

Action No.: 1001-07852
Deponent: Tyrone Schneider
Date Sworn: August 10, 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 August 10, 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 Cypress College;
- (c) An Order, substantially in the form of Order attached to the Motion as Schedule "C", approving the purchase and sale agreement among Medican (Sylvan Lake) Developments ("**Sylvan Lake**"), Bob and Myrna Dipert and Lamont Land Inc. ("**Lamont**") outlined in the Lamont Purchase Agreement (as herein defined) with respect to Sylvan Lake and the Sylvan Lake - Dipert Lands (as herein defined);
- (d) An Order, substantially in the form attached to the Motion as Schedule "D" for the following relief:
 - (i) granting an extension to the Stay Period granted in these proceedings under the provisions of the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended ("**CCAA**") from the current expiry date of August 12, 2010 to September 30, 2010;

- (ii) extending the DIP Lending Facility, including the DIP Lender's Charge, to the aggregate sum of \$3.5 million, and authorizing an additional draw of \$1.0 million under the existing DIP Lending Facility; and
- (iii) declaring that the term "Canadian Imperial Bank of Commerce" used in the Initial Order includes the entity "CIBC Mortgages Inc."

4. I have had the opportunity to review the fourth report of RSM Richter Inc., the court appointed monitor of the Medican Group (the "**Monitor**"), dated August 10, 2010 (the "**Fourth 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 being sought regarding certain projects, as outlined above.

The Michener Project

5. As outlined in the Fourth 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**"). The Medican Group received an offer to refinance the Michener Project from TEV (the "**TEV Financing Agreement**"). A copy of the TEV Financing Agreement is attached hereto and marked as Exhibit "A" to this my Affidavit.

7. The Medican Group 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 TEV be granted a charge over the Michener Project (the "**TEV 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 (the "**CCAA Charges**"), as security for the funding.

9. The initial advance under the TEV Financing Agreement contemplates the payout of Paragon and 933. Further, the initial advance contemplates payment to all creditors who delivered goods and services to Michener in relation to the Michener Project for all amounts owed in respect of such goods and services and a payment of \$200,000 for payment to the beneficiaries 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 their 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. Not only does the proposed funding provide for the repayment of all amounts owing in respect of the project, the funding provides certainty with respect to the Medican Group's completion of these phases of this Development Project and it 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. Advances pursuant to the TEV Financing Agreement 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.

14. 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, and do verily believe, that the beneficiaries of the Administration Charge and the Director's Charge consent to the TEV Charge.

The R7 Investments Ltd. Sale

15. As discussed in the Fourth Report of the Monitor, R7 owns a residential building located in Medicine Hat (the "7th Street Property"). As part of its restructuring efforts, the Medican Group sought to monetize the 7th Street Property, and initially considered leasing the property.

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

17. The 7th 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.

18. On August 4, 2010, the Medican Group received an offer to purchase the 7th 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.) (the "7th Street Offer"). A copy of the 7th Street Offer is attached hereto and marked as Exhibit "B" to this my Affidavit.

19. The 7th Street Offer has been negotiated in good faith with an arm's length purchaser. The 7th Street Offer is a result of the 7th Street Property being actively listed and marketed for sale. It is consistent with the appraised value for the 7th 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, Fraser Milner Casgrain LLP.

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

The Sylvan Lake – Dipert Lands

21. As described in the Fourth Report of the Monitor, the "Sylvan Lake – Dipert Lands" are bare lands located in Sylvan Lake, Alberta. Lamont has offered to purchase the Sylvan Lake –

Dipert Lands for \$5.15 million (the "**Lamont Purchase Agreement**"). A copy of the Lamont Purchase Agreement is attached hereto and marked as Exhibit "C" to this my Affidavit. It is anticipated that by the time of the application on August 12, 2010, the Lamont Purchase Agreement will be fully executed in substantially the form attached hereto and filed in these proceedings.

22. The Lamont Purchase Agreement is consistent with the listing price recommended to the Monitor by Cushman Wakefield Ltd. I have been informed by the Monitor that it approves of this sale, and the Medican Group agrees with this recommendation.

Extension to the Stay of Proceedings

23. Since June 11, 2010, the following steps in the restructuring of the Medican Group have occurred:

- (a) the Medican Group obtained an approval and vesting order which allows it to continue to sell condominium units such that funds will be available to the stakeholders of the Medican Group;
- (b) the Medican Group and the Monitor implemented a Claims Process with a Claims Bar Date of July 30, 2010;
- (c) the Medican Group obtained an order to facilitate financing from MCAP to complete the Legends Project in Winnipeg, Manitoba;
- (d) the Medican Group obtained an order to commence and, with the assistance of the Monitor has commenced, a sales process with respect to Phases 2 & 3 of the Terwillegar Project in Edmonton, Alberta;
- (e) the Medican Group obtained an order to commence and, with the assistance of the Monitor has commenced, a sales process with respect to Phases 2 & 3 of the Axxess Sylvan Lake Project;
- (f) the Medican Group obtained court approval of financing from (i) CIBC for the completion of Phase 4A of the Sanderson Project in Calgary, Alberta and (ii)

Macdonald Canvas Properties Ltd. for the completion of Phases 3 & 4 of the Canvas (Calgary) at Millrise Project in Calgary, Alberta; and

- (g) the Monitor, upon the request of the Company, implemented an examination process so that it can investigate the veracity of certain transactions of the Medican Group.

24. In addition to the foregoing, the Medican Group has also worked closely with the Monitor to advance either the sale or development of a number of other Development Projects, all as further described in the Fourth Report of the Monitor.

25. I have worked with management and staff of the Medican Group to stabilize and rationalize operations to ensure that the efforts of the Medican Group – both through Medican Construction and its Cost-Plus Projects and its profitable Development Projects - can generate positive returns that will enable the Medican Group to implement a successful plan of reorganization in these proceedings. While these efforts have been underway since the commencement of this CCAA proceeding, I expect that a formal plan of reorganization is still some months away as we first ensure that all of the Development Projects are addressed to the satisfaction of affected stakeholders and the position of the stakeholders themselves is further clarified.

26. In the interim, the company continues to work on cost controls and profitability, generally. The cash flows attached to the Fourth Report of the Monitor reflect this trend and the Medican Group is generally performing at or above the projections for this period.

