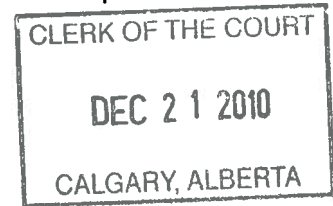


I hereby certify this to be a true copy of
the original Order
Dated this 21 day of Dec 2010
[Signature]
for Clerk of the Court
1001-07852

Clerk's stamp:



COURT FILE NUMBER

COURT OF QUEEN'S BENCH OF
ALBERTA

JUDICIAL CENTRE

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)

DOCUMENT

ORDER

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT

David W. Mann/Rebecca L. Lewis
Fraser Milner Casgrain LLP
Bankers Court
15th Floor, 850 - 2nd Street S.W.
Calgary, Alberta T2P 0R8
Ph. (403) 268-7097/(403) 268-6354 Fx. (403) 268-3100
File No.: 526686-1

DATE ON WHICH ORDER WAS PRONOUNCED: December 2, 2010

NAME OF JUDGE WHO MADE THIS ORDER: Madam Justice K.M. Horner

ORDER
(Sanderson Project)

UPON the application of the Petitioners in these proceedings (collectively, the "**Medican Group**"); **AND UPON** having read the Application by the Petitioners, dated November 29, 2010, the Affidavit of Tyrone Schneider dated November 29, 2010 (the "**Schneider Affidavit**"), the Affidavit of Tyrone Schneider, dated December 1, 2010 (the "**Supplemental Schneider Affidavit**"), the Affidavit of Ronica Cameron dated December 1, 2010 (the "**Service Affidavit**"), the Seventh Monitor's Report, dated November 29, 2010, all filed, and such other material in the pleadings and proceedings as are deemed necessary; **AND UPON** noting that this Honourable Court has concurrently granted a Sale and Vesting Order with respect to Phases 2 & 3 of the Terwillegar Project vesting title of Phases 2 & 3 of the Terwillegar Project to Monarch Land Ltd. ("**Monarch**"), or its nominee; **AND UPON** being advised that the Medican Group, the Monitor, Aviva Insurance Company of Canada ("**Aviva**") have reached an agreement in respect of this matter; **AND UPON** hearing counsel for the Medican Group, 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 Order granted by Madam Justice K.M. Horner in this Action dated May 26, 2010 (the "**Initial Order**"), and the following terms shall have the following meaning:

(a) "**Beneficiaries of the Charges**" means the beneficiaries of the DIP Lending Charge, the Administration Charge, and the Directors' Charge;

(b) "**Development Lands**" means the lands legally described as:

CONDOMINIUM PLAN 0912007
UNIT 1
AND 2302 UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE
COMMON PROPERTY
EXCEPTING THEREOUT ALL MINES AND MINERALS

and

CONDOMINIUM PLAN 0914518
UNIT 133
AND 2527 UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE
COMMON PROPERTY
EXCEPTING THEREOUT ALL MINES AND MINERALS;

(c) "**Development Property**" means all of Sanderson's right, title and interest in and to the undertaking, property and assets known as Phases 3 & 4B of the Sanderson Project, including the Development Lands;

(d) "**Inventory Lands**" means the lands legally described as:

PLAN 0811299
BLOCK 1
LOT 1
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 1.39 HECTARES (3.43 ACRES) MORE OR LESS;

- (e) **"Inventory Property"** means all of Sanderson's right, title and interest in and to the undertaking, property and assets known as the Church Lands of the Sanderson Project, including the Inventory Lands;
- (f) **"Letter of Understanding"** means the Revised Letter of Understanding among Sanderson and the Purchaser, dated November 29, 2010;
- (g) **"Net Proceeds"** means the proceeds from the sale of the Development Property, less amounts required to pay all reasonable and ordinary closing costs, including without limitation goods and services and other applicable sales taxes, property taxes, commissions, applicable condominium fees and legal fees and disbursements and less any advances made to the Applicants under the Management Agreement;
- (h) **"Property"** means the Development Property and the Inventory Property; and
- (i) **"Purchaser"** means Monarch Land Ltd., or its nominee.

