

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 **THIRTEENTH REPORT TO THE COURT OF RSM RICHTER INC. AS CCAA MONITOR OF THE MEDICAN GROUP OF COMPANIES DATED SEPTEMBER 19, 2011**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT


3700 Canterra Tower
400 Third Avenue SW
Calgary, Alberta T2P 4H2
Phone: 403-267-8222
Fax: 403-264-5973
Attention: Howard A. Gorman
File No. 267783

TABLE OF CONTENTS

INTRODUCTION.....	1
Purpose of this Report	1
Terms of Reference	2
Currency	2
BACKGROUND	3
COMPANY'S ACTIVITIES.....	3
MEDICAN (WESTBANK) LAND LTD.....	4
SANDERSON OF FISH CREEK (CALGARY) DEVELOPMENTS LTD.....	6
Phase 1 and 2	6
Phase 4A	7
Phase 3, 4B and Church Lands	7
Deficiencies	8
1144233 ALBERTA LTD.....	10
CIMARRON (MEDICINE HAT) DEVELOPMENTS LTD.....	11
CLAIMS REVIEW.....	13
PLAN OF ARRANGEMENT.....	15
CASH FLOW.....	16
MONITOR'S ACTIVITIES.....	17
CONCLUSION AND RECOMMENDATION	18

INDEX OF APPENDICES

Unit Sales Summary “A”
Cash Flow Variance Analysis..... “B”
Projected Statement of Cash Flow “C”

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

September 19, 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 July 28, 2011, the stay of proceedings under the Initial Order was extended to September 30, 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:
 - Approving a Settlement between 1144233 Alberta Ltd. (“114”) and Aviva Insurance Company of Canada (“Aviva”) in respect of the January 2011 collapse of the “Central Building” in Medicine Hat, Alberta owned by 114 (the “114 Settlement”);

- Approving a Termination and Settlement Agreement and an Option to Purchase Agreement between the Medican Group and the Harvest Group (“Harvest”) in respect of the Cimarron project lands (the “Harvest/Medican Agreements”);
- Accepting the claims of creditors against all members of the Medican Group other than claims against The Legend (Winnipeg) Developments Ltd. (“Legends”) and Medican (Red Deer-Michener Hill) Developments Ltd. (“Michener”) filed subsequent to the established Claims Bar Date (the “Late Claims”); and
- Extending the CCAA Proceedings from September 30, 2011 to November 30, 2011.

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. The Medican Group comprises several private companies engaged 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 Twelfth Report to Court dated July 27, 2011 is provided below. Among other things, the Company:
 - a) Accepted offers, with the Monitor’s approval, on two existing or under-construction residential condominium unit (“Units”). A schedule identifying Unit sales from the date of the Initial Order is provided as Appendix “A”. In total, the Company has accepted 183 offers for sales of Units from the date of the Initial Order (excluding any Michener Unit sales);
 - b) Finalized a lease for office space and closed the sale of the Company’s head office located at 1870 6th Avenue S.W., Medicine Hat, owned by R7 Investments Ltd. (“R7”) to E.I.W.M. Holdings Ltd.;
 - c) Finalized and settled all matters between the Medican Group and 933680 Alberta Ltd. (“933”) in respect of Medican Modular (Chartwell Medicine Hat) Developments Ltd., R7 and various other Projects in these CCAA Proceedings subject to 933’s security;
 - d) Continued to explore possible solutions in respect of several matters affecting the Sanderson Project and pursued interested parties in respect of the Kaleido Project;
 - e) Provided regular reporting on Sanderson Unit sales to Harbour Mortgage Corp. (“Harbour”), Imor Capital Corp. (“Imor”), and the Canadian Imperial Bank of Commerce (“CIBC”);
 - f) Met on several occasions with the Monitor to review the various contingent, secured, unsecured and Late Claims filed against the Company by creditors pursuant to the Claims Procedure Order;

- g) Continued to meet with third parties respecting the development or sale of the Company's interests in certain Projects;
 - h) Met with representatives of National Home Warranty ("NHW") in connection with warranty coverage provided by NHW on Medican Group Units;
 - i) Negotiated the Harvest/Medican Agreements with Harvest;
 - j) Negotiated the 114 Settlement between 114 and related stakeholders;
 - k) Continued to provide stakeholders with updates on its restructuring efforts; and
 - l) Continued to develop its Plan of Arrangement and Compromise ("Plan").
10. Certain of the above activities are discussed in greater detail herein.

MEDICAN (WESTBANK) LAND LTD.

11. The Company's Development Project known as "Kaleido at Westbank" (the "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.
12. Construction of Phase 1 of the Kaleido Project was completed in September, 2008, with 82 units being marketed for sale. There are 54 units remaining for sale ("Kaleido Units"). Construction on Phase 2 and 3 has not commenced.
13. With the approval of MCAP Financial Corporation ("MCAP") and after fulfilling the requirements of the *Real Estate Development Marketing Act* (British Columbia), the Company engaged a listing agent and listed several Units for sale. Since the listing agent was engaged, no Units have sold due to the current state of the condominium market in that area of British Columbia.

14. The Phase 4–7 Kaleido Project lands are financed by way of a secured lending facility with Zoltan and Margaret Majoros with an estimated balance owing of \$3.5 million (including interest). Subsequent registrations have been made by Monarch Land Ltd. (“Monarch”) which total approximately \$4.5 million (including interest).
15. The Phase 4-7 lands were marketed for sale pursuant to the Bid Procedure Order dated September 8, 2010 which was consistent with the marketing process established for other Medican Group bare land development projects. No offers were received for the Phase 4-7 lands.
16. The Monitor advised this Honourable Court in its Eleventh Report that an offer on the Kaleido Project had been received, the terms and conditions of which were being finalized. The offer was presented to MCAP; however, the offer was considered unacceptable. The Company has been negotiating with the prospective purchaser to alter its offer and the Monitor understands that the prospective purchaser plans to submit a revised offer within the next 30 to 60 days. The Monitor has recently been contacted by two parties expressing an interest in the Kaleido Project. Details in respect of the Kaleido Project have been provided to those parties. The Monitor will liaise with each of the interested parties to determine if and when any offers will be forthcoming. In addition, the Company expects to list the Phases 4-7 lands for sale with a qualified agent in the next two weeks.
17. A plan for the Kaleido Project is subject to an offer being acceptable to the secured creditors. Accordingly, the Company is seeking an extension of the stay of proceedings continue to work with the affected stakeholders and to follow up with the prospective interested parties.

SANDERSON OF FISH CREEK (CALGARY) DEVELOPMENTS LTD.

