

**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

PETITION

TO: The Honourable Court of Queen's Bench of Alberta:

AND TO: The Parties outlined in Schedule "A"

The Petition of the Petitioners (collectively, the "Applicants" or the "Medican Group") shows as follows:

1. That Medican Holdings Ltd. (“Medican Holdings”) is a corporation incorporated pursuant to the laws of Alberta. Medican Holdings is the parent entity of the Medican Projects division of the Medican Group (as defined in the Affidavit of Wesley Reinheller, sworn May 25, 2010, hereinafter referred to as the “Reinheller Affidavit”) and has several Canadian subsidiaries:

- (a) 1344241 Alberta Ltd. is a corporation incorporated pursuant to the laws of Alberta, is a Project Company (as defined in the Reinheller Affidavit), and is a wholly owned subsidiary of Medican Holdings.
- (b) 9150-3755 Quebec Ltd. is a corporation incorporated pursuant to the laws of Quebec, is a Project Company, and is a wholly owned subsidiary of Medican Developments Inc.
- (c) Axxess (Grande Prairie) Developments Ltd. is a corporation incorporated pursuant to the laws of Alberta, is a Project Company, and is a wholly owned subsidiary of Medican Developments Inc.
- (d) Axxess (Sylvan Lake) Developments Ltd. is a corporation incorporated pursuant to the laws of Alberta, is a Project Company, and is a wholly owned subsidiary of Medican Holdings.
- (e) Canvas (Calgary) Developments Ltd. is a corporation incorporated pursuant to the laws of Alberta, is a Project Company, and is a wholly owned subsidiary of Medican Holdings.
- (f) Elements (Grande Prairie) Developments Ltd. is a corporation incorporated pursuant to the laws of Alberta, is a Project Company, and is a wholly owned subsidiary of Medican Holdings.
- (g) Homes by Kingsland Ltd. is a corporation incorporated pursuant to the laws of Alberta, is a Project Company, and is a wholly owned subsidiary of Medican Holdings.

- (h) Lake Country (Sitara) Developments Ltd. is a corporation incorporated pursuant to the laws of British Columbia, is a Project Company, and is a wholly owned subsidiary of Medican Holdings.
- (i) Medican Developments Inc. is a corporation incorporated pursuant to the laws of Alberta, is a Project Company, and is a wholly owned subsidiary of Medican Holdings.
- (j) Medican Enterprises Inc. is a corporation incorporated pursuant to the laws of Alberta, is a Project Company, and is a wholly owned subsidiary of Medican Holdings.
- (k) Medican Developments (Medicine Hat Southwest) Inc. is a corporation incorporated pursuant to the laws of Alberta, is a Project Company, and is a wholly owned subsidiary of Medican Holdings.
- (l) Medican (Lethbridge – Fairmont Park Developments Ltd. is a corporation incorporated pursuant to the laws of Alberta, is a Project Company, and is a wholly owned subsidiary of Medican Holdings.
- (m) Medican (Edmonton Terwillegar) Developments Ltd. is a corporation incorporated pursuant to the laws of Alberta, is a Project Company, and is a wholly owned subsidiary of Medican Holdings.
- (n) Medican General Contractors 2010 Ltd. is a corporation incorporated pursuant to the laws of Alberta, is a Project Company, and is a wholly owned subsidiary of Medican Holdings.
- (o) Medican (Kelowna Move) Developments Ltd. is a corporation incorporated pursuant to the laws of British Columbia, is a Project Company, and is a wholly owned subsidiary of Medican Holdings.
- (p) Medican (Red Deer – Michener Hill) Developments Ltd. is a corporation incorporated pursuant to the laws of Alberta, is a Project Company, and is a wholly owned subsidiary of Medican Holdings.

- (q) Medican (Sylvan Lake) Developments Ltd. is a corporation incorporated pursuant to the laws of Alberta, is a Project Company, and is a wholly owned subsidiary of Medican Holdings.
- (r) Medican (Westbank) Development Ltd. is a corporation incorporated pursuant to the laws of British Columbia, is a Project Company, and is a wholly owned subsidiary of Medican Holdings.
- (s) Medican (Wesbank) Land Ltd. is a corporation incorporated pursuant to the laws of British Columbia, is a Project Company, and is a wholly owned subsidiary of Medican Holdings.
- (t) Riverstone (Medicine Hat) Developments Ltd. is a corporation incorporated pursuant to the laws of Alberta, is a Project Company, and is a wholly owned subsidiary of Medican Holdings.
- (u) Sanderson of Fish Creek (Calgary) Developments Ltd. is a corporation incorporated pursuant to the laws of Alberta, is a Project Company, and is a wholly owned subsidiary of Medican Holdings.
- (v) Sierras of Eaux Claires (Edmonton) Developments Ltd. is a corporation incorporated pursuant to the laws of Alberta, is a Project Company, and is a wholly owned subsidiary of Medican Holdings.
- (w) Sonata Ridge (Kelowna) Developments Ltd. is a corporation incorporated pursuant to the laws of British Columbia, is a Project Company, and is a wholly owned subsidiary of Medican Holdings.
- (x) Sylvan Lake Mariana Developments Ltd. is a corporation incorporated pursuant to the laws of Alberta, is a Project Company, and is a wholly owned subsidiary of Medican Holdings.
- (y) The Estates of Valleydale Developments Ltd. is a corporation incorporated pursuant to the laws of Alberta, is a Project Company, and is a wholly owned subsidiary of Homes by Kingsland Ltd.

