

**SOPHIA CAPITAL CORP.**  
**(the “Company”)**

**STOCK OPTION PLAN**  
**Dated for Reference February 1, 2011**

**ARTICLE 1**  
**PURPOSE AND INTERPRETATION**

**Purpose**

1.1 The purpose of this Plan is to advance the interests of the Company by encouraging equity participation in the Company through the acquisition of Common Shares of the Company. It is the intention of the Company that this Plan will at all times be in compliance with Exchange Policies (or, if applicable, the NEX Policies) and any inconsistencies between this Plan and Exchange Policies) (or, if applicable, the NEX Policies) will be resolved in favour of the latter.

**Definitions**

1.2 In this Plan

- (a) **Affiliate** means a company that is a parent or subsidiary of the Company, or that is controlled by the same entity as the Company;
- (b) **Associate** has the meaning set out in the Securities Act;
- (c) **Board** means the board of directors of the Company or any committee thereof duly empowered or authorized to grant Options under this Plan;
- (d) **Capital Pool Company or CPC** means a corporation:
  - (i) that has filed and obtained a receipt for a preliminary CPC prospectus from one or more of the securities regulatory authorities in compliance with Policy 2.4; and
  - (ii) in regard to which the Final Exchange Bulletin has not yet been issued in accordance with Policy 2.4;
- (e) **Change of Control** includes situations where after giving effect to the contemplated transaction and as a result of such transaction:
  - (i) any one Person holds a sufficient number of voting shares of the Company or resulting company to affect materially the control of the Company or Resulting Issuer, or,
  - (ii) any combination of Persons, acting in concert by virtue of an agreement, arrangement, commitment or understanding, holds in total a sufficient number of

voting shares of the Company or Resulting Issuer to affect materially the control of the Company or Resulting Issuer,

where such Person or combination of Persons did not previously hold a sufficient number of voting shares to affect materially control of the Company or Resulting Issuer. In the absence of evidence to the contrary, any Person or combination of Persons acting in concert by virtue of an agreement, arrangement, commitment or understanding, holding more than 20% of the voting shares of the Company or Resulting Issuer is deemed to materially affect control of the Company or Resulting Issuer;

(f) **Common Shares** means common shares without par value in the capital of the Company providing such class is listed on the Exchange (or the NEX, as the case may be);

(g) **Company** means the company named at the top hereof and includes, unless the context otherwise requires, all of its Affiliates and successors according to law;

(h) **Consultant** means an individual or Consultant Company, other than an Employee, Officer or Director that:

(i) provides on an ongoing bona fide basis, consulting, technical, managerial or like services to the Company or an Affiliate of the Company, other than services provided in relation to a Distribution;

(ii) provides the services under a written contract between the Company or an Affiliate and the individual or the Consultant Company;

(iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the business and affairs of the Company or an Affiliate of the Company; and

(iv) has a relationship with the Company or an Affiliate of the Company that enables the individual or Consultant Company to be knowledgeable about the business and affairs of the Company;

(i) **Consultant Company** means for an individual consultant, a company or partnership of which the individual is an employee, shareholder or partner;

(j) **Directors** means the directors of the Company as may be elected from time to time;

(k) **Discounted Market Price** has the meaning assigned by Policy 1.1 of the Exchange;

(l) **Disinterested Shareholder Approval** means approval by a majority of the votes cast by all the Company's shareholders at a duly constituted shareholders' meeting, excluding votes attached to Common Shares beneficially owned by Insiders to whom options may be granted under this Plan or their Associates;