Approval of Sale and Vesting of the Property

The Inventory Property

- 3. The sale and conveyance of the Inventory Property to the Purchaser, in accordance with the terms and conditions of the Letter of Understanding, be and is hereby authorized and approved.
- 4. The Medican Group and the Monitor are hereby authorized and directed to execute all deeds, documents, and agreements, and to do all things reasonably necessary to complete the conveyance of the Inventory Property and carry out the terms of this Order.
- 5. Upon the Monitor delivering a certificate (the **"Monitor's (Inventory Property) Certificate"**) certifying that the sale of the Inventory Property has closed substantially in accordance with the terms of the Letter of Understanding and the sum of \$3,200,000 has been tendered to the Medican Group, then:
 - (a) the Inventory Property shall be vested in the name of the Purchaser free of all estate, right, title, interest, royalty, rental, and equity of redemption of the Medican Group and all persons who claim by, through or under the Medican Group in respect of the Inventory Property whose interests are subordinate to those of the Purchaser by virtue of its security on the Property, subject only to the permitted encumbrances outlined in Schedule "A" of this Order (the **"Inventory Permitted Encumbrances"**);
 - (b) the Medican Group and all persons who claim by, through or under the Medican Group in respect of the Inventory Property, save and except the Inventory Permitted Encumbrances, shall stand absolutely barred and foreclosed from all estate, right, title,

interest, royalty, rental, and equity of redemption of the Inventory Property and, to the extent that any such person remains in possession or control of any of the Inventory Property, they shall forthwith deliver possession of same to the Purchaser or its nominee;

- (c) the Purchaser shall be entitled to enter into and upon, hold and enjoy the Inventory Property for its own use and benefit without any interference of or by the Medican Group, or any person claiming by or through or against the Medican Group; and
- (d) the Registrar of the Land Titles Office of Alberta shall discharge all encumbrances in respect of the Inventory Lands, save and except the Permitted Encumbrances, and shall register the Property in the name of the Purchaser.

The Development Property

- 6. The conveyance of the Development Property to the Purchaser be and is hereby authorized and approved.
- 7. The Medican Group and the Monitor are hereby authorized and directed to execute all deeds, documents, and agreements, and to do all things reasonably necessary to complete the conveyance of the Development Property and carry out the terms of this Order.
- 8. Upon the Monitor delivering a certificate (the "**Monitor's (Development Property) Certificate**") certifying that that: (i) the sale of the Development Property has closed substantially in accordance with the terms of the Letter of Understanding, (ii) the Purchaser has acknowledged the reduction of the principal amount owing by the Medican Group to the Purchaser by the sum of \$5,900,000, and (iii) the sum of \$295,000 for the benefit of the Beneficiaries of the Charges, as herein provided, have been tendered to the Medican Group, then:
 - (a) the Development Property shall be vested in the name of the Purchaser free of all estate, right, title, interest, royalty, rental, and equity of redemption of the Medican Group and all persons who claim by, through or under the Medican Group in respect of the Development Property whose interests are subordinate to those of the Purchaser by virtue of its security on the Development Property, subject only to the permitted encumbrances outlined in Schedule "B" of this Order (the "**Development Permitted Encumbrances**");
 - (b) the Medican Group and all persons who claim by, through or under the Medican Group in respect of the Development Property, save and except the Development Permitted Encumbrances, shall stand absolutely barred and foreclosed from all estate, right, title, interest, royalty, rental, and equity of redemption of the Development Property and, to the extent that any such person remains in possession or control of any of the Development Property, they shall forthwith deliver possession of same to the Purchaser or its nominee;
 - (c) the Purchaser shall be entitled to enter into and upon, hold and enjoy the Development Property for its own use and benefit without any interference of or by the Medican Group, or any person claiming by or through or against the Medican Group; and

- (d) the Registrar of the Land Titles Office of Alberta shall discharge all encumbrances in respect of the Development Lands, save and except the Development Permitted Encumbrances, and shall register the Development Property in the name of the Purchaser.

