

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE OF CALGARY

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND *THE JUDICATURE ACT*, R.S.A. 2000, c. J-2, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF MEDICAN HOLDINGS LTD., MEDICAN DEVELOPMENTS INC., R7 INVESTMENTS LTD., MEDICAN CONSTRUCTION LTD., MEDICAN CONCRETE INC., 1090772 ALBERTA LTD., 1144233 ALBERTA LTD., 1344241 ALBERTA LTD., 9150-3755 QUEBEC INC., AXXESS (GRANDE PRAIRIE) DEVELOPMENTS LTD., AXXESS (SYLVAN LAKE) DEVELOPMENTS LTD., CANVAS (CALGARY) DEVELOPMENTS LTD., ELEMENTS (GRANDE PRAIRIE) DEVELOPMENTS LTD., HOMES BY KINGSLAND LTD., LAKE COUNTRY (SITARA) DEVELOPMENTS LTD., MEDICAN (EDMONTON TERWILLEGAR) DEVELOPMENTS LTD., MEDICAN (GRANDE PRAIRIE) HOLDINGS LTD., MEDICAN (KELOWNA MOVE) DEVELOPMENTS LTD., MEDICAN (LETHBRIDGE – FAIRMONT PARK) DEVELOPMENTS LTD., MEDICAN (RED DEER – MICHENER HILL) DEVELOPMENTS LTD., MEDICAN (SYLVAN LAKE) DEVELOPMENTS LTD., MEDICAN (WESTBANK) DEVELOPMENT LTD., MEDICAN (WESTBANK) LAND LTD., MEDICAN CONCRETE FORMING LTD., MEDICAN DEVELOPMENTS (MEDICINE HAT SOUTHWEST) INC., MEDICAN ENTERPRISES INC. / LES ENTREPRISES MEDICAN INC., MEDICAN EQUIPMENT LTD., MEDICAN FRAMING LTD., MEDICAN GENERAL CONTRACTORS LTD., MEDICAN GENERAL CONTRACTORS 2010 LTD., RIVERSTONE (MEDICINE HAT) DEVELOPMENTS LTD., SANDERSON OF FISH CREEK (CALGARY) DEVELOPMENTS LTD., SIERRAS OF EAUX CLAIRES (EDMONTON) DEVELOPMENTS LTD., SONATA RIDGE (KELOWNA) DEVELOPMENTS LTD., SYLVAN LAKE MARINA DEVELOPMENTS LTD., THE ESTATES OF VALLEYDALE DEVELOPMENTS LTD., THE LEGEND (WINNIPEG) DEVELOPMENTS LTD., and WATERCREST (SYLVAN LAKE) DEVELOPMENTS LTD.

The Petitioners

NOTICE OF MOTION

TAKE NOTICE that that an application will be made on behalf of the Petitioners in these proceedings (collectively, the “**Medican Group**” or the “**Applicants**”) before the Honourable Justice K.M. Horner, in Chambers, at the Calgary Courts Centre, 601 - 5th Street SW, in the City of Calgary, Province of Alberta on Thursday the 29th day of July, 2010 at 2:00 o'clock in the afternoon or so soon thereafter as counsel may be heard, for the following relief:

1. Declaring service of notice of this application and the supporting materials to be good and sufficient, and abridging the time therefor, if necessary.
2. Orders, substantially in the form attached hereto as Schedules “A” and “B”, seeking bid procedures in respect of:

- (a) Phase 2 & 3 of the Terwillegar Project, as defined in the Affidavit of Tyrone Schneider sworn July 27, 2010 (the "**Schneider Affidavit**"); and
- (b) Phases 2 and 3 of the Axxess Sylvan Lake Project, as defined in the Schneider Affidavit,

by which the Medican Group can solicit offers to purchase those properties (the "**Bid Procedure Orders**").

3. An Order, substantially in the form of the Order attached hereto as Schedule "C":

- (a) approving the financing arrangement between Medican (Edmonton Terwillegar) Developments Ltd. ("**Terwillegar**") and Macdonald Terwillegar Properties Ltd. ("**Macdonald Terwillegar**") outlined in the Macdonald Loan Amendments, as defined in the Schneider Affidavit, with respect to Terwillegar and the Terwillegar Project, as defined in the Schneider Affidavit;
- (b) authorizing the Medican Group to perform all of its obligations under the Macdonald Loan Amendment with respect to the Terwillegar Project; and
- (c) granting the Macdonald Terwillegar Charge, as defined in the Schneider Affidavit, over the Terwillegar Project, and ranking in priority to the DIP Lender's Charge, the Administration Charge and the Directors' Charge, as defined in the Initial Order granted in these proceedings on May 26, 2010.

4. An Order, substantially in the form of the Order attached hereto as Schedule "D":

- (a) approving the financing arrangement between Canvas (Calgary) Developments Ltd. ("**Canvas Calgary**") and Macdonald Canvas Properties Ltd. ("**Macdonald Canvas**") outlined in the Macdonald Loan Amendments with respect to Canvas Calgary and the Canvas Project, as defined in the Schneider Affidavit;
- (b) authorizing the Medican Group to perform all of its obligations under the Macdonald Loan Amendments with respect to the Canvas Project; and

- (c) granting the Macdonald Canvas Charge, as defined in the Schneider Affidavit, over the Canvas Project, and ranking in priority to the DIP Lender's Charge, the Administration Charge and the Directors' Charge.
5. An Order, substantially in the form of the Order attached hereto as Schedule "E":
 - (a) approving the financing arrangement between Sanderson of Fish Creek (Calgary) Developments Ltd. ("Sanderson") and Canadian Imperial Bank of Commerce ("CIBC") outlined in the CIBC Loan Amendment, as defined in the Schneider Affidavit, with respect to Sanderson and the Sanderson Project, as defined in the Schneider Affidavit;
 - (b) authorizing the Medican Group to perform all of its obligations under the CIBC Loan Amendment; and
 - (c) granting the CIBC Sanderson Charge, as defined in the Schneider Affidavit, over the Sanderson Project, and ranking in priority to the DIP Lender's Charge, the Administration Charge and the Directors' Charge.
6. An Order, substantially in the form of the Order attached hereto as Schedule "F", granting examination powers to the Monitor in these proceedings (the "**Examination Order**").
7. Such further and other relief as counsel may advise and this Honourable Court deems just.

AND FURTHER TAKE NOTICE that the grounds for this application are as follows:

The Bid Procedure Orders

1. The Medican Group, in consultation with the Monitor, has determined that some uncompleted development projects will not lead to a higher recoverable value for the stakeholders upon completion than it would through a sales process. In particular, the Medican Group and the Monitor have determined that Phases 2 and 3 of the Terwillegar Project and Phases 2 and 3 of the Axxess Sylvan Lake Project should be sold through an orderly bid process.

2. The Medican Group, with the assistance of the Monitor, has developed a sales procedure whereby certain uncompleted development projects will be offered for sale through a bid process overseen by the Monitor.
3. The Bid Procedure Orders contemplate a request for bids, negotiations with certain potential and qualified bidders, and the selection of a successful bidder with the consultation and approval of the Monitor.
4. The terms of the Bid Procedure Orders are, in the view of the Medican Group and its advisors, fair, reasonable, and necessary for the Medican Group to maximize value for its stakeholders.
5. The Monitor approves the Bid Procedure Orders and supports this application.

Senior Priority Charge Orders

The Projects

6. The Terwillegar Project is a three phase condominium real estate project located in Edmonton, Alberta. Construction on Phase 1 is essentially complete, but requires approximately \$900,000 to complete Phase 1.
7. The Canvas Project is a four phase condominium development project located in Calgary, Alberta. Phase 1 & 2 were completed in 2009, however, in March 2010, a fire partially destroyed these phases. Phases 3 and 4 are essentially complete, but requires approximately \$500,000 to complete Phases 3 & 4.
8. The Sanderson Project is a five building residential development project located in Calgary, Alberta. Phases 1, 2 & 3 are substantially complete. Phase 4A is currently in construction, with a cost to complete the project of approximately \$1.25 million to complete Phase 4A.

Basis for the Financing

9. The Monitor and the Medican Group have been working closely with the secured creditors of the Medican Group.

10. The financing arrangements with Macdonald Terwillegar, Macdonald Canvas and CIBC are necessary to complete the phases of the Terwillegar Project, the Canvas Project and the Sanderson Project, as described above.

11. The proposed financings are consistent with the Medican Group's efforts to work with the Monitor, and its creditors, to finance and complete uncompleted development projects where it is anticipated there is recoverable value for the Medican Group's stakeholders.

12. The terms of the proposed financings are, in the view of the Medican Group and its advisors, fair, reasonable, and necessary for the Medican Group to maximize value for its stakeholders.

13. The Monitor approves the proposed financings and the senior priority charge Orders, and supports this application.

14. The beneficiaries of the DIP Lender's Charge, the Administrative Charge and the Directors' Charge all consent to the relief sought under the charge Orders, as do the secured lenders to the Terwillegar Project, the Canvas Project, and the Sanderson Project.

Examination Order

15. It is apparent that there are certain transactions whose nature and validity must be assessed in order to provide a fair and transparent restructuring for all stakeholders.

16. The Medican Group has requested, and the Monitor consents and agrees, to the Monitor investigating and reviewing the veracity of all transactions it deems necessary to review.

17. The Medican Group is working in good faith and with due diligence in these proceedings and believe the relief sought in the proposed Orders is in the best interests of the Medican Group and all stakeholders.

AND FURTHER TAKE NOTICE that the Applicants will rely upon the Affidavit of Tyrone Schneider, dated July 27, 2010, filed; the Third Report of the Monitor, dated July 27, 2010 filed; the pleadings and other materials filed herein; the provisions of the *Companies'*

Creditors Arrangement Act (Canada) and the *Alberta Rules of Court*; and such further and other material as counsel may advise and this Honourable Court may permit.

DATED at the City of Calgary, in the Province of Alberta, this 27th day of July, 2010.

FRASER MILNER CASGRAIN LLP,
solicitors for the Applicants.