- (z) The Legend (Winnipeg) Developments Ltd. is a corporation incorporated pursuant to the laws of Manitoba, is a Project Company and is a wholly owned subsidiary of Medican Holdings.
- (aa) Watercrest (Sylvan Lake) Developments Ltd. is a corporation incorporated pursuant to the laws of Alberta, is a Project Company, and is a wholly owned subsidiary of Medican Holdings.

2. That R7 Investments Ltd. (“R7”) is a corporation incorporated pursuant to the laws of Alberta. R7 is the parent entity of the Medican Construction division of the Medican Group (as defined in the Reinheller Affidavit) and has several Canadian subsidiaries:

- (a) 1090772 Alberta Ltd. is a corporation incorporated pursuant to the laws of Alberta, is a general construction company and is a wholly owned subsidiary of R7.
- (b) Medican Construction Ltd. is a corporation incorporated pursuant to the laws of Alberta, is a general construction company and is a wholly owned subsidiary of R7.
- (c) Medican Concrete Inc. is a corporation incorporated pursuant to the laws of Alberta, is a concrete construction company and is a wholly owned subsidiary of R7.
- (d) Medican Equipment Ltd. is a corporation incorporated pursuant to the laws of Alberta, is a construction company and is a wholly owned subsidiary of R7.
- (e) Medco Developments Corp. is a corporation incorporated pursuant to the laws of Alberta. Medco Developments Corp. is a construction company and is a wholly owned subsidiary of R7.
- (f) Medican Concrete Forming Ltd. is a corporation incorporated pursuant to the laws of Alberta, is a construction company and is a wholly owned subsidiary of R7.

- (g) Medican General Contractors Ltd. is a corporation incorporated pursuant to the laws of Alberta, is a construction company and is a wholly owned subsidiary of R7.
 - (h) Medican Framing Ltd. is a corporation incorporated pursuant to the laws of Alberta, is a construction company and is a wholly owned subsidiary of R7.
3. Medican (Grande Prairie) Holdings Ltd. is a corporation incorporated pursuant to the laws of Alberta, is a Project Company, and is wholly owned by Wesley Reinheller.
 4. 1144233 Alberta Ltd. is a corporation incorporated pursuant to the laws of Alberta, is a Project Company, and is wholly owned by Wesley Reinheller.
 5. Cercle des Cantons Sec is a Quebec Limited Partnership with its general partner being one of the Applicants, Medican Enterprises Inc., and is a necessary party to these proceedings.
 6. That the Medican Projects entities are all affiliated companies engaged in the business of the residential real estate development. The Medican Construction entities are all affiliated companies engaged in the business of the commercial construction. That Medican Projects and Medican Construction operate in unison and form a full service real estate development conglomerate known as the Medican Group. The Medican Group has a head office in Medicine Hat, Alberta, and conducts the substantial majority of its operations in the Provinces of Alberta and British Columbia.
 7. That Medican Group has more than \$5,000,000 in debt. That the Medican Group is insolvent within the meaning of the CCAA.
 8. That the Medican Group has encountered a liquidity crisis and is without funding to make the payments it is required to make in the ordinary course of business.
 9. That the Medican Group proposes to file a plan of compromise and arrangement for consideration by its various classes of creditors in order to permit the Medican Group an opportunity to restructure its affairs pursuant to the CCAA in the expectation that the Medican Group, its secured and unsecured creditors, and its other stakeholders will derive a greater benefit from such a restructuring than would result from the bankruptcy or other liquidation of the Medican Group.

10. That in advance of filing a plan of compromise and arrangement and the restructuring of its affairs, the Medican Group is in need of an initial order of this Honourable Court providing, *inter alia*, (a) a stay of proceedings; (b) the power to remain in possession and control of its assets; (c) the appointment of a monitor; (d) the approval of Debtor-In-Possession Financing (“DIP Financing”), (e) charges in priority to all secured creditors to secure the Medican Group’s obligations in respect of DIP Financing, its professional advisors (including the Monitor), its officers and directors in respect of indemnification obligations, and, on a limited basis, certain critical vendors; and (f) such further and other relief described in more detail herein.

11. That the Medican Group seeks the approval of this Honourable Court, pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “CCAA”) for an arrangement between the Medican Group and certain of its creditors.

WHEREFORE THE APPLICANTS PRAYS FOR THE FOLLOWING RELIEF:

- (a) an Order substantially in the form attached hereto as Schedule “B” which shall include, but not be limited to, the relief enumerated below;
- (b) a declaration that the Medican Group of companies are entities to which the CCAA applies to each and all of the Medican Group entities;
- (c) a stay of all proceedings and remedies taken, or that might be taken, with respect to the Medican Group, its respective property and undertaking, without leave of the Court or as otherwise permitted by law;
- (d) authorizing the Medican Group to carry on business in a manner consistent with the preservation of its property and to make certain payments in connection with its business in the proceedings herein;
- (e) appointing a monitor in these proceedings;
- (f) permitting the Medican Group to file with the Court a plan or plans of compromise or arrangement;
- (g) approving a DIP Financing facility in the principle sum of \$2,500,000 secured by a charge against the property of the Medican Group;

- (h) permitting the Medican Group to pay certain amounts to suppliers, and to charge certain property and assets with a suppliers' charge;
- (i) granting priority charges in priority to all secured creditors to secure the Medican Group's obligations in respect of DIP Financing, its professional advisors (including the Monitor), and its officers and directors in respect of indemnification obligations; and
- (j) such further and other orders as to this Honourable Court may seem just and proper in such circumstances.

Dated at the City of Calgary, in the Province of Alberta this 26th day of May, 2010 and DELIVERED BY Fraser Milner Casgrain LLP, 15th Floor, Bankers Court, 850 2nd Street S.W., Calgary, Alberta, T2P 0R8, solicitors for the Medican Group, whose address for service is in care of the said solicitors.

