

Medican secures extension of CCAA protection, authorization on land deals

December 2, 2010

CALGARY – Court of Queen’s Bench Madam Justice K. M. Horner has approved an extension of Medican’s protection under the Companies Creditors Arrangement Act until the end of March, 2011. The extension will give the Medicine Hat-based company additional time to negotiate sales of assets in a timely and orderly fashion and complete its restructuring as ordered by the court last spring. Medican had applied for and received CCAA protection on May 26, 2010. Since that time, the company has been operating under the supervision of court-appointed monitor RSM Richter Inc. and restructuring advisor Ty Schneider.

“We initially thought,” says Schneider, “that restructuring would be complete by now, but we needed some more time to conclude a number of deals that are still in negotiation. We’re pleased the court has expressed confidence in our efforts to date and have granted this extension.”

The court also approved appointing Schneider as Chief Restructuring Officer, a position which gives him additional authority within the company and enhances his ability to act in the best interests of stakeholders.

Medican had sought approval of the sale of Sonata Ridge to Laurentian Bank of Canada. The bank has made an offer, and it is currently under the consideration of the court. At this time, the offer is not yet approved.

Medican did, however, receive court approval to sell a number of its properties in Alberta, British Columbia, Manitoba and Quebec.

Included in that approval is authorization to enter into a joint venture with Monarch Land Ltd. with respect to the Sanderson Ridge condominium development in Calgary and another project in Edmonton, where Monarch will buy lands associated with the project development. The deal will provide Medican with an immediate cash injection of \$3.2 million and potential earnings of \$4 to \$10 million over the lives of the projects.

“What these deals do,” says Schneider, “is put the company in a better cash position and allow us to not only continue operating, but finally look at developing a plan to settle with its creditors.”

Medican should be in a position to leave CCAA protection by the end of March, says Schneider.

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