

SPIRIT BEAR CAPITAL CORP.

STOCK OPTION PLAN
Dated for Reference March 29, 2012

1. Purpose

The purpose of the stock option plan (the “**Plan**”) of **SPIRIT BEAR CAPITAL CORP.**, a company incorporated under the *Business Corporations Act* (British Columbia) (the “**Company**”) is to advance the interests of the Company by encouraging the directors, officers, technical consultants/non-technical consultants and employees of the Company, and of its subsidiaries and affiliates, if any, to acquire common shares in the share capital of the Company, thereby increasing their proprietary interest in the Company, encouraging them to remain associated with the Company and furnishing them with additional incentive in their efforts on behalf of the Company in the conduct of its affairs.

2. Administration

The Plan shall be administered by the board of directors of the Company (the “**Board of Directors**”) or by a special committee of the directors appointed from time to time by the Board of Directors pursuant to rules of procedure fixed by the Board of Directors (such committee or, if no such committee is appointed, the Board of Directors of the Company, is hereinafter referred to as the “**Board**”). A majority of the Board shall constitute a quorum, and the acts of a majority of the directors present at any meeting at which a quorum is present, or acts unanimously approved in writing, shall be the acts of the directors.

Subject to the express provisions of the Plan, the Board shall have full and final authority and discretion to construe and interpret the Plan and all option agreements entered into thereunder, to define the terms used in the Plan and in all option agreements entered into thereunder, to prescribe, amend and rescind rules and regulations relating to the Plan and to make all other determinations necessary or advisable for the administration of the Plan. All determinations and interpretations made by the Board shall be binding and conclusive on all participants in the Plan and on their legal personal representatives and beneficiaries.

Each option granted hereunder may be evidenced by an agreement in writing, signed on behalf of the Company and by the Participant (as hereinafter defined), in such form as the Board shall approve, such approval to be conclusively evidenced by the execution of the option agreement by any director of the Company other than the Participant. Each such agreement shall recite that it is subject to the provisions of this Plan.

Each option granted by the Company prior to the date of the approval of the Plan by the shareholders of the Company, including options granted under previously approved stock option plans of the Company, be and are continued under and shall be subject to the terms of the Plan after the Plan has been approved by the shareholders of the Company.

3. Stock Exchange Rules

All options granted pursuant to the Plan shall be subject to rules and policies of any exchange or quotation system upon which the Company’s common shares are then listed or quoted and any other regulatory body having jurisdiction hereinafter (hereinafter collectively referred to as, the “**Exchange**”).

4. Common Shares Subject to Plan

Subject to adjustment as provided in Section 15 hereof, the common shares to be offered under the Plan shall consist of the Company's authorized but unissued common shares. The aggregate number of common shares issuable upon the exercise of all options granted under the Plan shall not exceed 10% of the issued and outstanding common shares of the Company from time to time; except that, in the event the Company is listed on the TSX Venture Exchange (the "TSX-V") as a "Capital Pool Company" (as defined in TSX-V Policy 2.4), then until such time as the Company has completed a "Qualifying Transaction" (as defined in TSX-V Policy 2.4) or unless otherwise accepted by the TSX-V, the aggregate number of common shares issuable upon the exercise of all options granted under the Plan shall not exceed 10% of the number of common shares of the Company issued and outstanding at the closing of the Company's initial public offering (the "Post-IPO Shares").

If any options granted hereunder shall expire or terminate for any reason in accordance with the terms of the Plan without being exercised, the unpurchased common shares subject thereto shall again be available for the purpose of the Plan.

5. Maintenance of Sufficient Capital

The Company shall at all times during the term of the Plan reserve and keep available for issuance such number of common shares as shall be sufficient to satisfy the requirements of the Plan.

6. Eligibility and Participation

Prior to completion of a Qualifying Transaction, directors, officers and technical consultants of the Company or any of its subsidiaries shall be eligible for selection to participate in the Plan and after completion of a Qualifying Transaction, directors, officers, consultants (i.e., technical consultants and non-technical consultants) and employees of the Company or any of its subsidiaries shall be eligible for selection to participate in the Plan (such persons hereinafter collectively referred to as "Participants").

Subject to compliance with applicable requirements of the Exchange, Participants may elect to hold options granted to them in an incorporated entity wholly-owned by them and such entity shall be bound by the Plan in the same manner as if the options were held by the Participant.