Per: 

David W. Mann/Rebecca L. Lewis

TO: The Clerk of the Court
AND TO: The Attached Service List

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IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, C. C-36, AS
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CONSTRUCTION LTD., MEDICAN CONCRETE INC., 1090772 ALBERTA LTD., 1344241 ALBERTA
LTD., 9150-3755 QUEBEC INC., AXCESS (GRANDE PRAIRIE) DEVELOPMENTS LTD., AXCESS
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TAB "A"

SCHEDULE "A"

Action No. 1001 - 07852

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE OF CALGARY

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND *THE JUDICATURE ACT*, R.S.A. 2000, c. J-2, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF MEDICAN HOLDINGS LTD., MEDICAN DEVELOPMENTS INC., R7 INVESTMENTS LTD., MEDICAN CONSTRUCTION LTD., MEDICAN CONCRETE INC., 1090772 ALBERTA LTD., 1144233 ALBERTA LTD., 1344241 ALBERTA LTD., 9150-3755 QUEBEC INC., AXCESS (GRANDE PRAIRIE) DEVELOPMENTS LTD., AXCESS (SYLVAN LAKE) DEVELOPMENTS LTD., CANVAS (CALGARY) DEVELOPMENTS LTD., ELEMENTS (GRANDE PRAIRIE) DEVELOPMENTS LTD., HOMES BY KINGSLAND LTD., LAKE COUNTRY (SITARA) DEVELOPMENTS LTD., MEDICAN (EDMONTON TERWILLEGAR) DEVELOPMENTS LTD., MEDICAN (GRANDE PRAIRIE) HOLDINGS LTD., MEDICAN (KELOWNA MOVE) DEVELOPMENTS LTD., MEDICAN (LETHBRIDGE – FAIRMONT PARK) DEVELOPMENTS LTD., MEDICAN (RED DEER – MICHENER HILL) DEVELOPMENTS LTD., MEDICAN (SYLVAN LAKE) DEVELOPMENTS LTD., MEDICAN (WESTBANK) DEVELOPMENT LTD., MEDICAN (WESTBANK) LAND LTD., MEDICAN CONCRETE FORMING LTD., MEDICAN DEVELOPMENTS (MEDICINE HAT SOUTHWEST) INC., MEDICAN ENTERPRISES INC. / LES ENTREPRISES MEDICAN INC., MEDICAN EQUIPMENT LTD., MEDICAN FRAMING LTD., MEDICAN GENERAL CONTRACTORS LTD., MEDICAN GENERAL CONTRACTORS 2010 LTD., RIVERSTONE (MEDICINE HAT) DEVELOPMENTS LTD., SANDERSON OF FISH CREEK (CALGARY) DEVELOPMENTS LTD., SIERRAS OF EAUX CLAIRES (EDMONTON) DEVELOPMENTS LTD., SONATA RIDGE (KELOWNA) DEVELOPMENTS LTD., SYLVAN LAKE MARINA DEVELOPMENTS LTD., THE ESTATES OF VALLEYDALE DEVELOPMENTS LTD., THE LEGEND (WINNIPEG) DEVELOPMENTS LTD., and WATERCREST (SYLVAN LAKE) DEVELOPMENTS LTD.

the Petitioners

BEFORE THE HONOURABLE
MADAM JUSTICE K.M. HORNER
IN CHAMBERS

)
)
)
)
At the Courts Centre in the City of Calgary,
in the Province of Alberta, on Friday, the
29th day of July, 2010

ORDER

(Bid Procedure Order re: Phases 2 & 3 of the Terwillegar Project)

UPON the application of the Petitioners in these proceedings (collectively, the "Medican Group"); AND UPON having read the Notice of Motion of the Petitioners, dated July 27, 2010, the Affidavit of Tyrone Schneider, dated July 27, 2010 (the "Schneider Affidavit"), the Third Report of the Monitor, dated July 27, 2010, the Affidavit of Ronica Cameron, dated July __, 2010 (the "Service Affidavit"), and such other material in the pleadings and proceedings as

deemed necessary; **AND UPON** hearing counsel for the Medican Group, counsel for the Monitor, and other interested parties; **IT IS HEREBY ORDERED AND DECLARED THAT:**

Service

1. The time for service of notice of this application is abridged to the time actually given and service of the Notice of Motion and supporting material as described in the Service Affidavit is good and sufficient, and this hearing is properly returnable before this Honourable Court today and further service thereof is hereby dispensed with.

2. All capitalized terms not otherwise defined in this Order shall have the meaning ascribed to them in the Initial Order granted in these proceedings on May 26, 2010 (the “**Initial Order**”).

Approval of the Sales Procedure and Solicitation Process

3. The sales procedures and solicitation process in the form attached as Schedule “A” to this Order (the “**Sales Procedure**”) be and is hereby approved and the Medican Group and the Monitor are hereby authorized and directed to implement the Sales Procedure and do all such things as are reasonably necessary to conduct and give full effect to the Sales Procedure and carry out their respective obligations thereunder.

Miscellaneous

4. The Sales Procedure may be altered or amended by the Monitor in a non-substantive manner to give full or better effect to the sales procedure approved hereby.

5. The Medican Group shall serve, by courier, facsimile transmission, e-mail transmission, or ordinary post, a copy of this Order on all parties present at this application and on all parties who received notice of this application or who are presently on the service list established in these proceedings, and service on any or all other parties is hereby dispensed with. Service effected as aforesaid shall be good and sufficient service.

J.C.Q.B.A.

ENTERED this ____ day of July, 2010

CLERK OF THE COURT

5084133_1.DOC

SCHEDULE "A"

Medican Group of Companies – Sales Procedure and Solicitation Process

Medican (Edmonton Terwilliger) Developments Ltd. Phase 2 and 3

Overview of contemplated sales procedure and solicitation process (“Sale Process”) for certain of the Company’s undeveloped bare lands (“Property”):

1. The Monitor will generate a list of prospective purchasers based on: a listing of potential real estate holding and development companies generated through an external data provider; recent industry news/transactions; consultation with local real estate brokerage firms; and input from the Company’s management/advisors and the existing secured lenders.
2. The Monitor will contact industry associations, investment banks and other contacts for potential interest;
3. The Monitor will place an advertisement regarding this opportunity in the national edition of *The Globe and Mail* newspaper and, potentially, industry publications and regional/local media, in order to identify prospective purchasers;
4. The Monitor and the Company will distribute to prospective purchasers an interest solicitation letter (“ISL”) detailing the acquisition opportunity on or before August 9, 2010. Attached to the solicitation letter will be a confidentiality agreement (“CA”). Should a party be interested in performing due diligence and receiving additional information, it would first be required to execute the CA;
5. The Monitor and the Company will prepare a confidential information package (“CIP”) that would be made available to parties who execute a CA. The CIP will provide an overview of the Property, existing pro-formas and potential opportunities associated therewith;
6. Prospective purchasers will have the opportunity to perform due diligence, including reviewing information in a “data room” to be made available to prospective purchasers in electronic format. The data room may include excerpts of appraisal(s) of the Property, though the appraised market values would not be disclosed;
7. The Monitor and the Company will facilitate site visits for prospective purchasers;
8. The Monitor and the Company will provide to prospective purchasers a draft asset purchase agreement. Prospective purchasers will be advised that offers should be submitted in this format (or substantially in this format);
9. The Monitor and the Company will require prospective purchasers to submit binding offers to the Monitor by 5:00 p.m. (Calgary Time) on September 7, 2010. Offers would remain open for acceptance for a period of 10 days pending negotiations and entering into definitive agreements.
10. Any sale would be subject to Court approval.

**IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL DISTRICT OF CALGARY**

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND *THE JUDICATURE ACT*, R.S.A. 2000, c. J-2, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF MEDICAN HOLDINGS LTD., MEDICAN DEVELOPMENTS INC., R7 INVESTMENTS LTD., MEDICAN CONSTRUCTION LTD., MEDICAN CONCRETE INC., 1090772 ALBERTA LTD., 1144233 ALBERTA LTD., 1344241 ALBERTA LTD., 9150-3755 QUEBEC INC., AXCESS (GRANDE PRAIRIE) DEVELOPMENTS LTD., AXCESS (SYLVAN LAKE) DEVELOPMENTS LTD., CANVAS (CALGARY) DEVELOPMENTS LTD., ELEMENTS (GRANDE PRAIRIE) DEVELOPMENTS LTD., HOMES BY KINGSLAND LTD., LAKE COUNTRY (SITARA) DEVELOPMENTS LTD., MEDICAN (EDMONTON TERWILLEGAR) DEVELOPMENTS LTD., MEDICAN (GRANDE PRAIRIE) HOLDINGS LTD., MEDICAN (KELOWNA MOVE) DEVELOPMENTS LTD., MEDICAN (LETHBRIDGE – FAIRMONT PARK) DEVELOPMENTS LTD., MEDICAN (RED DEER – MICHENER HILL) DEVELOPMENTS LTD., MEDICAN (SYLVAN LAKE) DEVELOPMENTS LTD., MEDICAN (WESTBANK) DEVELOPMENT LTD., MEDICAN (WESTBANK) LAND LTD., MEDICAN CONCRETE FORMING LTD., MEDICAN DEVELOPMENTS (MEDICINE HAT SOUTHWEST) INC., MEDICAN ENTERPRISES INC. / LES ENTREPRISES MEDICAN INC., MEDICAN EQUIPMENT LTD., MEDICAN FRAMING LTD., MEDICAN GENERAL CONTRACTORS LTD., MEDICAN GENERAL CONTRACTORS 2010 LTD., RIVERSTONE (MEDICINE HAT) DEVELOPMENTS LTD., SANDERSON OF FISH CREEK (CALGARY) DEVELOPMENTS LTD., SIERRAS OF EAUX CLAIRES (EDMONTON) DEVELOPMENTS LTD., SONATA RIDGE (KELOWNA) DEVELOPMENTS LTD., SYLVAN LAKE MARINA DEVELOPMENTS LTD., THE ESTATES OF VALLEYDALE DEVELOPMENTS LTD., THE LEGEND (WINNIPEG) DEVELOPMENTS LTD., and WATERCREST (SYLVAN LAKE) DEVELOPMENTS LTD.

