

**IN THE MATTER OF THE
SECURITIES ACT, R.S.N.S. 1989, CHAPTER 418, AS AMENDED ("Act")**

- and -

**IN THE MATTER OF DR. JAMES A. SMITH
("Respondent")**

SETTLEMENT AGREEMENT

PART I – INTRODUCTION

1. The parties to this Settlement Agreement ("Agreement") are the Respondent and Staff of the Nova Scotia Securities Commission.
2. The parties agree that the Nova Scotia Securities Commission ("Commission") has jurisdiction over this matter.
3. The parties agree to recommend to the Commission approval of this Agreement in accordance with the terms and process set out herein.

PART II – PROCEDURE FOR APPROVAL OF THE AGREEMENT

4. Staff of the Commission ("Staff") agrees to request that a Notice of Hearing be issued setting down a hearing ("Settlement Hearing") wherein the Commission will consider whether it is in the public interest to approve this Agreement and to issue an Order in the form attached as **Schedule "A"**.
5. The parties agree that this Agreement constitutes the entirety of evidence to be submitted to the Commission at the Settlement Hearing.
6. Staff agrees to recommend that the allegations acknowledged and admitted by the Respondent be resolved and disposed of in accordance with this Agreement.
7. The Parties acknowledge that this Agreement will become a public document upon its approval by the Commission at the Settlement Hearing.

PART III – STATEMENT OF AGREED FACTS

8. Staff and the Respondent agree with the facts and conclusions set out in this Part of the Agreement.
9. The Respondent is a resident of Nova Scotia.

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10. The Respondent was a Director of Medmira Inc. during the period March 13, 2000 to January 27, 2011, inclusive. The Respondent also served as Chairman to the Board of Medmira Inc. The Respondent is therefore an insider as defined by the Act.
11. Medmira Inc. is a reporting issuer in Nova Scotia, British Columbia, Alberta and Ontario.
12. On May 22, 2009, the Respondent converted 50,000 options to common shares in Medmira Inc.
13. On November 5, 2009, the Respondent transferred 50,000 common shares of Medmira Inc. to a tax-free savings account beneficially owned by the Respondent.
14. The Respondent failed to file his reports of insider trading within ten days of the end of the month in which the trades were conducted thereby violating section 113 of the Act and Part 3 of National Instrument 55-104.
15. The Respondent failed to conduct his requisite due diligence to ensure compliance with Nova Scotia securities laws.

PART IV – STATEMENT OF ALLEGATIONS ACKNOWLEDGED AND ADMITTED BY THE RESPONDENT

16. The Respondent admits the facts set forth in Part III herein and acknowledges that he violated the Act.
17. The Respondent acknowledges and admits that he violated section 113 of the Act and Part 3 of National Instrument 55-104.
18. The Respondent acknowledges that he violated Nova Scotia securities laws and acted contrary to the public interest.

PART V – MITIGATING FACTORS

19. The Respondent acknowledges and accepts responsibility for his conduct which is the subject matter of this Agreement.
20. The Respondent cooperated with the investigation of this matter.
21. The Respondent has since filed the requisite reports of insider trading on May 7, 2010 and July 16, 2010.

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PART VI – TERMS OF SETTLEMENT

22. The terms of settlement are set forth in the Order contained in **Schedule “A”** to this Agreement which is expressly incorporated herein.
23. The Respondent consents to the Order contained in **Schedule “A”**.