27. I do verily believe that an extension of the Stay Period to September 30, 2010 is necessary to continue the restructuring of the Medican Group and to allow the Medican Group to continue to stabilize its operations, communicate with its stakeholders, prioritize its projects, develop a viable plan to enable the Medican Group to emerge from these proceedings for the benefit of all stakeholders.

28. The Medican Group continues to work closely with the Monitor and all of the Medican Group's stakeholders in all respects and the Monitor supports the proposed relief and stay extension.

29. The Medican Group is working in good faith and with due diligence in these proceedings and it is within the best interests of the Medican Group and its stakeholders to continue in these proceedings as outlined above.

Further DIP Financing

30. The Medican Group and the Monitor have been in discussions with the DIP Lender who has indicated it is prepared to:

- (a) extend the maturity of the DIP facility, attached as Exhibit "F" to the Initial Affidavit (the "DIP Facility"), to September 30, 2010;
- (b) extend the aggregate sum of the DIP Facility to \$3.5 million; and
- (c) advance a further \$1.0 million under the DIP Facility.

31. I do verily believe that the additional funding under the DIP Facility is fair and reasonable in the circumstances on the basis that:

- (a) it continues to be required only for essential and anticipated needs of this restructuring;
- (b) it is advanced for use by a new management team that is working very closely with its advisors and the Monitor;
- (c) the new management team has the confidence of many of the Medican Group's major creditors, as is evidenced by the many project specific financings that have been approved by this Honourable Court;
- (d) it is, when allocated throughout the portfolio of the Medican Group's property, not burdensome on any particular stakeholder; and
- (e) the Monitor agrees the additional draw on the DIP Facility is necessary.

Miscellaneous

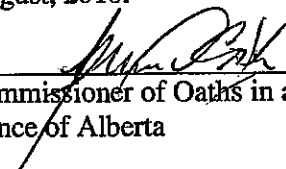
32. Canadian Imperial Bank of Commerce was referenced in the Initial Order. It was the intention of the parties that this reference should include all the entities comprising CIBC that the Medican Group borrows from, including CIBC Mortgages Inc. CIBC has requested clarification that the reference in the Initial Order to "Canadian Imperial Bank of Commerce" includes "CIBC Mortgages Inc.". This is consistent with the intention of the Applicants and the Monitor and neither the Applicants nor the Monitor object to such a clarification.

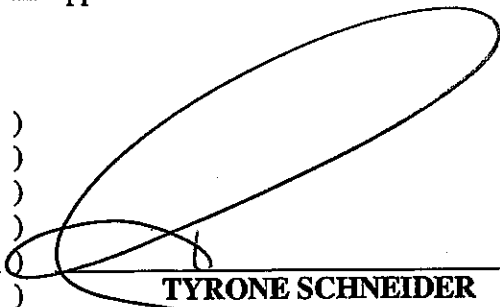
33. I understand that the Macdonald Group and MCAP continue to discuss how financing arrangements surrounding the Terwillegar Project (as defined in my Affidavit, dated July 27, 2010).

34. I do verily believe that the Medican Group is working in good faith and with due diligence in these proceedings and believe it is within the best interests of the Medican Group and its stakeholders to continue in these proceedings as outlined above.

35. 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 10th day)
of August, 2010.)


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



TYRONE SCHNEIDER

THIS IS EXHIBIT " A "
referred to in the Affidavit of
Tyroe Schneider
Sworn before me this 10
Day of August, A.D. 2010
[Signature]
A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

To Dave Maclean
Ty Schneider

Aug 4 2010

JOHN D. CRISP
Commissioner of Oaths
My Commission expires March 21, 2012

From: Tom Droog/ Myles Hamilton

Please find attached a faxed copy of our signed Medication agreement.

Regards,

Myles Hamilton

Medican

OFFER TO FINANCE

T & E VENTURES INC. on behalf of a company to be incorporated, (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, (ii) 933680 Alberta Ltd., (iii) all creditors all amounts owed in respect of goods and services to the Development, and (iv) the sum of \$200,000 (estimated to be approximately \$5,381,952.00 and in no event more than \$5.5 million). This initial advance and all additional advances shall be evidenced by Demand Promissory Notes.
- Interest Rate:** Interest shall be 10% per annum until September 15th, 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:**
1. 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:
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 Cavcat 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.
A first priority charge (the "TEV Charge") over the undertaking, property, and assets of the Development granted in the proceedings commenced by the Borrow and others pursuant to the provisions of the Companies' Creditors Arrangement Act (Canada), as amended (the "CAA"), in action number 1001-07852 (the "Proceeding"), by the Court of Queen's Bench of Alberta (the "Court").
 1. 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.

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 August 12, 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 the Charges (as defined in the Initial Order granted in the Proceedings on May 26, 2010), which Charges 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.

1. 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.
2. The Borrower shall remain in good standing until the Development has been completed.
3. The Lender is satisfied with the updated appraisal of the Development.
4. The Lender is satisfied with the environmental reports to be provided by the Borrower.
5. 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;

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 13th 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 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.

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.

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 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 15th of each month in form and content satisfactory to the lender, including copies at 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 on copy of this Commitment to the Lender by August 20, 2010, failing which this Offer shall be deemed null and void.

T & E Ventures Inc. on behalf of a company to be
Incorporated.

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 ___ day of August, 2010.

Medican (Red Deer-Michener Hill) Developments Ltd.

