

Action No.: 1001-07852  
Deponent: Tyrone Schneider  
Date Sworn: September 3, 2010

**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**

**AFFIDAVIT**

I, Tyrone Schneider, of the City of Medicine Hat, in the Province of Alberta, **MAKE  
OATH AND SAY THAT:**

***Introduction***

1. I am the president of 1539319 Alberta Ltd., the restructuring consultant to all of the Petitioners (the "**Consultant**") retained to assist with the restructuring of the Petitioners. As such, I am familiar with the books and records of these proceedings and have personal

knowledge of the matters herein deposed to except where based upon information and belief, in which case I do verily believe the same to be true.

2. All capitalized terms used in this Affidavit shall have the meaning ascribed to them in the Affidavit sworn by Mr. Wesley Reinheller and filed in these proceedings on May 25, 2010 (the "**Initial Affidavit**") unless otherwise indicated in this Affidavit.

3. I swear this Affidavit in support of the Notice of Motion served by the Medican Group in these proceedings on September 3, 2010 (the "**Motion**") for the following relief:

- (a) an Order, substantially in the form of the Order attached to the Motion as Schedule "A", approving the financing arrangement between Medican (Red Deer – Michener Hill) Developments Ltd. ("**Michener**") and T & E Ventures Inc. ("**TEV**") outlined in the TEV Financing Agreement (as herein defined) with respect to Michener and the Michener Project (as herein defined) and granting the TEV Charge (as herein defined);
- (b) an Order, substantially in the form of the Order attached to the Motion as Schedule "B", approving the sale of commercial property held by R7 Investments Ltd. ("**R7**") to 937335 Alberta Ltd., doing business as Cypress College ("**Cypress College**");
- (c) an Order, substantially in the form of the Order attached to the Motion as Schedule "C", approving the sale of a condominium unit held by R7 to Gerald and Marjorie Kornelson;
- (d) an Order, substantially in the form of the Order attached to the Motion as Schedule "D", approving the sale of a condominium unit held by R7 to Vladimir Goncear;
- (e) an Order, substantially in the form as attached to the Motion as Schedule "E", approving the financing arrangement between Medican (Edmonton Terwillegar) Developments Ltd. ("**Terwillegar**") and Macdonald Terwillegar Properties Ltd. ("**Macdonald Terwillegar**") outlined in the Macdonald Loan Amendments (as

herein defined) with respect to Terwillegar and the Terwillegar Project (as herein defined) and granting the Macdonald Terwillegar Charge (as herein defined);

- (f) an Order, substantially in the form as attached to the Motion as Schedule "F" seeking approval of a bid procedure in respect of Phases 4-7 of the Kaleido Project in which the Medican Group can solicit offers for the sale of that property (the "**Kaleido Bid Procedure Order**"); and
- (g) an Order, substantially in the form of the Order attached to the Motion as Schedule "G", approving the arrangement among Medican Developments (Medicine Hat Southwest) Inc., Medican General Contractors 2010 Ltd. and Harvest Group Limited Partnership, by its general partner, Harvest Group GP Corporation ("**Harvest Group**") outlined in the Cimarron Documentation (as herein defined).

4. I have had the opportunity to review the fifth report of RSM Richter Inc., the court appointed monitor of the Medican Group (the "**Monitor**"), dated September 3, 2010 (the "**Fifth Report of the Monitor**"), and I agree with the summaries of the Development Projects and the recommendations provided therein. Below is the position of the Medican Group with respect to the relief sought, as outlined above.

#### *The Michener Project*

5. As outlined in the Fifth Report of the Monitor, the "**Michener Project**" is a Development Project that comprises a three phase condominium development project located in Red Deer, Alberta. Michener is the owner of the subject lands, the Developer, and the primary borrower for the Michener Project.

#### The TEV Financing Agreement and TEV Charges

6. The Michener Project was originally financed by Paragon Capital Corporation ("**Paragon**") and 933680 Alberta Ltd ("**933**"). 933's mortgage also secures all amounts owing by the Medican Group to 933 (the "**933 Mortgage**"). The Medican Group received an offer to refinance the Michener Project from TEV that was attached to my Affidavit of August 10, 2010. Based on discussions that have occurred since that time, the Medican Group has been able to

improve on the offer from TEV. A copy of the amended TEV financing agreement is attached hereto and marked as Exhibit "A" to this my Affidavit (the "**TEV Financing Agreement**").

7. The Medican Group has reviewed the TEV Financing Agreement and agrees with the Monitor's assessment that it is in the best interest of all the Medican Group's stakeholders.

8. It is a term of the TEV Financing Agreement that, as security for its funding, TEV be granted a charge over the Michener Project (the "**TEV Charge**") in priority to: (i) the DIP Lender's Charge, the Administration Charge and the Directors' Charge, as defined in the Initial Order granted in these proceedings on May 26, 2010 (the "**CCAA Charges**"), and (ii) the remaining balance owing, if any, under the 933 Mortgage.

9. The initial advance under the TEV Financing Agreement is for approximately \$5,990,000 and contemplates a payout of existing stakeholders in the Michener Project as follows:

- (a) the entire amount owed to the first mortgagee, Paragon, in the amount of \$2,616,330.98 (as of September 2, 2010, with a per diem rate of interest of \$1,066.46);
- (b) a partial payment to the second mortgagee, 933, in the amount of \$1.4 million;
- (c) full payment to all creditors who delivered goods and services to Michener in relation to the Michener Project, estimated to be \$1,763,000 subject to the Monitor's review of the validity of such claims (the "**Michener Trade Creditors**"); and
- (d) a payment of \$200,000 for the benefit of the CCAA Charges.

10. The Medican Group, with the assistance of the Monitor, has made progress on the Conditions Precedent contained on pages 2 and 3 of the TEV Financing Agreement. Based on discussions with TEV and the Monitor, I do verily believe that the Conditions Precedent numbered 1 through 5 on Page 3 of the TEV Financing Agreement have been met or waived by TEV.

Basis for the TEV Financing

11. The TEV Charge was the subject of extensive negotiations and is critical to TEV's decision to provide its commitment to advance funds pursuant to the TEV Financing Agreement. The TEV Charge is limited to the project which the funds are being advanced to complete, and will not prejudice the other stakeholders of the Medican Group. Accordingly, the Medican Group is seeking Orders granting the TEV Charge, as discussed above.

12. The proposed funding by TEV is necessary to complete the Michener Project for the benefit of the Medican Group's stakeholders. The funding provides certainty with respect to the Medican Group's completion of these phases of this Development Project and provides confidence to the Medican Group's customers and stakeholders that viable Development Projects can be completed while the Medican Group restructures its affairs.

13. Moreover, the proposed funding will see all the Michener Trade Creditors paid in full, leaving only contingent claims existing in favour of unpaid real estate commissions and NHWPA, for approximately \$1 million each. Not only is this an important requirement of the TEV Financing Agreement, it will ensure a timely and efficient continuation of the construction of the Michener Project.

14. Advances pursuant to the TEV Financing Agreement will aggregate to a principal sum of approximately \$42 million and are to be advanced on terms that are acceptable to the Medican Group, and in the best interests of the Medican Group's stakeholders. Further, I have been informed by the Monitor that it supports these proposed financing arrangements.

15. The Medican Group has been in discussions with Paragon, the DIP Lender in these proceedings, and Paragon has consented to the TEV Charge. I have been informed by the Medican Group's counsel, Fraser Milner Casgrain LLP ("FMC"), and do verily believe, that the beneficiaries of the Administration Charge and the Director's Charge consent to the TEV Charge.

***The R7 – 7<sup>th</sup> Street Property Sale***

16. As discussed in the Fifth Report of the Monitor, R7 owns a residential building located in Medicine Hat (the "7<sup>th</sup> Street Property"). A copy of title in respect of the 7<sup>th</sup> Street Property is

attached hereto and marked as Exhibit "B" to this my Affidavit. As part of its restructuring efforts, the Medican Group sought to monetize the 7<sup>th</sup> Street Property, and initially considered leasing the property.

17. The Medican Group entered into negotiations with the George Schow Professional Corporation ("**Schow**") for a lease of the 7<sup>th</sup> Street Property. After various negotiations a letter of intent was entered into between R7 and Schow (the "**7<sup>th</sup> Street LOI**").

18. The 7<sup>th</sup> Street LOI was frustrated when a number of conditions were not met, and no lease could be completed. Accordingly, neither the approval of the first mortgagee nor the approval of the Court was sought for this transaction.

19. On August 4, 2010, the Medican Group received an offer (the "**7<sup>th</sup> Street Offer**") to purchase the 7<sup>th</sup> Street Property from Cypress College (I am advised by a Trade Name Search that Cypress College is a Trade Name for the numbered company 937335 Alberta Ltd.). A copy of the 7<sup>th</sup> Street Offer is attached hereto and marked as Exhibit "C" to this my Affidavit.

20. The 7<sup>th</sup> Street Offer has been negotiated in good faith with an arm's length purchaser. The 7<sup>th</sup> Street Offer is a result of the 7<sup>th</sup> Street Property being actively listed and marketed for sale. It is consistent with the appraised value for the 7<sup>th</sup> Street Property. The sale will see the mortgage holder paid out in full with equity available to the Medican Group's stakeholders. The net proceeds from the sale, once the mortgage holder has been paid out, will be held in trust by R7's counsel, FMC.

21. Further, I have been informed by the Monitor that it approves of this sale, and the Medican Group agrees with this recommendation.

***R7 – The Kornelson and Goncear Sales***

22. R7 also owns completed residential units in Medicine Hat, Alberta at the following locations:

- (a) 435 - 29 River Ridge Drive NW, Medicine Hat, Alberta, bearing a legal description of:

CONDOMINIUM PLAN 0512634  
UNITS 323 AND 341  
AND THEIR RESPECTIVE UNDIVIDED 1/10,000 SHARES IN THE  
COMMON PROPERTY EXCEPTING THEREOUT ALL MINES AND  
MINERALS

(the "**River Ridge Property**"); and

- (b) 303 - 1648 Saamis Drive NW, Medicine Hat, Alberta, bearing a legal description  
of:

CONDOMINIUM PLAN 051037  
UNITS 40 AND 118  
AND THEIR RESPECTIVE UNDIVIDED 1/10,000 SHARES IN THE  
COMMON PROPERTY EXCEPTING THEREOUT ALL MINES AND  
MINERALS

(the "**Saamis Property**"),

(copies of title for the River Ridge Property and the Saamis Property are marked as Exhibits "D" and "E", respectively, and attached to this my Affidavit and these properties are collectively referred as the "**Condominium Units**").

23. On August 11, 2010, R7 accepted an offer on the River Ridge Property from Gerald and Marjory Kornelson for the amount of \$292,000 (the "**River Ridge Offer**"). A copy of the River Ridge Offer is attached hereto and marked as Exhibit "F" to this my Affidavit.

24. On May 18, 2010, R7 accepted an offer to purchase the Saamis Property from Vladimir Gonchar for the amount of \$112,500 (the "**Saamis Offer**"). A copy of the Saamis Offer is attached hereto and marked as Exhibit "G" to this my Affidavit.

25. The River Ridge Offer was solicited pursuant to MLS and are with an arm's length purchaser. It is consistent with the appraised value of the property and its appropriate listing price.

26. The net proceeds from the sales, once the respective mortgage holders have been paid out, will be minimal from the River Ridge Offer and approximately \$37,000 from the Saamis

Offer and will be held in trust by Medican's counsel, FMC, pending either an agreement with R7's secured creditors or order of this Honourable Court.

27. I have been informed by the Monitor that it approves of these sales and the Medican Group agrees with this recommendation.

### *The Terwillegar Project*

#### The Project

28. The Terwillegar Project is a Development Project that comprises a three phase condominium development project located in Edmonton, Alberta. Terwillegar is the owner of the subject lands, the Developer, and the primary borrower for the Terwillegar Project. The Medican Group will require approximately \$200,000 in additional funding to market the remaining units of Phase 1 of the Terwillegar Project, which the Medican Group anticipates will be funded pursuant to the Macdonald Loan Amendment (discussed below).

#### The Macdonald Loan Amendments and Charges

29. The Medican Group and the Monitor have facilitated discussions among the lenders to the Terwillegar Project surrounding a loan amendment between Terwillegar and Macdonald Terwillegar with respect to the Terwillegar Project wherein Macdonald Terwillegar has agreed to finance the construction needed to complete Phase 1 of the Terwillegar Project, as outlined above (the "**Macdonald Loan Amendment**"). A copy of the Macdonald Loan Amendment is attached hereto and marked as Exhibit "H" to this my Affidavit. I understand it is currently being executed by Macdonald Terwillegar and will be filed in these proceedings as soon as practicable.

30. It is a term of the Macdonald Loan Amendment that Macdonald Terwillegar be granted a charge over the Terwillegar Project (the "**Macdonald Terwillegar Charge**") in priority to the DIP Lender's Charge, the Administration Charge and the Directors' Charge, as defined in the Initial Order granted in these proceedings on May 26, 2010, as security for the additional funding.



Basis for the Financing

31. The Macdonald Terwillegar Charge was the subject of extensive negotiations and are critical to Macdonald's decision to provide its commitment to continue to advance funds pursuant to the Macdonald Loan Amendment. The Macdonald Terwillegar Charge is limited to Phase 1 of the Terwillegar Project and will not prejudice the other stakeholders of the Medican Group. Accordingly, the Medican Group is seeking an Order granting the Macdonald Terwillegar Charge, as discussed above.

32. The proposed funding by Macdonald is necessary to complete Phase 1 of the Terwillegar Project for the benefit of the Medican Group's stakeholders.

33. Advances pursuant to the Macdonald Loan Amendment are to be advanced on the same terms that were negotiated in a competitive financial environment prior to the Medican Group being subject to these proceedings. These terms are acceptable to the Medican Group, and in the best interests of the Medican Group's stakeholders. Further, I have been informed by the Monitor that it supports these proposed financing arrangements.

***The Kaleido Bid Procedure Order***

34. As outlined in the Third Report of the Monitor, there are projects which the Monitor, in consultation with the secured financiers and the Medican Group, has determined would be unprofitable to continue with the proposed construction and would yield the most for the stakeholders of the Medican Group through an organized sales process.

35. In particular, the Monitor has recommended that Phases 4-7 of the Kaleido Project (the "**Kaleido Project**") should be sold through an organized sales process.

36. The Medican Group, with the assistance of the Monitor, developed the sales procedure in the Bid Procedure Order whereby the Kaleido Project will be marketed for sale through a bid process overseen by the Monitor.

37. The Kaleido Bid Procedure Order is necessary to maximize the value of the Kaleido Project. The terms of the Kaleido Bid Procedure Order is acceptable to the Medican Group and I do verily believe are fair and reasonable in the circumstances, generally consistent with sales

procedures in other similar circumstances (and is the same procedure as is currently being utilized by the Medican Group in respect of selling Phases 2 and 3 of the Axxess Terwillegar Project and Phases 2 and 3 of the Axxess Sylvan Lake Project), and are in the best interests of the Medican Group and its stakeholders. Further, I have been informed by the Monitor that it supports this proposed sales procedure.

***Cimarron Project/ Harvest Group Arrangement***

38. Cimarron Project is a master planned community that contains a wide range of residences and essential services such as storage, professional offices, health, schools, recreational facilities and a transit hub. The Cimarron design and concept was adopted by the City of Medicine Hat By-Law #3940 in an area structure plan on August 17, 2009.

39. The Cimarron Project is located on the southwest boundary of Medicine Hat and designed to accommodate a population of 15,000 people over an overall area of approximately 874 acres. A map outlining the current delineation of the project, and its associated landholders is attached hereto and marked as Exhibit "I" to this my Affidavit.

40. Medican Group's involvement with the Cimarron Project is summarized in the Fifth Report of the Monitor.

41. Medican Group has concluded, in conjunction with the Monitor and the other stakeholders involved in the Cimarron Project, that the most reasonable treatment of the Cimarron Project is to complete the arrangement described in paragraphs 44 through 49 of the Fifth Report of the Monitor. Attached and marked as Exhibits "J", "K", and "L" to this my Affidavit are copies of the Memorandum of Understanding, the form of Development Project Management Agreement, and Purchase and Sale Agreement, respectively, that are discussed in the Fifth Report of the Monitor (collectively, the "**Cimarron Documentation**").

42. For the reasons set forth in the Fifth Report of the Monitor, the Medican Group believes the arrangement set forth in the Cimarron Documentation is fair and reasonable in the circumstances and in the best interests of the Medican Group and its stakeholders.

43. I do verily believe that the Medican Group continues to work in good faith and with due diligence with the Monitor and all of the Medican Group's stakeholders in all respects of this restructuring.

44. I make this Affidavit in support of an Application for the relief described in paragraph 3, above.

Sworn before me in the City of Calgary, )  
in the Province of Alberta, the 3<sup>rd</sup> day of )  
September, 2010. )

  
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A Commissioner of Oaths in and for the )  
Province of Alberta. )

  
\_\_\_\_\_  
**TYRONE SCHNEIDER**

**LUKE M. DAY**  
Barrister & Solicitor in and for  
the Province of Alberta  
1870A - 6th Avenue SW  
Medicine Hat, Alberta T1A 7X5  
(403) 526-3477

Action No. 1001-07852  
Deponent: Tyrone Schneider  
Date Sworn: September 3, 2010

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

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**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**

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**AFFIDAVIT**

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**FRASER MILNER CASGRAIN LLP**

Barristers and Solicitors  
15<sup>th</sup> Floor Bankers Court  
850 2 Street SW  
Calgary, Alberta T2P 0R8

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

OFFER TO FINANCE

T & E VENTURES INC. on behalf of a company being incorporated, (1554670 Alberta Ltd.) (the Lender) hereby offers to provide Loans in the amounts and on the terms set out below:

**Borrower:** Medican (Red Deer - Michener Hill) Developments Ltd. c/o Tyrone Schneider 1870A 6 Avenue SW, Medicine Hat, Alberta T1A 7X5.

**Purpose:** To be used for the purpose of constructing 148 condominium units and 38 duplexes together with parking for both in the development know as Red Deer Sierras Michener Hill, Red Deer Alberta. (The "Development")

**Initial Advance:** The initial advance is a sum equal to the amount necessary to pay the existing secured creditors to the Development (being (i) Paragon Capital Corporation, in full, (ii) 933680 Alberta Ltd., to the extent of \$1.4 million, (iii) all creditors all amounts owed in respect of liens and other critical trade suppliers who provided goods and services to the Development (as determined in the Lender's sole discretion), and (iv) the sum of \$200,000 (estimated to be approximately \$5,988,929.00 and in no event more than \$6 million). This initial advance and all additional advances shall be evidenced by Demand Promissory Notes.

**Interest Rate:** Interest shall be 10% per annum until August 1, 2012, at which time the rate shall increase to 12% per annum.

**Additional Payments to Lender:** In addition to the interest the Lender shall be entitled to receive a payment of FIFTEEN THOUSAND (\$15,000.00) —00/100 DOLLARS for each condominium unit within the Development, which payment shall be made when possession of each condominium is given to the purchaser thereof. The payment for the duplexes shall be SIXTY THOUSAND (\$60,000.00) ...00/100 DOLLARS per duplex \$30,000.00 per side) which payment shall be made when possession of each side of duplex is given to the purchaser thereof.

**Security:** The following security evidenced by documents, registrations, filings and opinions satisfactory to counsel to the Lender is to be provided prior to any advance being made:

1. A registered first Mortgage on the Real Property described in Schedule A attached hereto and forming part hereof, The only encumbrances against the land described in Schedule A shall be the non financial encumbrances. The Alberta Health Services Caveat number, 082 449 811 shall be either discharged or postponed to the Lender's Mortgage. All advances made subsequent to the initial advance shall not be made until there has been a Mortgage Amending Agreement completed and registered against the Real Property.

THIS IS EXHIBIT "A" referred to in the Affidavit of Tyrone Schneider Sworn before me this 3 Day of Sept. A.D. 2010

A COMMISSIONER FOR OATHS AND FOR THE PROVINCE OF ALBERTA

LUKE M. DAY Barrister & Solicitor in and for the Province of Alberta 1870A - 6th Avenue SW Medicine Hat, Alberta T1A 7X5 (403) 526-3477

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(Canada), as amended (the "CCAA"), in action number 1001-07852 (the "Proceeding"), by the Court of Queen's Bench of Alberta (the "Court").

3. General Security Agreement registered under the *Personal Property Act Alberta* granting a first general assignment of:
- (a) Book Debts, Rents and Leases of the Borrower in respect to the Development.
  - (b) Agreements of Purchase and Sale inclusive of Purchaser's Deposits which are to be injected into the Development to fund costs and/or held in accordance with the *Condominium Property Act of Alberta*.
  - (c) All present and after acquired personal property of the Borrower.
  - (d) Construction, supply and consulting contracts related to the Development and specifically acknowledged, assignments or acceptable Tri Party Agreements on those contracts specified by the Lender which may include but not be limited to, the contracts with the Development architect, engineers and marketing agents.
  - (e) Rights of the Borrower:
    - (i) Under all building/development permits and the monies paid thereunder,
    - (ii) To all plans, specifications and drawings related to the Development.

**Partial Discharge:**

Provided that there has been no Event of Default, the Lender will provide partial discharges upon payment to it of the net sale proceeds from the sale of any unit in the Development and agrees that the Order granted by the Court on June 11, 2010 in the Proceedings regarding the approval and vesting of condominium sales shall govern the sale of units in the Developments, save and except that Net Proceeds (as defined therein) shall be remitted to the Lender in repayment of amounts lent hereunder, together with interest and other amounts payable pursuant to this Agreement.