Subject to the terms hereof, the Board shall determine to whom options shall be granted, the terms and provisions of the respective option agreements, the time or times at which such options shall be granted and vested, and the number of common shares to be subject to each option. The Company and the Participant shall represent in each option agreement that the Participant is a *bona fide* director, officer, technical consultant/non-technical consultant or employee of the Company or any of its subsidiaries or affiliates, as the case may be.

A Participant who has been granted an option may, if such Participant is otherwise eligible, and if permitted under the policies of the Exchange, be granted an additional option or options if the Board shall so determine.

7. Exercise Price

The exercise price of the common shares subject to each option shall be as determined by the Board at the time that the option is granted and in no event shall such exercise price be lower than the “**Discounted Market Price**” (as defined in TSX-V Policy 1.1), provided that:

- (a) in the event the Company is listed on the TSX-V as a Capital Pool Company, then until such time as the Company has completed its Qualifying Transaction or unless otherwise accepted by the TSX-V, the exercise price shall not be less than the greater of the initial public offering share price and the Discounted Market Price of the common shares;
- (b) in the event the options are granted within 90 days of a distribution by a prospectus:
 - (i) the minimum exercise price of those options will be the greater of the Discounted Market Price and the per share price paid by the public investors for common shares of the Company acquired under the distribution;
 - (ii) the 90 day period begins on the date a final receipt is issued for the prospectus;
 - (iii) for unit offerings, the minimum option exercise price will be the “base” (or imputed) price of the shares included in the unit; and
 - (iv) for all other financings, the minimum exercise price will be the average price paid by the public investors; and
- (c) Once the exercise price has been determined by the Board, accepted by the Exchange and the option has been granted, the exercise price of an option may be reduced upon receipt of Board approval, provided that in the case of options held by an “**Insider**” (as defined in TSX-V Policy 1.1) of the Company, the exercise price of an option may be reduced only if disinterested shareholder approval is obtained.

8. Number of Optioned Common Shares

- (a) The number of common shares of the Company subject to an option granted to any one Participant shall be determined by the Board, but no one Participant shall be granted an option which exceeds the maximum number permitted by the Exchange.
- (b) in the event the Company is a Capital Pool Company:
 - (i) no one Participant may be granted options to purchase that number of common shares that is equal to more than 5% of the Post-IPO Shares;

- (ii) no one consultant of the Company or any of its subsidiaries may be granted options to purchase that number of common shares that is equal to more than 2% of the Post-IPO Shares; and
 - (iii) no options may be granted to consultants of the Company employed in investor relations activities.
- (c) in the event the Company is other than a Capital Pool Company:
 - (i) no single Participant may be granted options to purchase a number of common shares of the Company equaling more than 5% of the issued common shares of the Company in any one twelve-month period unless the Company has obtained disinterested shareholder approval in respect of such grant and meets applicable Exchange requirements;
 - (ii) options shall not be granted if the exercise thereof would result in the issuance of more than 2% of the issued common shares of the Company in any twelve-month period to any one consultant of the Company (or any of its subsidiaries); and
 - (iii) options shall not be granted if the exercise thereof would result in the issuance of more than 2% of the issued common shares of the Company in any twelve month period to persons employed to provide investor relations activities. Options granted to consultants performing investor relations activities will contain vesting provisions such that vesting occurs over at least 12 months with no more than ¼ of the options vesting in any 3 month period.
- (d) no Options can be granted under the Plan if the Company is on notice from the TSX-V to transfer its listed shares to the NEX or while the Company's shares trade on the NEX.

9. Duration of Option

Each option and all rights thereunder shall be expressed to expire on the date set out in the option agreement and shall be subject to earlier termination as provided in Sections 11, 12 and 13, provided that in no circumstances shall the duration of an option exceed the maximum term permitted by the Exchange. For greater certainty, if the Company is listed on the TSX-V, the maximum term may not exceed 10 years.

Should the expiry date of an Option fall within a Black Out Period or within nine business days following the expiration of a Black Out Period, such expiry date of the Option shall be automatically extended without any further act or formality to that date which is the tenth business day after the end of the Black Out Period, such tenth business day to be considered the expiry date for such Option for all purposes under the Plan. The ten business day period referred to in this paragraph may not be extended by the Board.

“Black Out Period” means the period during which the relevant Participant is prohibited from exercising an Option due to trading restrictions imposed by the Company pursuant to any policy of the Company respecting restrictions on trading that is in effect at that time.

