
4/18/2011	Axxess @ Terwillegar	1	5/25/2011	105	181,696	178,779
4/19/2011	Axxess @ Grande Prairie	3	6/17/2011	202	146,221	143,895
4/20/2011	Axxess @ Terwillegar	1	5/16/2011	309	157,461	156,492
4/21/2011	Sanderson Ridge	1	8/15/2011	C302	364,500	357,907
4/25/2011	Axxess @ Terwillegar	1	5/19/2011	210	157,461	157,461
4/30/2011	Axxess @ Terwillegar	1	5/19/2011	126	159,834	159,834
5/9/2011	Axxess @ Terwillegar	1	6/15/2011	120	157,461	157,461
5/11/2011	Axxess @ Terwillegar	1	5/24/2011	411	173,450	173,450
5/13/2011	Axxess @ Terwillegar	1	5/27/2011	118	221,899	221,899
5/16/2011	Axxess @ Terwillegar	1	5/27/2011	307	163,760	163,760
Total				171	41,710,668	39,781,283

Medican Group of Companies
Axxess Grande Prairie - CIBC Financed Units
Estimated Funds Available to CIBC
As at May 20, 2011
 (\$Cdn, Unaudited)

Phase	Suite	Listing Price	Sales Price	Commissions	Condo fees*	Property Tax*	Legal fees*	Priority Charge	Total Closing Costs*	Estimated funds available to CIBC
1	101	133,624.03		6,975.00	10,000.00	6,000.00	1,000.00	8,500.00	32,475.00	101,149.03
2	402		140,503.88	7,350.00	10,000.00	6,000.00	1,000.00	8,500.00	32,850.00	107,653.88
3	111	137,900.00		7,137.00	10,000.00	6,000.00	1,000.00	8,500.00	32,637.00	105,263.00
3	202		143,895.35	7,455.00	10,000.00	6,000.00	1,000.00	8,500.00	32,955.00	110,940.35
3	204	139,900.00		7,197.00	10,000.00	6,000.00	1,000.00	8,500.00	32,697.00	107,203.00
3	208	145,900.00		7,377.00	10,000.00	6,000.00	1,000.00	8,500.00	32,877.00	113,023.00
3	302		140,503.88	7,350.00	10,000.00	6,307.55	1,000.00	8,500.00	33,157.55	107,346.33
		557,324.03	424,903.11	50,841.00	70,000.00	42,307.55	7,000.00	59,500.00	229,648.55	752,578.59

* Estimates

Medican Group of Companies
Cash Flow Variance - Cumulative Results
11 Weeks Ending May 13, 2011
(\$Cdn, Unaudited)

	<u>Notes</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Receipts				
Operations	1	1,781,383	2,197,966	416,583
Sale of Assets	2	450,000	134,525	(315,475)
Concrete	3	55,591	-	(55,591)
Intercompany Transfers		405,000	405,000	-
Refunds	4	6,462	16,522	10,060
Total Receipts		<u>2,698,437</u>	<u>2,754,013</u>	<u>55,576</u>
Disbursements				
Operations	1	1,345,443	1,758,890	413,447
Concrete	3	34,266	187,865	153,599
Head Office Overhead Costs		1,012,662	1,019,400	6,738
Total Disbursements		<u>2,392,372</u>	<u>2,966,156</u>	<u>573,784</u>
Total Net Cash In/(Out)		306,065	(212,143)	(518,208)
Opening Cash Position		<u>573,289</u>	<u>573,289</u>	<u>-</u>
Closing Cash Position		<u>879,354</u>	<u>361,146</u>	<u>(518,208)</u>

Medican Group of Companies
Notes to Cash Flow Variance - Cumulative Results
11 Weeks Ending May 13, 2011
(\$Cdn, Unaudited)

1. Timing difference. Construction has picked up momentum commensurate with better weather. Related costs have increased proportionately.
2. Release of funds relating to Bromont and Legend at Creekbend have been delayed. These funds are held in trust with Fraser Milner Casgrain.
3. Timing difference. Costs have been incurred by Construction on behalf of Concrete. Reimbursement to follow.
4. Relates to various refunds. Actual refunds are greater than budgeted.