**Additional Advances:**

The lender shall, subject to the terms of this Agreement, make additional advances in the amounts and at the estimated times set out in Schedule B which Schedule is attached hereto and forms part hereof. Schedule B contains the estimated amounts required for the completion of phase one, phase two, phase three and the duplexes, all contained in the Development. In each case the Lender shall not be obligated to advance any funds in the event the Borrower has committed an Event of Default in any of the provisions of this Agreement or the security documents given subsequent to the date of this

## agreement

## Conditions Precedent:

1. The Lender shall be under no obligation to make the initial advance or subsequent advances to the Borrower until (i) the security required by the provisions of this Agreement is in place, (ii) the Court approves this Agreement (including without limitation the TEV Charge) no later than September 8, 2010 on terms reasonably satisfactory to the Borrower and the Lender, (iii) the creditors described under "Initial Advance", above, have been paid; (iv) no secured claims exist against the Development except: (A) firstly, the Charges (as defined in the Initial Order granted in the Proceedings on May 26, 2010), and (B) secondly, security granted in favour of 933680 Alberta Ltd. ("933 Security") which Charges and 933 Security shall be subordinate to the security granted in favour of the Lender hereunder; and (v) the stay of proceedings provided for in the Proceedings is in full force and effect or the Borrower emerges from the Proceedings on terms and conditions satisfactory to the Lender and the Borrower.
2. No advances shall be made for the amounts set out in Schedule B phase two, phase three or the Duplexes unless 80% of the units in a phase have been pre sold and the Purchaser thereof has paid a deposit of a minimum of 10% of the purchase price and 80% of the units in phase one have been sold.
3. The Borrower shall remain in good standing until the Development has been completed.
4. The Lender is satisfied with the updated appraisal of the Development.
5. The Lender is satisfied with the environmental reports to be provided by the Borrower.
6. The Lender will have received an approved copy of the New Home Warranty provider's commitment to insure the Development and the Borrower.

## Bank Accounts:

There shall be a bank account established in a bank designated by the Lender and all advances and monies received during the carrying out of this Development from all purchases, rebates and goods and services tax (G.S.T.) shall be deposited into such bank account other than deposits pursuant to the *Alberta Condominium Property Act* RSA 2000 Chapter C -22 (The Act). All cheques drawn on such bank account shall be signed by a representative of the Borrower and a representative of the Lender. There shall be established a separate bank account in a bank designated by the Lender in which shall be deposited all deposits made by Purchasers to be held in trust as required by the Act. All cheques on that account must be signed by a representative of the Lender and a representative of the Borrower.

- Payments:** All monies received upon the sale of units in the Development shall be used firstly to pay the cost of labour and material used in the construction of the Development to that time and all other money shall be paid to the Lender so as to minimize the cost of borrowing.
- Events of Default:** Without restricting the rights of the Lender to demand payment in full at any time, and recognizing that the Borrower is currently insolvent and subject to the provisions of the CCAA and the Proceedings, if any of the following Events of Default occurs, the Lender may, at its option by notice to the Borrower, demand immediate payment of all or any part of the Principal Sum then owed by the Borrower and failing such immediate payment, the Lender may without further notice realize under all or any part of the securities held by it. NOTWITHSTANDING the above, the Principal Sum and all interest payable together with all of the moneys payable pursuant to this agreement shall, at the option of the Lender, become immediately due and payable and any security held by the Lender for the payment thereof shall, at the option of the Lender, become immediately enforceable in each and every of the following events:
- If the Borrower make default in the repayment of any installment of principal or interest under this or any other agreement with the Lender, and such default continues for fifteen (15) days after the due date;
  - If the stay of proceedings provided for in the Proceedings is, for whatever reason, set aside or not maintained, or the Borrower emerges from the Proceedings on terms and conditions that are not satisfactory to the Lender and the Borrower;
  - If any representation, warranty, certificate, statement or report made in connection with this agreement or given to induce the Lender to enter onto this Agreement is false or erroneous in any material respect;
  - If the Borrower defaults in any obligation to any other person which obligation involves or could involve a sum which the Lender considers material, and such default shall not be cured within fifteen (15) days of the date the Borrower first knew or should have known of such default, unless the default or the amount thereof is being disputed and there are reasonable grounds for such dispute, or unless the default is made for prudent business reasons other than inability to pay or perform such obligations;
  - If the Borrower abandons all or any part of its undertaking and property and assets.
  - If any execution, sequestration, builders lien, or any other process of any court becomes enforceable against the Borrower or if a distress or analogous process is levied on the property and assets of the Borrower, and the execution, sequestration, extent, distress or process, remains unsatisfied for a period of twenty (20) days or as would permit the property or a part of it to be sold;



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If the Lender in good faith believes that the ability of the Borrower to pay any of its obligations to the Lender or to perform any of the covenants contained in this agreement is impaired or the security referred to in this agreement is impaired or is in jeopardy;

If an order is made or effective resolutions are passed for the winding-up of the Borrower or if a petition is filed for the winding-up of the Borrower or if a receiver of the Borrower or any part of its assets is appointed;

If any charge or encumbrance created or issued by the Borrower shall become enforceable and steps are taken to enforce the same;

If any of the licenses, permits or approvals granted by any government or governmental authority or agency and essential to the business of the Borrower is withdrawn or cancelled;

If any material adverse change occurs (as determined by the Lender in its sole discretion) in the business, prospects, property, assets or condition (financial or otherwise) of the Borrower.

If the Developments costs are four percent (4%) or more over the estimated budget.

**Borrower Covenants:**

The Borrower covenants with the Lender that so long as any amounts are owing under this Agreement together with interest remains outstanding the Borrower shall deliver to the Lender a monthly in-house profit and loss report in a format acceptable to the Lender by the 18th day of the following month, commencing the month subsequent to the date of this agreement, together with an aged list of accounts receivable and an aged list of trade accounts payable in the event these reports are not received by the date specified, the Borrower shall pay a late reporting fee of five thousand (\$5,000.00)...00/100 dollars] per month, or a portion thereof. As soon as practicable and in any event within ninety (90) days after the end of each fiscal year (commencing the day following the Borrower's year end), the annual financial statements of the Borrower (audited if requested by the Lender) including the statement of profit and loss of the Borrower for that year, and balance sheets of the Borrower as of the end of that year, setting forth in each case in comparative form, corresponding figures from the preceding annual financial statement, together with the accountant's report, all in reasonable detail, and satisfactory in scope and substance to the Lender, prepared by a firm of qualified accountants and signed by appropriate officers of the Borrower [the Borrower shall pay, if requested by the Lender, a late reporting fee of five thousand (\$5,000.00)...00/100 Dollars per month, or portion thereof, for late submission of year-end financial statements after expiry of the ninety (90) day grace period):

With reasonable promptness, other financial data the Lender may reasonably request from the Borrower:

Will permit any person designated by the Lender in writing to visit and inspect any of the properties, corporate books and financial records of the

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Borrower and to discuss the affairs, finances and accounts of the Borrower with the principal officers of the Borrower at all reasonable times and as often as the Lender may reasonably request.

Will insure and keep insured the property mortgaged or charged by the Mortgage with extended coverage against loss or damage by fire, theft, collision or other insurance hazards commonly insured against to the full insurable value. All insurance shall be maintained with an insurer or insurers as may be approved by the Lender. The loss under all insurance will be payable to the Lender and the Borrower will cause to be affixed to each policy of insurance a mortgage clause or mortgage endorsement in form satisfactory to the Lender and providing for a minimum of thirty (30) days notice to the Lender of a cancellation or lapse. The Borrower shall pay or cause to be paid all premiums in connection with the insurance and will deposit certified copies of insurance policies with the Lender or otherwise deal with them as the Lender may require.

Will register the Development with a New Home Warranty provider acceptable to the Lender. Prior to any advance the Lender shall have received and approved a copy of the Warranty provider's commitment to insure the Development and the Borrower.

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Will give the Lender prompt written notice of any material adverse change in the condition or business of the Borrower, financial or otherwise, or of any material loss, destruction or damage of or to any property secured by the Mortgage.

Will cause the Mortgage and any other instruments of conveyance or assignment effected pursuant to this agreement to be and remain registered, recorded or filed from time to time in a manner and places as may in the opinion of the Lender be of advantage in perfecting the security and will furnish to the Lender evidence satisfactory to it of registration, recording and filing.

Will diligently maintain, use and operate or will cause to be maintained, used or operated, the property and assets which are mortgaged or charged by the Mortgage and will carry on and conduct its business in a proper and efficient manner so as to preserve and protect the property and assets and the business and its earnings, incomes, rents, issues and profits.

Will duly and punctually pay to the Lender, the principal, accrued interest and all other moneys, in the manner provided for in this agreement.

Will pay or reimburse the Lender for all costs, charges and expenses (including legal fees as between a Solicitor and his own client) of or incurred by the Lender in connection with this agreement or any security taken in pursuance of this agreement, including all costs, charges and expenses in connection with the recovery or enforcement of payment of moneys loaned, together with interest at the rate set out in this Agreement.

Will maintain at all times proper records and books of account and make true

and correct entries in the records of all dealings and transactions relating to its business.

Will do, observe and perform all of its obligations and all matters and things necessary or expedient to be done, observed or performed under any law or regulation of the Province of Alberta, for the purpose of creating and maintaining the security provided for in this agreement.

Will give the Lender written notice of any Event of Default immediately on the occurrence of such an event.

Will give the Lender written notice of the occurrence of any material litigation, proceeding or dispute affecting the Borrower and will provide to the Lender all reasonable information requested by the Lender concerning the status of the litigation, proceeding or dispute

Will maintain all Federal and Provincial payroll deductions [which includes but is not limited to income taxes, goods and services tax (GST), employment insurance (E.I.), Canada Pension Plan (C.P.P.) and Worker Compensation Board (W.C.B.) payments], in a current position at all times. The Borrower further undertakes to advise the Lender immediately of any source deductions that are remitted.

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**Positive Covenants**

The Borrower covenants with the Lender that it will not, without the prior written consent of the Lender;

Redeem, purchase or otherwise acquire, either directly or indirectly any of its shares, or declare or pay any dividend on any of its shares of whatever class, or in any other manner make payments to its shareholders in any fiscal year of the Borrower except for usual remuneration or reimbursement in respect of employment.

Lend money to, invest in, or become contingently liable by guarantee or otherwise for the obligations of, any person, firm or body corporate.

Consolidate, amalgamate or merge with any other corporation or acquire the shares or assets of any corporation, firm or partnership, or sell, lease or transfer or otherwise dispose of all or a substantial part of its assets.

Enter into or be a party to any contract for the purchase of materials, supplies or other property if the contract requires that payments for those materials, supplies or other property shall be made regardless of whether or not delivery is ever made of the materials, supplies or other property,

Make sales to an associated corporation except on a cash basis and at price equal to a fair market price, provided that net sixty days will be construed as a cash basis for the purposes of this paragraph.

Create, suffer or permit to exist any mortgage, pledge, lien, charge, assignment by way of security, hypothecation, security interest, security agreement, trust or arrangement having the effect of security, any type of

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preferential arrangement or other encumbrance of any kind whether or not similar to the foregoing to exist on or with respect to the assets charged to the Lender.

Do any act which could adversely affect the ranking or validity of the security interests created, granted or intended to be created or granted to the Lender pursuant to the Mortgage.

**Environmental:**

The Borrower will carry on business, and maintain its assets and property, in accordance with all applicable environmental laws and regulations. If (a) there is any release, deposit, discharge or disposal of pollutants of any sort (collectively, a "Discharge") in connection with the Development, and the Lender pays any fines or for any clean-up, or (b) the Lender suffers any loss or damage as a result of any Discharge, the Borrower will reimburse the Lender, its directors, officers, employees and agents for any and all losses, damages, fines, costs and other amounts (including amounts spent preparing any necessary environmental assessment or other reports, or defending any lawsuits) that result. If the Lender asks, the Borrower will defend any lawsuits, investigations or prosecutions brought against the Lender or any of its directors, officers, employees and agents in connection with any Discharge. The Borrower's obligation to the Lender under this section continues even after all Loans have been repaid and this Agreement has terminated.

**Confidentiality:**

The terms of this Agreement are not confidential and the parties agree that this Agreement is subject to the approval of the Court, which approval the Borrower will seek as soon as practical after this Agreement has been executed and delivered and the Lender will support such application.

**Advances:**

All requests for advances shall be in writing:

Unless otherwise contemplated herein or agreed to by the Borrower and the Lender, accumulated advances shall at no time exceed the cost of work in place.

The Lender reserves the right in its sole discretion, to process advances directly to the subtrades and/or suppliers, if the Borrower are in default. For each Advance, the Borrower shall cause a Statutory Declaration Satisfactory in substance to the Lender's legal counsel to be completed confirming that all loan proceeds are being used solely to pay for payables in respect to the Development, which is being financed by the Lender pursuant to this Agreement (e.g. third-party hard construction cost payables only), and for no other purpose whatsoever, either in respect to the Development or otherwise. Any use of any such funds for any purpose, either within the development, or otherwise, except as set out herein shall constitute a default of this Loan.

**Sales Reports:**

The Borrower shall provide the lender with Sales Reports on the 15<sup>th</sup> of each month in form and content satisfactory to the Lender, including copies of accepted Sales Agreements.

**Waiver**

The parties may waive, in whole or in part, any right created hereunder as

long as any such waiver is in writing and delivered to the other party hereto, with a copy to the monitor in the Proceedings.

If you are in Agreement with the foregoing terms and conditions please indicate by signing and returning one copy of this Commitment to the Lender by September 3, 2010, failing which this Offer shall be deemed null and void.

**T & E Ventures Inc.** on behalf of a company being  
Incorporated (1554670 Alberta Ltd.)

Per: \_\_\_\_\_



Acceptance:

The Borrower hereby accepts the terms and conditions of the above mentioned commitment and agrees to be responsible for all fees and disbursement payable in accordance with the provision of this commitment.

The undersigned hereby accepts the terms and conditions as stated herein. Dated at the City of Medicine Hat this 3<sup>rd</sup> day of September, 2010.

**Medican (Red Deer-Michener-Hill) Developments Ltd.**

Per: \_\_\_\_\_



LAND TITLE CERTIFICATE

THIS IS EXHIBIT " B " referred to in the Affidavit of Tyrone Schneider Sworn before me this 3 Day of Sept. A.D. 2010

A COMMISSIONER FOR OATHS IN AND FOR THE PROVINCE OF ALBERTA

LUKE M. DAY Barrister & Solicitor in and for the Province of Alberta 1870A-6 Avenue SW Medicine Hat Alberta T1A 7X5 (403) 526-3477

S LINC SHORT LEGAL 0020 533 965 1132M;9;1,2

LEGAL DESCRIPTION PLAN 1132M BLOCK 9 LOTS 1 AND 2 EXCEPTING THEREOUT ALL MINES AND MINERALS

ESTATE: FEE SIMPLE ATS REFERENCE: 4;5;12;30;NW

MUNICIPALITY: CITY OF MEDICINE HAT

REFERENCE NUMBER: 011 199 482

Table with 5 columns: REGISTRATION, DATE (DMY), REGISTERED OWNER(S), DOCUMENT TYPE, VALUE, CONSIDERATION. Row 1: 031 247 335, 24/07/2003, TRANSFER OF LAND, \$265,000, \$265,000

OWNERS R7 INVESTMENTS LTD.. OF 1870A-6 AVE SW MEDICINE HAT ALBERTA T1A 7X5

ENCUMBRANCES, LIENS & INTERESTS

Table with 3 columns: REGISTRATION NUMBER, DATE (D/M/Y), PARTICULARS. Row 1: 021 047 374, 07/02/2002, CAVEAT RE : ENCROACHMENT AGREEMENT. Row 2: 031 028 832, 24/01/2003, CAVEAT RE : RESTRICTIVE COVENANT

( CONTINUED )

ENCUMBRANCES, LIENS & INTERESTS

PAGE 2  
# 031 247 335

REGISTRATION  
NUMBER DATE (D/M/Y) PARTICULARS

031 247 336 24/07/2003 MORTGAGE  
MORTGAGEE - BANK WEST.  
SUITE 103, 309 1ST ST  
HIGH RIVER  
ALBERTA T1V1M5  
ORIGINAL PRINCIPAL AMOUNT: \$190,000

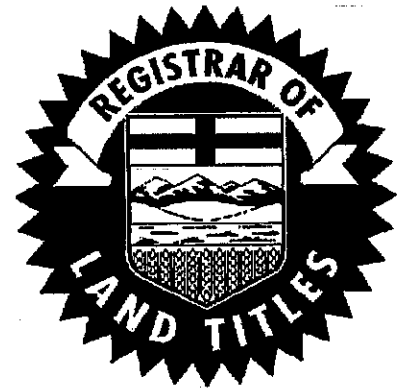
031 247 337 24/07/2003 CAVEAT  
RE : ASSIGNMENT OF RENTS  
CAVEATOR - BANK WEST.  
DARYL G SCHINDEL LAW OFFICE  
#1, 3295 DUNMORE RD SE  
MEDICINE HAT  
ALBERTA T1B3R2  
AGENT - DARYL G SCHINDEL

TOTAL INSTRUMENTS: 004

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE  
REPRODUCTION OF THE CERTIFICATE OF TITLE REPRESENTED  
HEREIN THIS 2 DAY OF SEPTEMBER, 2010 AT 01:58 P.M.

ORDER NUMBER:17317066

CUSTOMER FILE NUMBER: 526686-1



\*END OF CERTIFICATE\*

THIS ELECTRONICALLY TRANSMITTED LAND TITLES PRODUCT IS INTENDED FOR THE  
SOLE USE OF THE ORIGINAL PURCHASER, AND NONE OTHER, SUBJECT TO WHAT IS  
SET OUT IN THE PARAGRAPH BELOW.

THE ABOVE PROVISIONS DO NOT PROHIBIT THE ORIGINAL PURCHASER FROM  
INCLUDING THIS UNMODIFIED PRODUCT IN ANY REPORT, OPINION, APPRAISAL OR  
OTHER ADVICE PREPARED BY THE ORIGINAL PURCHASER AS PART OF THE ORIGINAL  
PURCHASER APPLYING PROFESSIONAL, CONSULTING OR TECHNICAL EXPERTISE FOR  
THE BENEFIT OF CLIENT(S).



LUKE M. DAY

Barrister & Solicitor in and for the Province of Alberta

THIS IS EXHIBIT "C" referred to in the Affidavit of Tyronne Schneider Sworn before me this 3 Day of Sept. A.D. 2010

COMMERCIAL REAL ESTATE PURCHASE CONTRACT

# 2123314Jul28 Purchase Contract Number

This form was developed by the Alberta Real Estate Association for the use of its members and may not be altered electronically by any person.

A COMMISSIONER FOR OATHS IN AND FOR THE PROVINCE OF ALBERTA

PART A - OFFER TO PURCHASE

This Contract is between

THE SELLER Name R7 INVESTMENTS LTD and THE BUYER Name CYPRESS COLLEGE

1. THE PROPERTY

1.1 The Property is the Land, Buildings, Accepted Tenancies, Attached Goods (unless excluded) and Included Unattached Goods located at: Municipal Address: 37 ST SE Medicine Hat T1A 1J2 Legal Description: Plan 1132M Block 9 Lot/Unit 112

Title(s) # \_\_\_\_\_ A copy of the existing Title(s) attached hereto as Schedule "A". If Condominium Property, legal description and details as described in Commercial Condominium Property Schedule (attached).

1.2 All Attached Goods (fixtures) except for: ALL FURNITURE, WINDOW COVERINGS, ALL APPLIANCES E.G. DISHWASHER

1.3 No Unattached Goods (specific chattels) except for: INCL. DISHWASHER, WINDOW COVERINGS ETC

1.4 Title to the Property shall be subject to any reservations and exceptions stated on the Certificate of Title, non-financial obligations now on Title such as easements, utility rights-of-way, covenants and conditions that are normally found registered against property of this nature, and non-financial encumbrances which have been accepted by the Buyer (the "Permitted Encumbrances"). Unless otherwise agreed in writing, the Title shall be free and clear of all other liens, encumbrances, registrations and obligations except those implied by law.

The Buyer agrees to accept the following Permitted Encumbrances: \_\_\_\_\_

The Buyer agrees to accept the following tenancies (the "Accepted Tenancies"): \_\_\_\_\_

2. THE TRANSACTION

2.1 The Buyer and the Seller agree to act cooperatively, reasonably, diligently and in good faith.

2.2 The Buyer hereby offers to purchase the Property for the sum of \$ \_\_\_\_\_ Dollars (the "Purchase Price").

2.3 Other than the Deposits, the Buyer shall pay the Purchase Price by certified cheque, lawyer's trust cheque, bank draft or other agreed value as follows:

Table with columns for payment type (Initial Deposit, Additional Deposit, Assumption of Mortgage, etc.) and amount. Includes handwritten entries: \$20,000, \$410,000, \$430,000, \$420,000, \$440,000.

Initials: wjc Seller's Initials, DM Buyer's Initials

2.4 In addition to the Purchase Price, the applicable GST will be paid by the Buyer. On or before the Completion Day, the Buyer may confirm to the Seller's lawyer that it is registered for the purposes of Part IX of the Excise Tax Act (Canada) (the "Act") and will provide its registration number. In that event, the Buyer covenants to assume liability for applicable GST accruing with respect to the contemplated transaction and further covenants to pay the applicable GST immediately after the Completion Day or to complete, sign and file such forms, filings or reports required by the Act within the prescribed time limits. The Buyer agrees to indemnify and save harmless the Seller from and against all liability, fines, penalties, costs, expenses and interest, including legal fees and disbursements on a solicitor/client full indemnity basis, which the Seller incurs or may incur as a result of or arising out of a default by the Buyer of its obligations described in this paragraph. If the Buyer does not confirm that it is a registrant under Part IX of the Act on or before the Completion Day, then the Seller will collect from the Buyer, the Buyer will pay the applicable GST and the Seller will then remit the GST amount as required by the Act.

3. DEPOSITS

3.1 The Initial Deposit shall be delivered in trust to SIGNATURE SERVICE REAL ESTATE. Unless otherwise agreed in writing, the Initial Deposit shall accompany the offer.

3.2 Any Additional Deposits shall be delivered in trust to as follows

3.3 In the event that either Deposit(s) are undelivered or returned by the financial institution as funds not cleared or non-sufficient funds, then the Buyer must replace the Deposit(s) by certified cheque, money order or bank draft within two (2) Business Days of being notified that the Deposits did not clear. If the Buyer fails to provide the Deposit(s), the Seller may, at its discretion, terminate the Contract by notice in writing to the Buyer within two (2) Business Days.