10. Option Period, Exercise and Payment

- (a) The option period shall be a period of time fixed by the Board not to exceed the maximum term permitted by the Exchange, provided that the option period shall be reduced with respect to any option as provided in Sections 11 and 12 covering cessation as a director, officer, consultant or employee of the Company or its subsidiaries, or death of the Participant.
- (b) Subject to any vesting restrictions imposed by the Exchange, the Board may, in its sole discretion, determine the time during which options shall vest and the method of vesting, or that no vesting restriction shall exist.
- (c) Subject to any vesting restrictions imposed by the Board, options may be exercised in whole or in part at any time and from time to time during the option period. To the extent required by the Exchange, no options may be exercised under this Plan until this Plan has been approved by a resolution duly passed by the shareholders of the Company.
- (d) In the event that the Company is a Capital Pool Company, and a Participant exercises a portion or the entirety of their options prior to the completion of a Qualifying Transaction, the common shares to be issued to that Participant pursuant to the exercise of such options shall be deposited in escrow and shall remain in escrow until the Qualifying Transaction has been completed and the “**Final Exchange Bulletin**” (as such term is defined in the policies of the TSX-V) has been issued;
- (e) Except as set forth in Sections 11 and 12, no option may be exercised unless the Participant is at the time of such exercise a director, officer, consultant, or employee of the Company or any of its subsidiaries.
- (f) The exercise of any option will be contingent upon receipt by the Company at its head office of a written notice of exercise, specifying the number of common shares of the Company with respect to which the option is being exercised, accompanied by cash payment, certified cheque or bank draft for the full purchase price of such common shares with respect to which the option is exercised. No Participant or his legal representatives, legatees or distributees will be, or will be deemed to be, a holder of any common shares of the Company unless and until the certificates for common shares issuable pursuant to options under the Plan are issued to him or them under the terms of the Plan.

11. Early Termination/Expiration of Options

- (a) Nothing contained in the Plan, nor in any option granted pursuant to the Plan, shall as such confer upon any Participant any right with respect to continuance as a director, officer, technical consultant/non-technical consultant or employee of the Company or any of its subsidiaries.
- (b) If a Participant receives options while the Company is classified as a Capital Pool Company by the TSX-V and the Participant ceases to be a director, officer consultant or employee of the Company or its subsidiaries, for any reason (other than death), such Participant may exercise his option to the extent that the

Participant was entitled to exercise it at the date of such cessation, provided, that such exercise must occur prior to the later of 12 months after the completion of a Qualifying Transaction and 90 days after the person ceases to be a director, officer, consultant or employee.

- (c) If a Participant is dismissed as an officer, director, technical consultant/non-technical consultant or employee of the Company or any of its subsidiaries, for cause, all unexercised option rights of that Participant under the Plan shall immediately become terminated and shall lapse notwithstanding the original term of the options granted to such Participant under the Plan.
- (d) If a Participant ceases to be a technical consultant/non-technical consultant or employee of the Company or any of its subsidiaries as a result of retirement, resignation or termination without cause other than as set out in Subsection 11(b), such Participant shall have the right for a period of 90 days (or until the normal expiry date of the option rights of such Participant, if earlier) from the date of ceasing to be a technical consultant/non-technical consultant or employee to exercise all unexercised option rights of that Participant under the Plan to the extent they were exercisable on the date of ceasing to be a technical consultant/non-technical consultant or employee; provided that if such Participant was engaged in investor relations activities, such exercise must occur within 30 days after the cessation of the Participant's services to the Company (subject to extension at the discretion of the Board). Upon the expiration of such 90 day period (or 30 day period in case of the Participant engaged in the investor relations activities) all unexercised option rights of that Participant shall immediately become terminated and shall lapse notwithstanding the original term of the options granted to such Participant under the Plan
- (e) If a Participant ceases to be a director or officer of the Company or any of its subsidiaries as a result of retirement, resignation or termination without cause other than as set out in Subsection 11(b), subject to the discretion of the Board, such Participant shall have the right for a period of one year (or until the normal expiry date of the option rights of such Participant, if earlier) from the date of ceasing to be a director or officer to exercise all unexercised option rights of that Participant under the Plan to the extent they were exercisable on the date of ceasing to be a director or officer. Upon the expiration of such time period all unexercised option rights of that Participant shall immediately become terminated and shall lapse notwithstanding the original term of the options granted to such Participant under the Plan.
- (f) In the event of the death of any Participant, the legal representatives of the deceased Participant shall have the right for a period of one year (or until the normal expiry date of the option rights of such Participant, if earlier) from the date of death of the deceased Participant to exercise all unexercised option rights of that deceased Participant under the Plan to the extent they were exercisable on the date of death. Upon the expiration of such period all unexercised option rights of the deceased Participant shall immediately become terminated and shall lapse notwithstanding the original term of the options granted to the deceased Participant under the Plan.