Medican Group of Companies
Consolidated Projected Statement of Cash Flow to September 30, 2011
(\$Cdn, Unaudited)

	Notes	Actual from 28-Feb to 13-May	Week Ended		Month Ended				Total
			20-May	27-May	June	July	August	September	
Receipts									
Operations	1	2,197,966	58,981	202,824	644,699	672,130	558,642	360,767	4,696,009
Sale of Assets	2	134,525	-	140,000	100,000	100,000	100,000	260,000	834,525
Concrete	3	-	-	-	372,000	-	-	-	372,000
Intercompany Transfers	4	405,000	-	-	-	-	-	-	405,000
Refunds	5	16,522	-	-	50,000	-	-	-	66,522
Total Receipts		2,754,013	58,981	342,824	1,166,699	772,130	658,642	620,767	6,374,056
Disbursements									
Operations	1	1,758,890	148,510	32,000	496,779	435,629	378,819	517,119	3,767,746
Concrete	3	187,865	-	-	-	-	-	-	187,865
Head Office Overhead Costs	6	1,019,400	25,166	110,532	345,396	363,501	313,867	417,240	2,595,104
Total Disbursements		2,966,156	173,676	142,532	842,175	799,130	692,686	934,359	6,550,715
Total Net Cash In/(Out)		(212,143)	(114,696)	200,292	324,524	(27,000)	(34,044)	(313,592)	(176,659)
Opening Cash Position		573,289	361,146	246,451	446,742	771,266	744,266	710,222	573,289
Closing Cash Position		361,146	246,451	446,742	771,266	744,266	710,222	396,630	396,630

Medican Group of Companies - Operations
Projected Statement of Cash Flow to September 30, 2011
(\$Cdn, Unaudited)

	Notes	Actual from 28-Feb to 13-May	Week Ended		Month Ended				Total
			20-May	27-May	June	July	August	September	
<i>Receipts</i>									
Edgewood	7	328,055	-	-	-	-	-	-	328,055
Canvas at Millrise	8	162,243	58,981	-	106,045	110,000	100,000	50,000	587,268
Heritage Heights (Haven)	8	141,880	-	-	83,729	100,000	100,000	75,000	500,609
Brenda Strafford - Okotoks	8	299,394	-	-	158,836	120,000	120,000	50,000	748,230
Michener Hill	8	390,369	-	-	137,927	100,000	135,000	100,000	863,296
Central - Insurance	8	20,000	-	-	-	-	-	-	20,000
Extencicare	9	553,415	-	187,824	100,000	100,000	60,000	60,000	1,061,238
Canvas - Employee Contracting	10	-	-	5,000	5,000	-	-	-	10,000
Cimmaron - Employee Contracting	10	-	-	10,000	10,000	10,000	10,000	-	40,000
Cimmaron - Consulting	10	-	-	-	-	93,988	-	-	93,988
Terwillegar - Employee Contracting	10	22,829	-	-	3,000	3,000	3,000	-	31,829
Sanderson - Harbour/IMOR	11	173,342	-	-	35,288	13,500	13,500	13,500	249,130
Sanderson - CIBC	11	91,816	-	-	-	9,000	4,500	4,500	109,816
Concrete Equipment Lease	12	-	-	-	-	7,767	7,767	7,767	23,301
Bromont Reimbursement	10	14,625	-	-	4,875	4,875	4,875	-	29,250
Total Receipts		2,197,966	58,981	202,824	644,699	672,130	558,642	360,767	4,696,009
<i>Disbursements</i>									
Payroll - Hourly	13	250,962	85,000	-	175,000	155,000	140,000	210,000	1,015,962
Payroll - Salary	13	149,695	30,000	-	60,000	55,000	50,000	50,000	394,695
Payroll - Subcontractors	13	205,045	30,000	30,000	241,150	205,000	168,700	230,000	1,109,895
Payroll - Expense Reports	13	198,957	-	-	-	-	-	-	198,957
Remittances	14	251,257	-	2,000	4,000	4,000	4,000	6,000	271,257
GST	15	-	-	-	-	-	-	-	-
Benefits	16	19,952	-	-	-	-	-	-	19,952
Trade and Suppliers	17	353,611	-	-	-	-	-	-	353,611
Sanderson Costs	11	329,410	3,510	-	16,629	16,629	16,119	21,119	403,416
Total Disbursements		1,758,890	148,510	32,000	496,779	435,629	378,819	517,119	3,767,746
Total Projected Cash Flow		439,076	(89,529)	170,824	147,920	236,501	179,823	(156,352)	928,263

Medican Group of Companies - Sale of Assets
Projected Statement of Cash Flow to September 30, 2011
(\$Cdn, Unaudited)