ISSUED out of the Office of the Clerk of the Court of Queen's Bench of Alberta, Judicial District of Calgary, this 26th day of May, 2010.

**CLERK OF THE COURT OF QUEEN'S
BENCH OF ALBERTA**

SCHEDULE A

SERVICE LIST CURRENT TO MAY 21, 2010

Service Recipient	Telephone	Fax	Recipient Status
Fraser Milner Casgrain LLP 15 Flr-850 2 Street SW Calgary AB T2P 0R8 David Mann david.mann@fmc-law.com Scott Kurie scott.kurie@fmc-law.com	403 268-7000 403 268-7109 403 268-3084	403 268-3100	Counsel to Medican Developments
Medican Developments 1870A 6 Avenue SW Medicine Hat AB T1A 7X5 Luke Day luked@medican.com Mike Reinheller miker@medican.com Ty Schneider ty@medican.com Wes Reinheller wesleyr@medican.com	403 526-3477 1-800 307-0311 403 526-3477 x245 403 526-3477 x265 403 526-3477 x226	403 526-3843	Petitioner
RSM Richter Inc. 3810-205 5 Avenue SW Calgary AB T2P 2V7 Robert Taylor btaylor@rsmrichter.com Neil Honess nhoness@rsmrichter.com	403 233-8462 403 233-7112 403 206-0843	403 233-8688	Monitor
Macleod Dixon LLP 3700-400 3 Avenue SW Calgary AB T2P 4H2 Howard Gorman howard.gorman@macleoddixon.com	403 267-8222 403 267-8144	403 264-5973	Counsel to the Monitor
933680 Alberta Ltd. Manfred Marofke marofkem@pathcom.ca			Creditor

Service Recipient	Telephone	Fax	Recipient Status
Bancorp Financial Services Inc. 101-4420 Chatterton Way Victoria BC V6X 5J2 Rick Nicholson rick@bancorpfincial.com			Creditor
Carry Investments Ltd. 700-300 5 Avenue SW Calgary AB T2P 3C6 Shawn Carry scarry@flint-energy.com	403 262-3000 403 260-1588	403 237-0111	Creditor
Harbour Mortgage Corp. 500-36 Toronto Street Toronto ON M5C 2C5 Greg Russell grussell@harbourmortgage.ca Eric Malka emalka@harbourmortgage.ca Roger I. Swainson, Q.C rswainson@brownleelaw.com			Creditor
Harvest Group Limited Partnership 4-5002 9 Avenue N. Lethbridge AB T1H 6T8 Ron Aitkens ron@harvestemi.com			Creditor
Holly Oak Homes Ltd. 11 Slopes Grove SW Calgary AB T3H 3H6 Bob Carmichael bobc@medican.com	403 221-5335		
Instafund Financial 1001-1030 West Georgia Street Vancouver BC V6E 2Y3 Richard Lawson rlawson@instafund.com	403 804-4141		Creditor
Laurentian Bank of Canada 450-1122 4 Street SW Calgary AB T2R 1M1 Naaz Ebrahim naaz.ebrahim@laurentianbank.ca	416 361-3315		Creditor

Service Recipient	Telephone	Fax	Recipient Status
<p>MCAP Financial Corporation 500-630 6 Avenue SW Calgary AB T2P 0S8</p> <p>Stephen Jones stephen.jones@mcap.com</p> <p>Robert Balfour robert.balfour@mcap.com</p> <p>Rick Kennedy rkennedy@kennedyagrius.com</p>			Creditor
<p>MacDonald Development Corporation 11 Flr-938 Howe Street Vancouver BC V6Z 1N9</p> <p>Ron Lanthier rlanthier@macdevcorp.com</p>	403 461-3421		Creditor
<p>Zolton Majoros Gaspar Majoros c/o 2645 Carrington Road Kelowna BC V4T 2E6</p> <p>Per Kimmitt Wrzesniewski kimmitt@telus.net</p>	604 687-2177		Creditor
<p>Monarch Land Ltd. 361 1 Street SE Medicine Hat AB T1A 0Z5</p> <p>Dennis Egert degert@monarchcorp.net</p> <p>Gordon Van Vliet gordon.vanvliet@macleaoddixon.com</p>	403 215-3500		Creditor
<p>Miles Davison LLP 1600-205 5 Avenue SW Calgary AB T2P 2V7</p> <p>Terry Czechowskyj tczech@milesdavison.com</p>	403 266-5722		Creditor
<p>The Brenda Strafford Foundation 200-602 11 Avenue SW Calgary AB T2R 1J8</p> <p>Barrie Strafford barrie.strafford@straffordfoundation.org</p>	604 331-6018		Creditor

Service Recipient	Telephone	Fax	Recipient Status
Worthington Mortgage Corp. 203-10020 101A Avenue Edmonton AB T5J 3G2 Gary Cooper gkcooper@telusplanet.net	250 769-6366 250 769-4006		Creditor
Paragon Capital Sandy Bautz sandy@paragoncorp.ca Abby Steinberg abby@paragoncorp.ca Nikolaus Demiantschuk nick@legalsolutions.ca			DIP Lender

SCHEDULE "B"

Action No. * _____

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.