18. The Project known as “Sanderson of Fish Creek” is located in Calgary, Alberta. It is to consist 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”).
19. 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

20. 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. Ten Units secured by Harbour and Imor remain unsold.
21. The Units in Phase 1 and 2 are not complete. The estimated costs to complete construction on the remaining Units total approximately \$150,000. The costs to complete the remaining Units are being funded from funds received on the sale of completed Units in accordance with the budget approved by this Honourable Court.
22. The Company continues to market for sale the unsold Units. There are; however, construction deficiencies which appear to be impeding sales of the remaining Units. The Sanderson Project condominium corporation (the “Sanderson Condo Corp.”) refused to issue estoppel certificates on sold units in connection with the deficiencies. NHW wrote to the Medican Group in August 2011 indicating it had de-enrolled the remaining Sanderson Project Units from its insurance coverage. These matters are discussed later in this Report.

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

23. The Company is providing weekly update reports to Harbour and Imor in respect of its marketing efforts and sales of Units. The Company, Harbour and Imor continue to work together under protocols established earlier in these CCAA Proceedings.

Phase 4A

24. 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.
25. Construction of Phase 4A is complete. Construction costs were on budget. Of the 20 Units in Phase 4A, 14 have sold (one has not yet closed) and six remain listed for sale. The Monitor previously reported that 15 Units had sold. One purchaser rescinded its purchase and the Unit was re-listed. The Company and CIBC continue to work together under protocols established earlier in these CCAA Proceedings. Sales of the remaining Phase 4A Units may be affected by the actions taken by the Sanderson Condo Corp. and NHW.
26. 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

27. The Company completed the Court-approved transaction (the “Monarch Transaction”) with Monarch in respect of Phase 3 and 4B of the Sanderson Project and the Church Lands in January 2011.
28. 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, Monarch would fund and complete those deficiencies (the "Additional Deficiencies") and deduct the costs from the Medican Group's profits to be realized upon the build out and sale of the Units to be constructed in Phase 3 and 4B. The Company's share of net profits on the build out of the Sanderson Project is estimated to be in excess of \$4.0 million. The Company's share of net profits is expected to fund the Sanderson Project's Plan. The issue 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 sales of Phase 1, 2 and 4A Units and the Company including the Sanderson Project in its Plan.

Deficiencies

29. An assessment of the quantum of all deficiencies at the Sanderson Project has been undertaken independently by both Monarch and the Company. It appears that the Sanderson Project deficiencies are approximately \$1.3 million, not the \$600,000 initially estimated.
30. Monarch has not advanced any amounts to address the deficiencies. The Monitor understands that Monarch will not advance any funds in respect of the deficiencies until funding of the Additional Deficiencies has been addressed.
31. As previously reported to this Honourable Court, The City of Calgary inspected the Sanderson Project in March 2011 and noted certain deficiencies (totalling \$127,000 based on independent quotes obtained by the Company) to be rectified failing which the Company could face a fine. Rather than risk a fine, the Company rectified those deficiencies at its cost which has negatively impacted the Company's working capital.

32. On July 22, 2011, a representative of NHW attended the Sanderson Project. During that visit NHW observed deficiencies, that in its view, would likely not meet current City of Calgary building code and safety code requirements. Consequently, NHW's legal counsel provided notice to the Medican Group on August 5, 2011 purporting to de-enroll the Sanderson Project from any further warranty coverage. The Company objects to NHW's purported de-enrolment of the Sanderson Project from warranty coverage.
33. The Sanderson Condo Corp. has recently agreed to issue estoppel certificates provided that \$41,029.41 of the sale proceeds from each Unit sale is withheld pursuant to a special Unit assessment being claimed by the Sanderson Condo Corp. In order to assist the Company in completing Unit sales, Harbour and CIBC, being the first mortgagees have agreed that \$41,029.41 can be withheld from each Unit sale provided that the balance of the Unit sale proceeds are distributed, pending determination of entitlement to the withheld funds at a later date.
34. Clearly the issues with Monarch, the Sanderson Condo Corp. and NHW are affecting Unit sales, the rectification of all deficiencies, payments to secured creditors, the development of Phase 3 and 4B and ultimately any Plan in respect of the Sanderson Project.
35. The Monitor was advised by the Company just prior to concluding this Report that recent contact with Monarch suggests Monarch is willing to meet with the Company to assess possible resolutions to the various Sanderson Project issues. Accordingly, the Company is seeking a 60 day extension to the CCAA Proceedings in respect of the Sanderson Project.

1144233 ALBERTA LTD.

36. As previously reported to this Honourable Court, 114 owned land and a building described as Plan 0713843, Block 1, Lot 3, in Medicine Hat (the “Property”). The building partially collapsed on January 22, 2011.
37. The Company was forced to consider its options prior to considering a rebuild of the building inasmuch as the building 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 commenced negotiations with Aviva shortly after the partial collapse of the building.
38. The negotiations with Aviva were very involved. In late May 2011, Aviva made an initial settlement offer which was rejected by the Company. After several valuations, competing reconstruction quotes, disagreements in respect of full replacement cost entitlement compared to partial reconstruction entitlement, the Company and Aviva have agreed to the 114 Settlement in the amount of \$1.77 million (the “114 Settlement”) subject to both Monitor and Court approval. The Company’s legal counsel believes the 114 Settlement is reasonable. The Monitor respectfully recommends that this Honourable Court approve the 114 Settlement for the following reasons:
- Negotiations between the Company and Aviva have been ongoing for more than seven months;
 - Failing to accept the 114 Settlement would likely result in arbitration or litigation between the two parties which would be time consuming and may be expensive;
 - Litigation risk is avoided as a Court could award the Company less than the 114 Settlement; and
 - The \$1.77 million will be available on a timely basis and used to pay out 114’s secured creditors, Priority Charges under the Initial Order and to augment the Company’s cash flows.

CIMARRON (MEDICINE HAT) DEVELOPMENTS LTD.

39. Cimarron (Medicine Hat) is a five-phase residential real estate project on 874 acres located in Medicine Hat, Alberta. Completion of the project is expected to yield an 1,800 unit residential development (the “Cimarron Project”). The Company was involved with the development of 380 acres comprising the “Hatview Lands” (160 acres), the “Coulee Lands” (100 acres) and the “Church Lands” (120 acres). 64 acres of the Hatview Lands were purchased and were transferred to Medican Group. The remaining 96 acres were subject to an agreement for sale which had been extended from time to time. The Coulee Lands and the Church Lands were subject to agreements for sale.
40. The Monitor previously advised this Honourable Court that the Company and Harvest had entered into an arrangement whereby Harvest would purchase the 64 acres owned by the Company for \$3.7 million plus an assumption of the approximately \$2.2 million in mortgages registered on the lands (“Harvest Agreement”). Harvest would then proceed to raise funds necessary to purchase the remaining 316 acres in respect of the development. The agreement with Harvest provides for Medican Group to share in the management and development profits on a 50-50 basis with Harvest. Harvest paid the Company the \$3.7 million in four instalments.
41. The Monitor clarified certain elements of the Cimarron Project and agreements between Harvest and Medican Group, including the Harvest Agreement. The Coulee Lands were no longer available as the Company’s agreement to purchase those lands expired. In December 2010 Harvest reached an agreement for the remaining 96 acres of the Hatview Lands. The project now comprises 280 acres rather than the initial 380 acres.