The Petitioners

ORDER

(Bid Procedure Order re: Phases 2 & 3 of the Terwillegar Project)

FRASER MILNER CASGRAIN LLP

Barristers and Solicitors
15th Floor Bankers Court
850 2 Street SW

Calgary, Alberta
T2P 0R8

Solicitors: David W. Mann/Rebecca L. Lewis
Telephone: (403) 268-7097/(403) 268-6354
Facsimile: (403) 268-3100
File: 526686-1

TAB "B"

SCHEDULE "B"

Action No. 1001 - 07852

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE OF CALGARY

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND *THE JUDICATURE ACT*, R.S.A. 2000, c. J-2, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF MEDICAN HOLDINGS LTD., MEDICAN DEVELOPMENTS INC., R7 INVESTMENTS LTD., MEDICAN CONSTRUCTION LTD., MEDICAN CONCRETE INC., 1090772 ALBERTA LTD., 1144233 ALBERTA LTD., 1344241 ALBERTA LTD., 9150-3755 QUEBEC INC., AXCESS (GRANDE PRAIRIE) DEVELOPMENTS LTD., AXCESS (SYLVAN LAKE) DEVELOPMENTS LTD., CANVAS (CALGARY) DEVELOPMENTS LTD., ELEMENTS (GRANDE PRAIRIE) DEVELOPMENTS LTD., HOMES BY KINGSLAND LTD., LAKE COUNTRY (SITARA) DEVELOPMENTS LTD., MEDICAN (EDMONTON TERWILLEGAR) DEVELOPMENTS LTD., MEDICAN (GRANDE PRAIRIE) HOLDINGS LTD., MEDICAN (KELOWNA MOVE) DEVELOPMENTS LTD., MEDICAN (LETHBRIDGE – FAIRMONT PARK) DEVELOPMENTS LTD., MEDICAN (RED DEER – MICHENER HILL) DEVELOPMENTS LTD., MEDICAN (SYLVAN LAKE) DEVELOPMENTS LTD., MEDICAN (WESTBANK) DEVELOPMENT LTD., MEDICAN (WESTBANK) LAND LTD., MEDICAN CONCRETE FORMING LTD., MEDICAN DEVELOPMENTS (MEDICINE HAT SOUTHWEST) INC., MEDICAN ENTERPRISES INC. / LES ENTREPRISES MEDICAN INC., MEDICAN EQUIPMENT LTD., MEDICAN FRAMING LTD., MEDICAN GENERAL CONTRACTORS LTD., MEDICAN GENERAL CONTRACTORS 2010 LTD., RIVERSTONE (MEDICINE HAT) DEVELOPMENTS LTD., SANDERSON OF FISH CREEK (CALGARY) DEVELOPMENTS LTD., SIERRAS OF EAUX CLAIRES (EDMONTON) DEVELOPMENTS LTD., SONATA RIDGE (KELOWNA) DEVELOPMENTS LTD., SYLVAN LAKE MARINA DEVELOPMENTS LTD., THE ESTATES OF VALLEYDALE DEVELOPMENTS LTD., THE LEGEND (WINNIPEG) DEVELOPMENTS LTD., and WATERCREST (SYLVAN LAKE) DEVELOPMENTS LTD.

the Petitioners

BEFORE THE HONOURABLE
MADAM JUSTICE K.M. HORNER
IN CHAMBERS

)
)
)
)

At the Courts Centre in the City of Calgary,
in the Province of Alberta, on Friday, the
29th day of July, 2010

ORDER

(Bid Procedure Order re: Phases 2 & 3 of the Axxess Sylvan Lake Project)

UPON the application of the Petitioners in these proceedings (collectively, the "Medican Group"); AND UPON having read the Notice of Motion of the Petitioners, dated July 27, 2010, the Affidavit of Tyrone Schneider, dated July 27, 2010 (the "Schneider Affidavit"), the Third Report of the Monitor, dated July 27, 2010, the Affidavit of Ronica Cameron, dated July __, 2010 (the "Service Affidavit"), and such other material in the pleadings and proceedings as

deemed necessary; **AND UPON** hearing counsel for the Medican Group, counsel for the Monitor, and other interested parties; **IT IS HEREBY ORDERED AND DECLARED THAT:**

Service

1. The time for service of notice of this application is abridged to the time actually given and service of the Notice of Motion and supporting material as described in the Service Affidavit is good and sufficient, and this hearing is properly returnable before this Honourable Court today and further service thereof is hereby dispensed with.

2. All capitalized terms not otherwise defined in this Order shall have the meaning ascribed to them in the Initial Order granted in these proceedings on May 26, 2010 (the “**Initial Order**”).

Approval of the Sales Procedure and Solicitation Process

3. The sales procedures and solicitation process in the form attached as Schedule “A” to this Order (the “**Sales Procedure**”) be and is hereby approved and the Medican Group and the Monitor are hereby authorized and directed to implement the Sales Procedure and do all such things as are reasonably necessary to conduct and give full effect to the Sales Procedure and carry out their respective obligations thereunder.

Miscellaneous

4. The Sales Procedure may be altered or amended by the Monitor in a non-substantive manner to give full or better effect to the sales procedure approved hereby.

5. The Medican Group shall serve, by courier, facsimile transmission, e-mail transmission, or ordinary post, a copy of this Order on all parties present at this application and on all parties who received notice of this application or who are presently on the service list established in these proceedings, and service on any or all other parties is hereby dispensed with. Service effected as aforesaid shall be good and sufficient service.

J.C.Q.B.A.

ENTERED this ____ day of July, 2010

CLERK OF THE COURT

5084135_1.DOC

Medican Group of Companies – Sales Procedure and Solicitation Process

Axxess (Sylvan Lake) Developments Ltd. - Phase 2 and 3

Overview of contemplated sales procedure and solicitation process (“Sale Process”) for certain of the Company’s undeveloped bare lands (“Property”):

1. The Monitor will generate a list of prospective purchasers based on: a listing of potential real estate holding and development companies generated through an external data provider; recent industry news/transactions; consultation with local real estate brokerage firms; and input from the Company’s management/advisors and the existing secured lenders.
2. The Monitor will contact industry associations, investment banks and other contacts for potential interest;
3. The Monitor will place an advertisement regarding this opportunity in the national edition of *The Globe and Mail* newspaper and, potentially, industry publications and regional/local media, in order to identify prospective purchasers;
4. The Monitor and the Company will distribute to prospective purchasers an interest solicitation letter (“ISL”) detailing the acquisition opportunity on or before August 9, 2010. Attached to the solicitation letter will be a confidentiality agreement (“CA”). Should a party be interested in performing due diligence and receiving additional information, it would first be required to execute the CA;
5. The Monitor and the Company will prepare a confidential information package (“CIP”) that would be made available to parties who execute a CA. The CIP will provide an overview of the Property, existing pro-formas and potential opportunities associated therewith;
6. Prospective purchasers will have the opportunity to perform due diligence, including reviewing information in a “data room” to be made available to prospective purchasers in electronic format. The data room may include excerpts of appraisal(s) of the Property, though the appraised market values would not be disclosed;
7. The Monitor and the Company will facilitate site visits for prospective purchasers;
8. The Monitor and the Company will provide to prospective purchasers a draft asset purchase agreement. Prospective purchasers will be advised that offers should be submitted in this format (or substantially in this format);
9. The Monitor and the Company will require prospective purchasers to submit binding offers to the Monitor by 5:00 p.m. (Calgary Time) on September 7, 2010. Offers would remain open for acceptance for a period of 10 days pending negotiations and entering into definitive agreements.
10. Any sale would be subject to Court approval.

**IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL DISTRICT OF CALGARY**

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND *THE JUDICATURE ACT*, R.S.A. 2000, c. J-2, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF MEDICAN HOLDINGS LTD., MEDICAN DEVELOPMENTS INC., R7 INVESTMENTS LTD., MEDICAN CONSTRUCTION LTD., MEDICAN CONCRETE INC., 1090772 ALBERTA LTD., 1144233 ALBERTA LTD., 1344241 ALBERTA LTD., 9150-3755 QUEBEC INC., AXCESS (GRANDE PRAIRIE) DEVELOPMENTS LTD., AXCESS (SYLVAN LAKE) DEVELOPMENTS LTD., CANVAS (CALGARY) DEVELOPMENTS LTD., ELEMENTS (GRANDE PRAIRIE) DEVELOPMENTS LTD., HOMES BY KINGSLAND LTD., LAKE COUNTRY (SITARA) DEVELOPMENTS LTD., MEDICAN (EDMONTON TERWILLEGAR) DEVELOPMENTS LTD., MEDICAN (GRANDE PRAIRIE) HOLDINGS LTD., MEDICAN (KELOWNA MOVE) DEVELOPMENTS LTD., MEDICAN (LETHBRIDGE – FAIRMONT PARK) DEVELOPMENTS LTD., MEDICAN (RED DEER – MICHENER HILL) DEVELOPMENTS LTD., MEDICAN (SYLVAN LAKE) DEVELOPMENTS LTD., MEDICAN (WESTBANK) DEVELOPMENT LTD., MEDICAN (WESTBANK) LAND LTD., MEDICAN CONCRETE FORMING LTD., MEDICAN DEVELOPMENTS (MEDICINE HAT SOUTHWEST) INC., MEDICAN ENTERPRISES INC. / LES ENTREPRISES MEDICAN INC., MEDICAN EQUIPMENT LTD., MEDICAN FRAMING LTD., MEDICAN GENERAL CONTRACTORS LTD., MEDICAN GENERAL CONTRACTORS 2010 LTD., RIVERSTONE (MEDICINE HAT) DEVELOPMENTS LTD., SANDERSON OF FISH CREEK (CALGARY) DEVELOPMENTS LTD., SIERRAS OF EAUX CLAIRES (EDMONTON) DEVELOPMENTS LTD., SONATA RIDGE (KELOWNA) DEVELOPMENTS LTD., SYLVAN LAKE MARINA DEVELOPMENTS LTD., THE ESTATES OF VALLEYDALE DEVELOPMENTS LTD., THE LEGEND (WINNIPEG) DEVELOPMENTS LTD., and WATERCREST (SYLVAN LAKE) DEVELOPMENTS LTD.