ARRANGEMENT OF [APPLICANT'S NAME]

The Petitioners

BEFORE THE HONOURABLE)

MADAM/MR. JUSTICE *K.M. HORNER)

ON THE * DAY OF *, 2008. At the Courts Centre in the City of Calgary, in the Province of Alberta, on Wednesday, the

APPLICATION

2. ~~The Applicant is a company to which the CCAA applies.~~ **Each of the Applicants are affiliated debtor companies within the meaning of the CCAA and the CCAA applies to each of them. In addition, Cercle des Cantons Sec, a Quebec Limited Partnership with its general partner being one of the Applicants, Medican Enterprises Inc., is a necessary party, shall receive the benefit of the relief granted in this Order and is included in the terms the "Applicants" and the "Medican Group".**

PLAN OF ARRANGEMENT

3. The Applicant **Medican Group** shall have the authority to ~~file~~ **negotiate, advance** and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "Plan") between, among others, the Applicant **Medican Group** and one or more classes of its secured and/or unsecured creditors as it deems appropriate.

POSSESSION OF PROPERTY AND OPERATIONS

4. The Applicant **Medican Group** shall:
 - (a) remain in possession and control of its current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "Property");
 - (b) subject to further order of this Court, continue to carry on business in a manner consistent with the preservation of its business (the "Business") and Property; and
 - (c) be authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "Assistants") currently retained or employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

5. To the extent permitted by law, the ~~Applicant~~ **Medican Group** shall be entitled but not required to pay the following expenses, incurred prior to or after this Order:
 - (a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay, bonuses and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and
 - (b) the fees and disbursements of any Assistants retained or employed by the ~~Applicant~~ **Medican Group** in respect of these proceedings, at their standard rates and charges.

6. Except as otherwise provided to the contrary herein, the ~~Applicant~~ **Medican Group** shall be entitled but not required to pay all reasonable expenses incurred by the ~~Applicant~~ **Medican Group** in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:
 - (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and
 - (b) payment for goods or services actually supplied to the ~~Applicant~~ **Medican Group** following the date of this Order.

7. The ~~Applicant~~ **Medican Group** shall remit, in accordance with legal requirements, or pay:
 - (a) any statutory deemed trust amounts in favour of the Crown in Right of Canada or of any Province thereof or any other taxation authority which are required to be

deducted from employees' wages, including, without limitation, amounts in respect of:

- (i) employment insurance,
- (ii) Canada Pension Plan,
- (iii) Quebec Pension Plan ~~[if applicable]~~, and
- (iv) income taxes,

but only where such statutory deemed trust amounts arise after the date of this Order, or are not required to be remitted until after the date of this Order, unless otherwise ordered by the Court;

- (b) all goods and services or other applicable sales taxes (collectively, "Sales Taxes") required to be remitted by the Applicant Medican Group in connection with the sale of goods and services by the Applicant Medican Group, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order; and
- (c) any amount payable to the Crown in Right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicant Medican Group.

8. Until such time as the Applicant Medican Group repudiates a real property lease in accordance with paragraph [10(~~ed~~)] of this Order, the Applicant Medican Group may pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable as rent to the landlord under the lease) based on the terms of

existing lease arrangements or as otherwise may be negotiated by the ~~Applicant~~Medican Group from time to time for the period commencing from and including the date of this Order ("Rent"), but shall not pay any rent in arrears.

9. Except as specifically permitted in this Order, the ~~Applicant~~Medican Group is hereby directed, until further order of this Court:
- (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the ~~Applicant~~Medican Group to any of its creditors as of the date of this Order;
 - (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of its Property; and
 - (c) not to grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

10. The ~~Applicant~~Medican Group shall ~~not~~, subject to such covenants as may be contained in the Definitive Documents (as hereinafter defined), ~~not~~ have the right to:
- (a) permanently or temporarily cease, downsize or shut down any of its business or operations and to dispose of redundant or non-material assets ~~not exceeding \$* in any one transaction or \$* in the aggregate (or in excess of these amounts, by order of this Court)~~in accordance with section 36 of the CCAA;
 - (b) sell or lease residential units in the ordinary course of business or with the consent of the DIP Lender and the Monitor;
 - (c) (b) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate on such terms as may be agreed upon between the ~~Applicant~~Medican Group and such employee, or failing such agreement, to deal with the consequences thereof in the Plan;

- (d)** ~~(e)~~ in accordance with paragraphs [11] and ~~[12], 12,~~ vacate, abandon or quit any leased premises and/or repudiate any real property lease and any ancillary agreements relating to any leased premises, on not less than seven (7) days' notice in writing to the relevant landlord on such terms as may be agreed upon between the Applicant **Medican Group** and such landlord, or failing such agreement, to deal with the consequences thereof in the Plan;
- (e)** ~~(d)~~ **in accordance with section 32 of the CCAA,** repudiate such of its arrangements or agreements of any nature whatsoever, whether oral or written, as the Applicant **Medican Group** deems appropriate on such terms as may be agreed upon between the Applicant **Medican Group** and such counter-parties, or failing such agreement, to deal with the consequences thereof in the Plan; ~~and~~
- (f)** ~~(e)~~ pursue all avenues of refinancing and offers for material parts of its Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing or any sale (except as permitted by ~~subparagraphs~~ **subparagraphs (a) and (b), above); and**
- (g)** **settle claims with any of its customers, suppliers or other counterparties that are in dispute, where the amount of the compromise of such settlement does not exceed \$100,000, with the approval of the Monitor or, in excess of that amount, with the approval of the Court,**

all of the foregoing to permit the Applicant **Medican Group** to proceed with an orderly restructuring of the Business (the "Restructuring").

11. The Applicant **Medican Group** shall provide each of the relevant landlords with notice of the Applicant **Medican Group**'s intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal. If the landlord disputes the Applicant **Medican Group**'s entitlement to remove any such fixture under the provisions of the lease, such fixture

shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicant Medican Group, or by further order of this Court upon application by the Applicant Medican Group on at least two (2) days' notice to such landlord and any such secured creditors. If the Applicant Medican Group repudiates the lease governing such leased premises in accordance with paragraph {10(ed)} of this order, it shall not be required to pay Rent under such lease pending resolution of any such dispute, and the repudiation of the lease shall be without prejudice to the Applicant Medican Group's claim to the fixtures in dispute.