- (m) **Distribution** has the meaning assigned by the Securities Act, and generally refers to a distribution of securities by the Company from treasury;
- (n) **Effective Date** for an Option means the date of grant thereof by the Board;
- (o) **Employee** means:
  - (i) an individual who is considered an employee under the *Income Tax Act* (Canada) (i.e. for whom income tax, employment insurance and CPP deductions must be made at source);
  - (ii) an individual who works full-time for the Company or a subsidiary thereof providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions are not made at source; or
  - (iii) an individual who works for the Company or its subsidiary on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions are not made at source;
- (p) **Exchange** means the TSX Venture Exchange Inc., and any successors thereto;
- (q) **Exchange Policies** means the rules and policies of the Exchange as amended from time to time;
- (r) **Exercise Price** means the amount payable per Common Share on the exercise of an Option, as determined in accordance with the terms hereof;
- (s) **Expiry Date** means the day on which an Option lapses as specified in the Option Commitment described in paragraph 4.1 of the Plan or in accordance with the terms of this Plan;
- (t) **Insider** means an insider as defined in Exchange Policies or as defined in securities legislation applicable to the Company;
- (u) **Investor Relations Activities** has the meaning assigned by Exchange Policy 1.1;
- (v) **Management Company Employee** means an individual employed by a Person providing management services to the Company which are required for the ongoing successful operation of the business enterprise of the Company, but excluding a Person engaged in Investor Relations Activities;
- (w) **NEX** means a separate board of the Exchange for companies previously listed on the Exchange or the Toronto Stock Exchange which have failed to maintain compliance with the ongoing financial listing standards of those markets;

- (x) **NEX Issuer** means a company listed on the NEX;
- (y) **NEX Policies** means the rules and policies of the NEX as amended from time to time;
- (z) **Officer** means a Board appointed officer of the Company;
- (aa) **Option** means the right to purchase Common Shares granted hereunder to a Service Provider;
- (bb) **Option Agreement** means the agreement evidencing the grant of an Option by the Company under the Plan to a Service Provider;
- (cc) **Optioned Shares** means Common Shares that may be issued in the future to a Service Provider upon the exercise of an Option;
- (dd) **Optionee** means the recipient of an Option hereunder;
- (ee) **Outstanding Shares** means at the relevant time, the number of issued and outstanding Common Shares of the Company from time to time;
- (ff) **Participant** means a Service Provider that becomes an Optionee;
- (gg) **Person** includes a company, any unincorporated entity, or an individual;
- (hh) **Plan** means this stock option plan, the terms of which are set out herein or as may be amended;
- (ii) **Plan Shares** means the total number of Common Shares which may be reserved for issuance as Optioned Shares under the Plan as provided in paragraph 2.2;
- (jj) **Policy 2.4** means Exchange Policy 2.4 – Capital Pool Companies, as amended from time to time.
- (kk) **Regulatory Approval** means the approval of the Exchange and any other securities regulatory authority that has lawful jurisdiction over the Plan and any Options issued hereunder;
- (ll) **Resulting Issuer** has the meaning assigned by Policy 2.4, and Policy 1.1 and 5.2 of the Exchange;
- (mm) **Securities Act** means the *Securities Act*, R.S.B.C. 1996, c. 418, or any successor legislation;
- (nn) **Service Provider** means a Person who is a bona fide Director, Officer, Employee, Management Company Employee, Consultant or Company Consultant, and also includes a company, 100% of the share capital of which is beneficially owned by one or more Service Providers;
- (oo) **Share Compensation Arrangement** means any Option under this Plan but also includes any other stock option, stock option plan, employee stock purchase plan or any

other compensation or incentive mechanism involving the issuance or potential issuance of Common Shares to a Service Provider; and

(pp) **Shareholder Approval** means approval by a majority of the votes cast by eligible shareholders of the Company at a duly constituted shareholders' meeting.

### **Other Words and Phrases**

1.3 Words and phrases used in this Plan but which are not defined in the Plan, but are defined in the Exchange Policies (and, if applicable, the NEX Policies), will have the meaning assigned to them in the Exchange Policies (and, if applicable, the NEX Policies).

### **Gender**

1.4 Words importing the masculine gender include the feminine or neuter, words in the singular include the plural, words importing a corporate entity include individuals, and vice versa.