The Petitioners

ORDER

(Bid Procedure Order re: Phases 2 & 3 of the Axxess Sylvan Lake Project)

FRASER MILNER CASGRAIN LLP

Barristers and Solicitors
15th Floor Bankers Court
850 2 Street SW

Calgary, Alberta
T2P 0R8

Solicitors: David W. Mann/Rebecca L. Lewis
Telephone: (403) 268-7097/(403) 268-6354
Facsimile: (403) 268-3100
File: 526686-1

TAB "C"

SCHEDULE "C"

Action No. 1001 - 07852

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE OF CALGARY

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND *THE JUDICATURE ACT*, R.S.A. 2000, c. J-2, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF MEDICAN HOLDINGS LTD., MEDICAN DEVELOPMENTS INC., R7 INVESTMENTS LTD., MEDICAN CONSTRUCTION LTD., MEDICAN CONCRETE INC., 1090772 ALBERTA LTD., 1144233 ALBERTA LTD., 1344241 ALBERTA LTD., 9150-3755 QUEBEC INC., AXCESS (GRANDE PRAIRIE) DEVELOPMENTS LTD., AXCESS (SYLVAN LAKE) DEVELOPMENTS LTD., CANVAS (CALGARY) DEVELOPMENTS LTD., ELEMENTS (GRANDE PRAIRIE) DEVELOPMENTS LTD., HOMES BY KINGSLAND LTD., LAKE COUNTRY (SITARA) DEVELOPMENTS LTD., MEDICAN (EDMONTON TERWILLEGAR) DEVELOPMENTS LTD., MEDICAN (GRANDE PRAIRIE) HOLDINGS LTD., MEDICAN (KELOWNA MOVE) DEVELOPMENTS LTD., MEDICAN (LETHBRIDGE – FAIRMONT PARK) DEVELOPMENTS LTD., MEDICAN (RED DEER – MICHENER HILL) DEVELOPMENTS LTD., MEDICAN (SYLVAN LAKE) DEVELOPMENTS LTD., MEDICAN (WESTBANK) DEVELOPMENT LTD., MEDICAN (WESTBANK) LAND LTD., MEDICAN CONCRETE FORMING LTD., MEDICAN DEVELOPMENTS (MEDICINE HAT SOUTHWEST) INC., MEDICAN ENTERPRISES INC. / LES ENTREPRISES MEDICAN INC., MEDICAN EQUIPMENT LTD., MEDICAN FRAMING LTD., MEDICAN GENERAL CONTRACTORS LTD., MEDICAN GENERAL CONTRACTORS 2010 LTD., RIVERSTONE (MEDICINE HAT) DEVELOPMENTS LTD., SANDERSON OF FISH CREEK (CALGARY) DEVELOPMENTS LTD., SIERRAS OF EAUX CLAIRES (EDMONTON) DEVELOPMENTS LTD., SONATA RIDGE (KELOWNA) DEVELOPMENTS LTD., SYLVAN LAKE MARINA DEVELOPMENTS LTD., THE ESTATES OF VALLEYDALE DEVELOPMENTS LTD., THE LEGEND (WINNIPEG) DEVELOPMENTS LTD., and WATERCREST (SYLVAN LAKE) DEVELOPMENTS LTD.

the Petitioners

BEFORE THE HONOURABLE
MADAM JUSTICE K.M. HORNER
IN CHAMBERS

)
)
)
)

At the Courts Centre in the City of Calgary,
in the Province of Alberta, on Thursday, the
29th day of July, 2010

ORDER

(Macdonald Charge – Terwillegar Project)

UPON the application of the Petitioners in these proceedings (collectively, the “**Medican Group**”); AND UPON having read the Notice of Motion of the Petitioners, dated July 27, 2010, the Affidavit of Tyrone Schneider, dated July 27, 2010 (the “**Schneider Affidavit**”), the Third

Report of the Monitor, dated July 27, 2010, the Affidavit of Ronica Cameron, dated July ___, 2010 (the “**Service Affidavit**”), and such other material in the pleadings and proceedings as deemed necessary; **AND UPON** hearing counsel for the Medican Group, counsel for Macdonald Terwillegar Properties Ltd. (“**Macdonald**”), counsel for the Monitor, and other interested parties; **AND UPON NOTING** that the holders of the DIP Lender’s Charge, the Administration Charge, and the Directors’ Charge all consent to the relief sought hereunder; **IT IS HEREBY ORDERED AND DECLARED THAT:**

Service

1. The time for service of notice of this application is abridged to the time actually given and service of the Notice of Motion and supporting material as described in the Service Affidavit is good and sufficient, and this hearing is properly returnable before this Honourable Court today and further service thereof is hereby dispensed with.

2. All capitalized terms not otherwise defined in this Order shall have the meaning ascribed to them in the Initial Order granted in these proceedings on May 26, 2010 (the “**Initial Order**”).

Approval of the Macdonald Loan Amendments

3. The loan amending letters among Macdonald and the Medican Group, amending a mortgage loan commitment letter dated October 8, 2009, dated July ___, 2010 and attached as Exhibit “__” to the Schneider Affidavit (the “**Macdonald Loan Amendments**”) is hereby approved.

4. The Medican Group and the Monitor are hereby authorized and directed to do all things reasonably necessary to implement, and perform all of their respective obligations under, the Macdonald Loan Amendments.

Approval of the Macdonald Charge

5. As security for monies advanced by Macdonald to the Medican Group pursuant to the Macdonald Loan Amendments, a charge is hereby granted on all of the undertaking, property and assets of Medican (Edmonton Terwillegar) Developments Inc. used on, in, or in connection with Phase 1 of the development project known as Axxess Terwillegar in Edmonton, Alberta

(the “**Terwillegar Project**”) in favour of Macdonald (the “**Macdonald Charge**”) ranking in priority to the DIP Lender's Charge, the Administration Charge, and the Directors’ Charge, and subject only to the distribution scheme set forth below in this Order.

6. Net Closing Proceeds (as referenced in the Macdonald Loan Amendments) from the condominium units of the Terwillegar Project shall be distributed as follows:

- (a) firstly, to Macdonald in repayment of all monies advanced by Macdonald pursuant to the provisions of the Macdonald Loan Amendments, limited to the actual amounts advanced pursuant to the Macdonald Loan Amendments plus interest thereon, to a maximum principal amount of nine hundred thousand dollars (\$900,000) plus interest thereon, at the rate charged pursuant to the existing security granted to Macdonald as against the Terwillegar Project;
- (b) secondly, upon repayment of all monies advanced by Macdonald pursuant to subparagraph 6(a), the sum of eight thousand, five hundred dollars (\$8,500) from each condominium sale will be paid to Fraser Milner Casgrain LLP, the solicitors for the Medican Group, and held, pending allocation pursuant to paragraph 10 hereof, in a separate trust account for the benefit of the holders of the DIP Lender's Charge, the Administration Charge, and the Directors’ Charge;
- (c) thirdly, from each condominium unit of the Terwillegar Project sold, funds will be paid to MCAP Financial Corporation (“MCAP”) to reduce the outstanding principal, interest and fees owing pursuant to the existing security granted to MCAP as against the Terwillegar Project;
- (d) fourthly, the sum of five thousand five hundred dollars (\$5,500) will be paid to Monarch Land Ltd. (“Monarch”) to reduce the outstanding principal, interest and fees owing pursuant to the existing security granted to Monarch as against the Terwillegar Project;
- (e) fifthly, the balance of the funds will be paid in favour of the valid and enforceable charges against the Terwillegar Project, in accordance with their lawful priority;
and

- (f) once all valid and enforceable charges against the Terwillegar Project are paid, the remaining sales proceeds will be held in trust by Fraser Milner Casgrain LLP until further order of this Court.

Miscellaneous

7. The Macdonald Loan Amendments and the Macdonald Charge shall be valid and enforceable and not be rendered invalid or unenforceable and the rights and remedies of the parties thereto shall not otherwise be limited or impaired in any way by: (i) the pendency of these proceedings and the declaration of insolvency made herein; (ii) any Bankruptcy Order sought or issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) (the “BIA”) in respect of any of the Medican Group or any assignment in bankruptcy made or deemed to be made in respect of any of the Medican Group; or (iii) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of encumbrances, contained in any existing agreement, lease, sub-lease, offer to lease or other arrangement which binds any of the Medican Group (a “**Third Party Agreement**”), and notwithstanding any provision to the contrary in any Third Party Agreement:

- (a) neither the creation of the Macdonald Loan Amendments, the creation of the Macdonald Charge, nor the execution, delivery or performance of the Macdonald Loan Amendments shall create or be deemed to constitute a breach by any of the Medican Group of any Third Party Agreement to which it is a party; and
- (b) the parties to the Macdonald Loan Amendments shall not have liability to any person whatsoever as a result of any breach of any Third Party Agreement caused by or resulting from the creation of the Macdonald Charge or the execution, delivery or performance of the Macdonald Loan Amendments.

8. Notwithstanding: (i) the pendency of these proceedings and the declaration of insolvency made in these proceedings, (ii) any Bankruptcy Order sought or issued pursuant to the BIA in respect of any of the Applicants or any assignment in bankruptcy made or deemed to be made in respect of any of the Applicants, and (iii) the provisions of any federal or provincial statute, the Macdonald Loan Amendments and the Macdonald Charge shall constitute legal, valid and binding obligations of the Medican Group enforceable against them in accordance with the terms

thereof, and the payments made by the parties pursuant to this Order, the Macdonald Loan Amendments, or the Macdonald Charge do not and will not constitute settlements, fraudulent preferences, fraudulent conveyances or other challengeable or reviewable transactions or conduct meriting an oppression remedy under any applicable law, and shall not constitute advances under *The Builders' Liens Act* (Alberta) nor be subject to any builder's lien registered at the date of this Order or thereafter.

9. Notwithstanding any other provision of this Order, the rights and remedies of the parties under the Macdonald Loan Amendments shall be subject to the terms of this Order, the Initial Order, including the stay of proceedings, and all other Orders made in these proceedings.

10. The reserve of proceeds for the benefit of the DIP Lender's Charge, the Administration Charge, and the Directors' Charge set forth in subparagraph 6(b) shall be without prejudice to any subsequent application to allocate Charges pursuant to paragraph 43 of the Initial Order.

11. No action or proceeding may be commenced against a party to the Macdonald Loan Amendments by reason of any such party having entered into the Macdonald Loan Amendments or having performed the obligations thereunder without leave of this Court having been obtained on seven days' notice to such party, the Medican Group, and the Monitor.