12. If a lease is repudiated by the Applicant Medican Group in accordance with paragraph {10(ed)} of this order, then:

- (a) during the notice period prior to the effective time of the repudiation, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicant Medican Group and the Monitor 24 hours' prior written notice; and
- (b) at the effective time of the repudiation, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicant Medican Group in respect of such lease or leased premises and such landlord shall be entitled to notify the Applicant Medican Group of the basis on which it is taking possession and to gain possession of and re-lease such leased premises to any third party or parties on such terms as such landlord considers advisable, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

13. Notwithstanding the foregoing, the Medican Group shall be entitled but not required to pay, with the consent of the Monitor, all reasonable costs and expenses incurred prior to the date of this Order, where in the opinion of the Medican Group and the Monitor such payments (i) are necessary to preserve, the Property, Business and/or ongoing operations of the Medican Group, (ii) can be made on such terms

and conditions as will provide a material benefit to the Medican Group and their stakeholders as a whole, but only in respect of:

- (a) the Extendicare Contracts, as defined in the Reinheller Affidavit, and in connection with those payments, the suppliers are entitled to a charge in respect of those amounts owing in respect of any materials or services provided and such charge shall be limited to a charge as against the funds advanced by Extendicare, as defined in the Reinheller Affidavit;
- (b) the Michener Project, as defined in the Reinheller Affidavit, and in connection with those payments, the suppliers are entitled to a charge in respect of those amounts owing in respect of any materials or services provided and such charge shall be limited to a charge as against the funds, if any, advanced by the Canadian Imperial Bank of Commerce; and
- (c) the Sanderson Project, as defined in the Reinheller Affidavit and in connection with those payments, the suppliers are entitled to a charge in respect of those amounts owing in respect of any materials or services provided and such charge shall be limited to a charge as against the funds, if any, advanced by the Canadian Imperial Bank of Commerce.

The charges outlined in this section shall collectively referred to as the "Suppliers' Charge" and shall have the priority set out in paragraphs 38 and 40 herein.

NO PROCEEDINGS AGAINST THE APPLICANT/APPLICANTS OR THE PROPERTY

- 14.** 13. Until and including [~~DATE — MAX. 30 DAYS~~], June 25, 2010, or such later date as this Court may order (the "Stay Period"), no proceeding or enforcement process in any court (each, a "Proceeding") shall be commenced or continued against or in respect of the Applicant Medican Group or the Monitor, or affecting the Business or the Property, except with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicant Medican Group or affecting the Business or the Property are hereby stayed and suspended pending further order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

15. ~~14.~~ During the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "Persons" and each being a "Person"), whether judicial or extra-judicial, statutory or non-statutory against or in respect of the ~~Applicant~~ **Medican Group** or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended and shall not be commenced, proceeded with or continued except with leave of this Court, provided that nothing in this Order shall:

- (a) empower the ~~Applicant~~ **Medican Group** to carry on any business which the ~~Applicant~~ **Medican Group** is not lawfully entitled to carry on;
- (b) exempt the ~~Applicant~~ **Medican Group** from compliance with statutory or regulatory provisions relating to health, safety or the environment;
- (c) prevent the filing of any registration to preserve or perfect a security interest; or
- (d) prevent the registration of a claim for lien.

16. ~~15.~~ Nothing in this Order shall prevent any party from taking an action against the ~~Applicant~~ **Medican Group** where such an action must be taken in order to comply with statutory time limitations in order to preserve their rights at law, provided that no further steps shall be taken by such party except in accordance with the other provisions of this Order, and notice in writing of such action be given to the **Medican Group and the Monitor** at the first available opportunity.

NO INTERFERENCE WITH RIGHTS

17. ~~16.~~ During the Stay Period, no person shall accelerate, suspend, discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the ~~Applicant~~ **Medican Group, or seek to replace, challenge, or otherwise dispossess the**

Medican Group of any real estate project or contract in relation to the Business or the Property, except with the written consent of the Applicant **Medican Group** and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

18. ~~17.~~ During the Stay Period, all persons having:

- (a) statutory or regulatory mandates for the supply of goods and/or services; or
- (b) oral or written agreements or arrangements with the Applicant **Medican Group**, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation, services, utility or other services to the Business or the Applicant **Medican Group**;

are hereby restrained until further Order of this Court from discontinuing, altering, interfering with, suspending or terminating the supply of such goods or services as may be required by the Applicant **Medican Group** or exercising any other remedy provided under such agreements or arrangements. The Applicant **Medican Group** shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the usual prices or charges for all such goods or services received after the date of this Order are paid by the Applicant **Medican Group** in accordance with the payment practices of the Applicant **Medican Group**, or such other practices as may be agreed upon by the supplier or service provider and each of the Applicant **Medican Group** and the Monitor, or as may be ordered by this Court. Nothing in this Order has the effect of prohibiting a person from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided after the date of this Order.