42. The Harvest Agreement comprised the sale of the approximately 64 acres pursuant to an agreement for purchase and sale (“PSA”) and a memorandum of understanding (“MOU”) in respect of the Company’s participation in the development as set out in a Development Project Management Agreement.
43. The MOU provided that Harvest would retain the Medican Group to manage the development of the 64 acres on a fee basis to be not less than 3% of the development expenses. With respect to acquisition of the Church Lands, Medican Group will earn the same fee as on the approximately 64 acres plus 50% of the profits from the development of the Church Lands (after deduction of the fee payable to Medican Group).
44. Based on information provided to the Monitor it appeared that upon completion of the Cimarron Project, the value to the Company could be in excess of \$4 million and the Company’s interest therein would form part of the Company’s Plan. The agreements with Harvest were approved by this Honourable Court on September 8, 2010.
45. The Company has been reviewing its arrangement with Harvest on the Cimarron Project. Based on progress of the development of the Cimarron Project to date and the proposed Plan over a three year period as outlined in the Monitor’s Eleventh Report, the Company was concerned that the Cimarron Project would not contribute substantially to its Plan.
46. The Company entered into discussions with Harvest with a view to monetizing a portion of its interest in the Cimarron Project on an accelerated basis.
47. The Company and Harvest have entered into the Harvest/Medican Agreements subject to obtaining both Monitor and Court approval. The Monitor respectfully recommends that this Honourable Court approve the Harvest/Medican Agreements for the following reasons:

- Harvest will pay to the Company \$780,834, \$180,834 within 90 days of execution of the Harvest/Medican Agreements and the balance of \$600,000 in six equal semi-annual instalments of \$100,000. The \$780,834 represents the present value of estimated future management fees the Company would be entitled to in respect of the Hatview Lands. There will be no interest on the payments;
 - The Company retains its rights to the management fees and to 50% of the profits in the Church Lands should those lands be purchased by Harvest and subsequently developed;
 - The Company also acquires an option to purchase certain commercial lands of the Cimarron Project, at net book value (as defined in the Harvest/Medican Agreements), for future development. Net value of the commercial lands, once developed, is expected to yield a profit to the Company in excess of \$800,000;
 - Monies will be realized from the Cimarron Project on a more certain and timely basis to contribute to the Company's Plan; and
 - The Harvest/Medican Agreements settle all matters between the Company and Harvest (and the respective principals of each entity) thus eliminating any disputes and garnering Harvest's support for Medican's restructuring.
48. Copies of the Harvest/Medican Agreements are attached to the affidavit of Tyrone Schneider sworn September 19, 2011 (the "Schneider Affidavit").

CLAIMS REVIEW

49. Affected Creditors (as defined in the Claims Procedure Order) have filed 681 claims with the Monitor totalling \$338.8 million, comprising \$150 million in secured claims, \$69 million in unsecured claims and including 87 Late Claims totalling \$8.8 million. There

- are also numerous contingent claims, unsupported claims, incorrect claims and more than \$111 million in intercompany claims.
50. Numerous Medican Group entities are guarantors, co-borrowers or because of the function, management and ownership of the Medican Group (owner, developer, contractor and builder of the Projects) are co-liable for amounts owed to creditors. Approximately 100 duplicate claims were submitted to the Monitor.
 51. Approximately \$25 million in contingent claims were submitted to the Monitor. The Monitor continues to work 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. A Court application will be made by the Monitor to address all contingent claims; however, that application will be made post emergence of the Company from the CCAA Proceedings.
 52. Since the date of the Initial Order the Company has made substantial progress in reducing its indebtedness and limiting further liability by completing or selling various Projects, certain buildings and by undertaking an organized method to liquidate Units. As a result, over the course of these proceedings, the Company has paid approximately \$87 million to several secured creditors. The Company continues to liquidate Units and address various projects and estimates an additional \$15 million will be paid to secured creditors, further reducing amounts owed to those creditors.
 53. The Monitor with the Company's input has reviewed the \$8.8 million of Late Claims. The majority of the claims filed after the established Claims Bar Date were received from parties that apparently were not aware of Medican's CCAA Proceedings, were not aware of the Claims Procedure Order, were confused in respect of the process for filing claims, had previously filed statements of claim or obtained judgement against the Company

and; therefore, did not appreciate the need to file a proof of claim in the CCAA Proceedings.

54. The Late Claims include several contingent claims that will have to be quantified as is the case with contingent claims filed prior to the Claims Bar Date. Despite certain claims being filed late, the majority of the Late Claim claimants appear to be valid creditors of the Company. There appears to be no reason why the Late Claims should not be allowed other than any Late Claims filed against Legends and Michener. Those two projects have changed fundamentally since the Initial Order. In respect of Legends, the purchaser assumed all creditor liabilities. In respect of Michener, creditors with valid claims were paid once financing was obtained for that project.
55. Accordingly the Monitor respectfully recommends that this Honourable Court make an order accepting all Late Claims against the Company (subject to final quantification of those claims) as set out in the Late Claims schedule attached to the application of the Company as Schedule “A” to the form of Order being sought. The Company concurs with the Monitor’s recommendation.

PLAN OF ARRANGEMENT

56. The Monitor outlined the Company’s Plan in its Eleventh Report. It is a consolidated Plan (“Consolidated Plan”) that will provide for a fund of not less than \$10 million to be available for distribution to creditors of the Medican Group (the “Creditor Fund”). The Creditor Fund will be the aggregate of: (i) the value of projects and contracts currently underway by the Medican Group, and (ii) annual contributions by the corporate group which emerges from these proceedings (“SuccessorCo”). If the \$10 million threshold is achieved prior to the third anniversary from SuccessorCo’s emergence from these proceedings, then SuccessorCo would continue to contribute to the Creditor Fund until

- the third anniversary from emergence on the basis of 20 per cent of SuccessorCo's net income from the date the \$10 million threshold is met until the third anniversary from emergence.
57. The Company, with input from its legal counsel and the Monitor, continues to seek input from various stakeholders, assess various projections in connection with the viability of the Consolidated Plan and otherwise fine-tune its Consolidated Plan. The Consolidated Plan is expected to be finalized and filed prior to the expiry of the proposed extension period.
58. As noted previously in this Report, Plans associated with the Kaleido Project and the Sanderson Project may take longer to develop and finalize and involve a more limited and defined group of stakeholders.
59. Based on the Monitor's review to date, input from the Company, elimination of duplicate claims, intercompany claims and the reduction in the amount of secured claims from asset dispositions, (but excluding final quantification of contingent claims and any amounts to be realized from Kaleido Project and Sanderson Project Plans) it appears that the unsecured creditor pool that will vote on the Consolidated Plan will comprise between approximately \$95 and \$105 million in claims. Unsecured creditors; therefore, can expect to recover approximately 10 cents on the dollar of their proven claims.