3.4 Unless otherwise agreed in writing, no interest on the Deposits shall be paid to the Seller or the Buyer.

3.5 The Deposits shall be held in trust for both the Seller and the Buyer and shall be:

- (a) applied against the Commission (as defined in the Commercial Real Estate Listing Contract or any other commission agreement signed by the Seller) and paid directly out of trust to the brokerage(s) when the Commission is earned in accordance with the terms of the Listing Contract or other commission agreement signed by the Seller;
(b) returned forthwith to the Buyer if this offer is not accepted and the cheque has not been deposited;
(c) refunded forthwith to the Buyer if this offer is not accepted and the Buyer's cheque has cleared the brokerage's trust account;
(d) refunded forthwith to the Buyer upon the Buyer's cheque clearing the brokerage's trust account if a condition is not satisfied or waived (as per Section 4) or the Seller fails to perform this Contract; and
(e) forfeited to the Seller if this offer is accepted and all conditions are satisfied or waived and the Buyer fails to perform on this Contract.

3.6 The brokerage holding the Deposits is further directed and authorized to pay that portion of the Deposits exceeding the Commission in trust to the Seller's lawyer no later than two (2) Business Days prior to the Completion Day.

3.7 If there is a dispute between the Seller and the Buyer as to entitlement to the Deposits then:

- (a) the brokerage holding the Deposits shall review the circumstances, determine entitlement and pay the money to the party who is entitled to the Deposit;
(b) if no reasonable conclusion can be made in regard to (a) above, the brokerage shall notify the parties to the Contract in writing and shall pay the money into a lawyer's trust account;
(c) the parties agree to allow the lawyer and/or the brokerage to deduct from the Deposit a reasonable fee and costs incurred for dealing with the Deposit;
(d) a brokerage and/or lawyer acting in good faith under this clause shall not be liable to either party for any damages associated with the handling of the Deposit except as arising from the negligence of the brokerage or lawyer.

4. CONDITIONS

4.1 Buyer's Conditions: The obligations of the Buyer described in this Contract are subject to the satisfaction or waiver of the following conditions precedent, if any. These conditions are inserted for the sole and exclusive benefit and advantage of the Buyer. The satisfaction or waiver of these conditions will be determined in the sole discretion of the Buyer. The Buyer agrees to use reasonable efforts to satisfy these conditions. These conditions may only be satisfied or waived by the Buyer giving written notice (the "Buyer's Notice") to the Seller on or before 5 p.m. on the 20 day of August 2010 (the "Buyer's Condition Day"). If the Buyer fails to give the Buyer's Notice to the Seller on or before the Buyer's Condition Day, then this Contract will be ended and the Initial Deposit plus any earned interest will be returned to the Buyer and all agreements, documents, materials and written information exchanged between the parties will be returned to the Buyer and the Seller respectively.

Within three (3) Business Days of the Final Signing of this Contract (Section 18), the Seller will provide to the Buyer true copies of all agreements/documents/materials which reasonably relate to the Property and the Buyer's Conditions and which are in the possession of the Seller or under its control (the "Documents"). The Documents are required by the Buyer in order for it to decide whether the conditions are satisfied or should be waived. Any delay by the Seller in providing the Documents will extend the Buyer's Condition Day.

(a) Financing Condition: The Buyer being able to arrange a new mortgage loan upon terms acceptable to the Buyer and/or the Buyer being approved to assume an existing mortgage loan upon terms acceptable to the Buyer.

Handwritten initials for Seller and Buyer.

(b) Due Diligence Conditions:

- (i) acceptable physical viewing/inspection of the Property;
- (ii) acceptable review of legal title for the Property and any Unattached Goods;
- (iii) acceptable review of any Permitted Encumbrances;
- (iv) acceptable review of Accepted Tenancies;
- (v) acceptable review of financial records and statements respecting the Property and any operating agreements that the Buyer is to assume;
- (vi) acceptable review of all engineering, mechanical, electrical, plumbing, roof, heating, ventilation, construction or similar reports, studies, assessments, plans, drawings, specifications, correspondence or work orders;
- (vii) acceptable review of all environmental reports;
- (viii) acceptable review of all real property reports; and
- (ix) acceptable review of the following additional agreements/documents/materials: \_\_\_\_\_

(x) The Buyer may also, at its expense, retain its own consultants to conduct such inspections, reviews and tests and to produce such observations, reports or assessments regarding the Property. In this regard, the Buyer and its authorized representatives will have access to the Property after the Final Signing of this Contract and during normal business hours in order to conduct all inspections, reviews and tests deemed necessary by the Buyer acting reasonably. The rights of the existing tenants must be respected and the Buyer will be responsible for all damages caused by its representatives. The Seller will provide the Buyer with such written authorizations and other assistance when reasonably required by the Buyer to facilitate or to complete its inspections, review or tests.

(c) Additional Buyer's Conditions:

*SUBJECT TO CIVIC APPROVAL OF PLANNED USE BY AUG 15 TO WITHIN 2 DAYS OF FINAL ACCEPTANCE BY COURT APPOINTED MONITOR*

4.2 Seller's Conditions: The obligations of the Seller described in this Contract are subject to the satisfaction or waiver of the following conditions precedent, if any. These conditions are inserted for the sole and exclusive benefit and advantage of the Seller. The satisfaction or waiver of these Conditions will be determined in the sole discretion of the Seller. The Seller agrees to use reasonable efforts to satisfy these conditions. These conditions may only be satisfied or waived by the Seller giving written notice (the "Seller's Notice") to the Buyer on or before 5 p.m. on the \_\_\_\_\_ day of \_\_\_\_\_, (the "Seller's Condition Day"). If the Seller fails to give the Seller's Notice to the Buyer on or before the Seller's Condition Day, then this Contract will be ended and the Initial Deposit plus any earned interest will be returned to the Buyer and all agreements, documents, materials and written information exchanged between the parties will be returned to the Buyer and the Seller respectively.

*Subject to Approval of Court Appointed monitor*

4.3 Subject to clauses 4.1 and 4.2, the Buyer and the Seller may give written notice to the other party on or before the stated Condition Day advising that a Condition will not be waived, has not been satisfied and will not be satisfied on or before the Condition Day. If that notice is given, then this Contract is ended upon the giving of that notice.

5. INSURANCE

5.1 The risk of loss or damage to the Property shall lie with the Seller until the Purchase Price is paid according to the terms of this Contract. If loss or damage to the Property occurs before the Seller is paid the Purchase Price, then any insurance proceeds shall be held in trust for the Buyer and the Seller according to their interests in the Property.

6. WARRANTIES AND REPRESENTATIONS

6.1 The Seller represents and warrants to the Buyer that:

- (a) the current use of the Land and Buildings complies with the existing municipal land use bylaw;
- (b) the Buildings and other improvements on the Land are not placed partly or wholly on any easement or utility right-of-way and are entirely on the Land and do not encroach upon neighbouring lands, except where an encroachment agreement is in place;
- (c) the location of Buildings and other improvements on the Land complies with all relevant municipal bylaws, regulations or relaxations granted by the appropriate municipality prior to the Completion Day, or the Buildings and other improvements on the Land are "non-conforming buildings" as that term is defined in the *Municipal Government Act* (Alberta);
- (d) to the best of the Seller's knowledge, there is no legal action outstanding with respect to the Property;
- (e) the Seller is not in breach of any contract with respect to the Property;
- (f) the Seller is not in breach of any obligation to any third party with respect to the Property;
- (g) within the meaning of the *Income Tax Act* (Canada), the Seller is not now, nor will be on the Completion Day, a non-resident of Canada nor an agent or a trustee for any person with an interest in the Property who is a non-resident of Canada;
- (h) \$ \_\_\_\_\_ is the current monthly condominium contribution payable (fee for administrative and other expenses); and
- (i) except as otherwise disclosed, the Seller is not aware of any defects that are not visible and that may render the Property dangerous or potentially dangerous to occupants or unfit for habitation.

6.2 All of the warranties contained in this Contract and any attached Schedules are made as of and will be true at the Completion Day, unless otherwise agreed in writing.

*WJC* Seller's Initials      *JM* Buyer's Initials

- 6.3 The Seller and the Buyer each acknowledge that, except as otherwise described in this Contract, there are no other warranties, representations or collateral agreements made by or with the other party, the Seller's brokerage and the Buyer's brokerage about the Property, any neighbouring lands, and this transaction, including any warranty, representation or collateral agreement relating to the size/measurements of the Land and Buildings or the existence or non-existence of any environmental condition or problem.
- 6.4 The representations and warranties in this Contract may be enforced after the Completion Day, provided that any legal action is commenced within the time limits prescribed by the Limitations Act (Alberta).
- 6.5 The Buyer shall have the right to register a caveat against the Title to the Property upon the acceptance of this offer by the Seller. Should the Buyer fail to perform this Contract, it agrees to forthwith discharge that caveat.

**7. ADDITIONAL TERMS**

- 7.1 All time periods, deadlines and dates in this Contract shall be strictly followed and enforced. All times will be Alberta time unless otherwise stated.
- 7.2 Neither the Buyer or the Seller shall assign its interest in the Property without the written approval of the other, such approval not to be unreasonably withheld.
- 7.3 All changes of number and gender shall be made where required.
- 7.4 This Contract will be governed by the laws of the Province of Alberta. The parties submit to the exclusive jurisdiction of the Courts in the Province of Alberta regarding any dispute that may arise out of this transaction.
- 7.5 The following terms are a part of this Contract:

ACCEPTED FIRST PLACE OFFER DM.

**8. CLOSING**

- 8.1 Subject to compliance with the terms hereof, possession of the Property shall be available and given to the Buyer on or before 12 noon on the 10 day of SEPT, 2010 (the "Completion Day"), subject to the rights of the Accepted Tenancies, if any.

When the Buyer obtains possession, the Property will be in substantially the same condition as it was in when this Contract was accepted.

- 8.2 All normal adjustments for the Property including but not limited to taxes, local improvement levy and assessments, municipal charges, rents, utilities, tenant deposits including interest, prepaid rent, mortgage principal and interest that are applicable with respect to the Property shall be adjusted as of 24:00 hours on the Completion Day. The Buyer shall assume all local improvements, assessments and charges against the Property as of that time.
- 8.3 Closing documents shall:
  - (a) consist of the transfer of land (the "Transfer") in registerable form together with all applicable conveyancing documents normally expected in a commercial transaction of this nature;
  - (b) include estoppel certificates for each of the Accepted Tenancies (if applicable); and
  - (c) be prepared at the expense of the Seller and delivered to the Buyer's lawyer within a reasonable time to confirm registration prior to the Completion Day.
- 8.4 In the event the Seller fails to deliver the Transfer to the Buyer's lawyer within such reasonable time, then the Buyer shall not be obliged to pay interest on that portion of the cash to close attributable to the Buyer's own funds, excluding mortgages, provided that those funds are paid to Seller's lawyer in trust, until the Buyer has a reasonable time in which to register the Transfer.
- 8.5 The Seller's lawyer may use the Purchase Price to pay out all mortgages, condominium contributions, registrations and other financial obligations that are the Seller's obligation to pay or discharge. Within a reasonable period of time after the Completion Day, the Seller's lawyer will provide the Buyer's lawyer with evidence of all discharges including, where required, a certified copy of the certificate of title and an estoppel certificate evidencing the payment of all condominium contributions that are the Seller's obligation to pay.
- 8.6 All money due and owing to the Seller including GST, if applicable, shall be paid to the Seller's lawyer on or before the Completion Day. If the Seller agrees to accept payment after the Completion Day, the Buyer shall pay interest at a rate of 3% per annum above the prime rate set by the Alberta Treasury Branch on all monies owing to the Seller, from the Completion Day to and including the date that the monies owing have been unconditionally paid.
- 8.7 If a new mortgage is a condition of this Contract, the Seller agrees to trust conditions that allow the Buyer's lawyer to register the Transfer so as to obtain the advance of mortgage funds on the new mortgage; provided however that the Buyer's lawyer undertakes, accepts, and complies with reasonable trust conditions imposed by the Seller's lawyer until the Seller has been paid the total Purchase Price.
- 8.8 The Seller's lawyer has a right to prepare (at the expense of the Buyer) any mortgage or agreement for sale between the Seller and the Buyer.

**9. ATTACHED SCHEDULES**

9.1 The following Schedules form part of this Contract and are attached:

- |                                                                   |                                                                    |
|-------------------------------------------------------------------|--------------------------------------------------------------------|
| <input type="checkbox"/> Schedule A (copy of Title)               | <input type="checkbox"/> Financing Schedule                        |
| <input type="checkbox"/> Schedule B (other documents)             | <input type="checkbox"/> Assumption of Mortgage/Agreement for Sale |
| <input type="checkbox"/> Commercial Condominium Property Schedule | <input type="checkbox"/> Other Value                               |
| <input type="checkbox"/> Addendum                                 | <input type="checkbox"/> Seller Financing                          |
| <input type="checkbox"/> Other Schedules _____                    |                                                                    |

wjk Seller's Initials      DM Buyer's Initials

10. CONFIDENTIALITY

10.1 The Buyer shall keep all information obtained in strictest confidence and shall only make the information available to the Buyer's employees, agents and professional advisors in strict confidence and shall return all of the Documents including all copies to the Seller before any Deposits are released to the Buyer pursuant to this Contract.

11. REMEDIES/DISPUTES

11.1 If the Seller or the Buyer fails or refuses to complete the Contract according to its terms, then the other party may pursue all available remedies. The Seller's remedies include keeping the Deposits and claiming additional damages. Both the Seller and the Buyer can claim reasonable costs including legal fees and disbursements on a solicitor/client full indemnity basis.

12. SECURITY FOR THE SELLER'S BROKERAGE'S FEES

12.1 The Seller does hereby irrevocably assign to the Seller's brokerage enough of the Purchase Price to pay all sums due and owing to the Seller's brokerage, and agrees to pay any unpaid balance of the Commission to the Seller's brokerage.

13. ADVICE

13.1 This Contract is intended to create binding legal obligations. The Seller and the Buyer should read this Contract carefully and are encouraged to obtain legal advice before signing.

13.2 This Contract may be signed and sent by fax and this procedure will be as effective as signing and delivering an original copy.

13.3 Unless there is a dual agency or another written agreement, the Seller's brokerage represents the Seller as Seller's Agent and does not have a fiduciary relationship with the Buyer, and the Buyer's brokerage represents the Buyer as Buyer's Agent and does not have a fiduciary relationship with the Seller.

13.4 The Buyer and Seller agree that the sale and other related information regarding this transaction may be retained and disclosed by the brokerage and/or its real estate board(s) as required for closing and for reporting, appraisal and statistical purposes.

14. DEFINITIONS

14.1 In this Contract:

- (a) Business Day means a day when the Land Titles Office is open for business.
- (b) Buyer's Agent means the licensed brokerage (including its broker, all associate brokers and agents) who represents the Buyer.
- (c) Seller's Agent means the licensed brokerage (including its broker, all associate brokers and agents) who represents the Seller.

15. REPRESENTATIVES/NOTICE

Note: The Representative Information must be completed in full by the Buyer's Agent at the offer stage prior to the Contract being signed in order to permit communication on the Representatives.

15.1 The Representatives identified in clause 15.2 represent the Seller and the Buyer.

15.2 For the purposes of giving and receiving any notice referred to in this Contract, and for acceptance of an offer to purchase, communication must be in writing and must be delivered to the address or faxed to the number described below.

A notice sent or received by a Representative is proper notice for the purposes of this Contract.

Seller's Information:

Seller's Address 37 ST SE Medicine Hat T1A 1J2 (postal code)  
Phone \_\_\_\_\_ Fax \_\_\_\_\_

Seller's GST # \_\_\_\_\_

Seller's Representative: STEVEN ROOD

Broker, associate broker or agent registered to the brokerage

Brokerage Name SIGNATURE SERVICE REAL ESTATE

Brokerage Address 1001 KINGSWAY AVE. SE MEDICINE HAT

T1A 2X7 (postal code)

Phone (403)527-4000

Fax (403)529-0859

Buyer's Information:

Buyer's Address \_\_\_\_\_ Phone \_\_\_\_\_ Fax \_\_\_\_\_ (postal code)

Buyer's GST # \_\_\_\_\_

Buyer's Representative: NORBERT KLAIBER

Broker, associate broker or agent registered to the brokerage

Brokerage Name SIGNATURE SERVICE REAL ESTATE

Brokerage Address 1001 KINGSWAY AVE. SE MEDICINE HAT

T1A 2X7 (postal code)

Phone (403)527-4000

Fax (403)529-0859

*SR* Seller's Initials

*NK* Buyer's Initials

16. OFFER

16.1 The Buyer offers to buy the Property for the Purchase Price according to the terms of this Contract.

16.2 This offer/counter offer shall be open for acceptance in writing until ~~4:40~~ .m. <sup>5PM</sup> on July 29 2010.

SIGNED AND DATED at Medicine Hat, Alberta at 5 .m. on the 28 day of July 2010.

Cypress College  
Name of Buyer (Print)

Per: David M Martin  
Authorized Signing Officer(s)

David M Martin  
Print Name of Authorized Signing Officer(s)

Per: \_\_\_\_\_  
Authorized Signing Officer(s)

Print Name of Authorized Signing Officer(s)

[Signature]  
Witness

NORMAN KASBER  
Print Name of Witness

Witness

Print Name of Witness

PART B - ACCEPTANCE

17. ACCEPTANCE

17.1 The Seller accepts the Buyer's offer and agrees to sell the Property for the Purchase Price according to the terms of the Contract.

SIGNED AND DATED at Medicine Hat, Alberta at 2:30 p.m. on the 29 day of July 2010.

Name of Seller (Print)

Per: [Signature]  
Authorized Signing Officer(s)

BILL COOPER DIRECTOR OF SALES  
Print Name of Authorized Signing Officer(s)

Per: \_\_\_\_\_  
Authorized Signing Officer(s)

Print Name of Authorized Signing Officer(s)

[Signature]  
Witness

STEVEN ROOD  
Print Name of Witness

Witness

Print Name of Witness

18. FINAL SIGNING

18.1 Final Signing of this Contract occurred at 4:40 P .m. on August 4, 2010

Initials of the person(s) who signed last \_\_\_\_\_

CONVEYANCING

Seller's Lawyer \_\_\_\_\_

Lawyer's Address \_\_\_\_\_ (postal code)

Lawyer's Phone \_\_\_\_\_ Fax \_\_\_\_\_

Buyer's Lawyer Kip Weiss

Lawyer's Address \_\_\_\_\_ (postal code)

Lawyer's Phone \_\_\_\_\_ Fax \_\_\_\_\_



LAND TITLE CERTIFICATE

THIS IS EXHIBIT " D " referred to in the Affidavit of Tyronne Schneider Sworn before me this 3 Day of Sept. A.D. 2010

LUKE M. DAY A COMMISSIONER FOR OATHS IN AND FOR THE PROVINCE OF ALBERTA

S LINC SHORT LEGAL 0031 171 937 0512634;323

TITLE NUMBER LUKE M. DAY Barrister & Solicitor in and for the Province of Alberta 1870A - 6th Avenue SW Medicine Hat, Alberta T1A 7X5 (403) 526-3477

LEGAL DESCRIPTION CONDOMINIUM PLAN 0512634 UNIT 323 AND 76 UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE COMMON PROPERTY EXCEPTING THEREOUT ALL MINES AND MINERALS

ESTATE: FEE SIMPLE ATS REFERENCE: 4;6;12;35;NE

MUNICIPALITY: CITY OF MEDICINE HAT

REFERENCE NUMBER: 051 263 128 +41

Table with 5 columns: REGISTRATION, DATE (DMY), REGISTERED OWNER(S), DOCUMENT TYPE, VALUE, CONSIDERATION. Row 1: 071 038 691, 24/01/2007, TRANSFER OF LAND, SEE INSTRUMENT

OWNERS R7 INVESTMENTS LTD.. OF 1870A-6 AVE SW MEDICINE HAT ALBERTA T1A 7X5

ENCUMBRANCES, LIENS & INTERESTS

Table with 3 columns: REGISTRATION NUMBER, DATE (D/M/Y), PARTICULARS. Row 1: 011 374 512, 13/12/2001, EASEMENT (SEE INSTRUMENT). Row 2: 041 015 273, 13/01/2004, RESTRICTIVE COVENANT

( CONTINUED )

ENCUMBRANCES, LIENS & INTERESTS

PAGE 2  
# 071 038 691

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
041 015 274	13/01/2004	EASEMENT
041 015 276	13/01/2004	EASEMENT
041 139 252	20/04/2004	RESTRICTIVE COVENANT
041 139 253	20/04/2004	EASEMENT
051 041 883	01/02/2005	PARTY WALL AGREEMENT SEE INSTRUMENT
051 263 129	22/07/2005	EASEMENT OVER AND FOR BENEFIT OF: SEE INSTRUMENT
051 263 130	22/07/2005	RESTRICTIVE COVENANT
071 038 692	24/01/2007	MORTGAGE MORTGAGEE - SCOTIA MORTGAGE CORPORATION. 443-3RD AVENUE MEDICINE HAT ALBERTA T1Z0G8 ORIGINAL PRINCIPAL AMOUNT: \$292,500

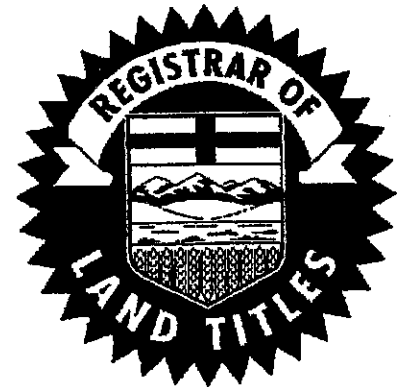
\* ADDITIONAL REGISTRATIONS MAY BE SHOWN ON THE CONDOMINIUM ADDITIONAL PLAN SHEET

TOTAL INSTRUMENTS: 010

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE  
REPRODUCTION OF THE CERTIFICATE OF TITLE REPRESENTED  
HEREIN THIS 2 DAY OF SEPTEMBER, 2010 AT 11:58 A.M.