NO OBLIGATION TO ADVANCE MONEY OR EXTEND CREDIT

19. ~~18.~~ Notwithstanding anything else contained in this Order, no creditor of the ~~Applicant~~**Medican Group** shall be under any obligation after the making of this Order to advance or re-advance any monies or otherwise extend any credit to the ~~Applicant~~**Medican Group**.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

20. ~~19.~~ During the Stay Period, and except as permitted by subsection ~~11.5~~**11.03**(2) of the CCAA and paragraph ~~15~~**16** of this Order, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the ~~Applicant~~**Medican Group** with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the ~~Applicant~~**Medican Group** whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the ~~Applicant~~**Medican Group**, if one is filed, is sanctioned by this Court or is refused by the creditors of the ~~Applicant~~**Medican Group** or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

21. ~~20.~~ The ~~Applicant~~**Medican Group** shall indemnify its directors and officers from all claims, costs, charges and expenses relating to the failure of the ~~Applicant~~**Medican Group**, after the date hereof, to make payments of the nature referred to in subparagraphs ~~{6(a)}, {7(a)}, {7(b)}~~ and ~~{7(c)}~~ of this Order which they sustain or incur by reason of or in relation to their respective capacities as directors and/or officers of the ~~Applicants~~**Medican Group** except to the extent that, with respect to any officer or director, such officer or director has participated in the breach of any related fiduciary duties or has been grossly negligent or guilty of wilful misconduct.

22. ~~21.~~ The directors and officers of the ~~Applicant~~**Medican Group** shall be entitled to the benefit of and are hereby granted a charge (the "Directors' Charge") on the Property,

which charge shall not exceed an aggregate amount of \$*,1,000,000, as security for the indemnity provided in paragraph ~~[20]21~~ of this Order. The Directors' Charge shall have the priority set out in paragraphs ~~[37]38~~ and ~~[39]40~~ herein.

23. ~~22.~~ Notwithstanding any language in any applicable insurance policy to the contrary:

- (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge; and
- (b) the Applicant Medican Group's directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph ~~[20]21~~ of this Order.

APPOINTMENT OF MONITOR

24. ~~23.~~ ~~[MONITOR'S NAME]~~ RSM Richter Inc. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the Property and the Applicant Medican Group's conduct of the Business with the powers and obligations set out in the CCAA or set forth herein and that the Applicant Medican Group and its shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicant Medican Group pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations.

25. ~~24.~~ The Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Applicant Medican Group's receipts and disbursements, Business and dealings with the Property;

- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein and immediately report to the Court if in the opinion of the Monitor there is a material adverse change in the financial circumstances of the Applicant Medican Group;
- (c) assist the Applicant Medican Group, to the extent required by the Applicant Medican Group, in its dissemination to the DIP Lender and its counsel on a ~~[TIME INTERVAL]~~ monthly basis of financial and other information as agreed to between the Applicant Medican Group and the DIP Lender which may be used in these proceedings, including reporting on a basis as reasonably required by the DIP Lender;
- (d) advise the Applicant Medican Group in its preparation of the Applicant Medican Group's cash flow statements and reporting required by the DIP Lender, which information shall be reviewed with the Monitor and delivered to the DIP Lender and its counsel on a periodic basis, but not less than ~~[TIME INTERVAL]~~ monthly, or as otherwise agreed to by the DIP Lender;
- (e) advise the Applicant Medican Group in its development of the Plan and any amendments to the Plan;
- (f) advise the Applicant Medican Group, to the extent required by the Applicant Medican Group, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
- (g) have full and complete access to the books, records and management, employees and advisors of the Applicant Medican Group and to the Business and the Property to the extent required to perform its duties arising under this Order;

- (h) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order;
- (i) consider, and if deemed advisable by the Monitor, prepare a report and assessment on the Plan;
- (j) provide, if it deems appropriate, such consents as are contemplated herein;**
- (k) assist the Medican Group with respect to any insolvency proceedings commenced by or with respect to the Medican Group in any foreign jurisdiction (collectively, "Foreign Proceedings") and report to this Court, as it deems appropriate, on the Foreign Proceedings with respect to matters relating to the Medican Group;**
- (l) be at liberty to act as a foreign representative in any Foreign Proceedings in respect of any of the Medican Group including, without limitation, for recognition of these proceedings as "Foreign Main Proceedings", pursuant to Chapter 15 of the United States Bankruptcy Code, 11 U.S.C. §101 (the "US Bankruptcy Code") or similar legislation in any other jurisdiction;**
- (m) hold and administer funds in connection with arrangements made between the Medican Group, counterparties and the Monitor, or by Order of this Court;** and
- (n)** (j)-perform such other duties as are required by this Order or by this Court from time to time.

26. ~~25.~~—The Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, or by inadvertence in relation to the due exercise of powers or performance of duties under this Order, be deemed to have taken or

maintain possession or control of the Business or Property, or any part thereof. Nothing in this Order shall require the Monitor to occupy or to take control, care, charge, possession or management of any of the Property that might be environmentally contaminated, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal or waste or other contamination, provided however that this Order does not exempt the Monitor from any duty to report or make disclosure imposed by applicable environmental legislation.

27. ~~26.~~ The Monitor shall provide any creditor of the Applicant Medican Group, and the DIP Lender with information provided by the Applicant Medican Group in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicant Medican Group is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicant Medican Group may agree.

28. ~~27.~~ In addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

29. ~~28.~~ The Monitor, counsel to the Monitor and counsel to the Applicant Medican Group shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Applicant Medican Group as part of the costs of these proceedings. The Applicant Medican Group is hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicant Medican Group on a ~~[TIME INTERVAL]~~ bi-weekly basis and, in addition, the Applicant Medican Group is hereby authorized to pay to the Monitor, counsel to the Monitor, and counsel to the

~~Applicant~~Medican Group, retainers in the respective ~~amount[s]~~amounts of \$*,50,000, to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

30. ~~29.~~ The Monitor and its legal counsel shall pass their accounts from time to time.