12. The Medican Group, Macdonald and the Monitor or any party to the Macdonald Loan Amendments are at liberty to apply for such further advice, assistance and direction as may be necessary to give full force and effect to the terms of this Order.

13. The Medican Group shall serve, by courier, facsimile transmission, e-mail transmission, or ordinary post, a copy of this Order on all parties present at this application and on all parties who received notice of this application or who are presently on the service list established in these proceedings, and service on any or all other parties is hereby dispensed with. Service effected as aforesaid shall be good and sufficient service.

J.C.Q.B.A.

CONSENTED TO THIS ____ DAY OF JULY, 2010

FRASER MILNER CASGRAIN LLP

Per: _____
David W. Mann
Solicitors for the Petitioners

MACLEOD DIXON LLP

Per: _____
Howard A. Gorman
Solicitors for RSM Richter Inc.

KENNEDY AGRIOS LLP

Per: _____
Richard H. Kennedy
Solicitors for MCAP Financial Corporation

MILES DAVISON LLP

Per: _____
Terry Czechowskyj
Solicitors for Monarch Land Ltd.

FRASER MILNER CASGRAIN LLP

Per: _____
Christopher Ramsey
Solicitors for Macdonald Terwillegar Properties Ltd.

ENTERED this ____ day of July, 2010

CLERK OF THE COURT

**IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL DISTRICT OF CALGARY**

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND *THE JUDICATURE ACT*, R.S.A. 2000, c. J-2, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF MEDICAN HOLDINGS LTD., MEDICAN DEVELOPMENTS INC., R7 INVESTMENTS LTD., MEDICAN CONSTRUCTION LTD., MEDICAN CONCRETE INC., 1090772 ALBERTA LTD., 1144233 ALBERTA LTD., 1344241 ALBERTA LTD., 9150-3755 QUEBEC INC., AXCESS (GRANDE PRAIRIE) DEVELOPMENTS LTD., AXCESS (SYLVAN LAKE) DEVELOPMENTS LTD., CANVAS (CALGARY) DEVELOPMENTS LTD., ELEMENTS (GRANDE PRAIRIE) DEVELOPMENTS LTD., HOMES BY KINGSLAND LTD., LAKE COUNTRY (SITARA) DEVELOPMENTS LTD., MEDICAN (EDMONTON TERWILLEGAR) DEVELOPMENTS LTD., MEDICAN (GRANDE PRAIRIE) HOLDINGS LTD., MEDICAN (KELOWNA MOVE) DEVELOPMENTS LTD., MEDICAN (LETHBRIDGE – FAIRMONT PARK) DEVELOPMENTS LTD., MEDICAN (RED DEER – MICHENER HILL) DEVELOPMENTS LTD., MEDICAN (SYLVAN LAKE) DEVELOPMENTS LTD., MEDICAN (WESTBANK) DEVELOPMENT LTD., MEDICAN (WESTBANK) LAND LTD., MEDICAN CONCRETE FORMING LTD., MEDICAN DEVELOPMENTS (MEDICINE HAT SOUTHWEST) INC., MEDICAN ENTERPRISES INC. / LES ENTREPRISES MEDICAN INC., MEDICAN EQUIPMENT LTD., MEDICAN FRAMING LTD., MEDICAN GENERAL CONTRACTORS LTD., MEDICAN GENERAL CONTRACTORS 2010 LTD., RIVERSTONE (MEDICINE HAT) DEVELOPMENTS LTD., SANDERSON OF FISH CREEK (CALGARY) DEVELOPMENTS LTD., SIERRAS OF EAUX CLAIRES (EDMONTON) DEVELOPMENTS LTD., SONATA RIDGE (KELOWNA) DEVELOPMENTS LTD., SYLVAN LAKE MARINA DEVELOPMENTS LTD., THE ESTATES OF VALLEYDALE DEVELOPMENTS LTD., THE LEGEND (WINNIPEG) DEVELOPMENTS LTD., and WATERCREST (SYLVAN LAKE) DEVELOPMENTS LTD.

The Petitioners

ORDER

(MACDONALD CHARGE – TERWILLEGAR PROJECT)

FRASER MILNER CASGRAIN LLP

Barristers and Solicitors
15th Floor Bankers Court
850 2 Street SW

Calgary, Alberta
T2P 0R8

Solicitors: David W. Mann/Rebecca L. Lewis
Telephone: (403) 268-7097/(403) 268-6354
Facsimile: (403) 268-3100
File: 526686-1

TAB "D"

SCHEDULE "D"

Action No. 1001 - 07852

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
 JUDICIAL CENTRE OF CALGARY

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND *THE JUDICATURE ACT*, R.S.A. 2000, c. J-2, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF MEDICAN HOLDINGS LTD., MEDICAN DEVELOPMENTS INC., R7 INVESTMENTS LTD., MEDICAN CONSTRUCTION LTD., MEDICAN CONCRETE INC., 1090772 ALBERTA LTD., 1144233 ALBERTA LTD., 1344241 ALBERTA LTD., 9150-3755 QUEBEC INC., AXCESS (GRANDE PRAIRIE) DEVELOPMENTS LTD., AXCESS (SYLVAN LAKE) DEVELOPMENTS LTD., CANVAS (CALGARY) DEVELOPMENTS LTD., ELEMENTS (GRANDE PRAIRIE) DEVELOPMENTS LTD., HOMES BY KINGSLAND LTD., LAKE COUNTRY (SITARA) DEVELOPMENTS LTD., MEDICAN (EDMONTON TERWILLEGAR) DEVELOPMENTS LTD., MEDICAN (GRANDE PRAIRIE) HOLDINGS LTD., MEDICAN (KELOWNA MOVE) DEVELOPMENTS LTD., MEDICAN (LETHBRIDGE – FAIRMONT PARK) DEVELOPMENTS LTD., MEDICAN (RED DEER – MICHENER HILL) DEVELOPMENTS LTD., MEDICAN (SYLVAN LAKE) DEVELOPMENTS LTD., MEDICAN (WESTBANK) DEVELOPMENT LTD., MEDICAN (WESTBANK) LAND LTD., MEDICAN CONCRETE FORMING LTD., MEDICAN DEVELOPMENTS (MEDICINE HAT SOUTHWEST) INC., MEDICAN ENTERPRISES INC. / LES ENTREPRISES MEDICAN INC., MEDICAN EQUIPMENT LTD., MEDICAN FRAMING LTD., MEDICAN GENERAL CONTRACTORS LTD., MEDICAN GENERAL CONTRACTORS 2010 LTD., RIVERSTONE (MEDICINE HAT) DEVELOPMENTS LTD., SANDERSON OF FISH CREEK (CALGARY) DEVELOPMENTS LTD., SIERRAS OF EAUX CLAIRES (EDMONTON) DEVELOPMENTS LTD., SONATA RIDGE (KELOWNA) DEVELOPMENTS LTD., SYLVAN LAKE MARINA DEVELOPMENTS LTD., THE ESTATES OF VALLEYDALE DEVELOPMENTS LTD., THE LEGEND (WINNIPEG) DEVELOPMENTS LTD., and WATERCREST (SYLVAN LAKE) DEVELOPMENTS LTD.

the Petitioners

BEFORE THE HONOURABLE)
 MADAM JUSTICE K.M. HORNER)
 IN CHAMBERS)

At the Courts Centre in the City of Calgary,
 in the Province of Alberta, on Thursday, the
 29th day of July, 2010

ORDER

(Macdonald Charge – Canvas Project)

UPON the application of the Petitioners in these proceedings (collectively, the “**Medican Group**”); **AND UPON** having read the Notice of Motion of the Petitioners, dated July 27, 2010, the Affidavit of Tyrone Schneider, dated July 27, 2010 (the “**Schneider Affidavit**”), the Third Report of the Monitor, dated July 27, 2010, the Affidavit of Ronica Cameron, dated July __,

2010 (the “**Service Affidavit**”), and such other material in the pleadings and proceedings as deemed necessary; **AND UPON** hearing counsel for the Medican Group, counsel for Macdonald Canvas Properties Ltd. (“**Macdonald**”), counsel for the Monitor, and other interested parties; **AND UPON NOTING** that the holders of the DIP Lender’s Charge, the Administration Charge, and the Directors’ Charge all consent to the relief sought hereunder; **IT IS HEREBY ORDERED AND DECLARED THAT:**

Service

1. The time for service of notice of this application is abridged to the time actually given and service of the Notice of Motion and supporting material as described in the Service Affidavit is good and sufficient, and this hearing is properly returnable before this Honourable Court today and further service thereof is hereby dispensed with.

2. All capitalized terms not otherwise defined in this Order shall have the meaning ascribed to them in the Initial Order granted in these proceedings on May 26, 2010 (the “**Initial Order**”).

Approval of the Macdonald Loan Amendments

3. The loan amending letters among Macdonald and the Medican Group, amending a mortgage loan commitment letter dated August 24, 2009, dated July __, 2010 and attached as Exhibit “__” to the Schneider Affidavit (the “**Macdonald Loan Amendments**”) is hereby approved.

4. The Medican Group and the Monitor are hereby authorized and directed to do all things reasonably necessary to implement, and perform all of their respective obligations under, the Macdonald Loan Amendments.

Approval of the Macdonald Charge

5. As security for monies advanced by Macdonald to the Medican Group pursuant to the Macdonald Loan Amendments, a charge is hereby granted on all of the undertaking, property and assets of Canvas (Calgary) Developments Ltd. used on, in, or in connection with Phases 3 and 4 of the development project known as Canvas at Millrise in Calgary, Alberta (the “**Canvas Project**”) in favour of Macdonald (the “**Macdonald Charge**”) ranking in priority to the DIP

Lender's Charge, the Administration Charge, and the Directors' Charge, and subject only to the distribution scheme set forth below in this Order.