ORDER NUMBER: 17315322

CUSTOMER FILE NUMBER: 526686-1



\*END OF CERTIFICATE\*

THIS ELECTRONICALLY TRANSMITTED LAND TITLES PRODUCT IS INTENDED FOR THE  
SOLE USE OF THE ORIGINAL PURCHASER, AND NONE OTHER, SUBJECT TO WHAT IS  
SET OUT IN THE PARAGRAPH BELOW.

( CONTINUED )



THE ABOVE PROVISIONS DO NOT PROHIBIT THE ORIGINAL PURCHASER FROM INCLUDING THIS UNMODIFIED PRODUCT IN ANY REPORT, OPINION, APPRAISAL OR OTHER ADVICE PREPARED BY THE ORIGINAL PURCHASER AS PART OF THE ORIGINAL PURCHASER APPLYING PROFESSIONAL, CONSULTING OR TECHNICAL EXPERTISE FOR THE BENEFIT OF CLIENT(S).



LAND TITLE CERTIFICATE

S  
 LINC                      SHORT LEGAL                      TITLE NUMBER  
 0031 172 117            0512634;341                      071 038 691 +1

LEGAL DESCRIPTION  
 CONDOMINIUM PLAN 0512634  
 UNIT 341  
 AND 1 UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE COMMON PROPERTY  
 EXCEPTING THEREOUT ALL MINES AND MINERALS

ESTATE: FEE SIMPLE  
 ATS REFERENCE: 4;6;12;35;NE

MUNICIPALITY: CITY OF MEDICINE HAT

REFERENCE NUMBER: 051 263 128 +59

REGISTERED OWNER(S)				CONSIDERATION
REGISTRATION	DATE (DMY)	DOCUMENT TYPE	VALUE	
071 038 691	24/01/2007	TRANSFER OF LAND		SEE INSTRUMENT

OWNERS

R7 INVESTMENTS LTD..  
 OF 1870A-6 AVE SW  
 MEDICINE HAT  
 ALBERTA T1A 7X5

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
011 374 512	13/12/2001	EASEMENT (SEE INSTRUMENT)
041 015 273	13/01/2004	RESTRICTIVE COVENANT

( CONTINUED )

ENCUMBRANCES, LIENS & INTERESTS

PAGE 2  
# 071 038 691 +1

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
041 015 274	13/01/2004	EASEMENT
041 015 276	13/01/2004	EASEMENT
041 139 252	20/04/2004	RESTRICTIVE COVENANT
041 139 253	20/04/2004	EASEMENT
051 041 883	01/02/2005	PARTY WALL AGREEMENT SEE INSTRUMENT
051 263 130	22/07/2005	RESTRICTIVE COVENANT
071 038 692	24/01/2007	MORTGAGE MORTGAGEE - SCOTIA MORTGAGE CORPORATION. 443-3RD AVENUE MEDICINE HAT ALBERTA T1Z0G8 ORIGINAL PRINCIPAL AMOUNT: \$292,500

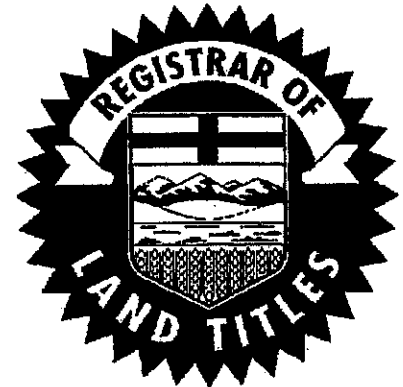
\* ADDITIONAL REGISTRATIONS MAY BE SHOWN ON THE CONDOMINIUM ADDITIONAL PLAN SHEET

TOTAL INSTRUMENTS: 009

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE  
REPRODUCTION OF THE CERTIFICATE OF TITLE REPRESENTED  
HEREIN THIS 3 DAY OF SEPTEMBER, 2010 AT 01:05 P.M.

ORDER NUMBER: 17325200

CUSTOMER FILE NUMBER: 526686-1



\*END OF CERTIFICATE\*

THIS ELECTRONICALLY TRANSMITTED LAND TITLES PRODUCT IS INTENDED FOR THE  
SOLE USE OF THE ORIGINAL PURCHASER, AND NONE OTHER, SUBJECT TO WHAT IS  
SET OUT IN THE PARAGRAPH BELOW.

THE ABOVE PROVISIONS DO NOT PROHIBIT THE ORIGINAL PURCHASER FROM  
INCLUDING THIS UNMODIFIED PRODUCT IN ANY REPORT, OPINION, APPRAISAL OR  
OTHER ADVICE PREPARED BY THE ORIGINAL PURCHASER AS PART OF THE ORIGINAL

( CONTINUED )

PURCHASER APPLYING PROFESSIONAL, CONSULTING OR TECHNICAL EXPERTISE FOR  
THE BENEFIT OF CLIENT(S).



LAND TITLE CERTIFICATE

THIS IS EXHIBIT " E " referred to in the Affidavit of Tyrone Schneider Sworn before me this 3 Day of Sept. A.D. 2010

A COMMISSIONER FOR PATHS AND FOR THE PROVINCE OF ALBERTA LUKE M. DAY

Barrister & Solicitor in and for the Province of Alberta 1870A - 6th Avenue SW Medicine Hat Alberta T1A 7X5 05(403)528-8477

S LINC SHORT LEGAL 0030 876 908 0510037;40

LEGAL DESCRIPTION CONDOMINIUM PLAN 0510037 UNIT 40 AND 47 UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE COMMON PROPERTY EXCEPTING THEREOUT ALL MINES AND MINERALS

ESTATE: FEE SIMPLE ATS REFERENCE: 4;6;13;2;SW

MUNICIPALITY: CITY OF MEDICINE HAT

REFERENCE NUMBER: 051 004 120 +36

Table with 5 columns: REGISTRATION, DATE(DMY), REGISTERED OWNER(S), DOCUMENT TYPE, VALUE, CONSIDERATION. Row 1: 051 058 285, 16/02/2005, TRANSFER OF LAND, SEE INSTRUMENT

OWNERS R7 INVESTMENTS LTD.. OF 1870A-6 AVE SW MEDICINE HAT ALBERTA T1A 7X5

ENCUMBRANCES, LIENS & INTERESTS

Table with 3 columns: REGISTRATION NUMBER, DATE (D/M/Y), PARTICULARS. Row 1: 041 477 204, 16/12/2004, EASEMENT OVER AND FOR BENEFIT OF; SEE INSTRUMENT. Row 2: 041 477 205, 16/12/2004, EASEMENT OVER AND FOR BENEFIT OF; SEE INSTRUMENT

( CONTINUED )

ENCUMBRANCES, LIENS & INTERESTS

PAGE 2  
# 051 058 285

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
051 007 113	06/01/2005	EASEMENT OVER UNIT 75 ON PLAN 0510037 FOR BENEFIT OF UNITS 2 AND 3 ON PLAN 0414499 AND UNITS 4 TO 74 ON PLAN 0510037
051 007 114	06/01/2005	RESTRICTIVE COVENANT
051 058 286	16/02/2005	MORTGAGE MORTGAGEE - THE TORONTO DOMINION BANK. 300, 10004 JASPER AVENUE EDMONTON ALBERTA T1A7X5 ORIGINAL PRINCIPAL AMOUNT: \$82,425
051 107 070	01/04/2005	RESTRICTIVE COVENANT
061 430 476	17/10/2006	RESTRICTIVE COVENANT
101 104 051	13/04/2010	CAVEAT RE : CONDOMINIUM FEES CAVEATOR - CONDOMINIUM CORPORATION NO. 0414499. NIBLOCK AND COMPANY 420 MACLEOD TRAIL SE MEDICINE HAT ALBERTA T1A7G5 AGENT - DAVE LITKEMAN

\* ADDITIONAL REGISTRATIONS MAY BE SHOWN ON THE CONDOMINIUM ADDITIONAL PLAN SHEET

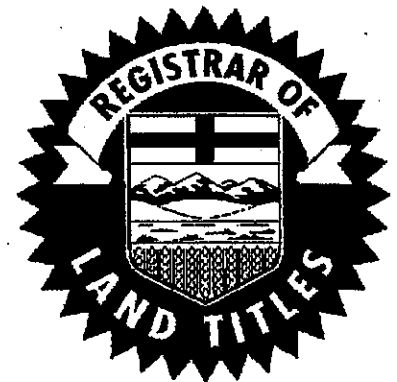
TOTAL INSTRUMENTS: 008

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE  
REPRODUCTION OF THE CERTIFICATE OF TITLE REPRESENTED  
HEREIN THIS 2 DAY OF SEPTEMBER, 2010 AT 11:52 A.M.

ORDER NUMBER: 17315223

CUSTOMER FILE NUMBER: 526686-1

\*END OF CERTIFICATE\*



( CONTINUED )

THIS ELECTRONICALLY TRANSMITTED LAND TITLES PRODUCT IS INTENDED FOR THE SOLE USE OF THE ORIGINAL PURCHASER, AND NONE OTHER, SUBJECT TO WHAT IS SET OUT IN THE PARAGRAPH BELOW.

THE ABOVE PROVISIONS DO NOT PROHIBIT THE ORIGINAL PURCHASER FROM INCLUDING THIS UNMODIFIED PRODUCT IN ANY REPORT, OPINION, APPRAISAL OR OTHER ADVICE PREPARED BY THE ORIGINAL PURCHASER AS PART OF THE ORIGINAL PURCHASER APPLYING PROFESSIONAL, CONSULTING OR TECHNICAL EXPERTISE FOR THE BENEFIT OF CLIENT(S).



LAND TITLE CERTIFICATE

S  
LINC                      SHORT LEGAL                      TITLE NUMBER  
0030 877 682              0510037;118                      051 058 285 +1

LEGAL DESCRIPTION  
CONDOMINIUM PLAN 0510037  
UNIT 118  
AND 4 UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE COMMON PROPERTY  
EXCEPTING THEREOUT ALL MINES AND MINERALS

ESTATE: FEE SIMPLE  
ATS REFERENCE: 4;6;13;2;SW

MUNICIPALITY: CITY OF MEDICINE HAT

REFERENCE NUMBER: 051 004 120 +114

-----  
REGISTERED OWNER(S)  
REGISTRATION      DATE (DMY)      DOCUMENT TYPE      VALUE      CONSIDERATION  
-----  
051 058 285      16/02/2005      TRANSFER OF LAND           SEE INSTRUMENT

OWNERS

R7 INVESTMENTS LTD..  
OF 1870A-6 AVE SW  
MEDICINE HAT  
ALBERTA T1A 7X5

-----  
ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION  
NUMBER      DATE (D/M/Y)      PARTICULARS  
-----  
041 477 204      16/12/2004      EASEMENT  
OVER AND FOR BENEFIT OF; SEE INSTRUMENT  
041 477 205      16/12/2004      EASEMENT  
OVER AND FOR BENEFIT OF: SEE INSTRUMENT

( CONTINUED )



-----  
ENCUMBRANCES, LIENS & INTERESTS

PAGE 2  
# 051 058 285 +1

REGISTRATION  
NUMBER DATE (D/M/Y) PARTICULARS  
-----

051 007 114 06/01/2005 RESTRICTIVE COVENANT

051 058 286 16/02/2005 MORTGAGE  
MORTGAGEE - THE TORONTO DOMINION BANK.  
300, 10004 JASPER AVENUE  
EDMONTON  
ALBERTA T1A7X5  
ORIGINAL PRINCIPAL AMOUNT: \$82,425

051 107 070 01/04/2005 RESTRICTIVE COVENANT

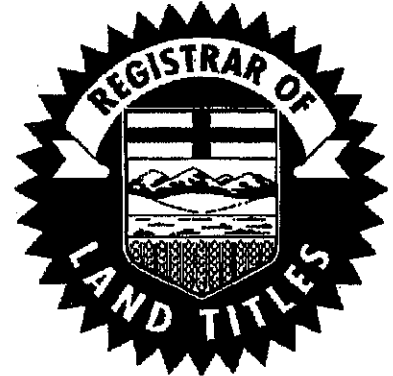
\* ADDITIONAL REGISTRATIONS MAY BE SHOWN ON THE CONDOMINIUM ADDITIONAL PLAN SHEET

TOTAL INSTRUMENTS: 005

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE  
REPRODUCTION OF THE CERTIFICATE OF TITLE REPRESENTED  
HEREIN THIS 2 DAY OF SEPTEMBER, 2010 AT 11:52 A.M.

ORDER NUMBER:17315223

CUSTOMER FILE NUMBER: 526686-1



\*END OF CERTIFICATE\*

-----  
THIS ELECTRONICALLY TRANSMITTED LAND TITLES PRODUCT IS INTENDED FOR THE  
SOLE USE OF THE ORIGINAL PURCHASER, AND NONE OTHER, SUBJECT TO WHAT IS  
SET OUT IN THE PARAGRAPH BELOW.

THE ABOVE PROVISIONS DO NOT PROHIBIT THE ORIGINAL PURCHASER FROM  
INCLUDING THIS UNMODIFIED PRODUCT IN ANY REPORT, OPINION, APPRAISAL OR  
OTHER ADVICE PREPARED BY THE ORIGINAL PURCHASER AS PART OF THE ORIGINAL  
PURCHASER APPLYING PROFESSIONAL, CONSULTING OR TECHNICAL EXPERTISE FOR  
THE BENEFIT OF CLIENT(S).



Residential Real Estate Purchase Contract

WK081110  
THIS IS EXHIBIT Number F  
referred to in the Affidavit of  
Tyronne Schneider  
Sworn before me this 3  
Day of Sept. AD 2010

### RESIDENTIAL REAL ESTATE PURCHASE CONTRACT

This form was developed by the Alberta Real Estate Association for the use of its members and may not be altered electronically by any person. Others who use this document do so at their own risk.

This Contract is between  
and

THE SELLER

THE BUYER

Name R.I. INVESTMENTS LTD

Name GERALD KORNELSON  
Barrister & Solicitor in and for  
the Province of Alberta

Name \_\_\_\_\_

Name MARJORIE KORNELSON  
1870A - 6th Avenue SW  
Medicine Hat, Alberta T1A 7X5  
(403) 526-3477

#### 1. THE PROPERTY

1.1 The property is the Land, Buildings, Attached Goods (unless excluded) and included Unattached Goods (unless excluded) at the address: 435 - 29 RIVER RIDGE DR NW  
Medicine Hat, AB T1A 8V3

1.2 The legal description of the Property is:  
Plan 9512634 Block/Unit 323 Lot \_\_\_\_\_ Other \_\_\_\_\_  
1870A - 6th Avenue SW  
Medicine Hat, Alberta T1A 7X5  
(403) 526-3477

If Condominium Property, details as described in Condominium Property Schedule (attached)

1.3 No Unattached Goods (chattels) except for:  
Stove; Built-in microwave; Built-in dishwasher;  
central air conditioning; window coverings; garden; m.s.k.

1.4 All Attached Goods (fixtures) except for:  
central air conditioning; window coverings; garden; m.s.k.

1.5 Unless otherwise agreed in writing, title will be free and clear of all encumbrances, registrations and obligations except the following:  
(a) those implied by law;  
(b) non-financial obligations now on title such as easements, utility rights-of-way, covenants and conditions that are normally found registered against property of this nature and which do not affect the saleability of the Property;  
(c) homeowner association caveats, encumbrances and similar registrations; and  
(d) those items which the Buyer agreed to assume in this Contract.

#### 2. THE TRANSACTION

2.1 The Buyer and the Seller agree to act cooperatively, reasonably, diligently and in good faith.

2.2 Other than the Deposits, the Buyer shall pay the Purchase Price by certified cheque, lawyer's trust cheque, bank draft or other agreed value as follows:

\$ <u>5000.00</u>	Initial Deposit
\$ _____	Additional Deposit
\$ _____	Assumption of Mortgage (approximate principal balance as per attached Financing Schedule)
\$ _____	New Financing
\$ _____	Seller Financing (as per attached Financing Schedule)
\$ _____	Other Value
\$ <u>280,000.00</u>	Balance Owning (subject to adjustments)
\$ <u>285,000.00</u>	Purchase Price

Unless otherwise agreed in writing, the Purchase Price includes any applicable Goods and Services Tax (GST).

LUKE M. DAY  
Barrister & Solicitor in and for  
the Province of Alberta  
1870A - 6th Avenue SW



WK081110  
Purchase Contract Number

**3. DEPOSITS**

- 3.1 All Deposits shall be delivered in trust to Maxwell Deane Realty  
Unless otherwise agreed in writing, the Initial Deposit shall accompany the offer.
- 3.2 The Initial Deposit shall be deposited no later than the third Business Day following the day that Final Signing occurred (as per clause 15.1). Additional Deposits shall be deposited no later than the third Business Day following the day the Additional Deposit is received by the brokerage.
- 3.3 Any Additional Deposits shall be delivered as follows: \_\_\_\_\_
- 3.4 Unless otherwise agreed in writing, no interest on the Deposits shall be paid to the Seller or the Buyer. \_\_\_\_\_
- 3.5 The Deposits shall be held in trust for both the Seller and the Buyer and shall be:
  - (a) applied against the Commission and paid directly out of trust to the brokerage(s) when the Commission is earned in accordance with the terms of the Listing Contract;
  - (b) refunded forthwith to the Buyer if this offer is not accepted;
  - (c) refunded forthwith to the Buyer upon the Buyer's cheque clearing the brokerage's trust account if a condition is not satisfied or waived (as per clauses 8.5 and 8.6) or the Seller fails to perform this Contract; and
  - (d) forfeited to the Seller if this offer is accepted and all conditions are satisfied or waived and the Buyer fails to perform on this Contract.
- 3.6 The brokerage holding the Deposits is further directed and authorized to pay that portion of the Deposits exceeding the Commission in trust to the Seller's lawyer no later than two (2) Business Days prior to the Completion Day.
- 3.7 If there is a dispute between the Seller and the Buyer as to entitlement to the Deposits then:
  - (a) the brokerage holding the Deposits shall review the circumstances, determine entitlement and pay the money to the party who is entitled to the Deposits;
  - (b) if no reasonable conclusion can be made in regard to (a) above, the brokerage shall notify the parties to the Contract in writing and shall pay the money into a lawyer's trust account;
  - (c) the parties agree to allow the lawyer or the brokerage to deduct from the Deposits a reasonable fee and costs incurred for dealing with the Deposits;
  - (d) a brokerage and/or lawyer acting in good faith under this clause shall not be liable to either party for any damages associated with the handling of the Deposits, except as arising from the negligence of the brokerage or lawyer.
- 3.8 In the event that the brokerage holding the trust funds ceases to be licensed in real estate, the Buyer and Seller agree to allow the trust funds to be transferred to the brokerage representing the other party.

**4. CLOSING**

- 4.1 Unless otherwise agreed in writing, this Contract will be completed, the Purchase Price will be fully paid and vacant possession will be available by noon on the 1st day of September, 2010 (the "Completion Day"), subject to the rights of the existing tenants, if any.
- 4.2 When the Buyer obtains possession, the Property will be in substantially the same condition as it was in when this Contract was accepted.
- 4.3 Items which are normally adjusted for, such as real estate taxes, amortized local improvement levies, utilities, rents, security deposits, statutory interest on security deposits, mortgage interest, homeowner association fees and monthly condominium contributions, will be assumed by the Buyer and will be adjusted as of 24:00 hours on the Completion Day.
- 4.4 The Seller or the Seller's lawyer will deliver normal closing documents including, where applicable, a real property report pursuant to clause 4.11, to the Buyer or the Buyer's lawyer upon reasonable conditions consistent with the terms of this Contract. The Buyer or the Buyer's lawyer must have an opportunity to review the real property report, where applicable, prior to submitting the transfer documents to the Land Titles Office and a reasonable period of time before the Completion Day to confirm registration of documents at the Land Titles Office and to obtain the advance of proceeds for any New Financing and Other Value.
- 4.5 If the Seller fails to deliver the closing documents according to clause 4.4, then payment of the Purchase Price and late interest will be postponed until the Buyer has received the closing documents and has a reasonable period of time to register them and to obtain the advance of proceeds for any New Financing and Other Value. Notwithstanding the foregoing, if the Buyer is otherwise ready, willing and able to close in accordance with this Contract and desires to take possession of the Property, then the Seller shall give the Buyer possession upon reasonable terms which will include the payment of late interest only on the amount of mortgage being obtained by the Buyer, if any, at the interest rate of such mortgage.
- 4.6 In circumstances where the Seller has complied with clause 4.4 but the Buyer is not able to close in accordance with this Contract, then the Seller may, but is not obligated to, accept late payment of the Purchase Price and give the Buyer possession upon reasonable terms. If the Seller agrees in writing to accept late payment of the Purchase Price under this clause then, whether or not possession is granted, the Buyer will pay late interest at the prime lending rate of the Province of Alberta Treasury Branches at the Completion Day plus 3% calculated daily from and including the Completion Day to (but excluding) the day the Seller is paid in full. Payment received after noon on any day will be payment as of the next Business Day.
- 4.7 The Seller's lawyer may use the Purchase Price to pay out all mortgages, condominium contributions, registrations and other financial obligations that are the Seller's obligation to pay or discharge. Within a reasonable period of time after the Completion Day, the Seller's lawyer will provide the Buyer's lawyer with evidence of all discharges including, where required, a certified copy of the certificate of title and an estoppel certificate evidencing the payment of all condominium contributions that are the Seller's obligation to pay.