## **ARTICLE 2 STOCK OPTION PLAN**

### **Establishment of Stock Option Plan**

2.1 The Plan is hereby established to recognize contributions made by Service Providers and to create an incentive for their continuing assistance to the Company and its Affiliates.

### **Maximum Plan Shares**

2.2 The number of Plan Shares that may be reserved for issuance under the Plan will be **150,000** while the Company is a CPC and until the Company completes a Qualifying Transaction as defined in Policy 2.4. The maximum aggregate number of Plan Shares that may be reserved for issuance under the Plan at any point in time, other than as set out in the immediately preceding sentence, is 10% of the Outstanding Shares at the time Plan Shares are reserved for issuance as a result of the grant of an Option, less any Common Shares reserved for issuance under stock options granted under Share Compensation Arrangements other than this Plan, unless this Plan is amended pursuant to the requirements of the Exchange Policies and, if applicable, the NEX Policies.

### **Eligibility**

2.3 Subject to the provisions of Policy 2.4, Options to purchase Common Shares may be granted hereunder to Service Providers from time to time by the Board. Service Providers that are not individuals will be required to undertake in writing not to effect or permit any transfer of ownership or option of any of its securities, or to issue more of its securities (so as to indirectly transfer the benefits of an Option), as long as such Option remains outstanding, unless the written permission of the Exchange and the Company is obtained.

## **Options Granted Under the Plan**

2.4 All Options granted under the Plan will be evidenced by an Option Agreement showing the number of Optioned Shares, the term of the Option, a reference to vesting terms, if any, and the Exercise Price.

2.5 Subject to specific variations approved by the Board, all terms and conditions set out in the Plan will be deemed to be incorporated into and form part of an Option Agreement.

## **Limitations on Issue**

2.6 Subject to paragraph 2.9, the following restrictions on issuances of Options are applicable under the Plan:

- (a) no Service Provider can be granted an Option if that Option would result in the total number of Options, together with all other Share Compensation Arrangements granted to such Service Provider in the previous 12 months, exceeding 5% of the Outstanding Shares (unless the Company has obtained Disinterested Shareholder Approval to do so);
- (b) no Options can be granted under the Plan if the Company is on notice from the Exchange to transfer its listed shares to the NEX;
- (c) the aggregate number of Options granted to Service Providers conducting Investor Relations Activities in any 12-month period cannot exceed 2% of the Outstanding Shares, calculated at the time of grant, without the prior consent of the Exchange;
- (d) the aggregate number of Options granted to any one Consultant in any 12-month period cannot exceed 2% of the Outstanding Shares, calculated at the time of grant, without the prior consent of the Exchange; and
- (e) until the Company ceases to be a CPC, no Options may be granted to Service Providers engaged in Investor Relations Activities, and all options granted to Service Providers will be subject to the provisions of Policy 2.4.

## **Options Not Exercised**

2.7 In the event an Option granted under the Plan expires unexercised or is terminated by reason of dismissal of the Optionee for cause or is otherwise lawfully cancelled prior to exercise of the Option, the Optioned Shares that were issuable thereunder will be returned to the Plan and will be eligible for re-issuance.

## **Powers of the Board**

2.8 The Board will be responsible for the general administration of the Plan and the proper execution of its provisions, the interpretation of the Plan and the determination of all questions arising hereunder. Without limiting the generality of the foregoing, the Board has the power to

- (a) allot Common Shares for issuance in connection with the exercise of Options;

- (b) grant Options hereunder;
- (c) subject to any necessary Regulatory Approval, amend, suspend, terminate or discontinue the Plan, or revoke or alter any action taken in connection therewith, except that no general amendment or suspension of the Plan will, without the prior written consent of all Optionees, alter or impair any Option previously granted under the Plan unless the alteration or impairment occurred as a result of a change in the Exchange Policies or the Company's tier classification thereunder;
- (d) delegate all or such portion of its powers hereunder as it may determine to one or more committees of the Board, either indefinitely or for such period of time as it may specify, and thereafter each such committee may exercise the powers and discharge the duties of the Board in respect of the Plan so delegated to the same extent as the Board is hereby authorized so to do; and
- (e) amend this Plan (except for previously granted and outstanding Options) to reduce the benefits that may be granted to Service Providers (before a particular Option is granted) subject to the other terms hereof.