6. Net Closing Proceeds (as referenced in the Macdonald Loan Amendments) from the condominium units of the Canvas Project shall be distributed as follows:

- (a) firstly, to Macdonald in repayment of all monies advanced by Macdonald pursuant to the provisions of the Macdonald Loan Amendments, to a maximum principal amount of five hundred thousand dollars (\$500,000) plus interest thereon, at the rate charged pursuant to the existing security granted to Macdonald as against the Canvas Project;
- (b) secondly, upon repayment of all monies advanced by Macdonald pursuant to subparagraph 6(a), the sum of eight thousand, five hundred dollars (\$8,500) from each condominium sale will be paid to Fraser Milner Casgrain LLP, the solicitors for the Medican Group, and held, pending allocation pursuant to paragraph 10 hereof, in a separate trust account for the benefit of the holders of the DIP Lender's Charge, the Administration Charge, and the Directors' Charge;
- (c) thirdly, from each condominium unit of the Canvas Project sold, funds will be paid to Macdonald to reduce the outstanding principal, interest and fees owing pursuant to the existing security granted to Macdonald as against the Canvas Project;
- (d) fourthly, the balance of the funds will be paid in favour of the valid and enforceable charges against the Canvas Project, in accordance with their lawful priority; and
- (e) once all valid and enforceable charges against the Canvas Project are paid, the remaining sales proceeds will be held in trust by Fraser Milner Casgrain LLP until further order of this Court.

Miscellaneous

7. The Macdonald Loan Amendments and the Macdonald Charge shall be valid and enforceable and not be rendered invalid or unenforceable and the rights and remedies of the parties thereto shall not otherwise be limited or impaired in any way by: (i) the pendency of these proceedings and the declaration of insolvency made herein; (ii) any Bankruptcy Order sought or issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) (the “BIA”) in respect of any of the Medican Group or any assignment in bankruptcy made or deemed to be made in respect of any of the Medican Group; or (iii) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of encumbrances, contained in any existing agreement, lease, sub-lease, offer to lease or other arrangement which binds any of the Medican Group (a “Third Party Agreement”), and notwithstanding any provision to the contrary in any Third Party Agreement:

- (a) neither the creation of the Macdonald Loan Amendments, the creation of the Macdonald Charge, nor the execution, delivery or performance of the Macdonald Loan Amendments shall create or be deemed to constitute a breach by any of the Medican Group of any Third Party Agreement to which it is a party; and
- (b) the parties to the Macdonald Loan Amendments shall not have liability to any person whatsoever as a result of any breach of any Third Party Agreement caused by or resulting from the creation of the Macdonald Charge or the execution, delivery or performance of the Macdonald Loan Amendments.

8. Notwithstanding: (i) the pendency of these proceedings and the declaration of insolvency made in these proceedings, (ii) any Bankruptcy Order sought or issued pursuant to the BIA in respect of any of the Applicants or any assignment in bankruptcy made or deemed to be made in respect of any of the Applicants, and (iii) the provisions of any federal or provincial statute, the Macdonald Loan Amendments and the Macdonald Charge shall constitute legal, valid and binding obligations of the Medican Group enforceable against them in accordance with the terms thereof, and the payments made by the parties pursuant to this Order, the Macdonald Loan Amendments, or the Macdonald Charge do not and will not constitute settlements, fraudulent preferences, fraudulent conveyances or other challengeable or reviewable transactions or conduct meriting an oppression remedy under any applicable law, and shall not constitute advances under

The Builders' Liens Act (Alberta) nor be subject to any builder's lien registered at the date of this Order or thereafter.

9. Notwithstanding any other provision of this Order, the rights and remedies of the parties under the Macdonald Loan Amendments shall be subject to the terms of this Order, the Initial Order, including the stay of proceedings, and all other Orders made in these proceedings.

10. The reserve of proceeds for the benefit of the DIP Lender's Charge, the Administration Charge, and the Directors' Charge set forth in subparagraph 6(b) shall be without prejudice to any subsequent application to allocate Charges pursuant to paragraph 43 of the Initial Order.

11. No action or proceeding may be commenced against a party to the Macdonald Loan Amendments by reason of any such party having entered into the Macdonald Loan Amendments or having performed the obligations thereunder without leave of this Court having been obtained on seven days' notice to such party, the Medican Group, and the Monitor.

12. The Medican Group, Macdonald and the Monitor or any party to the Macdonald Loan Amendments are at liberty to apply for such further advice, assistance and direction as may be necessary to give full force and effect to the terms of this Order.

DRAFT

13. The Medican Group shall serve, by courier, facsimile transmission, e-mail transmission, or ordinary post, a copy of this Order on all parties present at this application and on all parties who received notice of this application or who are presently on the service list established in these proceedings, and service on any or all other parties is hereby dispensed with. Service effected as aforesaid shall be good and sufficient service.

J.C.Q.B.A.

CONSENTED TO THIS ____ DAY OF JULY, 2010

FRASER MILNER CASGRAIN LLP

Per: _____
David W. Mann
Solicitors for the Petitioners

MACLEOD DIXON LLP

Per: _____
Howard A. Gorman
Solicitors for RSM Richter Inc.

FRASER MILNER CASGRAIN LLP

Per: _____
Christopher Ramsey
Solicitors for Macdonald Canvas Properties Ltd. and Macdonald Terwillegar Properties Ltd.

ENTERED this ____ day of July, 2010

CLERK OF THE COURT

**IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL DISTRICT OF CALGARY**

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND *THE JUDICATURE ACT*, R.S.A. 2000, c. J-2, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF MEDICAN HOLDINGS LTD., MEDICAN DEVELOPMENTS INC., R7 INVESTMENTS LTD., MEDICAN CONSTRUCTION LTD., MEDICAN CONCRETE INC., 1090772 ALBERTA LTD., 1144233 ALBERTA LTD., 1344241 ALBERTA LTD., 9150-3755 QUEBEC INC., AXCESS (GRANDE PRAIRIE) DEVELOPMENTS LTD., AXCESS (SYLVAN LAKE) DEVELOPMENTS LTD., CANVAS (CALGARY) DEVELOPMENTS LTD., ELEMENTS (GRANDE PRAIRIE) DEVELOPMENTS LTD., HOMES BY KINGSLAND LTD., LAKE COUNTRY (SITARA) DEVELOPMENTS LTD., MEDICAN (EDMONTON TERWILLEGAR) DEVELOPMENTS LTD., MEDICAN (GRANDE PRAIRIE) HOLDINGS LTD., MEDICAN (KELOWNA MOVE) DEVELOPMENTS LTD., MEDICAN (LETHBRIDGE – FAIRMONT PARK) DEVELOPMENTS LTD., MEDICAN (RED DEER – MICHENER HILL) DEVELOPMENTS LTD., MEDICAN (SYLVAN LAKE) DEVELOPMENTS LTD., MEDICAN (WESTBANK) DEVELOPMENT LTD., MEDICAN (WESTBANK) LAND LTD., MEDICAN CONCRETE FORMING LTD., MEDICAN DEVELOPMENTS (MEDICINE HAT SOUTHWEST) INC., MEDICAN ENTERPRISES INC. / LES ENTREPRISES MEDICAN INC., MEDICAN EQUIPMENT LTD., MEDICAN FRAMING LTD., MEDICAN GENERAL CONTRACTORS LTD., MEDICAN GENERAL CONTRACTORS 2010 LTD., RIVERSTONE (MEDICINE HAT) DEVELOPMENTS LTD., SANDERSON OF FISH CREEK (CALGARY) DEVELOPMENTS LTD., SIERRAS OF EAUX CLAIRES (EDMONTON) DEVELOPMENTS LTD., SONATA RIDGE (KELOWNA) DEVELOPMENTS LTD., SYLVAN LAKE MARINA DEVELOPMENTS LTD., THE ESTATES OF VALLEYDALE DEVELOPMENTS LTD., THE LEGEND (WINNIPEG) DEVELOPMENTS LTD., and WATERCREST (SYLVAN LAKE) DEVELOPMENTS LTD.

The Petitioners

ORDER

(MACDONALD CHARGE – CANVAS PROJECT)

FRASER MILNER CASGRAIN LLP

Barristers and Solicitors
15th Floor Bankers Court
850 2 Street SW

Calgary, Alberta
T2P 0R8

Solicitors: David W. Mann/Rebecca L. Lewis
Telephone: (403) 268-7097/(403) 268-6354
Facsimile: (403) 268-3100
File: 526686-1

TAB "E"

SCHEDULE "E"

Action No. 1001 - 07852

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE OF CALGARY

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND *THE JUDICATURE ACT*, R.S.A. 2000, c. J-2, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF MEDICAN HOLDINGS LTD., MEDICAN DEVELOPMENTS INC., R7 INVESTMENTS LTD., MEDICAN CONSTRUCTION LTD., MEDICAN CONCRETE INC., 1090772 ALBERTA LTD., 1144233 ALBERTA LTD., 1344241 ALBERTA LTD., 9150-3755 QUEBEC INC., AXCESS (GRANDE PRAIRIE) DEVELOPMENTS LTD., AXCESS (SYLVAN LAKE) DEVELOPMENTS LTD., CANVAS (CALGARY) DEVELOPMENTS LTD., ELEMENTS (GRANDE PRAIRIE) DEVELOPMENTS LTD., HOMES BY KINGSLAND LTD., LAKE COUNTRY (SITARA) DEVELOPMENTS LTD., MEDICAN (EDMONTON TERWILLEGAR) DEVELOPMENTS LTD., MEDICAN (GRANDE PRAIRIE) HOLDINGS LTD., MEDICAN (KELOWNA MOVE) DEVELOPMENTS LTD., MEDICAN (LETHBRIDGE - FAIRMONT PARK) DEVELOPMENTS LTD., MEDICAN (RED DEER - MICHENER HILL) DEVELOPMENTS LTD., MEDICAN (SYLVAN LAKE) DEVELOPMENTS LTD., MEDICAN (WESTBANK) DEVELOPMENT LTD., MEDICAN (WESTBANK) LAND LTD., MEDICAN CONCRETE FORMING LTD., MEDICAN DEVELOPMENTS (MEDICINE HAT SOUTHWEST) INC., MEDICAN ENTERPRISES INC. / LES ENTREPRISES MEDICAN INC., MEDICAN EQUIPMENT LTD., MEDICAN FRAMING LTD., MEDICAN GENERAL CONTRACTORS LTD., MEDICAN GENERAL CONTRACTORS 2010 LTD., RIVERSTONE (MEDICINE HAT) DEVELOPMENTS LTD., SANDERSON OF FISH CREEK (CALGARY) DEVELOPMENTS LTD., SIERRAS OF EAUX CLAIRES (EDMONTON) DEVELOPMENTS LTD., SONATA RIDGE (KELOWNA) DEVELOPMENTS LTD., SYLVAN LAKE MARINA DEVELOPMENTS LTD., THE ESTATES OF VALLEYDALE DEVELOPMENTS LTD., THE LEGEND (WINNIPEG) DEVELOPMENTS LTD., and WATERCREST (SYLVAN LAKE) DEVELOPMENTS LTD.