[Signature] Seller's initials      MLR Buyer's initials

- 4.8 The Seller will pay the costs to prepare the closing documents; to prepare, register and discharge any Seller's caveat based on this Contract; and to provide the documents described in clause 4.11.
- 4.9 The Buyer will pay the costs to prepare, register and discharge any Buyer's caveat based on this Contract; and to register the transfer of land.
- 4.10 If the Property is rented and the Buyer is not assuming the tenancy, then the Seller is responsible for all costs related to ending the tenancy and to giving vacant possession to the Buyer.
- 4.11 At least ten (10) Business Days prior to the Completion Day, the Seller will provide the Buyer, regarding the matters described in clause 6.1, a real property report reflecting the current state of improvement on the Property, according to the Alberta Land Surveyors' Manual of Standard Practice, with evidence of municipal compliance or non-conformance. This obligation will not apply to condominium units that do not create a lot nor to any transaction where there are no structures on the land.
- 4.12 Notwithstanding the closing provisions in this Contract, the parties instruct their lawyers to follow, if appropriate, the Law Society of Alberta Conveyancing Protocol in the closing of this transaction.

**5. INSURANCE**

- 5.1 The risk of loss or damage to the Property shall lie with the Seller until the Purchase Price is paid according to the terms of this Contract. If loss or damage to the Property occurs before the Seller is paid the Purchase Price, then any insurance proceeds shall be held in trust for the Buyer and the Seller according to their interests in the Property.

**6. WARRANTIES AND REPRESENTATIONS**

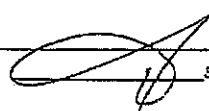
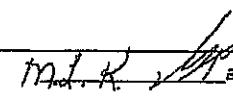
- 6.1 The Seller represents and warrants to the Buyer that:
  - (a) the Seller has the legal right to sell the Property;
  - (b) the Attached Goods and included Unattached Goods are in normal working order and are free and clear of all encumbrances;
  - (c) the Seller is not a non-resident of Canada for the purposes of the *Income Tax Act* (Canada);
  - (d) the current use of the Land and Buildings complies with the existing municipal land use bylaw;
  - (e) the Buildings and other improvements on the Land are not placed partly or wholly on any easement or utility right-of-way and are entirely on the Land and do not encroach on neighbouring lands, except where an encroachment agreement is registered on title;
  - (f) the location of Buildings and other Improvements on the Land complies with all relevant municipal bylaws, regulations or relaxations granted by the appropriate municipality prior to the Completion Day, or the Buildings and other improvements on the Land are "non-conforming buildings" as that term is defined in the *Municipal Government Act* (Alberta);
  - (g) \$ 366.46 is the current monthly condominium contribution payable (fee for administrative and other expenses); and
  - (h) except as otherwise disclosed, the Seller is not aware of any defects that are not visible and that may render the Property dangerous or potentially dangerous to occupants or unfit for habitation.
- 6.2 All of the warranties contained in this Contract and any attached Schedules are made as of and will be true at the Completion Day, unless otherwise agreed in writing.
- 6.3 The representations and warranties in this Contract may be enforced after the Completion Day, provided that any legal action is commenced within the time limits prescribed by the *Limitations Act* (Alberta).
- 6.4 The Seller and the Buyer each acknowledge that, except as otherwise described in this Contract, there are no other warranties, representations or collateral agreements made by or with the other party, the Seller's brokerage and the Buyer's brokerage about the Property, any neighbouring lands, and this transaction, including any warranty, representation or collateral agreement relating to the size/measurements of the Land and Buildings or the existence or non-existence of any environmental condition or problem.

**7. ADDITIONAL TERMS**

- 7.1 All time periods, deadlines and dates in this Contract shall be strictly followed and enforced. All times will be Alberta time unless otherwise stated.
- 7.2 This Contract is for the benefit of and shall be binding upon the heirs, executors, administrators and assigns of the individual parties and the successors and assigns of corporate parties.
- 7.3 All changes of number and gender shall be made where required.
- 7.4 This Contract will be governed by the laws of the Province of Alberta. The parties submit to the exclusive jurisdiction of the Courts in the Province of Alberta regarding any dispute that may arise out of this transaction.
- 7.5 In addition to any Schedules required in Section 8, the following Schedules form part of this Contract:
  - Financing Schedule
  - Addendum
  - Property Schedule
  - Condominium Property Schedule

7.6 Additional terms of sale (if any):

*New buyer is not to incur any financial encumbrances in repercussion to Medicor's financial difficulties.*

 Seller's Initials      Buyer's Initials

**8. CONDITIONS**

8.1 The Buyer's Conditions are:

(a) Financing Condition

The Buyer will apply and be approved for New Financing as follows:

- as per clause 2.2 (plus applicable mortgage insurance fee, if any)
- interest rate not to exceed \_\_\_\_\_ percent a year calculated semi-annually not in advance
- a term of not less than \_\_\_\_\_ years

Monthly payment of principal and interest not to exceed \$ \_\_\_\_\_ (including mortgage insurance fee, if applicable) for an amortization of 25 years.

The Buyer will pay for all costs associated with the New Financing.

Before 9 p.m. on \_\_\_\_\_ (the "Condition Day").

(b) Property Inspection Condition

As per attached Property Inspection Schedule, this Contract is subject to the Buyer's approval of a property inspection.

Before 9 p.m. on \_\_\_\_\_  Yes  No (the "Condition Day").

(c) Condominium Documents Condition

This Contract is subject to the Buyer's Condition regarding Condominium Documents, as per attached Condominium Property Schedule.

Before 9 p.m. on \_\_\_\_\_  Yes  No (the "Condition Day").

(d) Sale of Buyer's Home Condition

This Contract is subject to the sale of the Buyer's home, as per attached Sale of Buyer's Home Schedule.  Yes  No

Before 9 p.m. on \_\_\_\_\_ (the "Condition Day").

(e) Additional Buyer's Conditions:

Before 9 p.m. on \_\_\_\_\_ (the "Condition Day").

8.2 The Seller's Conditions are:

*Approval of Court Appointed Monitor  
M.L.K. pt*

Before 9 p.m. on \_\_\_\_\_ (the "Condition Day").

8.3 If this Contract contemplates an assumption of mortgage, then it is subject to the lender confirming the assumability of the mortgage by the Buyer.

Before 9 p.m. on \_\_\_\_\_ (the "Condition Day").

This Condition is for the mutual benefit of both the Buyer and the Seller and cannot be waived unilaterally.

8.4 Unless otherwise agreed in writing, the Buyer's Conditions are for the sole benefit of the Buyer and the Seller's Conditions are for the sole benefit of the Seller. The Buyer and Seller must use reasonable efforts to satisfy their respective Conditions.

8.5 The Buyer and the Seller may unilaterally waive or acknowledge satisfaction of their Conditions by giving a written notice to the other party on or before the stated Condition Day. If that notice is not given, then this Contract is ended immediately following that Condition Day.

8.6 Subject to clause 8.4, the Buyer and the Seller may give written notice to the other party on or before the stated Condition Day advising that a Condition will not be waived, has not been satisfied and will not be satisfied on or before the Condition Day. If that notice is given, then this Contract is ended upon the giving of that notice.

**9. REMEDIES/DISPUTES**

9.1 If the Seller or the Buyer fails or refuses to complete this Contract according to its terms, then the other party may pursue all available remedies. The Seller's remedies include keeping the Deposits and claiming additional damages. Both the Seller and the Buyer can claim reasonable costs including legal fees and disbursements on a solicitor/client full indemnity basis.

9.2 If the Seller must restore title to the Property, enforce a lien against the Property or regain possession of the Property due to the Buyer's default, then the Buyer will pay the Seller's reasonable costs including legal fees and disbursements on a solicitor/client full indemnity basis.

**10. ADVICE/DISCLOSURE**

10.1 This Contract is intended to create binding legal obligations. The Seller and the Buyer should read this Contract carefully and are encouraged to obtain legal advice before signing.

10.2 Any representations as to the measurements of the Buildings are only approximations and may not be accurate. The Buyer may wish to obtain an independent property inspection and verify the measurements of the Land and Buildings.

*[Signature]* Seller's initials *M.L.K.* Buyer's initials *[Signature]*



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- 10.3 Unless there is written consent for alternate representation, the Seller's brokerage represents the Seller as Seller's Agent and does not have a fiduciary relationship with the Buyer, and the Buyer's brokerage represents the Buyer as Buyer's Agent and does not have a fiduciary relationship with the Seller.
- 10.4 The Seller and the Seller's brokerage have signed a Listing Contract. The Seller directs the Seller's lawyer to honour the terms of the Listing Contract and in particular to close the transaction according to the irrevocable assignment of the Purchase Price contained in the Listing Contract.
- 10.5 The Buyer and Seller agree that the sale and other related information regarding this transaction may be retained and disclosed by the brokerage and/or the real estate boards(s) as required for closing and for reporting, appraisal and statistical purposes.
- 10.6 This Contract may be signed and sent by fax and this procedure will be as effective as signing and delivering an original copy.
- 10.7 Dower consent may be required for this Purchase Contract to be binding if title is in only one name and the registered owner is legally married.

**11. DEFINITIONS**

- 11.1 In this Contract:
- (a) *Business Day* means a day when the Land Titles Office is open for business.
  - (b) *Buyer's Agent* means the licensed brokerage (including its broker, all associate brokers and associates) that represents the Buyer.
  - (c) *Commission* means the sum owing from the Seller for services rendered under the Listing Contract plus GST.
  - (d) *Completion Day* is the day described in clause 4.1.
  - (e) *Deposits* mean the Initial Deposit plus all Additional Deposits.
  - (f) *Listing Contract* means any written service or commission agreement obligating the Seller to pay remuneration.
  - (g) *Seller's Agent* means the licensed brokerage (including its broker, all associate brokers and associates) that represents the Seller.
  - (h) *Unless otherwise agreed in writing* means either changes made to the terms of this Contract that are agreed to by both the Seller and the Buyer, or a written agreement by letter or otherwise between the Seller or the Seller's lawyer and the Buyer or the Buyer's lawyer.

**12. REPRESENTATIVES/NOTICE**

Note: The Representative Information must be completed in full at the offer stage prior to the Contract being signed in order to permit communication on the Representatives.

- 12.1 The Representatives identified in clause 12.2 represent the Seller and the Buyer.
- 12.2 For the purposes of giving and receiving any notice referred to in this Contract, and for acceptance of an offer to purchase, communication must be in writing and must be delivered to the address or faxed to the number described below.  
A notice sent or received by a Representative is proper notice for the purposes of this Contract.

**Seller's Information:**

Seller's Address 1870 6th Ave SW  
Medicine Hat AB Phone 403-526-3477 Fax \_\_\_\_\_  
(postal code)

**Seller's Representative:**

Steven Reed  
Broker, associate broker or associate registered to the brokerage  
 Brokerage Name Signature Service Real Estate  
 Address \_\_\_\_\_  
 Phone 403 928 6410 Fax 403 504 8666  
(postal code)

**Buyer's Information:**

Buyer's Address #224 29 Riveridge Dr. NW  
Medicine Hat AB T1A 8V3 Phone 403 488 6997 Fax \_\_\_\_\_  
(postal code)

**Buyer's Representative:**

Wanda Klug  
Broker, associate broker or associate registered to the brokerage  
 Brokerage Name Maxwell Team Realty  
 Address 3098 Dunmore Rd SE  
Medicine Hat AB T1B Phone 403 928 3477 Fax 403 504 1534  
(postal code)

[Signature] Seller's Initials mkk [Signature] Buyer's Initials



**13. OFFER**

13.1 The Buyer offers to buy the Property for the Purchase Price according to the terms of this Contract.

13.2 This offer/counter offer shall be open for acceptance in writing until 6:00 pm on August 11, 2010

SIGNED AND DATED at Medicine Hat, Alberta at 12:00 .m. on the 11th day of August, 2010.

[Signature]  
Signature of Buyer

GERALD KORNELSON  
Print Name of Buyer

[Signature]  
Signature of Buyer

MARJORIE KORNELSON  
Print Name of Buyer

[Signature]  
Signature of Witness

MARJORIE KORNELSON  
Print Name of Witness

[Signature]  
Signature of Witness

WANDA KLUG  
Print Name of Witness

**14. ACCEPTANCE**

14.1 The Seller accepts the Buyer's offer and agrees to sell the Property for the Purchase Price according to the terms of this Contract.

SIGNED AND DATED at Medicine Hat, Alberta at 4:00 p.m. on the 11 day of August, 2010.

[Signature]  
Signature of Seller

TYRONE S CHANDER  
Print Name of Seller

[Signature]  
Signature of Seller

[Signature]  
Signature of Seller

[Signature]  
Signature of Seller

[Signature]  
Signature of Seller

[Signature]  
Signature of Witness

STEVEN ROOD  
Print Name of Witness

[Signature]  
Signature of Witness

[Signature]  
Signature of Witness

[Signature]  
Signature of Witness

[Signature]  
Signature of Witness

**15. FINAL SIGNING**

15.1 Final Signing of this Contract occurred at 9:00 .m. on Aug  
Initials of the person(s) who signed last [Signature]

**CONVEYANCING**

Seller's Lawyer Sihvon

Lawyer's Address \_\_\_\_\_ (postal code)

Lawyer's Phone \_\_\_\_\_ Fax \_\_\_\_\_

Buyer's Lawyer MURRAY McCARTNEY

Lawyer's Address \_\_\_\_\_ (postal code)

Lawyer's Phone \_\_\_\_\_ Fax \_\_\_\_\_



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 Agreement Number

**PROPERTY APPENDIX**

This Appendix forms part of the Residential MLS® Listing Contract/  
 Exclusive Seller Brokerage Agreement # 184441 | Jul 13

**Mortgage Details:**

- Name of lender \_\_\_\_\_
- Principal balance owing with per diem interest \_\_\_\_\_
- Interest rate \_\_\_\_\_
- Maturity date \_\_\_\_\_
- Amount of payment and frequency \_\_\_\_\_
- Is the loan insured?
- Is this a cash-back mortgage?
- Is there a tax account?
- Any other relevant details \_\_\_\_\_

**Residential Rental Agreement Details:**

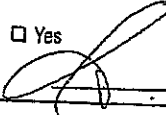
- Name of the tenant \_\_\_\_\_
- Written rental agreement exists?  Yes (copy to buyer)  No
- Move-in inspection report exists?  Yes (copy to buyer)  No
- Commencement date of lease \_\_\_\_\_
- Expiry or end date of lease \_\_\_\_\_
- Does the tenant have any right to renew the rental agreement?  Yes  No
- What is the rent? \_\_\_\_\_
- If there is a security deposit, how much is it and when was it last paid? \_\_\_\_\_
- Is there a property management contract?  Yes  No
- Is the tenant in possession?  Yes  No
- Is the rental agreement in default?  Yes  No
- Any other relevant details \_\_\_\_\_

**Manufactured/Mobile Home Details:**

- Make \_\_\_\_\_
- Model/serial number \_\_\_\_\_
- Year of manufacture (age) \_\_\_\_\_ • C.S.A. number \_\_\_\_\_
- Construction details of any foundation \_\_\_\_\_
- Is the land leased or owned?  leased  owned
- Written lease agreement exists?  Yes (copy to buyer)  No
- Is a security deposit required?  Yes  No

- Monthly pad rental \$ \_\_\_\_\_
- Fees for: water \$ \_\_\_\_\_
- heat \$ \_\_\_\_\_
- gas \$ \_\_\_\_\_
- cable/digital/satellite \$ \_\_\_\_\_

- Any occupancy restrictions?  Yes  No
- Any other relevant details \_\_\_\_\_

 Seller's Initials

**CONDOMINIUM PROPERTY APPENDIX**

This Appendix forms part of the MLS® Listing Contract/  
 Exclusive Seller Brokerage Agreement # 184441 | Jul 13

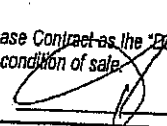
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- Name of project Riveridge Estates
- Municipal address (including suite #) #435 29 Riveridge Dr. NW
- Condominium plan(s) 0512634
- Condominium plan(s) of subdivision, if applicable \_\_\_\_\_
- Legal unit #(s) 323
- Parking stall(s) owned  leased \_\_\_\_\_ assigned \_\_\_\_\_
- Legal parking unit(s) \_\_\_\_\_
- Stall #(s) 1
- Storage unit(s) owned  leased \_\_\_\_\_ assigned \_\_\_\_\_
- Legal storage unit(s) 1
- Locker #(s) \_\_\_\_\_
- Condominium type: conventional \_\_\_\_\_
- Bare land (creating a lot) \_\_\_\_\_

**Important Information (as per clause 11.1(b) of the Seller Brokerage Agreement):**

- a copy of the registered condominium plan
- a copy of the current bylaws of the corporation
- a copy of the most recent financial statements, if any, of the corporation
- a copy of the budget of the corporation
- a statement setting out the amount of the monthly contributions (condominium fees) and the basis on which that amount was determined
- a copy of any minutes of proceedings of a general meeting of the corporation or of the board for the past 12 months
- a copy of any special resolutions
- a copy of the insurance certificate
- a copy of any lease agreement or exclusive use agreement with respect to the possession of a portion of the common property, including a parking stall or storage unit
- the particulars of, or a copy of, any subsisting management agreement
- the particulars of, or a copy of, any subsisting recreational agreement
- a statement setting out structural deficiencies that the corporation has knowledge of at the time of the request in any of the buildings that are included in the condominium plan
- a statement setting out the amount of the capital replacement reserve fund
- a copy of the most recent reserve fund report
- a copy of the most recent reserve fund plan
- the particulars of any post tensioned cables located anywhere on or within the Property
- a statement setting out the amount of any contributions due and payable in respect of a unit
- the particulars of any action commenced against the corporation and served on the corporation
- the particulars of any unsatisfied judgment or order for which the corporation is liable
- the particulars of any written demand made on the corporation for an amount in excess of \$5,000 that, if not met, may result in an action being brought against the corporation

The Important Information (referred to in the Purchase Contract as the "Documents") will be required by the buyer as a condition of sale.

 Seller's Initials



AREA

303 1648

Residential Real Estate Purchase Contract

Purchase Contract Number

RESIDENTIAL REAL ESTATE PURCHASE CONTRACT

This form was developed by the Alberta Real Estate Association for the use of its members and may not be altered electronically by any person. Others who use this document do so at their own risk.

This Contract is between THE SELLER and THE BUYER

Name R-7 Investments Name Vladimir Goncharov

1. THE PROPERTY

- 1.1 The property is the Land, Buildings, Attached Goods... 303-1648 SUMMIT DR. NW
1.2 The legal description of the Property is: Plan Q510037 Block/Unit 40 Lot Other
1.3 No Unattached Goods (chattels) except for: Fridge, stove, washer, dryer, (stacking) chair, garage door opener, (500 kg K WHEELS)
1.4 All Attached Goods (fixtures) except for:
1.5 Unless otherwise agreed in writing, title will be free and clear of all encumbrances, registrations and obligations except the following: (a) those implied by law; (b) non-financial obligations now on title such as easements, utility rights-of-way, covenants and conditions that are normally found registered against property of this nature and which do not affect the saleability of the Property; (c) homeowner association caveats, encumbrances and similar registrations; and (d) those items which the Buyer agreed to assume in this Contract.

2. THE TRANSACTION

- 2.1 The Buyer and the Seller agree to act cooperatively, reasonably, diligently and in good faith.
2.2 Other than the Deposits, the Buyer shall pay the Purchase Price by certified cheque, lawyer's trust cheque, bank draft or other agreed value as follows:
\$ 1,000.00 Initial Deposit
\$ Additional Deposit
\$ Assumption of Mortgage (approximate principal balance as per attached Financing Schedule)
\$ New Financing
\$ Seller Financing (as per attached Financing Schedule)
\$ Other Value
\$ 111,500.00 Balance Owing (subject to adjustments)
\$ 112,500.00 Purchase Price

EXHIBIT "G" referred to in the Affidavit of Tyrone Schneider Sworn before me this 3 Day of SEP. AD 2010

COMMISSIONER FOR OATHS IN AND FOR THE PROVINCE OF ALBERTA

LUKE M. DAY Barrister & Solicitor in and for the Province of Alberta 1870A - 6th Avenue SW Medicine Hat, Alberta T1A 1X5 (403) 526-3477

Unless otherwise agreed in writing, the Purchase Price includes any applicable Goods and Services Tax (GST).



3031648  
Purchase Contract Number

Residential Real Estate Purchase Contract

3. DEPOSITS

- 3.1 All Deposits shall be delivered in trust to CLUB 100 GMAC  
Unless otherwise agreed in writing, the Initial Deposit shall accompany the offer.
- 3.2 The Initial Deposit shall be deposited no later than the second Business Day following the day that Final Signing occurred (as per clause 15.1). Additional Deposits shall be deposited no later than the second Business Day following the day the Additional Deposit is received by the brokerage.
- 3.3 Any Additional Deposits shall be delivered as follows: \_\_\_\_\_
- 3.4 Unless otherwise agreed in writing, no interest on the Deposits shall be paid to the Seller or the Buyer.
- 3.5 The Deposits shall be held in trust for both the Seller and the Buyer and shall be:
  - (a) applied against the Commission and paid directly out of trust to the brokerage(s) when the Commission is earned in accordance with the terms of the Listing Contract;
  - (b) refunded forthwith to the Buyer if this offer is not accepted;
  - (c) refunded forthwith to the Buyer upon the Buyer's cheque clearing the brokerage's trust account if a condition is not satisfied or waived (as per clauses 8.5 and 8.6) or the Seller fails to perform this Contract; and
  - (d) forfeited to the Seller if this offer is accepted and all conditions are satisfied or waived and the Buyer fails to perform on this Contract.
- 3.6 The brokerage holding the Deposits is further directed and authorized to pay that portion of the Deposits exceeding the Commission in trust to the Seller's lawyer no later than two (2) Business Days prior to the Completion Day.
- 3.7 If there is a dispute between the Seller and the Buyer as to entitlement to the Deposits then:
  - (a) the brokerage holding the Deposits shall review the circumstances, determine entitlement and pay the money to the party who is entitled to the Deposits;
  - (b) if no reasonable conclusion can be made in regard to (a) above, the brokerage shall notify the parties to the Contract in writing and shall pay the money into a lawyer's trust account;
  - (c) the parties agree to allow the lawyer or the brokerage to deduct from the Deposits a reasonable fee and costs incurred for dealing with the Deposits;
  - (d) a brokerage and/or lawyer acting in good faith under this clause shall not be liable to either party for any damages associated with the handling of the Deposits, except as arising from the negligence of the brokerage or lawyer.
- 3.8 In the event that the brokerage holding the trust funds ceases to be licensed in real estate, the Buyer and Seller agree to allow the trust funds to be transferred to the brokerage representing the other party.