### **Terms or Amendments Requiring Disinterested Shareholder Approval**

2.9 The Company shall obtain Disinterested Shareholder Approval prior to any of the following actions becoming effective:

- (a) the Plan, together with all of the Company's other Share Compensation Arrangements, could result at any time in:
  - (i) the aggregate number of Common Shares reserved for issuance under Options granted to Insiders exceeding 10% of the Outstanding Shares (in the event that this Plan is amended to reserve for issuance more than 10% of the Outstanding Shares);
  - (ii) the grant to Insiders within a 12 month period, of a number of Options exceeding 10% of the Outstanding Shares (in the event that this Plan is amended to reserve for issuance more than 10% of the Outstanding Shares); or,
  - (iii) the issuance to any one Optionee, within a 12-month period, of a number of Common Shares exceeding 5% of Outstanding Shares; or
- (b) any reduction in the Exercise Price of an Option previously granted to an Insider.

## **ARTICLE 3 TERMS AND CONDITIONS OF OPTIONS**

### **Exercise Price**

3.1 The Exercise Price of an Option will be set by the Board at the time such Option is allocated under the Plan, and cannot be less than the Discounted Market Price.

### **Term of Option**

3.2 An Option can be exercisable for a maximum of 10 years from the Effective Date.

### **Option Amendment**

3.3 Subject to paragraph 2.9(b), the Exercise Price of an Option may be amended only if at least six (6) months have elapsed since the later of the date of commencement of the term of the Option, the date the Common Shares commenced trading on the Exchange, and the date of the last amendment of the Exercise Price.

3.4 An Option must be outstanding for at least one year before the Company may extend its term, subject to the limits contained in paragraph 3.2.

3.5 Any proposed amendment to the terms of an Option must be approved by the Exchange, and if applicable, by shareholders of the Company, prior to the exercise of such Option.

### **Vesting of Options**

3.6 Subject to paragraph 3.7, vesting of Options shall be in accordance with Schedule A attached hereto or otherwise, at the discretion of the Board, and will generally be subject to:

- (a) the Service Provider remaining employed by or continuing to provide services to the Company or any of its Affiliates as well as, at the discretion of the Board, achieving certain milestones which may be defined by the Board from time to time or receiving a satisfactory performance review by the Company or any of its Affiliates during the vesting period; or
- (b) the Service Provider remaining as a Director of the Company or any of its Affiliates during the vesting period.

### **Vesting of Options Granted to Consultants Conducting Investor Relations Activities**

3.7 Notwithstanding paragraph 3.6, Options granted to Consultants conducting Investor Relations Activities will vest:

- (a) over a period of not less than 12 months as to 25% on the date that is three months from the date of grant, and a further 25% on each successive date that is three months from the date of the previous vesting; or
- (b) such longer vesting period as the Board may determine.

### **Optionee Ceasing to be Director, Employee or Service Provider**

3.8 No Option may be exercised after the Service Provider has left his employ/office or has been advised by the Company that his services are no longer required or his service contract has expired, except as follows:

- (a) in the case of the death of an Optionee, any vested Option held by him at the date of death will become exercisable by the Optionee's lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such Optionee and the date of expiration of the term otherwise applicable to such Option;
- (b) in the case of a CPC, an Option granted to any Service Provider will expire on the earlier of (a) the Expiry Date, and (b) the date that is 90 days after the effective date of the Optionee ceasing to be a Service Provider provided that, if the Optionee ceases to be a Service Provider because the Optionee does not continue as a director, officer, technical consultant or employee of the Resulting Issuer, the Option will have a maximum term, subject to the Expiry Date, of the later of 12 months after Completion of the Qualifying Transaction (as defined in Policy 2.4) and 90 days after the Optionee ceases to be a director, officer, technical consultant or employee of the Resulting Issuer;
- (c) an Option granted to any Service Provider will expire within 6 months after the date the Optionee ceases to be employed by or provide services to the Company, unless such lesser time is set out in an Option Agreement, but only to the extent that such Option has vested at the date the Optionee ceased to be so employed by or to provide services to the Company; and
- (d) in the case of an Optionee being dismissed from employment or service for cause, such Optionee's Options, whether or not vested at the date of dismissal will immediately terminate without right to exercise same.