31. ~~30.~~ The Monitor, counsel to the Monitor, if any, and the ~~Applicant~~Medican Group's counsel, as security for the professional fees and disbursements incurred both before and after the granting of this Order, shall be entitled to the benefits of and are hereby granted a charge (the "Administration Charge") on the Property, which charge shall not exceed an aggregate amount of \$*,1,000,000, as security for their professional fees and disbursements incurred at the normal rates and charges of the Monitor and such counsel, both before and after the making of this order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs ~~[37]~~38 and ~~[39]~~40 hereof.

DIP FINANCING

32. ~~31.~~ The ~~Applicant~~Medican Group is hereby authorized and empowered to obtain and borrow under a credit facility from ~~[DIP LENDER'S NAME]~~Paragon Capital Corporation Ltd. (the "DIP Lender") in order to finance the ~~Applicant~~Medican Group's working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed \$*2,500,000 unless permitted by further order of this Court.

33. ~~32.~~ Such credit facility shall be on the terms and subject to the conditions set forth in the commitment letter between the ~~Applicant~~Medican Group and the DIP Lender dated as of ~~[DATE]~~May 25, 2010 (the "Commitment Letter"), filed.

34. ~~33.~~ The ~~Applicant~~Medican Group is hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents,

guarantees and other definitive documents (collectively, the "Definitive Documents"), as are contemplated by the Commitment Letter or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the ~~Applicant~~ **Medican Group** is hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the Commitment Letter and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

35. ~~34.~~ The DIP Lender shall be entitled to the benefits of and is hereby granted a charge (the "DIP Lender's Charge") on the Property to secure all obligations under the Definitive Documents incurred on or after the date of this Order which charge shall not exceed the aggregate amount owed to the DIP Lender under the Definitive Documents. The DIP Lender's Charge shall have the priority set out in paragraphs ~~[37]~~**38** and ~~[39]~~**40** hereof.

36. ~~35.~~ Notwithstanding any other provision of this Order:

- (a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge or any of the Definitive Documents;
- (b) upon the occurrence of an event of default under the Definitive Documents or the DIP Lender's Charge, the DIP Lender, upon ~~*seven~~ ***seven** days notice to the ~~Applicant~~ **Medican Group** and the Monitor, may exercise any and all of its rights and remedies against the ~~Applicant~~ **Medican Group** or the Property under or pursuant to the Commitment Letter, Definitive Documents and the DIP Lender's Charge, including without limitation, to cease making advances to the ~~Applicant~~ **Medican Group** and set off and/or consolidate any amounts owing by the DIP Lender to the ~~Applicant~~ **Medican Group** against the obligations of the ~~Applicant~~ **Medican Group** to the DIP Lender under the Commitment Letter, the Definitive Documents or the DIP Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order

against any or all of the Applicant Medican Group and for the appointment of a trustee in bankruptcy of any or all of the Applicant Medican Group, and upon the occurrence of an event of default under the terms of the Definitive Documents, the DIP Lender shall be entitled to seize and retain proceeds from the sale of the Property and the cash flow of the Applicant Medican Group to repay amounts owing to the DIP Lender in accordance with the Definitive Documents and the DIP Lender's Charge, but subject to the priorities as set out in paragraphs ~~[37]~~38 and ~~[39]~~40 of this Order; and

- (c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicant Medican Group or the Property.

37. ~~36.~~ The DIP Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicant Medican Group under the CCAA, or any proposal filed by the Applicant Medican Group under the *Bankruptcy and Insolvency Act* of Canada (the "BIA"), with respect to any advances made under the Definitive Documents.

VALIDITY AND PRIORITY OF CHARGES

38. ~~37.~~ The priorities of the Suppliers' Charge, the Directors' Charge, the Administration Charge and the DIP Lender's Charge, as among them, shall be as follows:

First – ~~Administration~~ Suppliers' Charge (to the maximum amount of \$*); **extent of the property charged in paragraph 13 hereof**;

Second – DIP Lender's Charge; ~~and~~

Third – Administration Charge (to the maximum amount of \$1,000,000); and

Fourth – Directors' Charge (to the maximum amount of \$* 1,000,000).

39. ~~38.~~ The filing, registration or perfection of the Directors' Charge, the Administration Charge or the DIP Lender's Charge (collectively, the "Charges") and the Suppliers'

Charge shall not be required, and the Charges and the Suppliers' Charge shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges and the Suppliers' Charge coming into existence, notwithstanding any such failure to file, register, record or perfect.

40. ~~39.~~ Each of the ~~Directors' Charge, the Administration Charge and the DIP Lender's Charge~~Charges (all as constituted and defined herein) shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, statutory or otherwise (collectively, "Encumbrances") in favour of any Person except any security interest and charge granted by the Medican Group to the Canadian Imperial Bank of Commerce and the Toronto Dominion Bank. ~~[NOTE: THIS IS EXTRAORDINARY RELIEF. SEE CORRESPONDING REFERENCE IN EXPLANATORY NOTES.]~~

41. ~~40.~~ Except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicant Medican Group shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the ~~Directors' Charge, the Administration Charge or the DIP Lender's~~Charges and the Suppliers' Charge, unless the Applicant Medican Group also obtains the prior written consent of the Monitor, the DIP Lender and the beneficiaries of the Directors' Charge and the Administration Charge, ~~or further order of this Court.~~

42. ~~41.~~ The ~~Directors' Charge~~Charges, the ~~Administration~~Suppliers' Charge, ~~{the Commitment Letter, and the Definitive Documents}~~ and ~~the DIP Lender's Charge,~~ shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges, the Suppliers' Charge, the Commitment Letter and the Definitive Documents (collectively, the "Chargees") and/or the DIP Lender thereunder shall not otherwise be limited or impaired in any way by:

- (a) the pendency of these proceedings and the declarations of insolvency made in this Order;