PART VII – COMMITMENTS

24. If this Agreement is approved and the Order as set out in **Schedule “A”** is granted, the parties agree to waive any right to a full hearing and judicial review and appeal of this matter.
25. If this Agreement is approved by the Commission, the parties will not in any way make any statement, public or otherwise, that is inconsistent with the terms of this Agreement.
26. If this Agreement is approved by the Commission, the Respondent agrees to abide by all terms of this Agreement as set out in the Order attached as **Schedule “A”**.
27. If, for any reason whatsoever, this Agreement is not approved, or the Order set forth in **Schedule “A”** is not granted by the Commission:
 - a. Staff and the Respondent will be entitled to proceed to a hearing of the allegations which are the subject matter of this Agreement unaffected by the Agreement or the settlement negotiations;
 - b. The terms of the Agreement will not be raised in any other proceeding or disclosed to any person except with the written consent of Staff and the Respondent or as may otherwise be required by law; and
 - c. The Respondent agrees that he will not raise in any proceeding the Agreement or the negotiations or process of approval thereof as a basis of any attack or challenge of the Commission's jurisdiction, alleged bias, appearance of bias, alleged unfairness or any other challenge that may otherwise be available.
28. If, in the view of Staff and prior to the approval of this Agreement by the Commission, there are new facts or issues of substantial concern regarding the facts set out in Part III of this Agreement, Staff will be at liberty to withdraw from this Agreement. Notice of such intention will be provided to Respondent in writing. In the event of such notice being given, the provisions of paragraph 29 in this Part will apply as if this Agreement had not been approved in accordance with the procedures set out herein.

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PART VIII – DISCLOSURE OF SETTLEMENT AGREEMENT

29. Staff and the Respondent may refer to any or all parts of this Agreement as required by the General Rules of Practice and Procedure and in the course of the Settlement Hearing. Otherwise, this Agreement and its terms will be treated as confidential by all parties to it until approved by the Commission, and forever if, for any reason whatsoever, this settlement is not approved by the Commission.

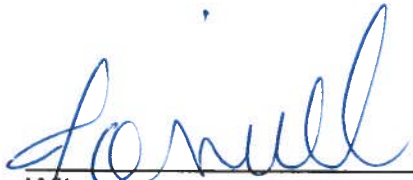
PART IX – EXECUTION OF SETTLEMENT AGREEMENT

30. This Agreement may be signed in one or more counterparts that together shall constitute a binding agreement and a facsimile copy of any signature shall be as effective as an original signature.

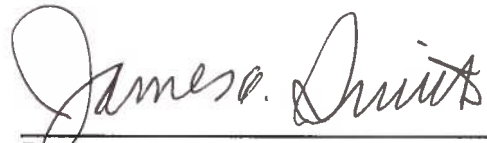
DATED at Halifax, Nova Scotia, this 21 day of April, 2011.

SIGNED, SEALED AND DELIVERED

In the presence of:



Witness



Dr. James A. Smith

DATED at Halifax, Nova Scotia, this 5th day of May, 2011.


SIGNED, SEALED AND DELIVERED

In the presence of:



Witness

**Staff of the Nova Scotia Securities
Commission:**



R. Scott Peacock
Director of Enforcement
Nova Scotia Securities Commission




SCHEDULE "A"

**IN THE MATTER OF THE
SECURITIES ACT, R.S.N.S. 1989, CHAPTER 418, AS AMENDED ("Act")**

- and -

**IN THE MATTER OF DR. JAMES A. SMITH
("Respondent")**

ORDER

(Sections 134(1)(a)(i), 135 and 135A)

WHEREAS on _____, 2011 the Nova Scotia Securities Commission ("Commission") issued a Notice of Hearing to the Respondent pursuant to sections 134(1)(a)(i), 135 and 135A of the Act;

AND WHEREAS the Respondent entered into a Settlement Agreement with Staff of the Commission ("Staff") whereby he agreed to a proposed settlement of the proceeding, subject to the approval of the Commission;

AND WHEREAS Staff and the Respondent recommended approval of the Settlement Agreement;

AND WHEREAS the Commission is of the opinion that the Respondent has contravened the Act and it is in the public interest to make this Order;

AND UPON reviewing the Settlement Agreement;

AND UPON hearing submissions of counsel for Staff and the Respondent;

IT IS HEREBY ORDERED that:

1. The Settlement Agreement dated _____, 2011, a copy of which is attached is approved; and
2. Pursuant to section 134(1)(a)(i), the Respondent shall comply with Nova Scotia securities laws;
3. Pursuant to section 135 of the Act, the Respondent shall forthwith pay an administrative penalty in the amount of the two thousand five hundred dollars (\$2,500.00); and
4. Pursuant to section 135A of the Act, the Respondent shall forthwith pay costs in connection with Staff's investigation and conduct of this proceeding before the Commission in the amount of five hundred dollars (\$500.00).