General Provisions for Sale and Vesting of the Property

9. The Medican Group is authorized and empowered, in respect of the Property, to execute and deliver: (a) such additional, related and ancillary documents and assurances governing or giving effect to the conveyance of the Property, which, in the Medican Group's discretion are reasonably necessary or advisable to conclude the transactions contemplated in or in furtherance of the transfer of the Property and/or this Order; and (b) any and all instruments and documents in respect of the Inventory Lands as may be required by the Registrar of the Land Titles Office of Alberta or deemed necessary by the Medican Group, and the Registrar is hereby directed, notwithstanding section 191(1) of the *Land Titles Act* (Alberta) to effect registration of any such instrument or document so executed by the Medican Group or its solicitors.
10. Upon the filing of the Monitor's (Inventory Property) Certificate and the Monitor's (Development Property) Certificate, the Monitor may discharge, or authorize the discharge of, any security registration or registrations in the Personal Property Registry of the Province where the Property is located as may be required to properly convey clear title of the Property to the Purchaser.
11. Until further Order of the Honourable Court, counsel to the Medican Group, Fraser Milner Casgrain LLP, shall hold all Net Proceeds in trust and such Net Proceeds shall stand in the place and stead of the Property transferred pursuant to this Order, and all claims of whatsoever nature or kind, including without limitation, all liens, claims, encumbrances, mortgages, proprietary claims, trust claims, lease claims, royalty claims, and other interests (the "Claims") shall attach solely to the Net Proceeds with the same validity, priority and in the same amounts and subject to the same defences that were or may have been available when the Claims were attached to the property itself.
12. Notwithstanding paragraph 11 of this Order, the Monitor is authorized, in its sole discretion and as it deems necessary or appropriate, to direct that any or all of the Net Proceeds be paid to valid and enforceable claims that exist in respect of the Net Proceeds; provided however, that adequate provision has been made for the Beneficiaries of the Charges.
13. The sum of \$295,000 standing to the benefit of the Beneficiaries of the Charges pursuant to paragraph 9 hereof shall: (a) be held as replacement security in favour of the Beneficiaries of the Charges, which Charges shall, upon the Monitor's (Inventory Property) Certificate and the Monitor's (Development Property) Certificate being filed, be extinguished as against the Properties, and Purchaser is hereby granted a security interest against the said sum held in trust, in priority to all other charges save and except for the DIP Lender's Charge, the Administration Charge and the Directors' Charge; (b) be maintained in an interest bearing trust account with the Petitioner's counsel, Fraser Milner Casgrain LLP; (c) not disbursed without agreement of the Purchaser and the Beneficiaries of the Charges or further order of this Court; and (d) be without

prejudice to any subsequent application to allocate Charges pursuant to paragraph 43 of the Initial Order.

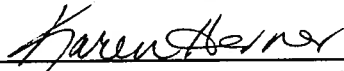
Approval of the Management Fee

14. The Definitive Agreement as attached as Exhibit "A" to the Supplemental Schneider Affidavit be and is hereby approved.

Miscellaneous


15. Any conveyance or transfer of property made pursuant to the provisions of this Order 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)* ("BIA") in respect of any of the Petitioners; 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 Petitioners (a "Third Party Agreement"), and notwithstanding any provision to the contrary in any Third Party Agreement:
- (a) the transaction contemplated hereby shall not create or be deemed to constitute a breach by any of the Petitioners of any Third Party Agreement to which they are a party; and
 - (b) the Purchaser shall not have liability to any person whatsoever as a result of any breach of any Third Party Agreement cause by or resulting from the creation, execution, delivery or performance of any transaction contemplated hereby.
16. Notwithstanding (i) the pendency of these proceedings and the declaration of insolvency made herein, (ii) any Bankruptcy Order sought or issued pursuant to the BIA in respect of any of the Petitioners, and (iii) the provisions under the BIA, or any other applicable federal or provincial legislation or common law, the Purchase and transaction contemplated hereby shall constitute legal, valid and binding obligations of the Petitioners enforceable against them in accordance with the terms thereof, and no transaction contemplated herein will be void or voidable at the instance of creditors and claimants and do not constitute nor shall they be deemed to constitute settlements, fraudulent preferences, assignments, fraudulent conveyances, oppressive conduct, or other reviewable transactions under the BIA, or any other applicable federal or provincial legislation or common law.
17. Nothing in this Order shall preclude or otherwise affect the rights of Monarch Land Ltd. and Home Trust Company ("HTC") (either as against each other or any third party) regarding their respective priority to the Development Property.
18. The Medican Group, the Monitor, the Purchaser, HTC, or any interested party may apply to this Court for advice and direction on notice to any party likely to be affected by the Order sought or on such notice as this Court directs.

19. 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 affected as aforesaid shall be good and sufficient service.
20. This order shall be approved by counsel to the Medican Group, the Monitor, Aviva, HTC, and Monarch, and such approval may be done by counterpart and delivered via facsimile or electronic transmission. Counterparts delivered via facsimile or electronic transmission shall be treated as though those signatures were original signatures.