### **Non Assignable**

3.9 Subject to paragraph 3.8, all Options will be exercisable only by the Optionee to whom they are granted and will not be assignable or transferable.

### **Adjustment of the Number of Optioned Shares**

3.10 The number of Common Shares subject to an Option will be subject to adjustment in the events and in the manner following:

- (a) in the event of a subdivision of Common Shares as constituted on the date hereof, at any time while an Option is in effect, into a greater number of Common Shares, the Company will thereafter deliver at the time of purchase of Optioned Shares hereunder, in addition to the number of Optioned Shares in respect of which the right to purchase is then being exercised, such additional number of Common Shares as result from the subdivision without an Optionee making any additional payment or giving any other consideration therefor;
- (b) in the event of a consolidation of the Common Shares as constituted on the date hereof, at any time while an Option is in effect, into a lesser number of Common Shares, the Company will thereafter deliver and an Optionee will accept, at the time of purchase of Optioned Shares hereunder, in lieu of the number of Optioned Shares in respect of which the right to purchase is then being exercised, the lesser number of Common Shares as result from the consolidation;

(c) in the event of any change of the Common Shares as constituted on the date hereof, at any time while an Option is in effect, the Company will thereafter deliver at the time of purchase of Optioned Shares hereunder the number of shares of the appropriate class resulting from the said change as an Optionee would have been entitled to receive in respect of the number of Common Shares so purchased had the right to purchase been exercised before such change;

(d) in the event of a capital reorganization, reclassification or change of outstanding equity shares (other than a change in the par value thereof) of the Company, a consolidation, merger or amalgamation of the Company with or into any other company or a sale of the property of the Company as or substantially as an entirety at any time while an Option is in effect, an Optionee will thereafter have the right to purchase and receive, in lieu of the Optioned Shares immediately theretofore purchasable and receivable upon the exercise of the Option, the kind and amount of shares and other securities and property receivable upon such capital reorganization, reclassification, change, consolidation, merger, amalgamation or sale which the holder of a number of Common Shares equal to the number of Optioned Shares immediately theretofore purchasable and receivable upon the exercise of the Option would have received as a result thereof. The subdivision or consolidation of Common Shares at any time outstanding (whether with or without par value) will not be deemed to be a capital reorganization or a reclassification of the capital of the Company for the purposes of this paragraph 3.10;

(e) an adjustment will take effect at the time of the event giving rise to the adjustment, and the adjustments provided for in this section are cumulative;

(f) the Company will not be required to issue fractional shares in satisfaction of its obligations hereunder. Any fractional interest in a Common Share that would, except for the provisions of this paragraph 3.10, be deliverable upon the exercise of an Option will be cancelled and not be deliverable by the Company; and

(g) if any questions arise at any time with respect to the Exercise Price or number of Optioned Shares deliverable upon exercise of an Option in any of the events set out in this paragraph 3.10, such questions will be conclusively determined by the Company's auditors, or, if they decline to so act, any other firm of Chartered Accountants, in Vancouver, British Columbia (or in the city of the Company's principal executive office) that the Company may designate and who will be granted access to all appropriate records. Such determination will be binding upon the Company and all Optionees.

## **ARTICLE 4**

### **GRANT AND EXERCISE PROCEDURES**

#### **Option Commitment**

4.1 Upon grant of an Option under the Plan, an authorized officer of the Company will deliver to the Optionee an Option Agreement detailing the terms of such Options and upon such delivery the Optionee will be subject to the Plan and have the right to purchase the Optioned Shares at the Exercise Price set out in the Option Agreement and subject to the terms and conditions of the Option Agreement and the Plan.