CASH FLOW

60. Medican Group previously filed a cash flow projection for the period ending December 30, 2011. A comparison of the budget to actual results for the period ending September 9, 2011 is provided as Appendix "B". The budget to actual results reflects a negative variance of approximately \$577,000. A significant portion of the negative variance is related to the operations of 1607679 Alberta Ltd. ("679"), (formerly Medican Concrete

- Inc.). 679 required support from the Company to meet its expenses. The Company will recover amounts “loaned” to 679 commensurate with 679 collecting accounts receivable over the next 3 to 4 months, such that the \$577,000 negative variance will be reduced by approximately \$375,000 by December 30, 2011 and should be eliminated in early 2012.
61. An updated projected statement of cash flow to the week ending December 30, 2011 (“Projection”) is provided as Appendix “C”. The notes to the Projection should be read in conjunction with the Projection. The Company continues to implement operational changes to improve its cash flow.
62. 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

63. In addition to the activities referenced in this Report, the Monitor’s activities since the date of the Twelfth Report include:
- Reviewing the Company’s cash flow;
 - Reviewing claims resulting from the Court-approved claims process;
 - Participating in meetings with the Company, certain senior lenders and NHW;
 - Reviewing and approving offers for the sale of Units;
 - Reviewing and assessing offers received in respect of certain of the Company’s assets;
 - Finalization of the settlement between the Company and 933;

- Assisting the Company with further development of its Consolidated Plan;
- Continuing to communicate with creditors of the Company;
- Corresponding with certain real estate agents representing the Company;
- Assisting the Company in respect of various matters described in paragraph 9 of this report; and
- Preparing this Report.

CONCLUSION AND RECOMMENDATION

64. 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 Consolidated Plan to be advanced to its creditors and stakeholders.

65. Accordingly, the Monitor respectfully recommends that this Honourable Court make an order granting the relief requested in Section 4 b) of this Report.

* * *

All of which is respectfully submitted this 19th day of September, 2011.

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

Per: _____


Robert J. Taylor

Medican Group of Companies
 Summary of Unit Sales from May 26, 2010
 As at September 16, 2011
 (\$Cdn, Unaudited)

Appendix "A"

Date	Site	Phase	Closing	Suite	Asking Price	Accepted Price
5/28/2010	Axxess @ Terwillegar	1	6/25/2010	104	225,000.00	217,776.00
5/28/2010	Axxess @ Terwillegar	1	6/18/2010	304	230,000.00	222,869.00
5/29/2010	Canvas @ Millrise	4	7/9/2010	2127	224,900.00	214,900.00
5/29/2010	Sanderson Ridge	4A	10/1/2010	F140	560,300.00	504,300.00
5/31/2010	Canvas @ Millrise	4	7/30/2010	2121	224,900.00	214,900.00
5/31/2010	Canvas @ Millrise	4	7/30/2010	2125	224,900.00	214,900.00
5/31/2010	Canvas @ Millrise	4	7/30/2010	2129	224,900.00	209,677.00
6/1/2010	Canvas @ Millrise	4	7/23/2010	2122	179,900.00	169,900.00
6/1/2010	Legend @ Creekbend	2	6/30/2010	315	256,000.00	254,000.00
6/2/2010	Axxess @ Terwillegar	1	7/15/2010	102	249,000.00	240,311.00
6/2/2010	Canvas @ Millrise	3	7/21/2010	2108	179,900.00	169,900.00
6/2/2010	Canvas @ Millrise	4	7/16/2010	2124	179,900.00	169,900.00
6/2/2010	Canvas @ Millrise	4	7/25/2010	2134	184,900.00	174,900.00
6/2/2010	Canvas @ Millrise	4	6/30/2010	2139	204,900.00	194,900.00
6/4/2010	Legend @ Creekbend	2	9/1/2010	431	171,491.00	172,491.00
6/7/2010	Sanderson Ridge	3	pre sale	A013	471,900.00	419,805.00
6/8/2010	Axxess @ Terwillegar	1	7/5/2010	228	225,000.00	218,024.00
6/10/2010	Canvas @ Millrise	4	7/19/2010	2231	259,900.00	249,900.00
6/14/2010	Canvas @ Millrise	3	8/1/2010	2217	249,000.00	234,496.00
6/14/2010	Sanderson Ridge	2	9/3/2010	B308	393,830.00	356,850.00
6/19/2010	Canvas @ Millrise	4	7/30/2010	2126	259,622.00	254,400.00
6/19/2010	Canvas @ Millrise	4	9/30/2010	2128	256,622.00	241,350.00
6/19/2010	Canvas @ Millrise	3	7/30/2010	2412	279,900.00	264,900.00
6/21/2010	Canvas @ Millrise	3	7/2/2010	2135	249,900.00	239,900.00
6/22/2010	Legend @ Creekbend	2	7/28/2010	219	198,000.00	204,000.00
6/23/2010	Legend @ Creekbend	3	pre sale	143	199,000.00	189,000.00
6/23/2010	Sanderson Ridge	3	pre sale	A202	499,900.00	438,650.00
6/24/2010	Axxess @ Terwillegar	1	7/23/2010	106	173,000.00	164,000.00
6/24/2010	Legend @ Creekbend	3	pre sale	338	289,900.00	279,000.00
6/25/2010	Axxess @ Terwillegar	1	7/5/2010	314	213,000.00	203,489.00
6/26/2010	Canvas @ Millrise	4	7/21/2010	2410	224,900.00	214,900.00
6/30/2010	Canvas @ Millrise	3	8/16/2010	2131	224,900.00	214,900.00
7/5/2010	Cercle des Cantons	2	7/10/2010	105	210,000.00	170,000.00
7/7/2010	Canvas @ Millrise	4	9/30/2010	2423	269,900.00	257,000.00
7/8/2010	Legend @ Creekbend	3	pre sale	243	201,000.00	191,000.00
7/14/2010	Sanderson Ridge	3	pre sale	A317	699,900.00	641,155.00
7/15/2010	Canvas @ Millrise	3	8/3/2010	2130	199,900.00	189,900.00
7/15/2010	Canvas @ Millrise	4	8/18/2010	2325	259,900.00	242,000.00
7/17/2010	Axxess @ Terwillegar	1	8/23/2010	414	210,000.00	198,644.00
7/21/2010	Canvas @ Millrise	3	8/4/2010	2230	209,900.00	199,900.00
7/22/2010	Cercle des Cantons	2	8/6/2010	100	295,000.00	250,000.00
7/25/2010	Cercle des Cantons	2	8/6/2010	204	270,000.00	230,000.00
7/25/2010	Cercle des Cantons	2	8/6/2010	307	390,000.00	325,000.00
7/31/2010	Axxess @ Terwillegar	1	9/1/2010	113	154,070.00	153,570.00
8/1/2010	Cercle des Cantons	2	9/15/2010	201	295,000.00	241,000.00
8/3/2010	Axxess @ Terwillegar	1	8/27/2010	327	249,000.00	237,404.00
8/3/2010	Cercle des Cantons	2	9/1/2010	110	293,802.00	259,802.00
8/4/2010	Legend @ Creekbend	2	11/1/2010	226	257,000.00	253,000.00
8/9/2010	Axxess @ Terwillegar	1	9/10/2010	223	166,000.00	162,000.00
8/12/2010	Cercle des Cantons	2	8/23/2010	101	295,000.00	245,000.00
8/21/2010	Axxess @ Terwillegar	1	9/17/2010	119	154,070.00	154,070.00
8/22/2010	Axxess @ Terwillegar	1	10/18/2010	123	162,000.00	154,070.00
8/23/2010	Axxess @ Terwillegar	1	9/17/2010	128	223,000.00	215,601.00
8/23/2010	Canvas @ Millrise	3	9/23/2010	2408	224,900.00	214,900.00
8/26/2010	Canvas @ Millrise	4	10/1/2010	2335	269,900.00	259,900.00
8/28/2010	Axxess @ Terwillegar	1	9/15/2010	121	185,000.00	171,550.00
8/31/2010	Canvas @ Millrise	3	9/20/2010	2209	264,900.00	250,900.00