4. CLOSING

- 4.1 Unless otherwise agreed in writing, this Contract will be completed, the Purchase Price will be fully paid and vacant possession will be available by noon on the 10 day of June, 2010 (the "Completion Day"), subject to the rights of the existing tenants, if any.
- 4.2 When the Buyer obtains possession, the Property will be in substantially the same condition as it was in when this Contract was accepted.
- 4.3 Items which are normally adjusted for, such as real estate taxes, amortized local improvement levies, utilities, rents, security deposits, statutory interest on security deposits, mortgage interest, homeowner association fees and monthly condominium contributions, will be assumed by the Buyer and will be adjusted as of 24:00 hours on the Completion Day.
- 4.4 The Seller or the Seller's lawyer will deliver normal closing documents, including, where applicable, a real property report pursuant to clause 4.11, to the Buyer or the Buyer's lawyer upon reasonable conditions consistent with the terms of this Contract. The Buyer or the Buyer's lawyer must have an opportunity to review the real property report, where applicable, prior to submitting the transfer documents to the Land Titles Office and a reasonable period of time before the Completion Day to confirm registration of documents at the Land Titles Office and to obtain the advance of proceeds for any New Financing and Other Value.
- 4.5 If the Seller fails to deliver the closing documents according to clause 4.4, then payment of the Purchase Price and late interest will be postponed until the Buyer has received the closing documents and has a reasonable period of time to register them and to obtain the advance of proceeds for any New Financing and Other Value. Notwithstanding the foregoing, if the Buyer is otherwise ready, willing and able to close in accordance with this Contract and desires to take possession of the Property, then the Seller shall give the Buyer possession upon reasonable terms which will include the payment of late interest only on the amount of mortgage being obtained by the Buyer, if any, at the interest rate of such mortgage.
- 4.6 In circumstances where the Seller has complied with clause 4.4 but the Buyer is not able to close in accordance with this Contract, then the Seller may, but is not obligated to, accept late payment of the Purchase Price and give the Buyer possession upon reasonable terms. If the Seller agrees in writing to accept late payment of the Purchase Price under this clause then, whether or not possession is granted, the Buyer will pay late interest at the prime lending rate of the Province of Alberta Treasury Branches at the Completion Day plus 3% calculated daily from and including the Completion Day to (but excluding) the day the Seller is paid in full. Payment received after noon on any day will be payment as of the next Business Day.
- 4.7 The Seller's lawyer may use the Purchase Price to pay out all mortgages, condominium contributions, registrations and other financial obligations that are the Seller's obligation to pay or discharge. Within a reasonable period of time after the Completion Day, the Seller's lawyer will provide the Buyer's lawyer with evidence of all discharges including, where required, a certified copy of the certificate of title and an estoppel certificate evidencing the payment of all condominium contributions that are the Seller's obligation to pay.

*[Handwritten Signature]*

Seller's Initials

*[Handwritten Signature]*

Buyer's Initials

AREA

303/648

Residential Real Estate Purchase Contract

Purchase Contract Number

- 4.8 The Seller will pay the costs to prepare the closing documents; to prepare, register and discharge any Seller's caveat based on this Contract; and to provide the documents described in clause 4.11.
- 4.9 The Buyer will pay the costs to prepare, register and discharge any Buyer's caveat based on this Contract; and to register the transfer of land.
- 4.10 If the Property is rented and the Buyer is not assuming the tenancy, then the Seller is responsible for all costs related to ending the tenancy and to giving vacant possession to the Buyer.
- 4.11 At least ten (10) Business Days prior to the Completion Day, the Seller will provide the Buyer, regarding the matters described in clause 6.1, a real property report reflecting the current state of improvement on the Property, according to the Alberta Land Surveyors' Manual of Standard Practice, with evidence of municipal compliance or non-conformance. This obligation will not apply to condominium units that do not create a lot nor to any transaction where there are no structures on the land.
- 4.12 Notwithstanding the closing provisions in this Contract, the parties instruct their lawyers to follow, if appropriate, the Law Society of Alberta Conveyancing Protocol in the closing of this transaction.

5. INSURANCE

- 5.1 The risk of loss or damage to the Property shall lie with the Seller until the Purchase Price is paid according to the terms of this Contract. If loss or damage to the Property occurs before the Seller is paid the Purchase Price, then any insurance proceeds shall be held in trust for the Buyer and the Seller according to their interests in the Property.

6. WARRANTIES AND REPRESENTATIONS

- 6.1 The Seller represents and warrants to the Buyer that:
  - (a) the Seller has the legal right to sell the Property;
  - (b) the Attached Goods and included Unattached Goods are in normal working order and are free and clear of all encumbrances;
  - (c) the Seller is not a non-resident of Canada for the purposes of the Income Tax Act (Canada);
  - (d) the current use of the Land and Buildings complies with the existing municipal land use bylaw;
  - (e) the Buildings and other improvements on the Land are not placed partly or wholly on any easement or utility right-of-way and are entirely on the Land and do not encroach on neighbouring lands, except where an encroachment agreement is registered on title;
  - (f) the location of Buildings and other improvements on the Land complies with all relevant municipal bylaws, regulations or relaxations granted by the appropriate municipality prior to the Completion Day, or the Buildings and other Improvements on the Land are "non-conforming buildings" as that term is defined in the Municipal Government Act (Alberta);
  - (g) \$\_\_\_\_\_ is the current monthly condominium contribution payable (fee for administrative and other expenses); and
  - (h) except as otherwise disclosed, the Seller is not aware of any defects that are not visible and that may render the Property dangerous or potentially dangerous to occupants or unfit for habitation.
- 6.2 All of the warranties contained in this Contract and any attached Schedules are made as of and will be true at the Completion Day, unless otherwise agreed in writing.
- 6.3 The representations and warranties in this Contract may be enforced after the Completion Day, provided that any legal action is commenced within the time limits prescribed by the Limitations Act (Alberta).
- 6.4 The Seller and the Buyer each acknowledge that, except as otherwise described in this Contract, there are no other warranties, representations or collateral agreements made by or with the other party, the Seller's brokerage and the Buyer's brokerage about the Property, any neighbouring lands, and this transaction, including any warranty, representation or collateral agreement relating to the size/measurements of the Land and Buildings or the existence or non-existence of any environmental condition or problem.

7. ADDITIONAL TERMS

- 7.1 All time periods, deadlines and dates in this Contract shall be strictly followed and enforced. All times will be Alberta time unless otherwise stated.
- 7.2 This Contract is for the benefit of and shall be binding upon the heirs, executors, administrators and assigns of the individual parties and the successors and assigns of corporate parties.
- 7.3 All changes of number and gender shall be made where required.
- 7.4 This Contract will be governed by the laws of the Province of Alberta. The parties submit to the exclusive jurisdiction of the Courts in the Province of Alberta regarding any dispute that may arise out of this transaction.
- 7.5 In addition to any Schedules required in Section 8, the following Schedules form part of this Contract:
  - Financing Schedule
  - Addendum
  - Property Schedule
  - Condominium Property Schedule
- 7.6 Additional terms of sale (if any):

Access Condo Corp 0444099

Agrees to provide parking stalls at market value to Buyer to purchase lease as soon as available

Ind.

Seller's Initials

Buyer's Initials



3031648  
Purchase Contract Number

Residential Real Estate Purchase Contract

**8. CONDITIONS**

**8.1 The Buyer's Conditions are:**

**(a) Financing Condition**

The Buyer will apply and be approved for New Financing as follows:

- as per clause 2.2 (plus applicable mortgage insurance fee, if any)
- interest rate not to exceed \_\_\_\_\_ percent a year calculated semi-annually not in advance
- a term of not less than \_\_\_\_\_ years

Monthly payment of principal and interest not to exceed \$ \_\_\_\_\_ (including mortgage insurance fee, if applicable) for an amortization of 25 years.

The Buyer will pay for all costs associated with the New Financing. \_\_\_\_\_ (the "Condition Day").  
Before 9 p.m. on \_\_\_\_\_

**(b) Property Inspection Condition**

As per attached Property Inspection Schedule, this Contract is subject to the Buyer's approval of a property inspection.  Yes  No

Before 9 p.m. on \_\_\_\_\_ (the "Condition Day").

**(c) Condominium Documents Condition**

This Contract is subject to the Buyer's Condition regarding Condominium Documents, as per attached Condominium Property Schedule.  Yes  No

Before 9 p.m. on May 26, 2010 (the "Condition Day").

**(d) Sale of Buyer's Home Condition**

This Contract is subject to the sale of the Buyer's home, as per attached Sale of Buyer's Home Schedule.  Yes  No

Before 9 p.m. on \_\_\_\_\_ (the "Condition Day").

**(e) Additional Buyer's Conditions:**

Approval of Financing

Before 9 p.m. on May 26, 2010 (the "Condition Day").

**8.2 The Seller's Conditions are:**

\_\_\_\_\_ (the "Condition Day").

Before 9 p.m. on \_\_\_\_\_ (the "Condition Day").

**8.3 If this Contract contemplates an assumption of mortgage, then it is subject to the lender confirming the assumability of the mortgage by the Buyer.**

Before 9 p.m. on \_\_\_\_\_  
This Condition is for the mutual benefit of both the Buyer and the Seller and cannot be waived unilaterally.

**8.4 Unless otherwise agreed in writing, the Buyer's Conditions are for the sole benefit of the Buyer and the Seller's Conditions are for the sole benefit of the Seller. The Buyer and Seller must use reasonable efforts to satisfy their respective Conditions.**

**8.5 The Buyer and the Seller may unilaterally waive or acknowledge satisfaction of their Conditions by giving a written notice to the other party on or before the stated Condition Day. If that notice is not given, then this Contract is ended immediately following that Condition Day.**

**8.6 Subject to clause 8.4, the Buyer and the Seller may give written notice to the other party on or before the stated Condition Day advising that a Condition will not be waived, has not been satisfied and will not be satisfied on or before the Condition Day. If that notice is given, then this Contract is ended upon the giving of that notice.**

**9. REMEDIES DISPUTES**

**9.1 If the Seller or the Buyer fails or refuses to complete this Contract according to its terms, then the other party may pursue all available remedies. The Seller's remedies include keeping the Deposits and claiming additional damages. Both the Seller and the Buyer can claim reasonable costs including legal fees and disbursements on a solicitor/client full indemnity basis.**

**9.2 If the Seller must restore title to the Property, enforce a lien against the Property or regain possession of the Property due to the Buyer's default, then the Buyer will pay the Seller's reasonable costs including legal fees and disbursements on a solicitor/client full indemnity basis.**

**10. ADVICE DISCLOSURE**

**10.1 This Contract is intended to create binding legal obligations. The Seller and the Buyer should read this Contract carefully and are encouraged to obtain legal advice before signing.**

**10.2 Any representations as to the measurements of the Buildings are only approximations and may not be accurate. The Buyer may wish to obtain an independent property inspection and verify the measurements of the Land and Buildings.**

[Signature] Seller's Initials      [Signature] Buyer's Initials



3031648  
Purchase Contract Number

Residential Real Estate Purchase Contract

- 10.3 Unless there is written consent for alternate representation, the Seller's brokerage represents the Seller as Seller's Agent and does not have a fiduciary relationship with the Buyer, and the Buyer's brokerage represents the Buyer as Buyer's Agent and does not have a fiduciary relationship with the Seller.
- 10.4 The Seller and the Seller's brokerage have signed a Listing Contract. The Seller directs the Seller's lawyer to honour the terms of the Listing Contract and in particular to close the transaction according to the irrevocable assignment of the Purchase Price contained in the Listing Contract.
- 10.5 The Buyer and Seller agree that the sale and other related information regarding this transaction may be retained and disclosed by the brokerage and/or the real estate boards(s) as required for closing and for reporting, appraisal and statistical purposes.
- 10.6 This Contract may be signed and sent by fax and this procedure will be as effective as signing and delivering an original copy.
- 10.7 Dower consent may be required for this Purchase Contract to be binding if title is in only one name and the registered owner is legally married.

11. DEFINITIONS

- 11.1 In this Contract:
  - (a) *Business Day* means a day when the Land Titles Office is open for business.
  - (b) *Buyer's Agent* means the licensed brokerage (including its broker, all associate brokers and associates) that represents the Buyer.
  - (c) *Commission* means the sum owing from the Seller for services rendered under the Listing Contract plus GST.
  - (d) *Completion Day* is the day described in clause 4.1.
  - (e) *Deposits* mean the Initial Deposit plus all Additional Deposits.
  - (f) *Listing Contract* means any written service or commission agreement obligating the Seller to pay remuneration.
  - (g) *Seller's Agent* means the licensed brokerage (including its broker, all associate brokers and associates) that represents the Seller.
  - (h) *Unless otherwise agreed in writing* means either changes made to the terms of this Contract that are agreed to by both the Seller and the Buyer, or a written agreement by letter or otherwise between the Seller or the Seller's lawyer and the Buyer or the Buyer's lawyer.

12. REPRESENTATIVES NOTICE

- Note: The Representative information must be completed in full at the offer stage prior to the Contract being signed in order to permit communication on the Representatives.
- 12.1 The Representatives identified in clause 12.2 represent the Seller and the Buyer.
  - 12.2 For the purposes of giving and receiving any notice referred to in this Contract, and for acceptance of an offer to purchase, communication must be in writing and must be delivered to the address or faxed to the number described below. A notice sent or received by a Representative is proper notice for the purposes of this Contract.

Seller's Information:

Seller's Address: 1870 6th Ave SW  
Medicine Hat, AB T1A 7K5 (postal code) Phone 403-576-3477 Fax \_\_\_\_\_

Seller's Representative:

STEVEN ROON  
Broker, associate broker or associate registered in the brokerage  
 Brokerage Name: Club 100 Real Estate  
 Address: 1001 Kingsway Ave  
Medicine Hat, AB (postal code) Phone 527-4000 Fax \_\_\_\_\_

Buyer's Information:

Buyer's Address: 37 Vista Road Rd SE  
Medicine Hat AB T1B 4S9 (postal code) Phone \_\_\_\_\_ Fax \_\_\_\_\_

Buyer's Representative:

STEVEN ROON  
Broker, associate broker or associate registered in the brokerage  
 Brokerage Name: Club 100 Real Estate  
 Address: 1001 Kingsway Ave  
Medicine Hat AB (postal code) Phone 527-4000 Fax \_\_\_\_\_

[Signature] Seller's Initials      [Signature] Buyer's Initials



3021648  
Purchase Contract Number

Residential Real Estate Purchase Contract

13. OFFER

13.1 The Buyer offers to buy the Property for the Purchase Price according to the terms of this Contract.

13.2 This offer/counter offer shall be open for acceptance in writing until 9:00 am on May 19 2010

SIGNED AND DATED at Medicine Hat, Alberta at 7:00 pm on the 16 day of May 2010

*[Signature]*  
Signature of Buyer

Vladimir Gonchar  
Print Name of Buyer

Signature of Buyer

Print Name of Buyer

*[Signature]*  
Signature of Witness

STEVEN ROOD  
Print Name of Witness

Signature of Witness

Print Name of Witness

14. ACCEPTANCE

14.1 The Seller accepts the Buyer's offer and agrees to sell the Property for the Purchase Price according to the terms of this Contract.

SIGNED AND DATED at Medicine Hat, Alberta at 9:00 am on the 18 day of May 2010

*[Signature]*  
Signature of Seller

R-7 Investments  
Print Name of Seller

Signature of Seller

Print Name of Seller

Signature of Witness

Print Name of Witness

Signature of Witness

Print Name of Witness

15. FINAL SIGNING

15.1 Final Signing of this Contract occurred at 9:00 AM on May 18 2010  
Initials of the person(s) who signed last *[Signature]*

CONVEYANCING

Seller's Lawyer *[Signature]*

Lawyer's Address \_\_\_\_\_ (postal code) \_\_\_\_\_

Lawyer's Phone \_\_\_\_\_ Fax \_\_\_\_\_

Buyer's Lawyer *[Signature]*

Lawyer's Address \_\_\_\_\_ (postal code) \_\_\_\_\_

Lawyer's Phone \_\_\_\_\_ Fax \_\_\_\_\_



Notice (Waiver) as per Purchase Contract

**NOTICE**  
(Re: Waiver/Satisfaction of Conditions)  
As per the Real Estate Purchase Contract

Notice to: R-7 Investments Ltd

Seller/Buyer of the Property 303 1648 SEYMOUR Av. NW

Municipal Address

Legal Address: Plan 0510037 Block/Unit 4 Lot

1. I am the Seller/Buyer of the Property in the Real Estate Purchase Contract # 3031648  
(the "Contract")

The condition(s) in that Contract that I now waive or have satisfied is (are):  
approval of financing  
condo documents

- 2. All other provisions in the Contract remain in full force and effect.
- 3. In this notice, the singular shall be constituted as the plural where the context so requires.
- 4. This notice shall enure to the benefit and be binding upon my heirs, executors, administrators, successors and assigns.
- 5. As per the Contract, if a notice has not been given to the other party before 9 p.m. on or before the stated Condition Day, then the transaction is ended.

SIGNED in the presence of a witness, and DATED at Medicine Hat Alberta at 8:30

a.m./p.m. this 25 day of May 2010

Seller/Buyer [Signature] Witness [Signature]

Seller/Buyer \_\_\_\_\_ Witness \_\_\_\_\_

If needed for commercial transactions:

Per: \_\_\_\_\_ Authorized Signing Officer(s) \_\_\_\_\_ Witness \_\_\_\_\_

Per: \_\_\_\_\_ Authorized Signing Officer(s) \_\_\_\_\_ Witness \_\_\_\_\_

# Macleod Dixon LLP

Our File Number: 267783/HAG

Aaron J. Bowler  
Partner  
Direct Line: (403) 267-8212  
E-mail: aaron.bowler@macleoddixon.com

Carol Hartley  
Assistant  
Direct Line: (403) 267-8277  
Email: carol.hartley@macleoddixon.com

September 3, 2010


Via Email (rlanthier@macdevcorp.com)

Macdonald Terwillegar Properties Ltd.  
11th Floor, 938 Howe Street  
Vancouver, BC V6Z 1N9

Attention: Ronald D. Lanthier, Executive Vice-President

Dear Sir:

Re: **Medican Group of Companies**  
**Medican (Edmonton Terwillegar) Developments Inc.**  
**Macdonald Terwillegar Properties Ltd.**  
**Alberta Court of Queen's Bench Action No. 1001 - 07852**

THIS IS EXHIBIT " H " referred to in the Affidavit of Tyrone Schneider Sworn before me this 3 Day of Sept. A.D. 2010  
  
A COMMISSIONER FOR OATHS  
IN AND FOR THE PROVINCE OF ALBERTA

LUKE M. DAY

Barrister & Solicitor in and for  
the Province of Alberta

We are the solicitors for RSM Richter Inc., Monitor of Medican Holdings Ltd., ~~and the property~~ thereof, appointed pursuant to the *Companies' Creditors Arrangement Act* (Canada) and an ~~initial~~ **Order** (the "Order") of the Court of Queen's Bench of Alberta (the "Court") dated May 26, 2010. **1870A, 6th Avenue SW Medicine Hat, Alberta T1A 7X5 (403) 526-3477**

Below you will find the proposal of the Monitor and Medican (Edmonton Terwillegar) Developments Inc. ("Developer") in respect of financing by Macdonald Terwillegar Properties Ltd. ("Macdonald") for Phase I of the project being developed in Edmonton, Alberta by Developer and commonly known as Axxess Terwillegar (the "Project"), which proposal remains subject to the approval of the Court.

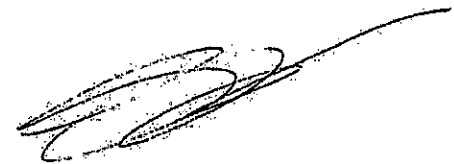
If the following is acceptable to Macdonald, please execute below and return a signed copy of this letter to the writer. Developer will bring an application to obtain approval of the Court (the "Macdonald Order") as soon as possible upon Macdonald executing and returning to the writer a copy of this letter.

1. Macdonald will advance the required draws requested by Developer in the required amounts pursuant to a commitment letter among Macdonald, Developer and Medican Holdings Ltd. dated September 29, 2009 ("Commitment") as amended by the terms hereof, to a maximum principal amount of two hundred thousand dollars (\$200,000) plus interest thereon at the rate charged pursuant to the existing security granted to Macdonald as against the Project, hereinafter referred to collectively as the "Draws".
2. Macdonald will be provided a super-priority charge in respect of the Project for the Draws ranking ahead of the existing debtor in possession financing charge.



3. Net proceeds from the units of the Project will be distributed as follows:
- (a) firstly, in repayment of the Draws;
  - (b) secondly, upon repayment of the Draws, the sum of eight thousand, five hundred dollars (\$8,500) from each condominium unit of the Project sold, to a maximum aggregate amount of six hundred twenty thousand, five hundred dollars (\$620,500), will be paid to Fraser Milner Casgrain LLP, the solicitors for Developer, ("FMC") and held in a separate trust account pursuant to the Order and the Macdonald Order in respect of the priority charges as stated in the Order;
  - (c) thirdly, from each condominium unit of the Project sold, funds will be paid to MCAP Financial Corporation ("MCAP") to reduce the outstanding principal, interest, fees and charges owing pursuant to the existing security granted to MCAP as against the Project until such time as MCAP is fully repaid;
  - (d) fourthly, a sum equivalent to five thousand, five hundred dollars (\$5,500) in respect of each condominium unit of the Project sold (the "Holdback") will be held in trust by Ogilvie LLP pending agreement between MCAP and Monarch Land Ltd. ("Monarch") or court order regarding entitlement to priority between MCAP and Monarch to the Holdback;
  - (e) fifthly, following full repayment of MCAP as set out in paragraph 3(c) and Ogilvie LLP retaining the Holdback pursuant to paragraph 3(d), funds from each condominium unit of the Project sold will be paid to Macdonald to reduce the outstanding principal, interest, fees and charges owing pursuant to the existing security granted to Macdonald as against the Project until such time as Macdonald is fully repaid;
  - (f) sixthly, the balance of the funds will be paid in favour of the valid and enforceable charges against the Project, in accordance with their lawful priority; and
  - (g) lastly, once all valid and enforceable charges against the Project are paid, the remaining funds will be held in trust by FMC until further order of the Court.