the Petitioners

BEFORE THE HONOURABLE)
)
MADAM JUSTICE K.M. HORNER) At the Courts Centre in the City of Calgary,
) in the Province of Alberta, on Friday, the
) 29th day of July, 2010
IN CHAMBERS

ORDER

(CIBC – Sanderson, Phase 4A - Charge)

UPON the application of the Petitioners in these proceedings (collectively, the “**Medican Group**”); AND UPON having read the Notice of Motion of the Petitioners, dated July 27, 2010, the Affidavit of Tyrone Schneider, dated July 27, 2010 (the “**Schneider Affidavit**”), the Third

Report of the Monitor, dated July 27, 2010, the Affidavit of Ronica Cameron, dated July ___, 2010 (the “**Service Affidavit**”), and such other material in the pleadings and proceedings as deemed necessary; **AND UPON** hearing counsel for the Medican Group, counsel for CIBC, counsel for the Monitor, and other interested parties; **AND UPON NOTING** that the holders of the DIP Lender’s Charge, the Administration Charge, and the Directors’ Charge all consent to the relief sought hereunder; **IT IS HEREBY ORDERED AND DECLARED THAT:**

Service

1. The time for service of notice of this application is abridged to the time actually given and service of the Notice of Motion and supporting material as described in the Service Affidavit is good and sufficient, and this hearing is properly returnable before this Honourable Court today and further service thereof is hereby dispensed with.

2. All capitalized terms not otherwise defined in this Order shall have the meaning ascribed to them in the Initial Order granted in these proceedings on May 26, 2010 (the “**Initial Order**”).

Approval of the CIBC Loan Amendment

3. The loan amending letter among CIBC and the Medican Group dated July •, 2010 amending a mortgage loan commitment letter dated • and attached as Exhibit “•” to the Schneider Affidavit (the “**CIBC Loan Amendment**”) is hereby approved.

4. The Medican Group and the Monitor are hereby authorized and directed to do all things reasonably necessary to implement, and perform all of their respective obligations under, the CIBC Loan Amendment.

Approval of the CIBC Charge

5. As security for monies advanced by CIBC to the Medican Group pursuant to the CIBC Loan Amendment, a charge is hereby granted on the undertaking, property, and assets of Sanderson of Fish Creek (Calgary) Developments Ltd. that are used on, in, or in connection with the portion of the development project known as Phase 4A of Sanderson of Fish Creek (the “**Sanderson (4A) Project**”) in favour of CIBC (the “**CIBC Charge**”) ranking in priority to the

DIP Lender's Charge, the Administration Charge, and the Directors' Charge, and subject only to the distribution scheme set forth below in this Order.

6. The net proceeds from the condominium units of the Sanderson (4A) Project shall be distributed as follows:

- (a) firstly, to CIBC in repayment of all monies advanced by CIBC pursuant to the provisions of the CIBC Loan Amendment, to a maximum principal amount of one million, two hundred and fifty thousand dollars (\$1,250,000) plus interest thereon at the rate charged pursuant to the existing security granted to CIBC as against the Sanderson 4A Project;
- (b) secondly, upon repayment of all monies advanced by CIBC pursuant to subparagraph 6(a), the sum of eight thousand, five hundred dollars (\$8,500) from each condominium sale, will be paid to Fraser Milner Casgrain LLP, the solicitors for the Medican Group, and held, pending allocation pursuant to paragraph 10 hereof, in a separate trust account for the benefit of the holders of the DIP Lender's Charge, the Administration Charge, and the Directors' Charge;
- (c) thirdly, from each condominium unit of the Sanderson 4A Project sold, funds will be paid to CIBC to reduce the outstanding principal, interest and fees owing pursuant to the existing security granted to CIBC as against the Sanderson 4A Project;
- (d) fourthly, the balance of the funds will be paid in favour of the valid and enforceable charges against the Sanderson 4A Project, in accordance with their lawful priority; and
- (e) once all valid and enforceable charges against the Sanderson (4A) Project are paid, the remaining sales proceeds will be held in trust by Fraser Milner Casgrain LLP until further order of this Court.

Miscellaneous

7. The CIBC Loan Amendment and the CIBC Charge shall be valid and enforceable and not be rendered invalid or unenforceable and the rights and remedies of the parties thereto shall not otherwise be limited or impaired in any way by: (i) the pendency of these proceedings and the declaration of insolvency made herein; (ii) any Bankruptcy Order sought or issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) (the “BIA”) in respect of any of the Medican Group or any assignment in bankruptcy made or deemed to be made in respect of any of the Medican Group; or (iii) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of encumbrances, contained in any existing agreement, lease, sub-lease, offer to lease or other arrangement which binds any of the Medican Group (a “Third Party Agreement”), and notwithstanding any provision to the contrary in any Third Party Agreement:

- (a) neither the creation of the CIBC Loan Amendment, the creation of the CIBC Charge, nor the execution, delivery or performance of the CIBC Loan Amendment shall create or be deemed to constitute a breach by any of the Medican Group of any Third Party Agreement to which it is a party; and
- (b) the parties to the CIBC Loan Amendment shall not have liability to any person whatsoever as a result of any breach of any Third Party Agreement caused by or resulting from the creation of the CIBC Charge or the execution, delivery or performance of the CIBC Loan Amendment.

8. Notwithstanding: (i) the pendency of these proceedings and the declaration of insolvency made in these proceedings, (ii) any Bankruptcy Order sought or issued pursuant to the BIA in respect of any of the Applicants or any assignment in bankruptcy made or deemed to be made in respect of any of the Applicants, and (iii) the provisions of any federal or provincial statute, the CIBC Loan Amendment and the CIBC Charge shall constitute legal, valid and binding obligations of the Medican Group enforceable against them in accordance with the terms thereof, and the payments made by the parties pursuant to this Order, the CIBC Loan Amendment, or the CIBC Charge do not and will not constitute settlements, fraudulent preferences, fraudulent conveyances or other challengeable or reviewable transactions or conduct meriting an oppression

remedy under any applicable law, and shall not constitute advances under *The Builders' Liens Act* (Alberta) nor be subject to any builder's lien registered at the date of this Order or thereafter.

9. Notwithstanding any other provision of this Order, the rights and remedies of the parties under the CIBC Loan Amendment shall be subject to the terms of this Order, the Initial Order, including the stay of proceedings, and all other Orders made in these proceedings.

10. The reserve of proceeds for the benefit of the DIP Lender's Charge, the Administration Charge, and the Directors' Charge set forth in subparagraph 6(b) shall be without prejudice to any subsequent application to allocate Charges pursuant to paragraph 43 of the Initial Order.

11. No action or proceeding may be commenced against a party to the CIBC Loan Amendment by reason of any such party having entered into the CIBC Loan Amendment or having performed the obligations thereunder without leave of this Court having been obtained on seven days' notice to such party, the Medican Group, and the Monitor.

12. The Medican Group, CIBC and the Monitor or any party to the CIBC Loan Amendment are at liberty to apply for such further advice, assistance and direction as may be necessary to give full force and effect to the terms of this Order.

13. The Medican Group shall serve, by courier, facsimile transmission, e-mail transmission, or ordinary post, a copy of this Order on all parties present at this application and on all parties who received notice of this application or who are presently on the service list established in these proceedings, and service on any or all other parties is hereby dispensed with. Service effected as aforesaid shall be good and sufficient service.

J.C.Q.B.A.

CONSENTED TO THIS ____ DAY OF JUNE, 2010

FRASER MILNER CASGRAIN LLP

Per: _____
David W. Mann
Solicitors for the Petitioners

BENNETT JONES LLP

Per: _____
Frank Dearlove
Solicitors for CIBC

MACLEOD DIXON LLP

Per: _____
Howard A. Gorman
Solicitors for the Monitor, RSM Richter Inc.

ENTERED this ____ day of July, 2010

CLERK OF THE COURT

DRAFT

Action No. 1001 - 07852

**IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL DISTRICT OF CALGARY**

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND *THE JUDICATURE ACT*, R.S.A. 2000, c. J-2, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF MEDICAN HOLDINGS LTD., MEDICAN DEVELOPMENTS INC., R7 INVESTMENTS LTD., MEDICAN CONSTRUCTION LTD., MEDICAN CONCRETE INC., 1090772 ALBERTA LTD., 1144233 ALBERTA LTD., 1344241 ALBERTA LTD., 9150-3755 QUEBEC INC., AXCESS (GRANDE PRAIRIE) DEVELOPMENTS LTD., AXCESS (SYLVAN LAKE) DEVELOPMENTS LTD., CANVAS (CALGARY) DEVELOPMENTS LTD., ELEMENTS (GRANDE PRAIRIE) DEVELOPMENTS LTD., HOMES BY KINGSLAND LTD., LAKE COUNTRY (SITARA) DEVELOPMENTS LTD., MEDICAN (EDMONTON TERWILLEGAR) DEVELOPMENTS LTD., MEDICAN (GRANDE PRAIRIE) HOLDINGS LTD., MEDICAN (KELOWNA MOVE) DEVELOPMENTS LTD., MEDICAN (LETHBRIDGE – FAIRMONT PARK) DEVELOPMENTS LTD., MEDICAN (RED DEER – MICHENER HILL) DEVELOPMENTS LTD., MEDICAN (SYLVAN LAKE) DEVELOPMENTS LTD., MEDICAN (WESTBANK) DEVELOPMENT LTD., MEDICAN (WESTBANK) LAND LTD., MEDICAN CONCRETE FORMING LTD., MEDICAN DEVELOPMENTS (MEDICINE HAT SOUTHWEST) INC., MEDICAN ENTERPRISES INC. / LES ENTREPRISES MEDICAN INC., MEDICAN EQUIPMENT LTD., MEDICAN FRAMING LTD., MEDICAN GENERAL CONTRACTORS LTD., MEDICAN GENERAL CONTRACTORS 2010 LTD., RIVERSTONE (MEDICINE HAT) DEVELOPMENTS LTD., SANDERSON OF FISH CREEK (CALGARY) DEVELOPMENTS LTD., SIERRAS OF EAUX CLAIRES (EDMONTON) DEVELOPMENTS LTD., SONATA RIDGE (KELOWNA) DEVELOPMENTS LTD., SYLVAN LAKE MARINA DEVELOPMENTS LTD., THE ESTATES OF VALLEYDALE DEVELOPMENTS LTD., THE LEGEND (WINNIPEG) DEVELOPMENTS LTD., and WATERCREST (SYLVAN LAKE) DEVELOPMENTS LTD.