Per: 

SCHEDULE A

PARCEL ONE:

Plan 0624325
Block 10
Lot 5
Containing 6.71 Hectares (16.58 Acres) More or Less
Excepting Thereout:

	Hectares	(Acres) More or Less
A) Plan 0826756 Subdivision	4.94	12.21

Excepting There out all Mines and Minerals

PARCEL TWO

Plan 0826756
Block 10
Lot 7
Excepting Thereout All Mines and Minerals
Area: 1 Hectares (2.47 Acres) more or Less

Phase 1 Cash Flow Summary

Phase 2 Cash Flow Summary

SCHEDULE B

3 of 4

Phase 3 Cash Flow Summary

Phase 4 Cash Flow Summary

THIS IS EXHIBIT " B "
 referred to in the Affidavit of
Irene Schneider
 Sworn before me this 10
 Day of AUGUST A.D. 2010

COMMERCIAL REAL ESTATE PURCHASE CONTRACT

2123314 Jul 28
 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

JOHN D. CRISP THE SELLER
 Name R70 COMMERCIAL REAL ESTATE LTD
 My Commission expires March 21, 2012
 Name _____

and
THE BUYER
 Name CYPRESS COLLEGE
 Name _____

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 ETC 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:

\$ <u>20,000</u>	Initial Deposit
\$ _____	Additional Deposit
\$ _____	Assumption of Mortgage/Agreement for Sale (approximate principal balance)
\$ _____	New Financing
\$ _____	Seller Financing (as per attached Financing Schedule)
\$ _____	Other Value
\$ _____	Balance Owing
\$ _____	Purchase Price (plus GST, if applicable)

DM 410,000 / 100,000 420,000.00
DM 430,000 / 20,000 440,000.00

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 WITHIN 21 DAYS OF ACCEPTANCE 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.

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

(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 AUGUST 15TH WITHIN 2 DAYS OF FINAL ACCEPTANCE BY COURT APPOINTED MONITOR WJE

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 WJE

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.

WJE 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. *wjc*

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 _____ | |

wjc

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
 Phone _____ Fax _____ (postal code)

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

[Signature] Seller's Initials [Signature] 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 ~~4:30~~ ^{5 PM} on July 29, 2010.

SIGNED AND DATED at Medicine Hat, Alberta at 5 PM 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

Norbert Kaizer
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 pm 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 _____

OFFER TO PURCHASE AND PURCHASE AGREEMENT

BETWEEN:

MEDICAN (SYLVAN LAKE) DEVELOPMENTS LTD.,
of the City of Medicine Hat, in the Province of Alberta
(hereinafter referred to as the "VENDOR")

- AND -

LAMONT LAND INC., Or Nominee,
of the City of Calgary, in the Province of Alberta
(hereinafter referred to as the "PURCHASER")

- AND -

BOB DIPERT and MYRNA DIPERT,
of the Town of Sylvan Lake,
in the Province of Alberta
(hereinafter collectively referred to as the "MORTGAGEES")

THIS IS EXHIBIT "C"
referred to in the Affidavit of
Tyrone Schneider
Sworn before me this 10
Day of AUGUST A.D. 2010
John D. Crisp
A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

JOHN D. CRISP
Commissioner of Oaths
My Commission expires March 21, 2012

PREAMBLE

WHEREAS:

- A. The VENDOR is the registered owner of the lands;
- B. The PURCHASER wishes to purchase the LANDS from the VENDORS, and the VENDORS wish to sell the LANDS to the PURCHASER;
- C. The MORTGAGEES currently have a Vendor's Caveat registered on title to the LANDS evidencing their interest in the LANDS as unpaid vendors in relation to the sale of the LANDS to the VENDOR pursuant to an Agreement for Purchase and Development dated May 10, 2005.

NOW THEREFORE THIS AGREEMENT WITNESSETH that, in consideration of these premises and of the terms, conditions and agreements herein contained, the parties do hereby agree as follows:

ARTICLE 1

1.1 Definitions

In this AGREEMENT, unless there is something in the subject matter or context, inconsistent therewith:

- (a) AGREEMENT means this Purchase Agreement as executed by the parties hereto as the same may be amended from time to time and the expressions "herein", "hereof", "hereto", "above", "below" and similar expressions if used in any article, section or paragraph of this Agreement refer to this Agreement including the

Schedules hereto and do not refer solely to a particular article, section or paragraph unless specifically stated herein;

- (b) ADJUSTMENT DATE means the CLOSING DATE;
- (c) CLOSING DATE means the Fifteenth (15th) day following waiver by the PURCHASER of its conditions contained in paragraph 4.1(a) hereof;
- (d) ENVIRONMENTAL LAWS means all applicable international, federal, provincial or municipal laws, by-laws, statutes, regulations, orders, permits or judgments relating to the environment;
- (e) HAZARDOUS SUBSTANCES means any substance, product, material or goods which is hazardous to or capable of injuring or interfering with human, animal life, property or the environment and includes, but is not limited to any substance, product, material or good declared to be a contaminant, pollutant, dangerous substance, toxic substance, deleterious substance, waste, special waste or dangerous good in or pursuant to any ENVIRONMENTAL LAWS;
- (f) INITIAL DEPOSIT means the refundable sum of **ONE HUNDRED THOUSAND DOLLARS (\$100,000.00)** in lawful money of Canada;
- (g) LANDS means the lands registered in the Land Titles Office for the North Alberta Land Registration District and described in Schedule "A" and includes all improvements and fixtures thereon;
- (h) MORTGAGEES' SOLICITORS means Gary C. Courtney of the law firm COURTNEY AARBO, Barristers & Solicitors.
- (i) PERMITTED ENCUMBRANCES means all those encumbrances set out in Schedule "B" attached hereto;
- (j) PURCHASE PRICE means the sum of **FIVE MILLION ONE HUNDRED FIFTY THOUSAND DOLLARS (\$5,150,000.00) based on \$34,490.00 per gross acre** in lawful money of Canada;
- (k) PURCHASER'S SOLICITORS means Burnet Duckworth & Palmer LLP, their successors in practice or any of them;
- (l) VENDOR'S SOLICITORS means the law firm of FRASER MILNER CASGRAIN LLP, their successors in practice or any of them.

1.2 Preamble and Schedules Confirmed

The parties hereby confirm and ratify the matters contained and referred to in the Preamble and the various Schedules to this AGREEMENT and agree that the same are expressly incorporated into and form part of this AGREEMENT.

1.3 Schedules

The Schedules to this AGREEMENT are as follows:

- Schedule "A" – The LANDS
- Schedule "B" - Sketch of the Lands and Homestead Lot
- Schedule "C" – The PERMITTED ENCUMBRANCES

ARTICLE 2

2.1 Agreement to Purchase

The PURCHASER hereby agrees to purchase the LANDS from the VENDOR and the VENDOR agrees to sell the LANDS to the PURCHASER for the PURCHASE PRICE, payable at the times and in the manner herein mentioned, subject to the performance and observance of the covenants, terms and conditions herein set out and on the part of the parties to be performed and observed.