**MACLEOD DIXON LLP**



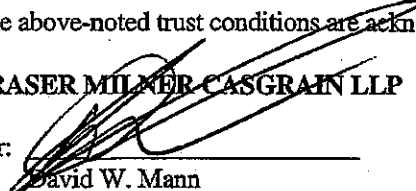
**Aaron J. Bowler**

cc: RSM Richter Inc. (Bob Taylor) - via email ([btaylor@rsmrichter.com](mailto:btaylor@rsmrichter.com))  
Kennedy Agrios LLP (Ron H. Haggett) - via email ([rhaggett@kennedyagrios.com](mailto:rhaggett@kennedyagrios.com))  
Miles Davison LLP (Terry L. Czechowskyj) - via email ([tczech@milesdavison.com](mailto:tczech@milesdavison.com))  
Fraser Milner Casgrain LLP (Christopher J. Ramsey) - via email ([chris.ramsay@fmc-law.com](mailto:chris.ramsay@fmc-law.com))

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The above-noted trust conditions are acknowledged and agreed to this 3<sup>rd</sup> day of September, 2010.

**FRASER MILNER CASGRAIN LLP**

Per:   
David W. Mann

**ACCEPTANCE**

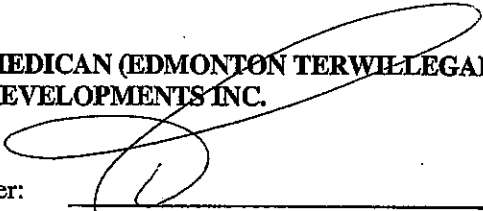
For valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Macdonald Terwillegar Properties Ltd., Medican (Edmonton Terwillegar) Developments Inc. and Medican Holdings Ltd. accept the above-noted terms.

**MACDONALD TERWILLEGAR  
PROPERTIES LTD.**

Per: \_\_\_\_\_  
Ronald D. Lanthier  
Executive Vice-President  
I have authority to bind the corporation

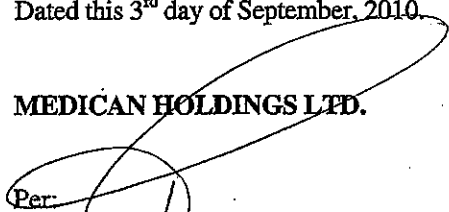
Dated this 3<sup>rd</sup> day of September, 2010.

**MEDICAN (EDMONTON TERWILLEGAR)  
DEVELOPMENTS INC.**

Per:   
Name: Tyrone Schneider  
Title:  
I have authority to bind the corporation

Dated this 3<sup>rd</sup> day of September, 2010.

**MEDICAN HOLDINGS LTD.**

Per:   
Name: Tyrone Schneider  
Title:  
I have authority to bind the corporation

Dated this 3<sup>rd</sup> day of September, 2010.

THIS IS EXHIBIT " F " referred to in the Affidavit of Tyrone Schneider Sworn before me this 3 Day of Sept. A.D. 2010

COMMISSIONER FOR OATHS  
IN AND FOR THE PROVINCE OF ALBERTA

LUKE M. DAY  
Barrister & Solicitor in and for  
the Province of Alberta  
1870A - 6th Avenue SW  
Medicine Hat, Alberta T1A 7X5  
(403) 526-3477

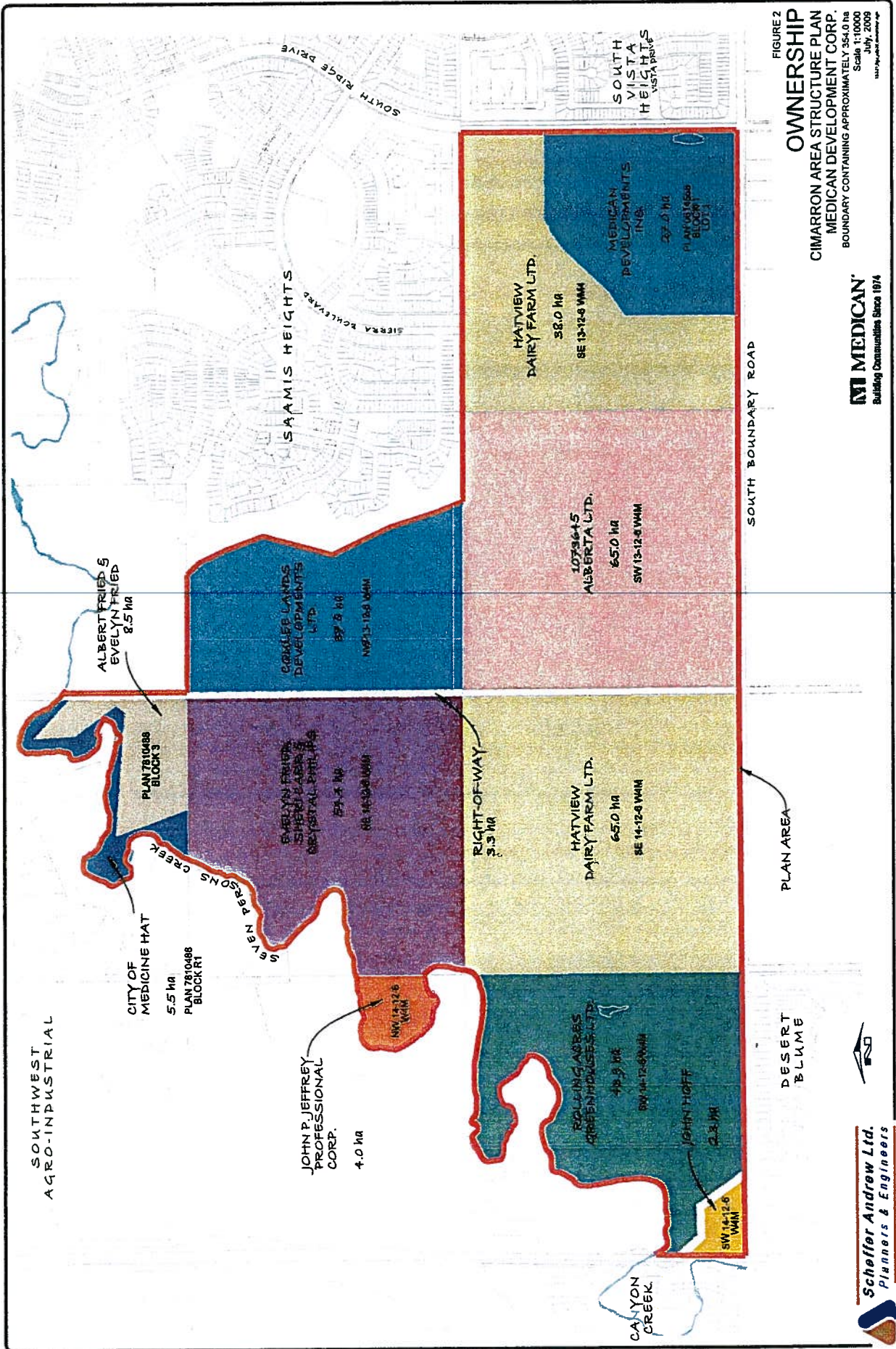


FIGURE 2  
**OWNERSHIP**  
 CIMARRON AREA STRUCTURE PLAN  
 MEDICAN DEVELOPMENT CORP.  
 BOUNDARY CONTAINING APPROXIMATELY 354.0 HA  
 Scale: 1:1000  
 July, 2009  
 www.medican.com



## MEMORANDUM OF UNDERSTANDING

This Memorandum is to confirm discussions between the Medican Group and the Harvest Group with respect to future development of the Cimarron project (the "Project") comprising the following lands located in Medicine Hat (collectively the "Cimarron Lands"):

1. Lands located in the SE 13-12-6-W4 comprising 59.98 acres more or less (the "Medican Lands") which are to be transferred to Harvest Group Limited Partnership ("Harvest") by Medican Developments (Medicine Hat Southwest) Inc. pursuant to that certain Agreement for Sale dated as of May 19, 2010 (the "Medican Agreement") plus payment of the sum of \$295,000.00 on account of the CCAA charges;
2. Lands also in the SE 13-12-6-W4 comprising 91 acres more or less (the "Hatview Lands") to be purchased by Harvest from Hatview Dairy Farm Ltd.; and
3. Lands located in the SW 13-12-6-W4 consisting of approximately 130 acres to be purchased by Harvest from First Assembly of God Medicine Hat. (the "Church Lands").

Harvest intends to sell the Medican Lands to a syndication vehicle pursuant to which investors will invest in the land. As a part of this syndication, Harvest intends to agree with the investors' syndication vehicle to provide development services for the Medican Lands to subdivide, develop and sell lots on behalf of the investors. The investors will be entitled, as an alternative, to sell the land in a block without completing the development process. In this event, the consideration payable to Harvest for development services may be reduced or eliminated.

Harvest shall retain Medican General Contractors 2010 Ltd. ("Medican") to manage the development process of the Medican Lands on a fee basis, for a fee to be not less than 3% of development expenses pursuant to a Development Management Agreement substantially in the form attached hereto.

Provided Harvest is able to acquire the Hatview Lands and/or the Church Lands on acceptable terms, Harvest also intends to sell these to the syndication vehicle, in a similar manner with Medican retained to manage the development all of these lands under the same terms.

With respect to the Church Lands specifically, in addition to the fees payable to Medican under the Development Management Agreement, the profits available to Harvest as the Development Manager in Harvest's arrangements with the investors in respect of the Church Lands would (after deduction of the fee payable to Medican), be shared between Harvest and Medican as to 50% each.

This Memorandum is subject to Court approval.

THIS IS EXHIBIT " J " referred to in the Affidavit of  
...*L. yrone Schneider*...  
Sworn before me this 3  
Day of Sept A.D. 2010

LUKE M. DEAN  
A COMMISSIONER FOR OATHS  
AND FOR THE PROVINCE OF ALBERTA  
Barrister & Solicitor in and for  
the Province of Alberta  
1870A - 6th Avenue SW  
Medicine Hat, Alberta T1A 7X5  
(403) 526-3477

If the above is in accordance with your understanding, please sign a copy of this Memorandum of Understanding and return it to the undersigned.

Dated September 3, 2010

**HARVEST GROUP LIMITED PARTNERSHIP**  
by its General Partner, Harvest Group GP  
Corporation

By: \_\_\_\_\_  


Accepted and agreed to this  
3 day of September, 2010.

**MEDICAN DEVELOPMENTS  
(MEDICINE HAT SOUTHWEST) INC.**

By: \_\_\_\_\_  


**MEDICAN GENERAL CONTRACTORS 2010 LTD.**

By: \_\_\_\_\_  


THIS IS EXHIBIT "K" referred to in the Affidavit of Tyrone Schneider Sworn before me this 3 Day of Sept. A.D. 2010

**DEVELOPMENT PROJECT MANAGEMENT AGREEMENT**

This Development Project Management Agreement made effective as and from the \_\_\_\_\_ day of \_\_\_\_\_, 2010.

A COMMISSIONER FOR OATHS IN AND FOR THE PROVINCE OF ALBERTA

**BETWEEN:**

**LUKE M. DAY**  
Barrister & Solicitor in and for

**Harvest Group Limited Partnership**, a limited partnership organized under the laws of the Province of Alberta, and having its offices at Calgary, in the Province of Alberta

the Province of Alberta  
1001 6th Avenue SW  
Calgary, Alberta T1A 7X5  
(403) 526-3477

(hereinafter referred to as the "Owner")

**OF THE FIRST PART**

**AND:**

**Medican General Contractors 2010 Ltd.**, a body corporate organized under the laws of the Province of Alberta, and having an office in the City of Calgary, in the Province of Alberta;

(hereinafter referred to as "Manageco" or the "Project Manager")

**OF THE SECOND PART**

**WHEREAS:**

- A. The Owner is the owner of the Property (as hereinafter defined) which is suitable for subdivision and development as more particularly described in Schedule "A" attached hereto (referred to in this Agreement as the "Project"); and
- B. The Project Manager represents and warrants that it has the expertise required to supervise the Project for the Owner;
- C. The Project Manager is prepared to undertake to supervise the Project on behalf of the Owner in the manner and pursuant to the terms of this Agreement.

**NOW THEREFORE THIS AGREEMENT WITNESSETH:**

**1. INTERPRETATION**

**1.1 DEFINITIONS**

The following words and expressions wherever used in this Agreement, unless the context otherwise requires, shall have the following meanings:

- (a) "Approved Development Expenditures" means costs of the Project approved by the Owner and reasonably expended on its behalf by the Project Manager.
- (b) "Bank Account" means the account or accounts described in Section 5.1.

- (c) "**Confidential Information**" means the Development Concept, the proformas, budgets and other financial information relating to the Project, the terms of all contracts, bids and proposals with respect to the Project, and all other information about the Project which has not generally been disclosed; provided that Confidential Information shall cease to be Confidential Information when it has been publicly disclosed through regulatory filings or in connection with hearings.
- (d) "**Development Concept**" means the development of the Property as a mixed use residential and commercial development substantially as set out in Schedule A hereto.
- (e) "**Owner's Representative**" means the individual vested with absolute authority to make all decisions, for and on behalf of the Owner, required to be made by the Owner pursuant to this Agreement.
- (f) "**Project**" means the development of the Property in accordance with the Development Concept.
- (g) "**Property**" means the lands located in the City of Medicine Hat, Alberta, comprising 186 acres (more or less) and legally described as:
  -
- (h) "**Services**" means the total services required to be performed by the Project Manager for the supervision of the Project as more particularly set forth herein.

## 1.2 Headings

The headings herein are for reference and convenience only and are not herein included for the purposes of interpretation of this Agreement or for any other purposes.

## 1.3 Time of the Essence

Time shall be of the essence of this Agreement and of every part hereof.

## 1.4 Grammatical Conformance

This Agreement is to be read with all changes in gender and number required by context

## 2. MANAGEMENT OF PROJECT

### 2.1 Appointment of Project Manager

The Owner hereby appoints Manageco as Project Manager of the Project to perform the Services, and the Project Manager accepts such appointment and agrees to supervise the Project for and on behalf of the Owner until this Agreement is terminated pursuant to the provisions of Section 7.



Subject to the specific obligations set forth in Section 2.2 hereof, the Project Manager agrees to supervise and co-ordinate the development of the Project on behalf of the Owner. Project Manager shall on behalf of the Owner:

- (a) Properly supervise the Project, its schedule and budget, and maintain comparisons of the actual progress to the schedule and budget;
- (b) Oversee the General Contractor/Construction Manager's overall performance during the construction phase of the Project; and
- (c) Liase with the approving authorities on behalf of the Owner.

The Project Manager shall consult with the Owner should it wish to vary the nature or extent of the Project, provided however, that the Project Manager may make minor variations in the Project which do not represent an alteration of the Development Concept, or reduce the total parcels to be sold or increase the expenses of development and construction, without any further approval of the Owner.

## **2.2 Specific Obligations of The Project Manager**

Manageco agrees to supervise the development of the Project and all matters incidental to such services in a manner which is consistent with the decision of the Owner as to the timing and any architectural controls or concepts that are to affect the Project. The responsibilities of the Project Manager shall include the following:

### Pre-Development Phase

During the Pre-Development Phase Project Manager shall render the following services: to obtain Land Redesignation and to perform such other duties related to Land Redesignation as Project Manager shall reasonably be directed to perform by the Owner. "Land Resdesignation" means land use redesignation for the Project from the municipality accommodating the development of the lands in accordance with the Development Concept. Without limiting the generality of the foregoing, Project Manager's duties shall include the following:

- Preparation of Proformas
- Preparation of Cash flow forecasts for a period of five years, or until sell-out of the Project, whichever is first
- Preliminary servicing studies
- Preliminary design studies/matters
- Preparation of conceptual design, based on the Development Concept, the specifications in Schedule A and the studies referred to above
- Preliminary development activities to support the Land Redesignation
- Municipal relations
- Community relations
- Provincial government relations
- Circulation of responses as they arise
- Owner meetings/rerelations
- All other such activities to support Land Redesignation

Development Phase

During the Development Phase Project Manager shall render the following services, subject in all cases to supervision and approval by the Owner:

- (a) Project Manager shall provide development supervision for the Project;
- (b) Project Manager shall prepare construction concepts and strategies;
- (c) Project Manager shall supervise and instruct any consultants, planners, engineers, architects, surveyors, lawyers and other professionals and technicians required from time to time;
- (d) Project Manager shall assist with applications and plans to negotiate and liaise with the appropriate authorities for engineering, construction, planning and environmental approvals, zoning and subdivision registration.
- (e) Project Manager shall deliver to the Owner or its designates all records and materials in the possession or control of either of them which relate to the Project as soon as possible after the completion of the Project and after all fees owing to Project Manager have been paid;
- (f) Project Manager shall manage and administer the day to day affairs as they relate to planning the Project;
- (g) Project Manager, on behalf of Owner, shall negotiate and/or tender, finalize and enforce contracts for work and materials, monitor and review and recommend payment of invoices, subject to the Owner's approval for any contract involving a commitment of more than \$[50,000], or to any contract with a party not at arms length with the Project Manager;
- (h) Project Manager shall maintain development records and provide periodic Project progress reports (at least monthly) to Owner based on actual costs and comparison to the budget and:
  - (i) showing projected costs and costs incurred to date and projected income and income committed to date;
  - (ii) describing construction, construction financing, contractual and legal matters and any significant developments affecting or relating to the Project; and
  - (iii) monitoring the General Contractor's timetable for the construction of the Project and expenditure of funds.
- (i) Project Manager shall administer the financial affairs of the Project as they relate to depositing revenue as may be required from time to time to the bank account and collecting accounts receivable, and;

- (i) Depositing Project loan advances as may be required from time to time to the bank account;
- (ii) Investing excess funds, but only in Government of Canada T-Bills, terms deposits in Schedule 1 Canadian chartered banks;
- (iii) Maintaining financial records of receipts, expenditures, assets and liabilities and prepares the requisite financial statements and related income tax information within 90 days of the fiscal year end for a review engagement or audit by Owner's accountant(s) or auditor(s), all in accordance with generally accepted accounting principles applicable to the real estate development industry;
- (j) Notify Owner promptly of material changes affecting the Project; and
- (k) Such other acts and things related to Project management as may be reasonably requested of the Project Manager from time to time during the currency of this Agreement.

### **2.3 Obligations of Owner**

The Owner agrees to be responsible for:

- (a) Obtaining and securing construction and development financing for the Project.
- (b) Execution of any and all agreements, such agreements to be in the name of the Owner;
- (c) Project security, bonding, letters of credit and insurance required to carry out the development of the Project; and
- (d) all relationships and communications, commitments or claims to investors of the Project.

### **2.4 Management Committee**

The Owner may establish a Management Committee to coordinate its decisions on the Project. If the Owner establishes such a committee it shall inform the Project Manager. The Owner's Representative shall be responsible for communicating the decisions of the Management Committee to the Project Manager.

### **2.5 Legal Action**

The Project Manager will institute, prosecute and defend any legal actions affecting the Project (including builders' lien claims if any), with the prior written approval of the Owner, not to be unreasonably withheld. The Project Manager shall comply with all Builders Lien legislation.

## **2.6 Communication**

The parties agree that consultation and communication between the parties is essential to the success of the Project. The parties agree to keep each other informed of all activities relating to the Project, including but without limiting the generality of the foregoing, each party shall use best efforts to copy each other with key documents and on emails.

## **2.7 Representation**

Each of the parties agrees to appoint a designated representative who shall be the single point of contact for each party and is the only person who may make commitments on behalf of each of the parties. Each party may designate a new representative to the other from time to time in writing. The initial representative for Project Manager is \_\_\_\_ and the initial representative for the Owner is \_\_\_\_.

## **2.8 Standard of Performance**

The Project Manager agrees to perform the services and functions to be performed pursuant to this Agreement in a diligent and efficient manner in keeping with the standards of the development industry. In carrying out its duties and obligations under this Agreement, the Project Manager shall exercise the same degree of care, skill and supervision as would be exercised by a reasonable and prudent person who is experienced in performing like services and functions. The Project Manager shall at all times conduct itself so as to maintain and promote the reputation of the Owner in the community.

## **2.9 Funds Held as Trustee**

All funds received by the Project Manager on behalf of the Owner shall be held by the Project Manager as a bare trustee in trust for the Owner and shall be segregated from the Project Manager's own funds and dealt with in accordance with this Agreement.

## **3. CONTROL OF PROJECT**

### **3.1 General Control by Owner**

The Owner's Representative shall from time to time establish and provide to the Project Manager, at the Project Manager's request or otherwise, written policies, limitations, instructions and procedures governing the development of the Project and, in carrying out its obligations and duties pursuant to Section 2, the Project Manager shall at all times act in accordance therewith.

### **3.2 Relationship of the Project Manager to the Owner**

- (a) The Project Manager is expected to attend meetings of the Owner's Management Committee, and the Owner's Representative will be responsible for ensuring that sufficient notice is provided to the Project Manager for such attendance. In carrying out its duties and obligations hereunder, the Project Manager shall act as an independent contractor notwithstanding that all agreements, permits, licenses, accounts and other documents shall be negotiated on behalf of and in the name of

the Owner. The Project Manager shall not be required to make any payments on behalf of the Owner except to the extent that funds are available from or through the Owner. All personnel involved in carrying out the duties and responsibilities of the Project Manager shall be and remain employees of the Project Manager.

