

2008 BCSECCOM 249

Settlement Agreement

MDMI Technologies Inc.

Securities Act, RSBC 1996, c. 418

1. The Executive Director of the British Columbia Securities Commission (the Executive Director), and MDMI Technologies Inc. (MDMI) agree as follows:

Agreed Statement of Facts

Party

1. MDMI is a federally incorporated corporation. The head office is in Richmond, British Columbia.
2. The Executive Director cease-traded MDMI on June 15, 2005, for failing to file distribution reports (Cease Trade Order).
3. MDMI manufactures medical devices. Its primary product is the Thermablate unit which MDMI sells in Canada, Britain, Australia, New Zealand and South Africa.

Misconduct

4. From February 2002 to March 2005, MDMI distributed securities to 262 British Columbia investors raising approximately \$2,306,105.
5. MDMI relied on the “friends and family” exemption, but approximately 259 investors did not qualify for this exemption.
6. MDMI acted contrary to sections 34(1)(a) and 61 of the Act by distributing shares without registration and without filing a prospectus.

Undertakings

7. MDMI undertakes to provide updated disclosure to its shareholders, in a form satisfactory to the Executive Director (the Disclosure).
8. MDMI undertakes to require all its directors to complete a course satisfactory to the Executive Director concerning the duties and obligations of directors, within one year of the date of this Settlement Agreement.

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Order

2. The Executive Director will issue an order (the Order) that:
 1. under section 161(1)(a) of the *Securities Act*, RSBC 1996,c. 418, MDMI comply fully with the Act, the *Securities Rules*, and any applicable regulations; and
 2. under section 171 of the Act that the Cease Trade Order as it applies to MDMI be revoked and that trading in the securities of MDMI may resume.

Consent to Reciprocal Orders

3. Any securities regulator in Canada may rely on the facts admitted in this agreement solely for the purpose of making an order similar to the one contemplated above.

Waiver

4. MDMI waives any right it may have, under the Act or otherwise, to a hearing, hearing and review, judicial review or appeal related to, in connection with, or incidental to this settlement.

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Counterpart

5. This Settlement Agreement may be executed in counterpart or by facsimile execution and all such counterparts of executed copies or faxed copies shall be read or construed together as if they formed one originally executed document.

6. May 13, 2008

7. “Kerry Kehoe”
MDMI Technologies Inc.

President
(Signing Authority)

“Gary Snarch”)

Witness Signature)

Gary S. Snarch)

Witness Name (please print))

300 – 1168 Hamilton Street)

)

Vancouver, BC V5B 2S2)

Address)

Barrister & Solicitor)

Occupation)

8. May 14, 2008

“L.E. Evans”
L.E. Evans, Acting for:

9. Brenda M. Leong
Executive Director