Justice of the Court of Queen's Bench of Alberta

APPROVED AS TO THE FORM AND CONTENT AS TO THE ORDER GIVEN THIS 15th DAY OF DECEMBER, 2010:

FRASER MILNER CASGRAIN LLP

Per: 
David W. Mann
Solicitors for the Medican Group

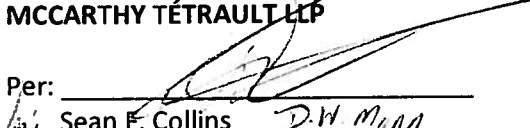
MACLEOD DIXON LLP

Per: 
Howard A. Gorman *S.H. Luk*
Solicitors for RSM Richter Inc., the Monitor

DUNCAN & CRAIG LLP

Per: _____
Brian Wallace
Solicitors for the Aviva Insurance Company of Canada

MCCARTHY TÉTRAULT LLP

Per: 
Sean F. Collins *D.W. Mann*
Solicitors for Home Trust Company

Miles Davison LLP

Per: _____
Terry Czechowskyj
Solicitors for the Monarch Land Ltd.

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Justice of the Court of Queen's Bench of Alberta

APPROVED AS TO THE FORM AND CONTENT AS TO THE ORDER GIVEN THIS ____ DAY OF DECEMBER, 2010:

FRASER MILNER CASGRAIN LLP

Per: _____
David W. Mann
Solicitors for the Medican Group

MACLEOD DIXON LLP

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

DUNCAN & CRAIG LLP

Per:  _____
Brian Wallace
Solicitors for the Aviva Insurance Company of Canada

MCCARTHY TÉTRAULT LLP

Per: _____
Sean F. Collins
Solicitors for Home Trust Company

Miles Davison LLP

Per: _____
Terry Czechowskyj
Solicitors for the Monarch Land Ltd.

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20. This order shall be approved by counsel to the Medican Group, the Monitor, Aviva, HTC, and Monarch, and such approval may be done by counterpart and delivered via facsimile or electronic transmission. Counterparts delivered via facsimile or electronic transmission shall be treated as though those signatures were original signatures.

Justice of the Court of Queen's Bench of Alberta

APPROVED AS TO THE FORM AND CONTENT AS TO THE ORDER GIVEN THIS ____ DAY OF DECEMBER, 2010:

FRASER MILNER CASGRAIN LLP

Per: _____
David W. Mann
Solicitors for the Medican Group

MACLEOD DIXON LLP

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

DUNCAN & CRAIG LLP

Per: _____
Brian Wallace
Solicitors for the Aviva Insurance Company of Canada

MCCARTHY TÉTRAULT LLP

Per: _____
Sean F. Collins
Solicitors for Home Trust Company

Miles Davison LLP

Per: _____
Terry Czechowsky
Solicitors for the Monarch Land Ltd.

SCHEDULE "A"
INVENTORY PERMITTED ENCUMBRANCES

Permitted Encumbrances for lands legally described as:

PLAN 0811299

BLOCK 1

LOT 1

EXCEPTING THEREOUT ALL MINES AND MINERALS

AREA: 1.39 HECTARES (3.43 ACRES) MORE OR LESS

<u>Registration Number</u>	<u>Registration</u>
081 101 976	Easement as to Portion or Plan: 0811301
081 214 381	Utility Right of Way of Enmax Power Corporation
091 096 577	Easement as to Portion or Plan: 0912006

SCHEDULE "B"
DEVELOPMENT PERMITTED ENCUMBRANCES

Permitted Encumbrances for lands legally described as:

CONDOMINIUM PLAN 0912007

UNIT 1

AND 2302 UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE
COMMON PROPERTY

EXCEPTING THEREOUT ALL MINES AND MINERALS

<u>Registration Number</u>	<u>Registration</u>
081 101 977	Caveat re: Easement
081 214 382	Utility Right of Way of Enmax Power Corporation
091 122 147	Restrictive Covenant
091 279 758	Restrictive Covenant

Permitted Encumbrances for lands legally described as:

CONDOMINIUM PLAN 0914518

UNIT 133

AND 2527 UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE
COMMON PROPERTY

EXCEPTING THEREOUT ALL MINES AND MINERALS

<u>Registration Number</u>	<u>Registration</u>
081 101 977	Caveat re: Easement
081 214 382	Utility Right of Way of Enmax Power Corporation
091 122 147	Restrictive Covenant
091 279 758	Restrictive Covenant