- (b) Project Manager shall obtain the approval of Owner prior to implementing major activities but otherwise shall carry out its duties in accordance with Sections 2.1, 2.2 and 2.8.
- (c) The parties agree to comply with all laws, regulations, rules and orders applicable to the observance or performance of its obligations under this Agreement.
- (d) Project Manager may subcontract some or all of their responsibilities under this Agreement to third parties as it may deem necessary, provided that Project Manager shall remain responsible for the satisfactory completion of its responsibilities hereunder notwithstanding any subcontracting.

### **3.3 Access to Records**

The Project Manager shall provide to the Owner and the Owner's Representative (which may include properly deputized agents and professional advisors of the Owner), full and free access at all reasonable times to all records, documents and materials in the possession or control of the Project Manager which relate to the Project and the Property; provided however the Project Manager acknowledges that all such records, documents and materials are the property of the Owner.

### **3.4 Delivery of Records**

Forthwith upon request of the Owner or the Owner's Representative and in any event as soon as practical after the completion of the Project and after all fees owing to Project Manager have been paid, the Project Manager shall deliver to the Owner originals of all records, documents and materials in the possession or control of the Project Manager which relate thereto.

### **3.5 Periodic Financial Reporting**

The Project Manager, in conjunction with the Owner's accounting advisors, shall provide to the Owner:

- (a) monthly – within 21 days of each calendar month end: internally prepared financial statements of income and expense and of cash flow for the prior month and year-to-date figures, with comparative approved budget numbers and variances, and Management Discussion and Analysis of financial results; and
- (b) calendar quarterly - a status report of the Project, to include status of approvals, construction, and any additional information the Owner may reasonably request; and

- (c) annually – at least 21 days prior to the commencement of each fiscal year: a revised estimate of costs to complete and operating budgets (projections) for each phase of the Project under development, including balance sheet, income statement and statement of (anticipated) cash flows on a month-by-month basis; and
- (d) annually – within 90 days of each fiscal year end: financial statements including balance sheet, income statement and statement of cash flows, prepared by a recognized national accounting firm or regional accounting firm acceptable to Owner in its sole discretion; and
- (e) periodically or as requested and at least 7 days in advance of any Management Committee Meeting(s): such financial information and Project reports as are reasonably required to make informed decisions on any subjects for discussion.

### **3.6 Confidentiality**

This Agreement and all other Confidential Information received by the Project Manager pursuant to this Agreement shall not be disclosed by the Project Manager to any person except with the written consent of the Owner or unless disclosed in legal proceedings between the parties hereto, except to the extent it shall be reasonably necessary to do so by the Project Manager in the performance of its services and functions to be performed pursuant to this Agreement. The Project Manager shall not use any Confidential Information for its own purposes, or for any purpose other than the purpose of supplying services to the Owner under this Agreement.

## **4. MANAGEMENT CHARGES PAYABLE TO THE PROJECT MANAGER**

### **4.1 Management Fees**

- (a) **Development Management Fee.** The Owner shall pay to the Project Manager for its services as defined in Sections 2.1 and 2.2, including the services of all the Project Manager's personnel provided, a management fee in an amount equal to 3% of Approved Development Expenditures incurred after the date hereof, not including GST (the "Development Management Fee").
- (b) **Pre-Contract Services.** It is acknowledged and agreed that Project Manager shall not be entitled to any compensation in respect of Services performed prior to the prior to the execution and completion of this Agreement.

### **4.2 Management Costs**

Upon billing and verification thereof, the Owner shall pay to the Project Manager the amount of any costs or expenses reasonably incurred by the Project Manager directly in connection with its performance of the Services and the Project including:

- (a) employment costs and expenses of the Project Manager personnel assigned for special additional services with the prior approval of the Owner's Representative; and

- (b) accommodation, meeting expenses and other necessary and proper out-of-pocket expenses, including travel expenses, in connection with the Project and approved by the Owner and Project Manager acting reasonably (collectively "Management Costs").
- (c) all third party direct development costs.

### **4.3 Budget**

The Project Manager shall prepare a budget for the Project. This budget shall for the baseline for the Project. The Project Manager shall not be authorized to incur any expense that is not included in the budget without the prior written consent of the Owner, not to be unreasonably withheld. The Project Manager shall be authorized to incur expenses contained in the Budget, subject to direction by the Owner. The Budget may be amended from time to time with the prior written consent of the Owner, not to be unreasonably withheld.

## **5. BANKING, FINANCIAL INFORMATION**

### **5.1 Bank Account**

- (a) Project Manager shall open and maintain a separate bank account or bank accounts for the purposes of this Agreement in such bank or banks as the Owner shall from time to time determine. The Bank Account shall be in the name of Owner or such other name as Owner may approve, and shall be kept separate from any of Project Manager's own funds. All receipts related to the Project shall be paid into the Bank Account.
- (b) All cheques, bills, notes, drafts or other instruments will require the signature of a representative of the Owner.
- (c) All invoices for the Project shall reviewed by Project Manager and forwarded to the Owner for approval;

### **5.2 Financial Information**

- (a) Project Manager shall keep proper books of account and accurate entry shall be made therein of all matters, terms, transactions and other things as are usually written and entered in books of account kept by persons engaged in an enterprise of similar nature and the Owner shall have access upon reasonable notice during ordinary business hours to inspect, examine and copy such entries.
- (b) In preparation and maintenance of accounts Project Manager shall follow generally accepted accounting procedures at all times.

## **6. INDEMNITY AND INSURANCE**

### **6.1 Indemnity of Owner**

The Project Manager shall indemnify and save harmless the Owner against all loss and damages and all claims, demands, actions, costs and fines of any kind for which the Owner may become liable or which the Owner may incur (including solicitor/client actual costs) arising by reason of any breach of this Agreement during its term by the Project Manager, its employees or agents, or by reason of their negligence or any wrongful action or any action taken by them outside the scope of their authority hereunder, or any failure to act under the terms of this Agreement.

### **6.2 Indemnity Procedures**

Owner shall notify Project Manager immediately on receiving notice of any claim for which indemnification may be sought under this provision, shall allow the Project Manager to defend any such claim if it desires, provided that the Project Manager shall immediately assume the defence of such claim, failing which Owner shall be entitled to assume such defence at the Project Manager's expense. Owner shall not agree to settle or compromise any such claim without the Project Manager's consent, not to be unreasonably withheld. A failure to provide timely notice shall not affect the obligation to indemnify hereunder except to the extent that it prejudices the ability to defend a claim in respect of which indemnity is sought.

### **6.3 Insurance**

The Owner shall arrange for the mutual benefit of the Owner and the Project Manager comprehensive general liability insurance and other insurance as required to be maintained to such limits as may be reasonably required by the Owner or prescribed for by law. The Project Manager shall be named as an additional insured under all policies of insurance.

## **7. TERM AND TERMINATION**

### **7.1 Termination on Default**

- (a) An event of default ("**Event of Default**") shall occur whenever:
- (i) the Project Manager defaults in the observance or performance of any covenant, agreement, term or condition herein on the part of the Project Manager to be kept, observed and performed and, if such a default is capable of remedy by the Project Manager, the default continues after Thirty (30) days following written notice from the Owner requiring the Project Manager to remedy the default, provided that if the default can not be cured within such Thirty (30) day period, the Project Manager an Event of Default shall be considered to occur immediately;
  - (ii) an order is made or an effective resolution is passed for the dissolution, liquidation or winding up of the Project Manager; or



- (iii) the Project Manager becomes insolvent or makes an assignment or bulk sale of its assets, or if a petition in bankruptcy is filed or presented against it.
- (b) If and whenever an Event of Default occurs, then, without prejudice to any other rights it may have pursuant to this Agreement or at law, the Owner may terminate this Agreement upon written notice to the Project Manager. The effective date of termination (the "**Termination Date**") shall be the date of the Owner's notice.

## 7.2 Other Termination

This Agreement may be terminated by Project Manager or by the Owner on 60 days notice to the other party. Following such termination, all parties shall be relieved of all obligations hereunder except for liability accrued prior to such termination date.

## 8. GENERAL

### 8.1 Notice

Notices hereunder, if any, shall be in writing and may be given personally or by prepaid registered mail addressed to the party for which it is intended to, its address as designated hereunder or to such other address as may be established therefore from time to time by proper notice hereunder, and in which event it shall be deemed given 72 hours after it is mailed as herein above specified:

- (a) To the Owner at:

[postal code to come]  
e-mail:[to come]

- (b) To the Project Manager at:

Manageco

e-mail:

Provided however, service may be affected by facsimile or other form of electronic written communication in which event the addressee shall be deemed to have received such communication on the day upon which in the ordinary course it would have been received. Either party may from time to time change its address for service in written notice to the other.

### 8.2 Applicable Law

This Agreement shall be construed in accordance with the laws of the Province of Alberta and no action or other proceeding shall be brought to construe or enforce this Agreement except in those courts having jurisdiction in the Province of Alberta.

### 8.3 Waiver

No waiver by any party of any breach by any other party of its covenants, obligations and agreements hereunder shall be a waiver of any subsequent breach or of any other covenant obligation or agreement nor shall any forbearance to seek a remedy for any breach be a waiver of any right and remedies with respect to such or any subsequent breach.

#### **8.4 No Assignment**

This Agreement shall not be assigned by a party without the prior written consent of the other.

#### **8.5 Severable Covenants**

If any provision of this Agreement is unenforceable or invalid for any reason whatsoever, such unenforceability or invalidity shall not affect the enforceability or validity of the remaining provisions of this Agreement and such provision shall be severable from the remainder of this Agreement.

#### **8.6 Further Acts**

The Owner shall perform such further acts and execute such further documents as may be required from time to time to accomplish the purposes of this Agreement.

#### **8.7 Enurement**

This Agreement shall be binding upon, and shall enure to the benefit of the Owner and the Project Manager and their respective legal representatives, successors and permitted assigns.

#### **8.8 Counterparts**

This Agreement may be executed in counterparts, each executed counterpart shall be deemed to be an original and all such counterparts when read together shall constitute one and the same instrument.

#### **8.9 Entire Agreement**

This Agreement constitutes the entire agreement between the parties and supercedes and replaces all prior agreements. This Agreement may be amended only by written agreement of the parties.

**IN WITNESS WHEREOF** the parties hereto have executed this Agreement on the day and year first above written.

**HARVEST GROUP LIMITED PARTNERSHIP,**  
by its general partner, Harvest Group GP Corporation

Per: \_\_\_\_\_

**MEDICAN GENERAL CONTRACTORS 2010  
LTD.**

Per: \_\_\_\_\_

**Schedule "A"**

**Development Concept**

Insert brief description of the nature of development

**AGREEMENT OF PURCHASE AND SALE**

This agreement is made this 10<sup>th</sup> day of May, 2010 between:

**MEDICAN DEVELOPMENTS (MEDICINE HAT SOUTHWEST) INC.**  
(the "Vendor")

- and -

**HARVEST GROUP LIMITED PARTNERSHIP**  
(the "Purchaser")

THIS IS EXHIBIT " L " referred to in the Affidavit of Lynne Schneider Sworn before me this 3 Day of Sept. A.D. 2010

A COMMISSIONER FOR OATHS IN AND FOR THE PROVINCE OF ALBERTA

**LUKE M. DAY**  
Barrister & Solicitor and for the Province of Alberta  
1870A - 6th Avenue SW  
Medicine Hat, Alberta T1A 7X5  
(403) 526-3477

This Agreement of Purchase and Sale (the "Agreement") is made the 10<sup>th</sup> day of May, 2010 between Medican Development (Medicine Hat Southerwest) Inc. and Harvest Group Limited Partnership.

**WHEREAS** the Vendor wishes to sell the lands to the Purchaser, upon the terms and conditions herein set forth;

**AND WHEEAS** the Purchaser has paid to the Vendor \$3,700,000 on account of the Purchase Price;

**NOW THEREFORE THIS AGREEMENT WITNESSETH** that in consideration of the mutual covenants and agreements contained herein, the parties hereto covenant, promise and agree with each other as follows:

**ARTICLE 1  
INTERPRETATION**

**1.1 Definitions**

In this Agreement:

"Assumed Obligations" means the encumbrances described in Appendix "B";

"Closing" means the payment of the Purchase Price and transfer of Lands to the Purchaser.

"Lands" means the Lands described in Appendix "A" hereto;

"Purchase Price" means \$3,700,000 plus the assumption of the Assumed Obligations; and

"Security Interest" means any mortgage, charge, pledge, lien, hypothec, encumbrance, conditional sale, title retention agreement, assignment by way of or in effect as security, or security interest whatsoever, but does not include a right of set-off or a set-off.

**ARTICLE 2  
PURCHASE AND SALE**

**2.1 Purchase of the Lands**

In consideration of the Purchase Price, Vendor hereby agrees to sell to Purchaser the Lands free and clear of all encumbrances, liens, interests or adverse claims whatsoever, except those listed in Appendix "B".

**2.2 No Encumbrance**

Vendor covenants and agrees with the Purchaser to do nothing to encumber the Land or any portion thereof after the execution of this Agreement.

**2.3 Registration of Interest**

Purchaser shall be entitled to register a caveat in respect of its exclusive and unconditional right to purchase the Lands in accordance with this Agreement (the "Purchaser Caveat").

**2.4 Sale of Land**

The Vendor does hereby agree to sell, assign, transfer, deliver and set over absolutely to Purchaser, and Purchaser does hereby agree to purchase and acquire from Vendor, the Lands in accordance with this Agreement.

**2.5 Payment of Purchase Price**

The Purchaser has paid the cash portion of the Purchase Price and the Vendor acknowledges receipt thereof. The Purchaser shall also assume the Assumed Obligations effective upon transfer of the Lands.

**2.6 Transfer of Title**

Vendor agrees to transfer title to the Lands forthwith upon payment of Purchase Price set forth in Section 2.5.

**2.7 Public Reserve**

Dispositions of parcels to Governmental authorities as public reserve Land for parks, trails, roadways, utility rights-of-way, schools, municipal buildings or other public purposes shall not in any way affect the Purchase Price.

**2.8 Possession**

Purchaser shall have exclusive possession of the Lands upon transfer of title to the Lands

## 2.9 GST

Purchaser shall pay Goods and Services Tax on all payments under this Agreement that are taxable by law.

### ARTICLE 3 REPRESENTATIONS AND WARRANTIES OF THE VENDOR

The Vendor represents and warrants to the Purchaser as set forth in this Article 3.

#### 3.1 Title

- (a) Vendor represents and warrants that it has good title to the Lands unencumbered by any encumbrances, adverse claims or other third party rights other than those described in Appendix "B" attached hereto, and that it is not aware of any undisclosed facts or circumstances that would adversely affect the ability of Purchaser to develop the Lands.
- (b) The Vendor shall, prior to closing, discharge any encumbrances, adverse claims or other third party rights other than Assumed Obligations.
- (c) This representation expressly excludes any representation concerning the environmental condition of the Lands and the buildings on the Lands. Vendor makes no representation to Purchaser concerning the environmental condition of the Lands and the buildings on the Lands. Vendor will not be responsible for any form of clean-up, environmental or otherwise.

#### 3.2 No Violation

The execution and delivery of this Agreement by Vendor will not (with or without the giving of notice of lapse of time; or both) contravene or violate or result in a breach or a default under or give rise to a right of termination, amendment or cancellation or the acceleration of any obligations under:

- (a) any applicable law, judgment, order, writ, injunction or decree of any regulatory authority having jurisdiction over Vendor; or
- (b) the provisions of any contract to which Vendor is a party.

**ARTICLE 4**  
**REPRESENTATIONS AND WARRANTIES OF THE PURCHASER**

Purchaser represents and covenants to Vendor as set forth in this Article 4.

**4.1 Validity of Agreement**

- (a) Purchaser has all necessary power to enter into and perform its obligations under this Agreement and any other Agreements or instruments to be delivered or given by it pursuant to this Agreement.
- (b) This Agreement or any other Agreements entered into pursuant to this Agreement to which Purchaser is a party constitute legal, valid and binding obligations of Purchaser, enforceable against Purchaser in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency and other laws affecting the rights of creditors generally and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction.

**4.2 No Violation**

The execution and delivery of this Agreement by Purchaser, the consummation of the transactions and the fulfilment by Purchaser of the terms, conditions and provisions hereof will not (with or without the giving of notice or lapse of time, or both) contravene or violate or result in a breach or a default under or give rise to a right of termination, amendment or cancellation or the acceleration of any obligation of Purchaser, under:

- (a) any applicable law;
- (b) any judgment, order, writ, injunction or decree of any regulatory authority having jurisdiction over Purchaser;
- (c) the provisions of any contract to which Purchaser is a party, or any of her properties or assets are, bound.

**ARTICLE 5**  
**MISCELLANEOUS**

**5.1 Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the parties hereto hereby submit to the exclusive jurisdiction of the courts of the Province of Alberta for all matters arising out of or in connection with this Agreement or any of the transactions contemplated hereby.



## 5.2 Invalidation of Provisions

If any of the provisions of this Agreement should be bound to be invalid, illegal or unenforceable in any respect, the validity, legality or enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

## 5.3 Successors and Assigns

This Agreement shall enure to the benefit of and is binding upon the parties hereto and their respective successors and permitted assigns.

## 5.4 Time of the Essence

In this Agreement, time is of the essence.

## 5.5 Notices

All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally or by facsimile transmission, or mailed by registered or certified mail, postage prepaid, to the parties at their residential or business addresses (or at such other address for a Party as shall be specified by like notice). Any notice or other communication so given shall be deemed given when actually received at the aforesaid address, which shall be the date of transmission in the case of any facsimile transmission unless such transaction is completed on a day other than a Business Day or after 4:30 p.m. local time at the place of receipt on a Business Day, in which case it shall be deemed received on the next Business Day at the place of receipt.

## 5.6 Execution

This Agreement may be executed by facsimile and in any number of counterparts, no one of which needs to be executed by all parties hereto, and when all parties hereto have executed a counterpart hereof, both such counterparts shall together comprise one and the same Agreement and this Agreement shall be binding upon both parties hereto who have executed such a counterpart, with the same force and effect as if both parties hereto had signed the same document, and each such signed counterpart shall constitute an original of this Agreement.

## 5.7 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement shall be binding unless executed in writing by the Party to be bound thereby. No waiver of any provision of this Agreement shall constitute a waiver of any other provision, nor shall any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided.

The parties also agree that any waiver by a party ("**Waiving Party**") of any breach by the other party of the terms and covenants of this Agreement ("**Defaulting Party**") will only extend to the particular breach waived and will not limit or affect the Waiving Party's rights with respect to any other or future breach by the Defaulting Party.

### 5.8 Further Assurances

Each of the parties shall promptly do, make, execute, delivery, or cause to be done, made, executed or delivered, all such further acts, documents and things as the other parties hereto may reasonably require from time to time after Closing for the purpose of giving effect to this Agreement and shall use reasonable efforts and take all such steps as may be reasonably within its power to implement to their full extent the provisions of this Agreement.

### 5.9 Assignment

Neither the Vendor nor Purchaser shall transfer or assign their interests in this Agreement or in the Lands without the consent in writing of the other party.

### 5.10 Notices

All communication or notice that is required by this Agreement or arising from this Agreement shall be in writing and mailed or delivered to the parties as follows:

To the Vendor at:  
1870A - 6 Avenue S.W.  
Medicine Hat, Alberta

Fax: 403-526-3843

and

To the Purchaser at:  
4 - 4002 9 Avenue N  
Lethbridge, Alberta  
T1H 6T8

### 5.11 Entire Agreement

This Agreement represents the entire Agreement between the parties. Any previous written or verbal Agreement or representations are hereby terminated and void and replaced in their entirety by this Agreement. In the event of any conflict between the terms of the closing documents and the terms of this Agreement, this Agreement shall prevail.

The parties hereto have executed this Agreement in quadruplicate as of the date first above written.

**MEDICAN DEVELOPMENTS  
(MEDICINE HAT SOUTHWEST) INC.**

Per: \_\_\_\_\_

**HARVEST GROUP LIMITED  
PARTNERSHIP by its General Partner  
Harvest Group GP Corporation**

Per: \_\_\_\_\_

**APPENDIX "A"**

The legal description of the Lands are as follows:

Plan 0614556

Block 1

Lot 1

Excepting thereout all Mines and Minerals

Area: 11.84 Hectares (29.26 Acres) more or less

Plan 0810982

Block 1

Lot 2

Excepting thereout all Mines and Minerals

Area: 12.43 Hectares (30.72) more or less

## APPENDIX "B"

## Permitted Encumbrances

Plan 0614556 Block 1 Lot 1 Excepting thereout all Mines and Minerals Area: 11.84 Hectares (29.26 Acres) more or less		
901 034657	06/02/1990	Utility Right of Way Grantee - ICG Utilities (Alberta) Ltd.
051 479 290	15/12/2005	Caveat Re: Right of Way Agreement Caveator - Monarch Communication Inc.
071 036 170	23/01/2007	Mortgage Mortgagee - Bancorp Balanced Mortgage Fund Ltd.
071 036 171	23/01/2007	Caveat Re: Assignment of Rents Caveator - Bancorp Balanced Mortgage Fund Inc. Caveator - Bancorp Financial Services Inc
Plan 0810982 Block 1 Lot 2 Excepting thereout all Mines and Minerals Area: 12.43 Hectares (30.72) more or less		
901 034 657	06/02/1990	Utility right of Way Grantee - ICG Utilities (Alberta) Ltd.
081 075 270	27/02/2008	Mortgage Mortgagee - 292561 Alberta Inc.
081 075 271	27/02/2008	Caveat Re: Assignment of Rents and Leases Caveator - 292561 Alberta Inc.
091 232 863	11/08/2009	Caveat Re: Amendment Agreement Caveator - 292561 Alberta Inc.
101 075 228	15/03/2010	Builder's Lien Lienor - Scheffer Andrews Ltd.

Action No. 1001-07852  
Deponent: Tyrone Schneider  
Date Sworn: September 3, 2010

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

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**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**

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**AFFIDAVIT**

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**FRASER MILNER CASGRAIN LLP**

Barristers and Solicitors  
15<sup>th</sup> Floor Bankers Court  
850 2 Street SW  
Calgary, Alberta T2P 0R8

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

