

I hereby certify this to be a true copy of

the original Order

Dated this 25 day of June 2010

K. Bonia
for Clerk of the Court

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 C.A. KENT

IN CHAMBERS

)
)
)
)

At the Courts Centre in the City of Calgary,
in the Province of Alberta, on Friday, the
25th day of June, 2010

ORDER

(MCAP 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 June 24, 2010, the Affidavit of Tyrone Schneider, dated June 24, 2010 (the "Schneider Affidavit"), the Second Report of the Monitor, dated June 24, 2010, the Affidavit of Ronica Cameron, dated June 24,

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 MCAP Financial Corporation (“**MCAP**”), 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 MCAP Loan Amendment

3. The loan amending letter among MCAP and the Medican Group dated June 16, 2010 amending a mortgage loan commitment letter dated October 27, 2008 (as previously amended by an amending letter dated March 16, 2010 and a renewal letter dated May 12, 2010) and attached as Exhibit “A” to the Schneider Affidavit (the “**MCAP 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 MCAP Loan Amendment.

Approval of the MCAP Charge

5. As security for monies advanced by MCAP to the Medican Group pursuant to the MCAP Loan Amendment, a charge is hereby granted on all of the undertaking, property and assets of The Legend (Winnipeg) Developments Ltd. used on, in, or in connection with the development project known as The Legend at Creek Bend in Winnipeg, Manitoba (the “**Legend Project**”) in favour of MCAP (the “**MCAP 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 MCAP Loan Amendment) from the condominium units of the Legend Project shall be distributed as follows:

- (a) firstly, to MCAP in repayment of all monies advanced by MCAP pursuant to the provisions of the MCAP Loan Amendment, to a maximum principal amount of one million, eight hundred fifty-three thousand dollars (\$1,853,000) plus interest thereon at the rate charged pursuant to the existing security granted to MCAP as against the Legend Project;
- (b) secondly, upon repayment of all monies advanced by MCAP pursuant to subparagraph 6(a), the sum of eight thousand, five hundred dollars (\$8,500) from each condominium sale, to a maximum aggregate amount of four hundred thousand dollars (\$400,000), 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 (i) the holders of the DIP Lender's Charge, the Administration Charge, and the Directors' Charge, and (ii) all other parties having an interest in any portion thereof not allocated to the DIP Lender's Charge, the Administration Charge and the Directors' Charge, including the holders of any charges upon the Legend Project who are not otherwise fully paid from sale proceeds received in accordance with this paragraph 6;
- (c) thirdly, from each condominium unit of the Legend Project sold, funds will be paid to MCAP to reduce the outstanding principal, interest and fees owing pursuant to the existing security granted to MCAP as against the Legend Project;
- (d) fourthly, the sum of two thousand dollars (\$2,000) will be paid to Fraser Milner Casgrain LLP, the solicitors for the Medican Group, and held in a separate trust account, pending determination of the priority charge of Michael Shawn Carry pursuant to an equitable mortgage registered against title to the Legend Project by way of Manitoba Caveat No. 3403622, and if not a priority charge,

such funds will be paid in favour of the valid and enforceable charges against the Legend Project, in accordance with their lawful priority;

- (e) fifthly, the balance of the funds will be paid in favour of the valid and enforceable charges against the Legend Project, in accordance with their lawful priority; and
- (f) once all valid and enforceable charges against the Legend 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 MCAP Loan Amendment and the MCAP 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 MCAP Loan Amendment, the creation of the MCAP Charge, nor the execution, delivery or performance of the MCAP 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 MCAP 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 MCAP Charge or the execution, delivery or performance of the MCAP 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 MCAP Loan Amendment and the MCAP 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 MCAP Loan Amendment, or the MCAP 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* (Manitoba) 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 MCAP 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. To the extent there are funds remaining in the reserve after allocation to the DIP Lender's Charge, the Administration Charge and the Directors' Charge, such funds are to be paid in accordance with subparagraphs 6(e) and (f).

11. No action or proceeding may be commenced against a party to the MCAP Loan Amendment by reason of any such party having entered into the MCAP 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, MCAP and the Monitor or any party to the MCAP 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.

"C.A. Kent"

J.C.Q.B.A.

CONSENTED TO THIS 17 DAY OF JUNE, 2010

~~FRASER MEYER CASGRAIN LLP~~

Per: [Signature]
David W. Mann
Solicitors for the Petitioners

MACLEOD DIXON LLP

Per: [Signature]
Howard A. Gorman
Solicitors for RSM Richter Inc.

KENNEDY GRIFFIN LLP

Per: [Signature]
Richard H. Kennedy
Solicitors for MCAP Financial Corporation

MACDONALD HANLEY

Per: _____
James G. Hanley
Solicitors for Michael Shawn Carry

TAYLOR MCCAFFREY LLP

Per: _____
Timothy A. Kurbis
Solicitors for 6020658 Manitoba Ltd.

ENTERED this 25 day of June, 2010

[Signature]
CLERK OF THE COURT 

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

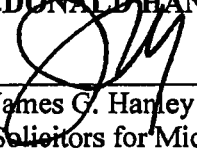
MACLEOD DIXON LLP

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

KENNEDY AGRIOS LLP

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

MACDONALD HANLEY

Per: _____

James G. Hanley
Solicitors for Michael Shawn Carry

TAYLOR MCCAFFREY LLP

Per: _____
Timothy A. Kurbis
Solicitors for 6020658 Manitoba Ltd.

ENTERED this ____ day of June, 2010

CLERK OF THE COURT

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

MACLEOD DIXON LLP

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


KENNEDY AGRIOS LLP

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

MACDONALD HANLEY

Per: _____
James G. Hanley
Solicitors for Michael Shawn Carry

TAYLOR MCCAFFREY LLP

Per:  _____
Timothy A. Kurbis
Solicitors for 6020658 Manitoba Ltd.

ENTERED this ____ day of June, 2010

CLERK OF THE COURT

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
(MCAP 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

CLERK OF THE COURT

JUN 25 2010

CALGARY, ALBERTA

5001104_2.DOC

267783\1534012.v4