Medican Group of Companies
 Summary of Unit Sales from May 26, 2010
 As at September 16, 2011
 (\$Cdn, Unaudited)

Appendix "A"

Date	Site	Phase	Closing	Suite	Asking Price	Accepted Price
9/4/2010	Legend @ Creekbend	2	10/1/2010	421	252,000.00	252,000.00
9/8/2010	Legend @ Creekbend	3	5/18/2012	237	290,000.00	280,000.00
9/10/2010	Canvas @ Millrise	4	10/1/2010	2433	279,900.00	263,900.00
9/10/2010	Cercle des Cantons	2	9/20/2010	113	199,000.00	185,000.00
9/17/2010	Axxess @ Terwillegar	1	10/28/2010	219	166,000.00	157,946.00
9/23/2010	Cercle des Cantons	2	10/3/2010	300	367,000.00	304,675.00
9/26/2010	Canvas @ Millrise	3	2/1/2011	2137	239,900.00	229,900.00
9/28/2010	Canvas @ Millrise	4	11/26/2010	2228	254,900.00	244,900.00
10/2/2010	Axxess @ Terwillegar	1	10/25/2010	215	239,342.00	237,342.00
10/4/2010	Canvas @ Millrise	3	11/5/2010	2210	219,900.46	209,900.46
10/8/2010	Canvas @ Millrise	4	10/22/2010	2329	249,000.00	237,900.00
10/10/2010	Axxess @ Terwillegar	1	10/29/2010	103	163,760.00	155,039.00
10/13/2010	Axxess @ Terwillegar	1	11/30/2010	203	192,830.00	188,954.00
10/14/2010	Canvas @ Millrise	4	11/5/2010	2429	264,900.00	247,093.00
10/17/2010	Canvas @ Millrise	4	11/26/2010	2226	254,900.00	239,900.00
10/18/2010	Canvas @ Millrise	4	11/26/2010	2425	264,900.00	251,937.00
10/18/2010	Canvas @ Millrise	4	11/27/2010	2435	254,900.00	244,900.00
10/20/2010	Axxess @ Terwillegar	1	11/28/2010	127	221,898.00	218,023.25
10/21/2010	Axxess @ Terwillegar	1	11/30/2010	230	227,712.00	222,869.00
10/21/2010	Canvas @ Millrise	4	11/29/2010	2437	259,900.00	244,900.00
10/25/2010	Canvas @ Millrise	3	12/1/2010	2212	259,900.00	244,900.00
10/26/2010	Axxess @ Terwillegar	1	12/2/2010	202	252,000.00	242,250.00
10/26/2010	Axxess @ Terwillegar	1	12/3/2010	227	229,650.36	222,868.22
11/4/2010	Canvas @ Millrise	3	12/6/2010	2102	249,900.00	230,620.00
11/4/2010	Cercle des Cantons	2	12/4/2010	118	333,000.00	333,000.00
11/4/2010	Sanderson Ridge	1	12/5/2010	F309	253,000.00	240,000.00
11/6/2010	Canvas @ Millrise	3	12/7/2010	2119	219,900.00	209,900.00
11/9/2010	Axxess @ Terwillegar	1	12/8/2010	318	212,210.00	208,000.00
11/10/2010	Axxess @ Terwillegar	1	12/9/2010	208	156,977.00	156,008.00
11/12/2010	Canvas @ Millrise	3	12/10/2010	2442	269,900.00	259,900.00
11/13/2010	Sanderson Ridge	1	12/11/2010	B104	339,000.00	336,965.00
11/13/2010	Sanderson Ridge	1	12/12/2010	B206	354,000.00	354,000.00
11/16/2010	Axxess @ Terwillegar	1	12/14/2010	306	173,450.00	170,543.00
11/16/2010	Sanderson Ridge	2	12/13/2010	F134	242,000.00	230,000.00
11/21/2010	Axxess @ Terwillegar	1	12/15/2010	330	231,588.00	228,000.00
11/21/2010	Sanderson Ridge	1	12/16/2010	C407	575,000.00	550,000.00
11/25/2010	Axxess @ Terwillegar	1	12/17/2010	323	167,000.00	167,000.00
11/30/2010	Axxess @ Terwillegar	1	12/18/2010	206	177,000.00	170,000.00
11/30/2010	Axxess @ Terwillegar	1	12/19/2010	406	173,450.00	167,636.00
11/30/2010	River Stone	1	12/20/2010	531	185,900.00	136,500.00
12/1/2010	Cercle des Cantons	2	12/20/2010	302	355,000.00	297,000.00
12/2/2010	Axxess @ Terwillegar	1	12/21/2010	125	163,760.00	163,760.00
12/3/2010	Sanderson Ridge	1	12/22/2010	B202	349,000.00	343,903.00
12/6/2010	Axxess @ Terwillegar	1	12/24/2010	213	156,977.00	155,039.00
12/6/2010	Axxess @ Terwillegar	1	12/23/2010	425	192,830.00	189,923.00
12/7/2010	Axxess @ Terwillegar	1	12/25/2010	107	154,070.00	154,070.00
12/10/2010	Axxess @ Terwillegar	1	12/26/2010	320	174,350.00	170,543.00
12/10/2010	Canvas @ Millrise	4	12/27/2010	2224	199,900.00	183,900.00
12/11/2010	Axxess @ Terwillegar	1	12/28/2010	225	186,046.00	182,171.00
12/15/2010	Axxess @ Terwillegar	1	12/30/2010	315	250,968.00	245,256.00
12/16/2010	Axxess @ Terwillegar	1	1/2/2011	319	159,883.00	156,237.00
12/16/2010	Axxess @ Terwillegar	1	12/31/2010	430	250,968.00	242,249.00
12/16/2010	Sanderson Ridge	1	1/1/2011	B306	362,000.00	357,000.00
12/20/2010	Sanderson Ridge	1	1/3/2011	B302	354,000.00	349,000.00
12/22/2010	Axxess @ Terwillegar	1	1/4/2011	419	173,449.00	167,152.00
12/27/2010	Axxess @ Grande Prairie	3	1/5/2011	112	138,900.00	127,906.98
12/27/2010	Canvas @ Millrise	2	1/6/2011	1242	264,900.00	254,900.00