The Petitioners

ORDER

(CIBC – SANDERSON, PHASE 4A - CHARGE)

FRASER MILNER CASGRAIN LLP

Barristers and Solicitors
15th Floor Bankers Court
850 2 Street SW

Calgary, Alberta
T2P 0R8

Solicitors: David W. Mann/Rebecca L. Lewis
Telephone: (403) 268-7097/(403) 268-6354
Facsimile: (403) 268-3100
File: 526686-1

TAB "F"

SCHEDULE "F"

Action No. 1001-07852

**IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE OF CALGARY**

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT
ACT, R.S.C. 1985, c. C-36, AS AMENDED AND THE *JUDICATURE ACT,*
R.S.A. 2000, c. J-2 AS AMENDED***

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
MEDICAN HOLDINGS LTD., MEDICAN DEVELOPMENTS INC., R7 INVESTMENTS
LTD., MEDICAN CONSTRUCTION LTD., MEDICAN CONCRETE INC., 1090772
ALBERTA LTD., 1144233 ALBERTA LTD., 1344241 ALBERTA LTD., 9150-3755
QUEBEC INC., AXCESS (GRANDE PRAIRIE) DEVELOPMENTS LTD., AXCESS
(SYLVAN LAKE) DEVELOPMENTS LTD., CANVAS (CALGARY) DEVELOPMENTS
LTD., ELEMENTS (GRANDE PRAIRIE) DEVELOPMENTS LTD., HOMES BY
KINGSLAND LTD., LAKE COUNTRY (SITARA) DEVELOPMENTS LTD., MEDICAN
(EDMONTON TERWILLEGAR) DEVELOPMENTS LTD., MEDICAN (GRANDE
PRAIRIE) HOLDINGS LTD., MEDICAN (KELOWNA MOVE) DEVELOPMENTS LTD.,
MEDICAN (LETHBRIDGE - FAIRMONT PARK) DEVELOPMENTS LTD., MEDICAN
(RED DEER - MICHENER HILL) DEVELOPMENTS LTD., MEDICAN (SYLVAN
LAKE) DEVELOPMENTS LTD., MEDICAN (WESTBANK) DEVELOPMENT LTD.,
MEDICAN (WESTBANK) LAND LTD. MEDICAN CONCRETE FORMING LTD.,
MEDICAN DEVELOPMENTS (MEDICINE HAT SOUTHWEST) INC., MEDICAN
ENTERPRISES INC. / LES ENTREPRISES MEDICAN INC., MEDICAN EQUIPMENT
LTD., MEDICAN FRAMING LTD., MEDICAN GENERAL CONTRACTORS LTD.,
MEDICAN GENERAL CONTRACTORS 2010 LTD., RIVERSTONE (MEDICINE HAT)
DEVELOPMENTS LTD., SANDERSON OF FISH CREEK (CALGARY)
DEVELOPMENTS LTD., SIERRAS OF EAUX CLAIRES (EDMONTON)
DEVELOPMENTS LTD., SONATA RIDGE (KELOWNA) DEVELOPMENTS LTD.,
SYLVAN LAKE MARINA DEVELOPMENTS LTD., THE ESTATES OF VALLEYDALE
DEVELOPMENTS LTD., THE LEGEND (WINNIPEG) DEVELOPMENTS LTD., and
WATERCREST (SYLVAN LAKE) DEVELOPMENTS LTD.**

Petitioners

BEFORE THE HONOURABLE
MADAM JUSTICE K.M. HORNER
IN CHAMBERS

)
)
)
)

At the Courts Centre in the City of Calgary,
in the Province of Alberta, on Thursday, the
29th day of July, 2010

ORDER

(Examination by Monitor)

UPON the application of the Petitioners in these proceedings (collectively, the "**Medican Group**"); **AND UPON** having read the Notice of Motion of the Petitioners, dated July 27, 2010,

the Affidavit of Tyrone Schneider, dated July 27, 2010 (the “**Schneider Affidavit**”), the Third Report of the Monitor, dated July 27, 2010, the Affidavit of Ronica Cameron, dated July ____, 2010 (the “**Service Affidavit**”), and such other material in the pleadings and proceedings as deemed necessary; **AND UPON** hearing counsel for the Medican Group, counsel for the Monitor, and other interested parties; **IT IS HEREBY ORDERED AND DECLARED THAT:**

Defined Terms

1. Defined terms in this Order are as defined in the Initial Order granted May 26, 2010.

Service

2. The time for service of notice of the Monitor's application is abridged as necessary to proceed at this time. Service of the application is deemed to be good and sufficient. Service of this Order on any party other than those referred to in the Service List attached as Schedule "A" to the Notice of Motion is hereby dispensed with.

Examinations by Monitor

3. The Monitor may, in its discretion and without further order of this Court, examine under oath any person or representative of a legal entity (an "**Examinee**") reasonably thought by the Monitor to potentially have knowledge of the Property or Business of any of the Petitioners, including any past dealings therewith, including any Examinee who has been an agent, employee, officer or director of any of the Petitioners or who has been party to any business relationships with any of the Petitioners. In so doing, the Monitor may require any Examinee to produce any potentially relevant records, books, documents, correspondence, papers or electronic records (collectively, the “**Records**”) in the Examinee's possession or power, however that nothing in this paragraph 3 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Monitor due to the privilege attaching to solicitor-client communication or documents prepared in contemplation of litigation or due to statutory provisions prohibiting such disclosure.
4. The Monitor may compel the attendance of the Examinee by service of an appointment without conduct money. Any Examinee served with an appointment shall attend as specified in the appointment, and shall cooperate fully with the Monitor. If any

Examinee fails to do so, the Monitor may apply to this Court for an Order finding the Examinee in contempt or for other relief.

- 5. The evidence of any Examinee may be filed by the Monitor and may be read in these proceedings or any proceedings authorized by this Court to which the Examinee is a party.

Approval and Service of Order

- 6. This Order shall be approved only by counsel for the Medican Group and counsel for the Monitor.
- 7. The Medican Group shall serve, by courier, facsimile transmission, e-mail transmission, or ordinary post, a copy of this Order on all parties present at this application and on all parties who received notice of this application or who are presently on the service list established in these proceedings, and service on any or all other parties is hereby dispensed with. Service effected as aforesaid shall be good and sufficient service.

DRAFT

J.C.Q.B.A.

THIS FORM OF ORDER IS HEREBY APPROVED

Fraser Milner Casgrain LLP

Per: _____
David W. Mann
Solicitors for the Petitioners

MACLEOD DIXON LLP

Per: _____
Steven H. Leidl
Solicitors for RSM Richter Inc.

ENTERED this _____ day
of July , 2010

Clerk of the Court

**IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL DISTRICT OF CALGARY**

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND *THE JUDICATURE ACT*, R.S.A. 2000, c. J-2, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF MEDICAN HOLDINGS LTD., MEDICAN DEVELOPMENTS INC., R7 INVESTMENTS LTD., MEDICAN CONSTRUCTION LTD., MEDICAN CONCRETE INC., 1090772 ALBERTA LTD., 1144233 ALBERTA LTD., 1344241 ALBERTA LTD., 9150-3755 QUEBEC INC., AXCESS (GRANDE PRAIRIE) DEVELOPMENTS LTD., AXCESS (SYLVAN LAKE) DEVELOPMENTS LTD., CANVAS (CALGARY) DEVELOPMENTS LTD., ELEMENTS (GRANDE PRAIRIE) DEVELOPMENTS LTD., HOMES BY KINGSLAND LTD., LAKE COUNTRY (SITARA) DEVELOPMENTS LTD., MEDICAN (EDMONTON TERWILLEGAR) DEVELOPMENTS LTD., MEDICAN (GRANDE PRAIRIE) HOLDINGS LTD., MEDICAN (KELOWNA MOVE) DEVELOPMENTS LTD., MEDICAN (LETHBRIDGE – FAIRMONT PARK) DEVELOPMENTS LTD., MEDICAN (RED DEER – MICHENER HILL) DEVELOPMENTS LTD., MEDICAN (SYLVAN LAKE) DEVELOPMENTS LTD., MEDICAN (WESTBANK) DEVELOPMENT LTD., MEDICAN (WESTBANK) LAND LTD., MEDICAN CONCRETE FORMING LTD., MEDICAN DEVELOPMENTS (MEDICINE HAT SOUTHWEST) INC., MEDICAN ENTERPRISES INC. / LES ENTREPRISES MEDICAN INC., MEDICAN EQUIPMENT LTD., MEDICAN FRAMING LTD., MEDICAN GENERAL CONTRACTORS LTD., MEDICAN GENERAL CONTRACTORS 2010 LTD., RIVERSTONE (MEDICINE HAT) DEVELOPMENTS LTD., SANDERSON OF FISH CREEK (CALGARY) DEVELOPMENTS LTD., SIERRAS OF EAUX CLAIRES (EDMONTON) DEVELOPMENTS LTD., SONATA RIDGE (KELOWNA) DEVELOPMENTS LTD., SYLVAN LAKE MARINA DEVELOPMENTS LTD., THE ESTATES OF VALLEYDALE DEVELOPMENTS LTD., THE LEGEND (WINNIPEG) DEVELOPMENTS LTD., and WATERCREST (SYLVAN LAKE) DEVELOPMENTS LTD.

The Petitioners

ORDER

(Examinations by Monitor)

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File: 526686-1

**IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL DISTRICT OF CALGARY**

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND *THE JUDICATURE ACT*, R.S.A. 2000, c. J-2, AS AMENDED

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The Petitioners

NOTICE OF MOTION

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