2.2 Purchase Price

The Purchase Price in the sum of **FIVE MILLION ONE HUNDRED FIFTY THOUSAND DOLLARS (\$5,150,000.00)** in lawful money of Canada shall be paid in the following manner:

- (a) **\$ 100,000.00** **(INITIAL DEPOSIT)** ONE HUNDRED THOUSAND DOLLARS within two (2) business days following the acceptance of this Offer to Purchase. The INITIAL DEPOSIT is to be held in trust by the PURCHASER'S SOLICITORS, and be invested in an interest-bearing trust account with interest accruing to the benefit of the PURCHASER. The INITIAL DEPOSIT and any accrued interest shall be transferred to the VENDOR'S SOLICITORS immediately following the waiving of the PURCHASER'S conditions herein and is to be held in trust by the VENDOR'S SOLICITORS until CLOSING and subject to the terms of the AGREEMENT. The INITIAL DEPOSIT and any accrued interest shall be credited to the PURCHASER on the CLOSING DATE and be applied in partial payment of the PURCHASE PRICE or any other payment due herein from the PURCHASER to the VENDOR;

- (b) **\$1,350,000.00** **(CLOSING FUNDS)** ONE MILLION THREE HUNDRED FIFTY THOUSAND DOLLARS subject to adjustments shall be payable by way of cash, bank draft, certified cheque or solicitor's trust cheque delivered on the Closing Date as follows:
 - (a) \$1,085,715 to the VENDOR'S SOLICITORS
 - (b) \$ 264,285 to the MORTGAGEES' SOLICITORS

- (c) **\$3,700,000.00** **(VENDOR TAKE BACK MORTGAGE)** THREE MILLION SEVEN HUNDRED THOUSAND DOLLARS by a VENDOR TAKE BACK (VTB) MORTGAGE in favour of the MORTGAGEES registered in first position with the principal paid by way of SEVEN (7) equal

consecutive annual installments of \$528,571.42 on each anniversary date from Closing

The Vendor Take Back Mortgage (VTB) will include the following terms:

- (a) Interest shall be payable on the principal amounts owing pursuant to the VTB at a rate of ZERO PERCENT (0%) per annum; provided that interest at the rate of 2% above the prime lending rate of the Province of Alberta of Alberta Treasury Branches will be payable on any overdue or late payments hereunder.
- (b) The entire balance outstanding under the VTB shall be paid in full on the SEVENTH anniversary of the CLOSING DATE.
- (c) The MORTGAGEES will agree to consent to a land use amendment and subdivision of the LANDS, provided the consent does not unreasonably reduce the security of the VTB.
- (d) The MORTGAGEES will agree to accept partial and/or full repayment of the VTB at any time with no penalty or bonus payable by the PURCHASER.
- (e) To facilitate subdivision of the LANDS, the MORTGAGEES will agree to sign partial discharges of the VTB in exchange for receiving payment equal to \$34,641.00 for each acre contained in the plan of subdivision. The PURCHASER will receive credit in this regard for all monies paid to the MORTGAGEES in accordance with this AGREEMENT. Any payment made under this provision will be credited towards any unpaid annual installments as they come due.
- (f) The VTB will also secure the MORTGAGEES' interest in the Homestead Lot and the Reserved Lots (as hereinafter defined).
- (g) The MORTGAGEES will agree to postpone the VTB to construction financing provided the postponement does not unreasonably reduce the security of the VTB and provided that the lender(s) acknowledge the MORTGAGEES' entitlement to the Homestead Lot and the Retained Lots.
- (h) The FIRST anniversary installment of \$528,571.42 shall be paid as follows:
 - i) \$264,285.71 to the MORTGAGEES
 - ii) \$264,285.71 to the VENDORS

The VTB shall be prepared by the solicitors for the PURCHASER and approved by the solicitors for the MORTGAGEES with the MORTGAGEES' SOLICITORS fees and disbursements for the preparation of the VTB and registration costs of the VTB to be paid by the PURCHASER.

ARTICLE 3

3.1 Title to the LANDS

Title to the LANDS shall be transferred to the PURCHASER on the CLOSING DATE and shall be free and clear of all liens, mortgages, interests, charges, registrations and encumbrances,

save only for the PERMITTED ENCUMBRANCES as hereinafter set out. Non-permitted Encumbrances are to be discharged by the VENDOR'S SOLICITORS.

ARTICLE 4

4.1 PURCHASER'S Conditions

This AGREEMENT is made subject to the following conditions precedent which are inserted for the sole benefit of and may be unilaterally waived by the PURCHASER by written notice to the VENDOR on or before the date stipulated:

- (a) The PURCHASER shall have SIXTY (60) days from the date of acceptance of this AGREEMENT to examine engineering drawings, Development Agreements with the Town of Sylvan Lake, relating to the LANDS and make any other examination and inquiries it deems appropriate and to reasonably satisfy itself in its sole, absolute and unfettered discretion that this transaction is acceptable to it. The VENDOR covenants and agrees to co-operate with the PURCHASER in the aforesaid examinations and inquiries and to provide access to the LANDS for all testing and examination as determined to be necessary by the PURCHASER and copies of all engineering and planning documents in the VENDOR'S possession provided that in all examinations of the LANDS the PURCHASER shall do so at its own risk and shall, if necessary, restore the LANDS to their original condition.

4.2 Conditions of Release of INITIAL DEPOSIT

The INITIAL DEPOSIT shall be held in trust by the PURCHASER'S SOLICITOR until satisfaction of the PURCHASER'S conditions specified in paragraph 4.1(a) at which time it will be released to the VENDOR'S SOLICITOR, in accordance with the provisions of paragraph 2.2(a).

In the event that the PURCHASER'S conditions specified in paragraph 4.1(a) are not satisfied or waived by the date stipulated, the INITIAL DEPOSIT shall be returned to the PURCHASER and this AGREEMENT shall be null and void.

4.3 Default

In the event the PURCHASER fails or refuses for any reason whatsoever to complete the purchase of the Lands as herein provided after all the PURCHASER'S Conditions have been waived (or otherwise than through the default of the VENDOR), this AGREEMENT shall be null and void and the INITIAL DEPOSIT shall be absolutely forfeited to the VENDOR as liquidated damages (being a genuine pre-estimate of damages agreed to by the VENDOR and PURCHASER) and not as a penalty, and the VENDOR shall have no further claim against the PURCHASER, nor shall the PURCHASER forfeit any less than the deposits and this AGREEMENT shall be considered terminated and of no further effect.