### **Manner of Exercise**

4.2 An Optionee who wishes to exercise his Option may do so by delivering

- (a) a written notice to the Company specifying the number of Optioned Shares being acquired pursuant to the Option; and
- (b) a certified cheque, wire transfer or bank draft payable to the Company for the aggregate Exercise Price by the Optioned Shares being acquired.

### **Delivery of Certificate and Hold Periods**

4.3 As soon as practicable after receipt of the notice of exercise described in paragraph 4.2 and payment in full for the Optioned Shares being acquired, the Company will direct its transfer agent to issue a certificate to the Optionee for the appropriate number of Optioned Shares. Such certificate issued will bear a legend stipulating any resale restrictions required under applicable securities laws. Further, if the Exercise Price is set below than the then current market price of the Common Shares on the Exchange, the certificate will also bear a legend stipulating that the Optioned Shares are subject to a four-month Exchange hold period commencing the date of the grant of the Option.

## **ARTICLE 5 WITHHOLDING TAX**

5.1 Upon exercise of an Option, the Optionee will, upon notification of the amount due and prior to or concurrently with the delivery of the certificates representing the Optioned Shares, pay to the Company amounts necessary to satisfy applicable withholding tax requirements or will otherwise make arrangements satisfactory to the Company for such requirements. In order to implement this provision, the Company or any related corporation will have the right to retain and withhold from any payment of cash or Optioned Shares under this Plan the amount of taxes required to be withheld or otherwise deducted and paid in respect of such payment. At its discretion, the Company may require an Optionee receiving Optioned Shares to reimburse the Company for any such taxes required to be withheld by the Company and withhold any distribution to the Optionee in whole or in part until the Company is so reimbursed. In lieu thereof, the Company will have the right to withhold from any cash amount due or to become due from the Company to the Optionee an amount equal to such taxes. The Company may also retain and withhold or the Optionee may elect, subject to approval by the Company at its sole discretion, to have the Company retain and withhold a number of Optioned Shares having a market value not less than the amount of such taxes required to be withheld by the Company to reimburse the Company for any such taxes and cancel (in whole or in part) any such Optioned Shares so withheld.

## **ARTICLE 6 GENERAL**

### **Employment and Services**

6.1 Nothing contained in the Plan will confer upon or imply in favour of any Optionee any right with respect to office, employment or provision of services with the Company, or interfere in any way with the right of the Company to lawfully terminate the Optionee's office, employment or service at any time pursuant to the arrangements pertaining to same. Participation in the Plan by an Optionee is voluntary.

### **No Representation or Warranty**

6.2 The Company makes no representation or warranty as to the future market value of Common Shares issued in accordance with the provisions of the Plan or to the effect of the *Income Tax Act* (Canada) or any other taxing statute governing the Options or the Common Shares issuable thereunder or the tax consequences to a Service Provider. Compliance with applicable securities laws as to the disclosure and resale obligations of each Participant is the responsibility of each Participant and not the Company.

### **Interpretation**

6.3 The Plan will be governed and construed in accordance with the laws of the Province of British Columbia.

### **Continuation of Plan**

6.4 The Plan will become effective from and after February 1, 2011, and will remain effective provided that the Plan, or any amended version thereof receives Shareholder Approval at each annual general meeting of the holders of Common Shares of the Company subsequent to February 1, 2011.

## **SCHEDULE A**

### **STOCK OPTION PLAN VESTING SCHEDULE**

1. All Options granted to Service Providers other than persons conducting Investor Relations Activities, will be subject to such vesting provisions determined by the Board of Directors of the Company at the time the Option Commitment is made, subject to Regulatory Approval.
2. Options granted to Service Providers involved in Investor Relations Activities vest in accordance with paragraph 3.7 of the Plan.

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