Medican Group of Companies
Summary of Unit Sales from May 26, 2010
As at September 16, 2011
(\$Cdn, Unaudited)

Appendix "A"

Date	Site	Phase	Closing	Suite	Asking Price	Accepted Price
12/31/2010	Legend @ Creekbend	2	1/7/2011	325	180,000.00	180,000.00
1/5/2011	Axxess @ Terwillegar	1	1/9/2011	421	173,449.00	171,600.00
1/5/2011	Sanderson Ridge	1	1/10/2011	B307	357,000.00	352,500.00
1/5/2011	Sanderson Ridge	1	1/8/2011	C101	344,000.00	341,000.00
1/10/2011	Sanderson Ridge	1	1/11/2011	F303	289,000.00	284,000.00
1/13/2011	Axxess @ Terwillegar	1	1/12/2011	325	188,953.00	185,320.00
1/18/2011	Canvas @ Millrise	2	3/1/2011	1223	264,900.00	254,900.00
1/20/2011	Sanderson Ridge	4A	3/17/2011	F342	344,000.00	339,000.00
1/20/2011	Sanderson Ridge	4A	5/1/2011	F442	349,000.00	349,000.00
1/22/2011	Axxess @ Grande Prairie	2	2/15/2011	110	160,900.00	148,255.81
1/28/2011	Canvas @ Millrise	2	4/1/2011	1233	274,900.00	264,900.00
2/2/2011	Sanderson Ridge	4A	5/27/2011	F242	339,000.00	337,000.00
2/4/2011	Axxess @ Terwillegar	1	3/9/2011	405	176,841.00	176,841.00
2/5/2011	Cercle des Cantons	2	2/28/2011	107	210,000.00	189,000.00
2/8/2011	Canvas @ Millrise	3	3/1/2011	2413	254,900.00	227,713.18
2/8/2011	Sanderson Ridge	1	6/15/2011	B303	354,000.00	354,000.00
2/13/2011	Cercle des Cantons	2	3/4/2011	306	320,000.00	275,000.00
2/13/2011	Sanderson Ridge	4A	3/15/2011	F138	260,000.00	260,000.00
2/14/2011	River Stone	1	4/1/2011	328	174,900.00	135,238.10
2/16/2011	Canvas @ Millrise	1	7/30/2011	1307	259,900.00	247,400.00
2/17/2011	Canvas @ Millrise	1	3/24/2011	1437	274,900.00	261,000.00
2/20/2011	Cercle des Cantons	2	3/28/2011	209	348,000.00	293,305.00
2/24/2011	Axxess @ Terwillegar	1	3/15/2011	222	169,573.65	169,573.65
2/24/2011	Canvas @ Millrise	2	3/28/2011	1336	279,900.00	269,900.00
2/25/2011	Axxess @ Grande Prairie	2	5/2/2011	402	150,900.00	140,503.88
2/27/2011	Canvas @ Millrise	2	4/29/2011	1131	254,900.00	244,900.00
2/28/2011	Axxess @ Terwillegar	1	3/15/2011	413	173,449.00	166,666.00
2/28/2011	Axxess @ Terwillegar	1	3/18/2011	423	173,449.00	169,088.56
2/28/2011	Canvas @ Millrise	2	4/29/2011	1129	254,900.00	244,900.00
3/4/2011	Axxess @ Terwillegar	1	4/29/2011	130	237,403.10	237,403.10
3/7/2011	Sanderson Ridge	4A	4/23/2011	F236	268,000.00	263,000.00
3/9/2011	Axxess @ Terwillegar	1	4/1/2011	427	237,403.00	234,903.00
3/10/2011	Axxess @ Terwillegar	1	6/30/2011	201	237,402.00	237,402.00
3/10/2011	Canvas @ Millrise	2	4/1/2011	1339	224,900.00	214,900.00
3/11/2011	Sanderson Ridge	4A	8/15/2011	F317	358,000.00	353,000.00
3/14/2011	Axxess @ Terwillegar	1	3/28/2011	217	156,976.74	156,976.74
3/16/2011	Axxess @ Terwillegar	1	7/15/2011	101	237,403.10	234,903.10
3/17/2011	Axxess @ Terwillegar	1	4/29/2011	116	211,999.00	210,755.81
3/18/2011	Axxess @ Terwillegar	1	4/29/2011	410	175,387.00	171,511.00
3/20/2011	Sanderson Ridge	4A	6/30/2011	F142	334,000.00	329,000.00
3/28/2011	Axxess @ Grande Prairie	3	4/17/2011	302	146,220.93	140,503.88
4/4/2011	Axxess @ Terwillegar	1	4/29/2011	422	171,511.00	166,667.00
4/8/2011	Axxess @ Terwillegar	1	5/5/2011	408	173,759.00	171,027.00
4/12/2011	Canvas @ Millrise	2	4/29/2011	1123	229,900.00	217,900.00
4/12/2011	Sanderson Ridge	1	8/31/2011	B204	359,500.00	357,950.00
4/15/2011	Axxess @ Terwillegar	1	5/20/2011	326	173,449.00	166,250.00
4/18/2011	Axxess @ Terwillegar	1	5/25/2011	105	181,696.05	178,779.07
4/19/2011	Axxess @ Grande Prairie	3	6/17/2011	202	146,220.93	143,895.35
4/19/2011	Axxess @ Terwillegar	1	5/2/2011	313	157,461.00	156,492.25
4/20/2011	Axxess @ Terwillegar	1	5/16/2011	309	157,461.00	156,492.25
4/21/2011	Sanderson Ridge	1	8/15/2011	C302	364,500.00	357,907.00
4/30/2011	Axxess @ Terwillegar	1	5/19/2011	126	159,833.72	159,833.72
5/9/2011	Axxess @ Terwillegar	1	6/15/2011	117	154,069.00	153,100.00
5/9/2011	Axxess @ Terwillegar	1	6/15/2011	120	157,461.24	157,461.24
5/11/2011	Axxess @ Terwillegar	1	5/24/2011	411	173,449.61	173,449.61
5/11/2011	Sanderson Ridge	1	10/1/2011	F208	323,300.00	315,000.00
5/20/2011	Axxess @ Terwillegar	1	6/10/2011	207	159,833.72	159,833.72