ARTICLE 5

5.1 Representations and Warranties by the VENDOR

The VENDOR represents and warrants to the PURCHASER that:

- (a) the VENDOR is the legal and registered owner of the LANDS;
- (b) the VENDOR has sole and absolute right and power to transfer good title to the LANDS to the PURCHASER free and clear of all liens, mortgages, interests, charges, registrations and encumbrances save only for the PERMITTED ENCUMBRANCES;
- (c) there is no construction presently being carried on the LANDS;
- (d) the VENDOR is a resident in Canada purpose of the *Income Tax Act (Canada)* and shall be on the CLOSING DATE;
- (e) the VENDOR has not received any notice of any expropriation or proposed expropriation of the LANDS or part thereof;
- (f) there is not any agreement or option for the purchase of the LANDS other than this AGREEMENT;
- (g) to the best of the VENDOR's knowledge and belief, no HAZARDOUS SUBSTANCES have been released into the environment, or deposited, discharged, placed or disposed of at, beneath on or near the LANDS.

5.2 Warranties and Representations by the PURCHASER

The PURCHASER represents and warrants to the VENDOR and MORTGAGEES that the PURCHASER is a corporation in good standing and has done all necessary corporate acts to execute and deliver this AGREEMENT and will do all such necessary corporate acts as may be required to give full effect to the matters as set out in this AGREEMENT:

- (a) the PURCHASER warrants and represents to take the necessary steps to prepare and register a plan of subdivision to create a title for the MORTGAGEES' homestead lot (the "Homestead Lot") of not more than 1.8 acres in a location as shown on the sketch attached as Schedule "B". The subdivision plan will provide for appropriate legal access. The PURCHASER will obtain approval from the MORTGAGEES for the plan, such approval not to be unreasonably withheld;
- (b) through the normal course of land subdivision and in conjunction with a stage of development, the PURCHASER will identify four (4) lots (the "Reserved Lots") to be created for the MORTGAGEES. The lots will each have a size equal to the lesser of:
 - (i) a frontage of not less than 18 meters and a depth of not less than 40 meters; OR
 - (ii) the maximum residential lot size permitted by the Town of Sylvan Lake within the ultimate subdivision on the Lands;
- (c) in both 5.2 (a) and 5.2 (b) hereto, the title to these lots will be transferred to the MORTGAGEES at no cost to the MORTGAGEES at time of plan registration.

ARTICLE 6

6.1 Right to Examine

From the date of acceptance of this AGREEMENT, the PURCHASER shall have the right to examine planning documents, engineering drawings, geotechnical and environmental reports, Development Agreements with the Town of Sylvan Lake and/or Red Deer County relating to the LANDS and make any other examinations and inquiries it deems appropriate and to reasonably satisfy itself in its sole, absolute and unfettered discretion that this transaction is acceptable to it. The VENDOR covenants and agrees to co-operate with the PURCHASER in the aforesaid examinations and inquiries and to provide access to the LANDS for all testing and examinations as determined to be necessary by the PURCHASER and copies of all engineering and planning documents, geotechnical and environmental reports in the VENDOR'S possession provided that in all examinations of the LANDS the PURCHASER shall do so at its own risk and shall, if necessary, restore the LANDS to their original condition.

6.2 Possession

Subject to the PURCHASER complying with all the obligations and the terms of this AGREEMENT, possession of the LANDS shall be given to the PURCHASER on the CLOSING DATE on an "as is, where is" basis.

6.3 Adjustments

All adjustments relating to the PROPERTY and with respect to taxes, utilities, principal and interest and other similar expenses shall be made as of the CLOSING DATE. All amounts, excluding local improvement assessments, which cannot be adjusted on the CLOSING DATE by virtue of the same being unknown at that date shall be adjusted between the parties as soon as possible after the CLOSING DATE. The CLOSING DATE in respect of the LANDS shall be for the VENDOR'S account, both as to income and expense.

6.4 Closing

Subject to the PURCHASER complying with all its obligations hereunder, the VENDOR shall deliver to the PURCHASER five (5) business Days prior to the CLOSING DATE the following:

- (a) a registrable Transfer of Land for the LANDS whereby title in fee simple thereto is conveyed to the PURCHASER, free and clear of all liens, mortgages, interests, charges, registrations and encumbrances, save for the PERMITTED ENCUMBRANCES;
- (b) a Statement of Adjustments having annexed thereto reasonable details of the calculations used by the VENDOR to calculate the credits and debits with respect to the LANDS;
- (c) A Certificate confirming that the VENDOR is not a non-resident under the *Income Tax Act (Canada)*;
- (d) Discharge of all non-permitted encumbrances.

6.5 Conveyances

Conveyances are to be prepared and encumbrances are to be discharged at the expense of the VENDOR, and the VENDOR and PURCHASER each agree to execute promptly, once prepared, any document required to complete the purchase. Registration of documents at the Land Titles Office for the North Alberta Land Registration District and at any other appropriate public Registry Office is to be at the expense of the PURCHASER.

6.6 Right of First Refusal

During the term of the Agreement, before the MORTGAGEES may sell the Homestead Lot to a third party, the MORTGAGEES shall first offer the Homestead Lot to the PURCHASER on the same terms and conditions as are offered by the third party. The PURCHASER shall have Thirty (30) days during which to accept said offer. If the PURCHASER does not accept said offer within said period, the MORTGAGEES shall be free to accept the third-party offer. If the MORTGAGEES does not enter into an agreement with the third party on said terms and conditions and close the transaction within Ninety (90) days, the MORTGAGEES' right to sell the Homestead Lot to the third party shall expire and the procedure described in this Section shall again be applicable.

ARTICLE 7

7.1 No Collection of GST

The PURCHASER represents and warrants to the VENDOR that the PURCHASER is registered pursuant to subdivision (d) of Division V of Part 9 the *Excise Tax Act (Canada)*, as amended (the "Act") for the purposes of remission of GST on taxable supplies made by the PURCHASER and the PURCHASER is not an "individual" in accordance with the terms of Section 132 of the Act. Accordingly, pursuant to the provisions of Section 221(2) of the Act, no amount is required to be remitted or shall be remitted by the PURCHASER to the VENDOR in respect of any GST payable by the PURCHASER in relation to its acquisition of the LANDS. The PURCHASER shall comply with the reasonable requests of the VENDOR'S SOLICITOR for documentation required with respect to G.S.T. and/or any similar or replacement tax.