	Notes	Actual from 28-Feb to 13-May	Week Ended		Month Ended				Total
			20-May	27-May	June	July	August	September	
<i>Receipts</i>									
Bromont	18	-	-	-	100,000	100,000	100,000	-	300,000
Legend at Creekbend	19	110,000	-	-	-	-	-	-	110,000
Vehicle and Equipment Sale	20	24,525	-	-	-	-	-	-	24,525
Diepert Land	21	-	-	-	-	-	-	260,000	260,000
Valleydale Sale	22	-	-	140,000	-	-	-	-	140,000
<i>Total Receipts</i>		134,525	-	140,000	100,000	100,000	100,000	260,000	834,525

Medican Group of Companies - Head Office Overhead Costs
Projected Statement of Cash Flow to September 30, 2011
(\$Cdn, Unaudited)

	Notes	Cumulative from 28-Feb to 13-May	Week Ended		Month Ended				Total
			20-May	27-May	June	July	August	September	
<i>Disbursements</i>									
Overhead Costs	23	205,040	2,225	7,630	25,535	28,675	24,675	29,175	322,955
Preauthorized Payments		124,053	17,941	7,902	49,361	56,676	51,692	73,065	380,691
Payroll - Salary	24	313,357	-	55,000	130,000	130,000	130,000	195,000	953,357
Payroll - Subcontractors		120,720	-	25,000	50,000	50,000	50,000	50,000	345,720
Remittances	24	137,243	-	5,000	10,000	10,000	10,000	10,000	182,243
Expense Reports	25	46,443	5,000	-	10,000	10,000	10,000	15,000	96,443
Accounting		6,615	-	10,000	20,000	20,000	20,000	10,000	86,615
WCB		699	-	-	33,000	40,650	-	-	74,349
Benefits - GWL/LL		13,960	-	-	16,500	16,500	16,500	33,000	96,460
Paragon Interest	26	48,000	-	-	-	-	-	-	48,000
Service Charges		3,271	-	-	1,000	1,000	1,000	2,000	8,271
Total Disbursements		1,019,400	25,166	110,532	345,396	363,501	313,867	417,240	2,595,104

Medican Group of Companies**Notes to the Consolidated Projected Statement of Cash Flow to September 30, 2011**(\$Cdn, Unaudited)

1. See Appendix "D1".
2. See Appendix "D2".
3. Concrete operations have been removed from the Consolidated Projected Statement of Cash flow. Going forward Concrete will operate as 1607679 Alberta Ltd. ("679") and pay its own expenses. Receipts of \$372,000 will be collected to repay Construction for expenses paid on behalf of Concrete.
4. Transfers to Construction as a result of excess funds in related companies' bank accounts.
5. Represents miscellaneous refunds and other settlements agreed to by Medican and other parties.
6. See Appendix "D3".
7. Estimated draw on the Edgewood Brooks project. The project has been substantially complete and future draws are expected to be minimal.
8. Estimated draw on work performed.
9. The Extencicare funds relate to Lethbridge and Edmonton cost plus projects. The Lethbridge project is substantially completed with minor work required, and the Edmonton project is expected to be completed by August 2011.
10. Medican Group employees have been contracted to work on certain projects. Medican Group invoices the hours worked by each employee at a markup.
11. Amounts to cover marketing and administration costs associated with marketing the Sanderson Units, in addition to reimbursements from the lenders to pay Trades.
12. Represents the monthly charge for equipment owned by the Company and rented to Concrete or 679.
13. Estimated payroll costs and reimbursement of expenses based on current employee/subcontractor complement.
14. Projections include the employer tax portion only as the employee portion is included in payroll.
15. GST collected and remitted to CRA has been excluded from receipts and disbursements as it does not impact Medican Group's cash flow position.
16. Benefits have not been projected as these are included in the payroll costs.
17. Payments to Trades and Suppliers. These payments are recovered when account receivables are collected.
18. Funds available to Medican Group from the sale of Bromont units. The secured creditor has been paid in full.
19. Funds received upon closing the sale of the Legend Project.
20. Proceeds from the sale of vehicles and equipment.
21. Funds are expected to be available to Medican Group in July 2011.
22. Funds available to Medican Group from the sale of Valleydale.
23. Overhead costs include office related costs including utilities, office supplies, and IT support.
24. Projected. Includes employee CPP, EI, and taxes to be remitted to CRA. The employer portion of the remittances has been recorded separately.
25. Estimated employee expense reimbursements.
26. The DIP facility provided by Paragon has been repaid.