Medican Group of Companies
Cash Flow Variance - Cumulative Results
For the period February 28, 2011 to September 9, 2011
(\$Cdn, Unaudited)

	Notes	Budget	Actual	Variance
Receipts				
Operations	1	5,154,518	5,211,668	57,150
Sale of Assets	2	397,625	264,975	(132,650)
Concrete	3	500,000	575,582	75,582
Refunds	4	906,653	957,984	51,331
Total Receipts		6,958,796	7,010,209	51,413
Disbursements				
Operations	1	3,510,566	3,717,011	206,445
Concrete	3	888,255	1,330,019	441,765
Head Office Overhead Costs		2,132,041	2,112,863	(19,178)
Total Disbursements		6,530,862	7,159,893	629,032
Total Net Cash In/(Out)		427,935	(149,684)	(577,619)
Opening Cash Position		573,289	573,289	-
Closing Cash Position		1,001,223	423,605	(577,619)

Medican Group of Companies
Notes to Cash Flow Variance - Cumulative Results
For the period February 28, 2011 to September 9, 2011
(\$Cdn, Unaudited)

1. Budgeted receipts were slightly understated and disbursements were also understated. The expense understatement is mainly due to expenses incurred to rectify certain deficiencies at the Sanderson Project. Whether the deficiency expenses incurred will be reimbursed by Monarch Land Ltd. is currently unknown.
2. Timing difference relating to the sale of Valleydale.
3. Timing difference. Costs have been incurred by Construction on behalf of 1607679 Alberta Ltd. ("679") (which conducts the business of Medican Concrete Inc.). 679 plans to reimburse the expenses paid by Construction on its behalf commensurate with the collection of account receivables.
4. Timing difference. Relates to various refunds.

Medican Group of Companies
 Summary of Unit Sales from May 26, 2010
 As at September 16, 2011
 (\$Cdn, Unaudited)

Appendix "A"

Date	Site	Phase	Closing	Suite	Asking Price	Accepted Price
5/22/2011	Axxess @ Terwillegar	1	6/13/2011	210	157,461.24	157,461.24
5/22/2011	Axxess @ Terwillegar	1	6/20/2011	307	163,759.69	161,821.70
5/27/2011	Axxess @ Terwillegar	1	6/27/2011	308	162,790.70	162,790.70
5/28/2011	Axxess @ Terwillegar	1	6/20/2011	114	208,333.33	208,333.33
5/30/2011	Sanderson Ridge	1	11/30/2011	F308	328,600.00	327,000.00
6/3/2011	Axxess @ Terwillegar	1	6/24/2011	407	163,759.69	162,928.11
6/3/2011	Axxess @ Terwillegar	1	6/30/2011	417	167,151.16	167,104.06
6/13/2011	Sanderson Ridge	1	11/30/2011	C202	376,900.00	371,402.00
6/16/2011	Axxess @ Terwillegar	1	6/27/2011	118	218,023.26	218,023.26
6/30/2011	Sanderson Ridge	2	10/15/2011	D203	378,800.00	375,000.00 *
7/28/2011	Canvas @ Millrise	1	8/15/2011	1316	266,375.00	256,782.00
8/18/2011	Sanderson Ridge	1	1/31/2012	F108	327,500.00	322,000.00
Total				183	44,746,344.68	42,715,181.33

* The purchaser rescinded and the Unit has been re-listed.

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

	Notes	Cumulative from 28-Feb to 9-Sep	Week Ended						Month Ended		Total	
			16-Sep	23-Sep	30-Sep	7-Oct	14-Oct	21-Oct	28-Oct	November		December
Receipts												
Operations	1	5,211,668	52,999	78,083	431,221	334,876	-	-	333,674	515,183	280,749	7,238,453
Sale of assets	2	264,975	-	-	-	240,000	-	-	260,000	100,000	-	864,975
Concrete	3	575,582	-	-	340,000	-	-	-	414,437	-	-	1,330,019
Refunds	4	946,939	-	-	-	-	-	-	-	-	-	946,939
Total Receipts		6,999,164	52,999	78,083	771,221	574,876	-	-	1,008,111	615,183	280,749	10,380,386
Disbursements												
Operations	1	3,705,966	242,000	20,000	232,000	25,062	300	232,000	20,000	492,362	664,362	5,634,052
Concrete	3	1,330,019	-	-	-	-	-	-	-	-	-	1,330,019
Head Office overhead costs	5	2,112,863	57,758	35,637	71,855	93,988	37,442	69,758	35,637	286,825	382,475	3,184,239
Total Disbursements		7,148,848	299,758	55,637	303,855	119,050	37,742	301,758	55,637	779,187	1,046,837	10,148,310
Total Net Cash In/(Out)		(149,684)	(246,759)	22,446	467,366	455,826	(37,742)	(301,758)	952,474	(164,004)	(766,088)	232,076
Opening Cash Position		573,289	423,605	176,846	199,292	666,658	1,122,484	1,084,742	782,984	1,735,458	1,571,453	573,289
Closing Cash Position		423,605	176,846	199,292	666,658	1,122,484	1,084,742	782,984	1,735,458	1,571,453	805,365	805,365