- (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications;
- (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA;
- (d) the provisions of any federal or provincial statutes; or
- (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "Agreement") which binds the Applicant Medican Group, and notwithstanding any provision to the contrary in any Agreement:
 - (i) neither the creation of the Charges, nor the Suppliers' Charge, nor the execution, delivery, perfection, registration or performance of any documents in respect thereof-[, including the Commitment Letter or the Definitive Documents,] shall create or be deemed to constitute a new breach by the Applicant Medican Group of any Agreement to which it is a party;
 - (ii) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges, the Suppliers' Charge, or the ~~the Applicant~~ Medican Group entering into the Commitment Letter, or] execution, delivery or performance of the Definitive Documents; and
 - (iii) the payments made by the Applicant Medican Group pursuant to this order, [including the Commitment Letter or the Definitive Documents,] and the granting of the Charges, and the Suppliers' Charge do not and will not constitute fraudulent preferences, fraudulent conveyances, oppressive conduct, settlements or other challengeable, voidable or reviewable transactions under any applicable law.

ALLOCATION

43. ~~42.~~ Any interested Person may apply to this Court on notice to any other party likely to be affected, for an order to allocate the ~~Administration Charge, the DIP Lender's Charge and the Directors' Charge~~Charges amongst the various Applicants and the assets comprising the Property.

SERVICE AND NOTICE

44. ~~43.~~ The Applicant Monitor shall, within ~~ten (10)~~ five business days of the date of entry of this Order, send a copy of this Order to its known creditors, other than employees and creditors to which the Applicant Medican Group owes less than \$~~*,1000~~, at their addresses as they appear on the Applicant Medican Group's records, and shall promptly send a copy of this Order:

- (a) to all Persons requesting notice; and
- (b) to any other interested Person requesting a copy of this Order; ~~and the~~ Monitor is relieved of its obligation under Section 11(5) of the CCAA to provide similar notice, other than to supervise this process.

45. ~~44.~~ The Applicant Medican Group and the Monitor shall be at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery, facsimile transmission or e-mail to the Applicant Medican Group's creditors or other interested Persons at their respective addresses as last shown on the records of the Applicant Medican Group and that any such service or notice by courier, personal delivery, facsimile transmission or e-mail shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing. The Monitor ~~may~~ shall post a copy of any or all such materials on its website at ~~[INSERT WEBSITE ADDRESS]~~, which shall be established for informational purposes www.rsmrichter.com/restructuring pursuant to section 23(1) of the CCAA.

GENERAL

- 46.** ~~45.~~ The Applicant **Medican Group** or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
- 47.** ~~46.~~ Nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicant **Medican Group**, the Business or the Property.
- 48.** ~~47.~~ This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicant **Medican Group**, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicant **Medican Group** and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicant **Medican Group** and the Monitor and their respective agents in carrying out the terms of this Order.
- 49.** ~~48.~~ Each of the Applicant **Medican Group** and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.
- 50.** ~~49.~~ Any interested party (including the Applicant **Medican Group** and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

51. 50.—This Order and all of its provisions are effective as of 12:01 a.m. Mountain Standard Daylight Time on the date of this Order.

J.C.Q.B.A.

No:

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

IN THE MATTER OF THE
COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. C 36, AS AMENDED

AND IN THE MATTER OF A PLAN OF
COMPROMISE OR ARRANGEMENT OF
[APPLICANT'S NAME]

ALBERTA TEMPLATE CCAA ORDER
VERSION NO. 2, JUNE 2008

FIRM NAME
Barristers & Solicitors
Address
City, Province
Postal Code

Lawyer's Name
Telephone: (403)
Fax: (403)

File No: #

Action No. _____

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

INITIAL ORDER

FRASER MILNER CASGRAIN LLP
Barristers and Solicitors
15th Floor
Bankers Court
850 – 2nd Street S.W.
Calgary, AB T2P 0R8

Solicitor: David W. Mann/Scott Kurie
Telephone: (403) 268-7097/3084
Facsimile: (403) 268-3100
File: 526686-1

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Statistics:	
	Count
Insertions	246
Deletions	285
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	531

NOTICE OF HEARING

Action No. _____

TO: PARTIES OUTLINED IN
SCHEDULE "A"

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

TAKE NOTICE that the Applicants intend to present this Petition to the Honourable Madam Justice K.M. Horner, presiding in Chambers, at the Calgary Courts Centre, in the City of Calgary, in the Province of Alberta, on Wednesday May 26, 2010, at the hour of 2:00 in the afternoon, or so soon thereafter as counsel may be heard. You are entitled to appear at the above noted time and place and to make representation.

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.

AND FURTHER TAKE NOTICE that in support of this Petition will be read the Affidavit of Wes Reinheller and such further and other material as counsel may advise.

AND FURTHER TAKE NOTICE that if you do not attend either in person or by Counsel before the said Justice at the time and place aforementioned, the relief and Order asked for herein may be made in your absence, or such other Order may be made or such relief or proceedings taken as according to the practice of the Court the Applicant is entitled to take, without further notice to you.

The Petitioners

This Petition is issued by Fraser Milner Casgrain LLP, solicitors for the Applicants whose address for service is in care of the said solicitors.

PETITION

FRASER MILNER CASGRAIN LLP
Barristers and Solicitors

The lawyers to contact at Fraser Milner Casgrain LLP are David W. Mann or Scott Kurie, telephone (403) 268-7097/3084.

15th Floor Bankers Court
850 2 Street SW
Calgary, Alberta
T2P 0R8

Solicitors: David W. Mann/Scott Kurie
Telephone: (403) 268-7097/3084
Facsimile: (403) 268-3100
File: 526686-1