13. Rights of Participant

No person entitled to exercise any option granted under the Plan shall have any of the rights or privileges of a shareholder of the Company in respect of any common shares issuable upon exercise of such option until certificates representing such common shares have been issued and delivered.

14. Proceeds from Sale of Common Shares

The proceeds from the sale of common shares issued upon the exercise of options shall be added to the general funds of the Company and shall thereafter be used from time to time for such corporate purposes as the Board may determine.

15. Adjustments

If the outstanding common shares of the Company are increased, decreased, changed into or exchanged for a different number or kind of shares or securities of the Company or another corporation or entity through re-organization, merger, re-capitalization, re-classification, stock dividend, subdivision or consolidation, or any adjustment relating to the common shares of the Company optioned or issued on exercise of options, or the exercise price per share as set forth in the respective stock option agreements, shall be adjusted in accordance to the terms of such agreements.

Adjustments under this Section shall be made by the Board whose determination as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive. No fractional Share shall be required to be issued under the Plan on any such adjustment.

16. Withholding

The Company shall have the authority to take steps for the deduction and withholding, or for the advance payment or reimbursement by the Participant to the Company, of any taxes or other required source deductions which the Company is required by law or regulation of any governmental authority whatsoever to remit in connection with this Plan, or any issuance of the common shares of the Company pursuant to the Plan. Without limiting the generality of the foregoing, the Company may, in its sole discretion:

- (a) deduct and withhold additional amounts from other amounts payable to a Participant;
- (b) require, as a condition of the issuance of common shares of the Company pursuant to the Plan to the Participant that the Participant make a cash payment to the Company equal to the amount, in the Company's opinion, required to be withheld and remitted by the Company for the account of the Participant to the appropriate governmental authority and the Company, in its discretion, may withhold the issuance or delivery of such common shares of the Company until the Participant makes such payment; or
- (c) sell, on behalf of the Participant, all or any portion of common shares of the Company otherwise deliverable to the Participant until the net proceeds of sale equal or exceed the amount which, in the Company's opinion, would satisfy any and all withholding taxes and other source deductions for the account of the Participant.

17. Transferability

No right or interest of any Participant in or under the Plan is assignable or transferable, in whole or in part, either directly or by operation of law or otherwise in any manner except by bequeath or the laws of descent and distribution.

18. Amendment and Termination of Plan

Subject to applicable approval of the Exchange, the Board may, at any time, suspend or terminate the Plan. Subject to applicable approval of the Exchange, the Board may also at any time amend or revise the terms of the Plan; provided that no such amendment or revision shall result in a material adverse change to the terms of any options theretofore granted under the Plan, unless shareholder approval, or disinterested shareholder approval, as the case may be, is obtained for such amendment or revision.

19. Hold Period

In addition to any resale restrictions under applicable legislation, all options granted hereunder and all common shares of the Company issued on the exercise of such options will, if applicable under the policies of the Exchange, be subject to a four month TSX-V hold period from the date the options are granted, and the stock option agreements and the certificates representing such common shares will bear the following legend:

“Without prior written approval of the Exchange and compliance with all applicable securities legislation, the securities represented by this certificate may not be sold, transferred, hypothecated or otherwise traded on or through the facilities of the TSX Venture Exchange or otherwise in Canada or to or for the benefit of a Canadian resident until [insert date].”

20. Necessary Approvals

The ability of a Participant to exercise options and the obligation of the Company to issue and deliver common shares in accordance with the Plan is subject to any approvals which may be required from shareholders of the Company and any regulatory authority or stock exchange having jurisdiction over the securities of the Company. If any common shares cannot be issued to any Participant for whatever reason, the obligation of the Company to issue such common shares shall terminate and any option exercise price paid to the Company shall be returned to the Participant.

21. Effective Date of Plan

The Plan has been adopted by the Board of the Company subject to the approval of the Exchange and, if so approved, subject to the discretion of the Board, the Plan shall become effective upon such approvals being obtained.

22. Interpretation

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