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

	Notes	Cumulative from 28-Feb to 9-Sep	Week Ended						Month Ended		Total	
			16-Sep	23-Sep	30-Sep	7-Oct	14-Oct	21-Oct	28-Oct	November		December
Receipts												
Edgewood	6	389,187	-	-	-	-	-	-	-	-	-	389,187
Canvas at Millrise	7	472,730	-	-	-	56,876	-	-	-	188,000	-	717,606
Heritage Heights (Haven)	7	427,812	-	-	-	60,000	-	-	-	30,000	-	517,812
Brenda Strafford - Okotoks	7	984,725	-	-	173,538	-	-	-	120,000	120,000	120,000	1,518,263
Michener Hill	7	1,245,509	-	-	95,124	-	-	-	131,121	159,183	160,749	1,791,686
Central - Insurance	8	20,000	-	-	-	200,000	-	-	-	-	-	220,000
Extendicare	9	1,240,495	-	-	147,878	-	-	-	72,000	-	-	1,460,373
Canvas - Employee contracting		1,335	-	-	-	-	-	-	-	-	-	1,335
Cimmaron - Employee contracting	10	-	12,499	-	14,681	-	-	-	10,553	-	-	37,733
Cimmaron - Consulting and contract termination	10	-	-	78,083	-	-	-	-	-	-	-	78,083
Terwillegar - Employee contracting	10	26,221	-	-	-	-	-	-	-	-	-	26,221
Sanderson - Harbour/IMOR	11	297,214	27,000	-	-	13,500	-	-	-	4,500	-	342,214
Sanderson - CIBC	11	91,816	13,500	-	-	4,500	-	-	-	13,500	-	123,316
Bromont reimbursement		14,625	-	-	-	-	-	-	-	-	-	14,625
Total Receipts		5,211,668	52,999	78,083	431,221	334,876	-	-	333,674	515,183	280,749	7,238,453
Disbursements												
Payroll - Hourly	12	712,598	100,000	-	100,000	-	-	100,000	-	195,000	285,000	1,492,598
Payroll - Salary	12	390,048	45,000	-	45,000	-	-	45,000	-	85,000	120,000	730,048
Payroll - Subcontractors	12	486,573	90,000	20,000	80,000	20,000	-	80,000	20,000	195,000	235,000	1,226,573
Payroll - Expense reports	12	542,180	-	-	-	-	-	-	-	-	-	542,180
Remittances	13	475,791	2,000	-	2,000	2,000	-	2,000	-	4,000	6,000	493,791
Trade and Suppliers	14	498,131	-	-	-	-	-	-	-	-	-	498,131
Sanderson	10	600,645	5,000	-	5,000	3,062	300	5,000	-	13,362	18,362	650,731
Total Disbursements		3,705,966	242,000	20,000	232,000	25,062	300	232,000	20,000	492,362	664,362	5,634,052
Total Project Cash Flow		1,505,702	(189,001)	58,083	199,221	309,814	(300)	(232,000)	313,674	22,821	(383,613)	1,604,401

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

	Notes	Cumulative from 28-Feb to 9-Sep	Week Ended							Month Ended		Total
			16-Sep	23-Sep	30-Sep	7-Oct	14-Oct	21-Oct	28-Oct	November	December	
Receipts												
Bromont	15	100,000	-	-	-	100,000	-	-	-	100,000	-	300,000
Legend at Creekbend	16	110,000	-	-	-	-	-	-	-	-	-	110,000
Vehicle and equipment sale	17	54,975	-	-	-	-	-	-	-	-	-	54,975
Diepert land	18	-	-	-	-	-	-	-	260,000	-	-	260,000
Valleydale sale	19	-	-	-	140,000	-	-	-	-	-	-	140,000
Total Receipts		264,975	-	-	-	240,000	-	-	260,000	100,000	-	864,975

Medican Group of Companies - Head office overhead costs
 Projected Statement of Cash Flow to December 30, 2011
 (\$Cdn, Unaudited)

	Notes	Cumulative from 28-Feb to 9-Sep	Week Ended							Month Ended		Total
			16-Sep	23-Sep	30-Sep	7-Oct	14-Oct	21-Oct	28-Oct	November	December	
Disbursements												
Overhead costs	20	366,529	2,300	1,000	10,800	5,150	6,700	2,300	1,000	15,150	20,800	431,729
Preauthorized Payments		285,727	4,790	4,637	11,055	25,170	742	16,790	4,637	47,339	47,339	448,228
Payroll - Salary	21	576,512	45,000	-	45,000	-	-	45,000	-	90,000	135,000	936,512
Payroll - Subcontractors		312,501	-	25,000	-	-	25,000	-	25,000	50,000	75,000	512,501
Remittances	21	255,601	-	5,000	-	-	5,000	-	5,000	10,000	15,000	295,601
Expense reports	22	131,526	5,000	-	5,000	-	-	5,000	-	10,000	15,000	171,526
Accounting		13,592	-	-	-	50,000	-	-	-	50,000	60,000	173,592
WCB		41,110	-	-	-	-	-	-	-	-	-	41,110
Benefits - GWL/LL		73,012	-	-	-	13,000	-	-	-	13,000	13,000	112,012
Paragon interest	23	48,000	-	-	-	-	-	-	-	-	-	48,000
Service Charges		8,753	668	-	-	668	-	668	-	1,336	1,336	13,429
Total Disbursements		2,112,863	57,758	35,637	71,855	93,988	37,442	69,758	35,637	286,825	382,475	3,184,239

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

1. See Appendix "C1".
2. See Appendix "C2".
3. 1607679 Alberta Ltd. ("679") (which conducts the business of Medican Concrete Inc.) will repay Medican Construction for expenses paid on behalf of 679. Construction will recover these amounts commensurate with 679 collecting accounts receivable over the next 2 to 3 months.
4. The majority of this amount is in respect of GST refunds
5. See Appendix "C3".
6. The project is substantially complete and future draws are expected to be minimal.
7. Estimated draws on work performed. The Canvas at Millrise project will be substantially completed by September 2011 and future draws are expected to be minimal.
8. Estimated proceeds in respect of settlement with the insurer on the Central Building, Aviva Canada, net of payments to secured creditors.
9. The Extendicare receipts relate to the Lethbridge and Edmonton cost-plus projects which are both substantially completed with minor work required. The Edmonton project was completed in August 2011.
10. Recoveries for Medican Group employees contracted to work on certain projects.
11. Amounts advanced by the Sanderson secured creditors to meet Unit marketing and administration costs and to pay trades for costs to complete unfinished Units.
12. Estimated payroll costs and reimbursement of expenses based on current employee/subcontractor complement.
13. Employer remittance portion only as employee remittance portion is included in payroll.
14. Payments to trades and suppliers.
15. Funds from the sale of Bromont units.
16. Funds received from the sale of the Legend Project.
17. Proceeds from the sales of vehicles and equipment.
18. Balance of sale proceeds payable to the Medican Group in October 2011.
19. Funds to be received from the sale of Valleydale.
20. Overhead costs include office related costs including utilities, office supplies, and IT support.
21. Includes employee CPP, EI, and taxes to be remitted to CRA. The employer portion of the remittances is recorded in payroll.
22. Reimbursement of employee expenses incurred on behalf of the Medican Group.
23. The DIP facility provided by Paragon was repaid in full in March 2011.