ARTICLE 8

8.1 Notices

Any notice required to be given hereunder by any party shall be deemed to have been well and sufficiently given if:

- (a) personally delivered to the party to whom it is intended or if such party is a corporation to an officer of that corporation; or
- (b) mailed by prepaid registered mail, telecopied or delivered to the address or telecopier number of the party to whom it is intended as follows:

to the VENDOR:

MEDICAN (SYLVAN LAKE) DEVELOPMENTS LTD.
1870A – 6th Avenue, S.W.
Medicine Hat, Alberta T1A 7X5
Fax: (403) 526 – 3843

to the PURCHASER:
LAMONT LAND INC.
200, 5716 – 1st Street, S.E.
Calgary, Alberta T2H 1H8
Fax: (403) 252 – 7685

to the MORTGAGEES
c/o COURTNEY AARBO, Barristers and Solicitors
1138 Kensington Road NW
Calgary, Alberta T2N 3P3

or to such other address or number as a party may from time to time direct in writing.

Any such notice delivered before 4:30 p.m., local time on a day that is not a Saturday, Sunday or statutory holiday in Alberta (a "Business Day") shall be deemed to have been received on the date of delivery and any notice delivered after 4:30 p.m. local time on a Business Day or after the date it is postmarked. Any notice sent by telecopier before 4:30 p.m. local time on a Business Day shall be deemed to have been received on the date the sender receives the answer back confirming receipt by the recipient; provided, however, that any telecopy received after 4:30 p.m. local time on a Business Day or received on a day other than a Business Day shall be deemed to be received on the next Business Day. If normal mail or communications service is interrupted by strike, slow-down, force majeure or other cause after the notice has been sent the notice will not be deemed to be received until actually received. In the event normal mail service is impaired at the time of sending the notice, then personal delivery or telecopy transmission only shall be effective.

8.2 Tender

The parties acknowledge and agree that any payment of monies required to be made hereunder shall be made in Canadian funds and it shall be sufficient that a negotiable bank draft, certified cheque or solicitor's trust cheque is tendered instead of cash.

8.3 Entire Agreement

This Agreement constitutes the entire agreement between the parties hereto relating to the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings, negotiations and discussions, whether verbal or written, of the parties. There are no general, specific, implied or express warranties, representations or other agreements by or between the parties in connection with the entering into of this Agreement or the subject matter hereof except as specifically set forth herein. Without restricting the generality of the foregoing, the parties hereby expressly waive any warranties, representations of other terms or agreements which might otherwise be implied by the *Sale of Goods Act (Alberta)* as amended from time to time.

ARTICLE 9

9.1 Non-Merger

The covenants, warranties and representations of the parties contained in this AGREEMENT shall not merge but shall survive the CLOSING DATE and the registration of all transfer documentation herein.

ARTICLE 10

10.1 No Collateral Warranties

There are no representations, warranties, collateral agreements or conditions affecting this AGREEMENT or the LANDS other than as expressed herein.

ARTICLE 11

11.1 Governing Law

This AGREEMENT shall be governed by and construed in accordance with the laws of the Province of Alberta.

11.2 Time of Essence

Time shall be of the essence of this AGREEMENT.

11.3 Enurement

This AGREEMENT shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns.

11.4 Headings

The headings in this matter have been inserted for reference and as a matter of convenience only and in no way define, limit or enlarge the scope of meaning of this AGREEMENT or any provision hereof.

11.5 Assignment

Subject to the MORTGAGEES' and VENDOR'S consent, not to be unreasonably withheld, the PURCHASER shall have the right to assign all or any part of its estate and interest in these presents.

11.6 No Waiver

No consent or waiver, express or implied, by either party to or of any breach or default by the other party in performance by the other party of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance of obligations hereunder by such party hereunder. Failure on the part of either party to complain of any act or failure to act of the other party or declare the other party in default, in respect of how long such failure continues, shall not constitute a waiver by such party of its rights hereunder.

11.7 Singular, Plural and Gender

Wherever the singular, plural, masculine, feminine or neuter is used throughout this AGREEMENT the same shall be construed as meaning the singular, plural, masculine, feminine, neuter, body politic or body corporate where the fact or context so requires and the provisions hereof and all covenants herein shall be construed to be joint and several when applicable to more than one (1) party.

11.8 CLOSING DATE Extended

The parties acknowledge and agree that if the CLOSING DATE or any date for payment for monies hereunder or fulfillment of any obligation hereunder shall fall on a Saturday, Sunday or statutory holiday the CLOSING DATE or such other date for the payment of such monies or fulfillment of such obligation hereunder shall be deemed postponed and extended to the next following business day.

11.9 Unenforceable Terms

If any term, covenant or condition of this AGREEMENT or the application thereof to any party or circumstance shall be invalid or unenforceable to any extent the remainder of this AGREEMENT or application of such term, covenant or condition to a party or circumstance other than those to which it is held illegal or unenforceable shall not be affected thereby and each remaining term, covenant or condition of this AGREEMENT shall be valid and shall be enforceable to the fullest extent permitted by law.

11.10 Further Assurances

The parties hereto and each of them do hereby covenant and agree to do such things and execute such further documents, agreements and assurances as may be necessary or advisable from time to time in order to carry out the terms and conditions of this AGREEMENT in accordance with their true intent.

11.11 Amendment

This AGREEMENT may be altered or amended in any of its provisions when any such changes are reduced to writing and signed by the parties hereto, but not otherwise.

11.12 Execution in Counterpart and by Facsimile

This Agreement may be executed in any number of counterparts with the same effect as if all signatories to the counterparts had signed one document, all such counterparts shall together constitute, and be construed as, one instrument and each of such counterparts shall, notwithstanding the date of its execution, be deemed to bear the date first written above. A signed counterpart provided by way of a facsimile transmission or in .pdf format shall be as binding on the parties as an originally signed counterpart.

11.13 Acceptance

This AGREEMENT is open for acceptance by the VENDOR and MORTGAGEE until 5:00 P.M. on the 13th day of August, 2010. After that date, the AGREEMENT is null and void and of no further force and effect, and all monies paid as a deposit shall be released to the PURCHASER forthwith.

DATED at the City of Calgary in the Province of Alberta, this 9th day of August, 2010.

LAMONT LAND INC.

Per: _____

DATED at the City of Medicine Hat, in the Province of Alberta, this _____ day of August, 2010.

MEDICAN (SYLVAN LAKE) DEVELOPMENTS LTD.

Per: _____

DATED at Sylvan Lake , in the Province of Alberta, this _____ day of August, 2010.

Witness

BOB DIPERT

DATED at Sylvan Lake , in the Province of Alberta, this _____ day of August, 2010.

Witness

MYRNA DIPERT

AFFIDAVIT OF EXECUTION

CANADA) I, _____
 PROVINCE OF ALBERTA) of the _____ of _____, in the Province of
 TO WIT) Alberta made oath and say:

1. That I was personally present and did see Bob Dipert named in the within instrument, who is personally known to me to be the person named therein, duly sign and execute the same for purposes named therein.
2. That the same was executed at the _____ of _____ in the Province of Alberta.
3. That I believe the person whose signature I witnessed is the full age of eighteen years.

SWORN before me at the _____)
 _____ of _____, in the)
 Province of Alberta this _____)
 day of _____, 2010 .) _____

 A Commissioner for Oaths
 in and for the Province of Alberta

AFFIDAVIT OF EXECUTION

CANADA) I, _____
 PROVINCE OF ALBERTA) of the _____ of _____, in the Province of
 TO WIT) Alberta made oath and say:

1. That I was personally present and did see Myrna Dipert named in the within instrument, who is personally known to me to be the person named therein, duly sign and execute the same for purposes named therein.
2. That the same was executed at the _____ of _____ in the Province of Alberta.
3. That I believe the person whose signature I witnessed is the full age of eighteen years.

SWORN before me at the _____)
 _____ of _____, in the)
 Province of Alberta this _____)
 day of _____, 2010 .) _____

 A Commissioner for Oaths
 in and for the Province of Alberta

Schedule "A"

LANDS

THIS IS SCHEDULE "A" ATTACHED TO AND FORMING PART OF THAT CERTAIN OFFER TO PURCHASE AND PURCHASE AGREEMENT BETWEEN **LAMONT LAND INC.** AS PURCHASER AND **MEDICAN (SYLVAN LAKE) DEVELOPMENTS LTD.** as VENDOR:

THE SOUTHWEST QUARTER OF SECTION TWENTY-EIGHT (28)
TOWNSHIP THIRTY-EIGHT (38)
RANGE ONE (1)
WEST OF THE FIFTH MERIDIAN
containing 64.7 hectares (160 acres) more or less

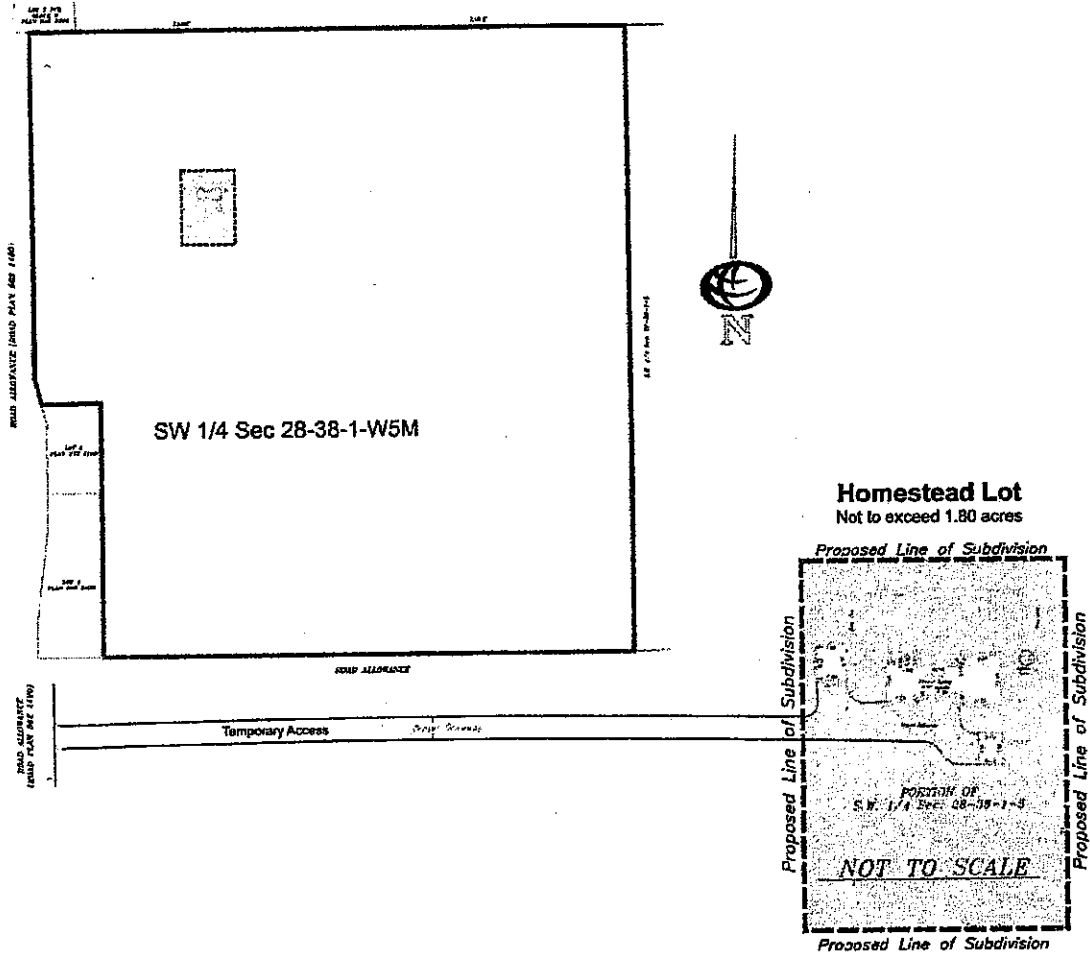
EXCEPTING THEREOUT:

	HECTARES	ACRES MORE OR LESS
A) PLAN 8121585 - SUBDIVISION	1.15	1.84
B) PLAN 8621490 - ROAD	1.279	3.16
C) PLAN 8922408 - DESCRIPTIVE	1.57	3.88

EXCEPTING THEREOUT ALL MINES AND MINERALS

Schedule "B"

Sketch of the Lands, showing the location of the Dipert Homestead



Schedule "C"

PERMITTED ENCUMBRANCES

THIS IS SCHEDULE "B" ATTACHED TO AND FORMING PART OF THAT CERTAIN OFFER TO PURCHASE AND PURCHASE AGREEMENT BETWEEN **LAMONT LAND INC.** AS PURCHASER AND **MEDICAN (SYLVAN LAKE) DEVELOPMENTS LTD.** as VENDOR:

<u>Instrument #</u>	<u>Date (D/M/Y)</u>	<u>Description</u>
4960C	30/10/1964	UTILITY RIGHT OF WAY GRANTEE - THE ALBERTA GAS TRUNK LINE CO LTD. AS TO PORTION OR PLAN: 833NY
5968NX	18/02-1965	MORTGAGE OF UTILITY RIGHT OF WAY MORTGAGEE - MONTREAL TRUST COMPANY AFFECTS INSTRUMENT: 4960C
832-125 043	30/05/1983	CAVEAT RE : SURFACE LEASE CAVEATOR - PENN WEST PETROLEUM LTD.. C/O P.O.BOX 1450 STATION "M" CALGARY ALBERTA T2P2L6 (DATA UPDATED BY: CHANGE OF NAME 952120525) (DATA UPDATED BY: TRANSFER OF CAVEAT 982103322) (DATA UPDATED BY: TRANSFER OF CAVEAT 992160803) (DATA UPDATED BY: CHANGE OF ADDRESS 032398251) (DATA UPDATED BY: CHANGE OF NAME 042063822) (DATA UPDATED BY: CHANGE OF NAME 072139597)
842 024 258	02/02/1984	CAVEAT RE : RIGHT OF ENTRY ORDER CAVEATOR - PENN WEST PETROLEUM LTD.. C/O P.O.BOX 1450 STATION "M" CALGARY ALBERTA T2P2L6 ORDER NO. E2305/83 (DATA UPDATED BY: CHANGE OF NAME 952120525) (DATA UPDATED BY: TRANSFER OF CAVEAT 982100339) (DATA UPDATED BY: TRANSFER OF CAVEAT 992161134) (DATA UPDATED BY: CHANGE OF ADDRESS 032398249) (DATA UPDATED BY: CHANGE OF NAME 042063814) (DATA UPDATED BY: CHANGE OF NAME 072139634)
842 140 543	22/06/1984	CAVEAT RE : SURFACE LEASE CAVEATOR - PENN WEST PETROLEUM LTD.. C/O P.O.BOX 1450 STATION "M" CALGARY ALBERTA T2P2L6 (DATA UPDATED BY: CHANGE OF NAME 952120525) (DATA UPDATED BY: TRANSFER OF CAVEAT 982100339) (DATA UPDATED BY: TRANSFER OF CAVEAT 992160803) (DATA UPDATED BY: CHANGE OF ADDRESS 032398249) (DATA UPDATED BY: CHANGE OF NAME 042063815) (DATA UPDATED BY: CHANGE OF NAME 072140917)

<u>Instrument #</u>	<u>Date (D/M/Y)</u>	<u>Description</u>
862 023 986	03/02/1986	UTILITY RIGHT OF WAY GRANTEE - ALTAGAS SERVICES INC.. P.O. BOX 20005, CALGARY PLACE RPO CALGARY ALBERTA T2P4J2 (DATA UPDATED BY: TRANSFER OF UTILITY RIGHT OF WAY 012245469)
872 080 626	15/04/1987	UTILITY RIGHT OF WAY GRANTEE - PENN WEST PETROLEUM LTD.. C/O P.O.BOX 1450 STATION 'M' CALGARY ALBERTA T2P2L6 (DATA UPDATED BY: CHANGE OF NAME 952120525) (DATA UPDATED BY: TRANSFER OF UTILITY RIGHT OF WAY 982100327) (DATA UPDATED BY: TRANSFER OF UTILITY RIGHT OF WAY 992160896) (DATA UPDATED BY: CHANGE OF ADDRESS 032400091) (DATA UPDATED BY: CHANGE OF NAME 042063837) (DATA UPDATED BY: CHANGE OF NAME 072141066)
892 220 096	30/08/1989	UTILITY RIGHT OF WAY GRANTEE - ATCO GAS AND PIPELINES LTD.. (DATA UPDATED BY: TRANSFER OF UTILITY RIGHT OF WAY 092021241)
892 293 330	09/11/1989	UTILITY RIGHT OF WAY GRANTEE - ALBERTA GOVERNMENT TELEPHONES. AS TO PORTION OR PLAN:8821443 TAKES PRIORITY DATE OF CAVEAT 882001351 06-01-88
902 207 132	12/07/1990	CAVEAT RE : RIGHT OF WAY AGREEMENT CAVEATOR - TAQA NORTH LTD.. PO BOX 2350, STN M CALGARY ALBERTA T2P2M6 (DATA UPDATED BY: TRANSFER OF CAVEAT 982388139) (DATA UPDATED BY: CHANGE OF NAME 072611447) (DATA UPDATED BY: CHANGE OF NAME 092141878)
032 454 307	22/11/2003	CAVEAT RE : SURFACE LEASE UNDER 20 ACRES CAVEATOR - ARGO ENERGY LTD.. 750, 330-5 AVENUE SW CALGARY ALBERTA T2P0L4 AGENT - RANDY MACDONALD
042 079 902	25/02/2004	CAVEAT RE : RIGHT OF WAY AGREEMENT CAVEATOR - ARGO ENERGY LTD.. 750, 330-5 AVENUE SW CALGARY ALBERTA T2P0L4
		CAVEAT RE : VENDOR TAKE BACK MORTGAGE IN THE AMOUNT OF \$3,650,000.00

Action No. 1001-07852
Deponent: Tyrone Schneider
Date Sworn: August 10, 2010

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

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

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

The Petitioners

AFFIDAVIT

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