

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2018

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period to

Commission File No. 001-38445

HELIUS MEDICAL TECHNOLOGIES, INC.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

36-4787690
(I.R.S. Employer
Identification Number)

642 Newtown Yardley Road Suite 100
Newtown, Pennsylvania, 18940
(Address of principal executive office) (Zip Code)

(215) 944-6100
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
Emerging growth company	<input checked="" type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding as of November 6, 2018
<u>Class A Common Stock</u>	<u>23,383,246</u>

HELIUS MEDICAL TECHNOLOGIES, INC.
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Heliuss Medical Technologies, Inc.
Unaudited Condensed Consolidated Balance Sheets
(Except for share data, amounts in thousands)

	<u>September 30, 2018</u>	<u>December 31, 2017</u>
ASSETS		
Current assets		
Cash	\$ 12,397	\$ 5,562
Receivables	41	704
Inventory	197	—
Prepaid expenses	100	352
Total current assets	<u>12,735</u>	<u>6,618</u>
Property and equipment, net	558	173
Other assets	18	18
TOTAL ASSETS	<u><u>\$ 13,311</u></u>	<u><u>\$ 6,809</u></u>
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities		
Accounts payable	\$ 2,186	\$ 3,479
Accrued liabilities	1,304	1,242
Derivative financial instruments	14,278	9,578
Total current liabilities	<u>17,768</u>	<u>14,299</u>
TOTAL LIABILITIES	<u>17,768</u>	<u>14,299</u>
Commitments and contingencies (Note 6)		
STOCKHOLDERS' DEFICIT		
Preferred stock, \$0.001 par value; 10,000,000 shares authorized as of September 30, 2018; no preferred stock authorized as of December 31, 2017	—	—
Class A common stock, \$0.001 par value; 150,000,000 shares authorized; 23,378,246 shares issued and outstanding as of September 30, 2018	23	—
Class A common stock, no par value; unlimited shares authorized; 20,178,226 shares issued and outstanding as of December 31, 2017	—	52,230
Additional paid-in capital	86,280	6,602
Accumulated other comprehensive (loss) income	(883)	47
Accumulated deficit	<u>(89,877)</u>	<u>(66,369)</u>
TOTAL STOCKHOLDERS' DEFICIT	<u>(4,457)</u>	<u>(7,490)</u>
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	<u><u>\$ 13,311</u></u>	<u><u>\$ 6,809</u></u>

(The accompanying notes are an integral part of the condensed consolidated financial statements.)

Heliuss Medical Technologies, Inc.
Unaudited Condensed Consolidated Statements of Operations and Comprehensive Loss

(Amounts in thousands except shares and per share data)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2018	2017	2018	2017
Operating expenses:				
Research and development	\$ 2,309	\$ 3,798	\$ 7,781	\$ 11,121
General and administrative	2,581	2,172	13,632	5,862
Total operating expenses	<u>4,890</u>	<u>5,970</u>	<u>21,413</u>	<u>16,983</u>
Operating loss	(4,890)	(5,970)	(21,413)	(16,983)
Other income (expense):				
Other income	4	—	63	—
Change in fair value of derivative financial instruments	368	(5,960)	(3,356)	(5,452)
Foreign exchange gain (loss)	1	(1,008)	1,198	(1,860)
Total other income (expense)	373	(6,968)	(2,095)	(7,312)
Net loss	(4,517)	(12,938)	(23,508)	(24,295)
Other comprehensive loss:				
Foreign currency translation adjustments	(96)	1,266	(930)	1,916
Comprehensive loss	\$ (4,613)	\$ (11,672)	\$ (24,438)	\$ (22,379)
Net loss per share				
Basic	\$ (0.19)	\$ (0.67)	\$ (1.06)	\$ (1.32)
Diluted	\$ (0.19)	\$ (0.67)	\$ (1.06)	\$ (1.32)
Weighted average shares outstanding				
Basic	23,377,941	19,225,057	22,221,667	18,368,973
Diluted	<u>23,845,498</u>	<u>19,225,057</u>	<u>22,221,667</u>	<u>18,368,973</u>

(The accompanying notes are an integral part of the condensed consolidated financial statements.)

Heliuss Medical Technologies, Inc.
Unaudited Condensed Consolidated Statement of Stockholders' Deficit
(Except shares data, amounts in thousands)

	Common Stock, \$0.001 par value		Common Stock, no par value		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount				
Balance as of December 31, 2017	—	—	20,178,226	\$ 52,230	\$ 6,602	\$ 47	\$ (66,369)	\$ (7,490)
Proceeds from the issuance of common stock and accompanying warrants from April 2018 public offering	—	—	2,463,185	18,400	—	—	—	18,400
Fair value of liability-classified warrants issued in connection with April 2018 Offering	—	—	—	(7,372)	—	—	—	(7,372)
Share issuance costs	—	—	—	(1,273)	—	—	—	(1,273)
Proceeds from the exercise of stock options and warrants	—	—	736,130	4,637	—	—	—	4,637
Stock-based compensation expense	—	—	—	—	1,047	—	—	1,047
Reclassification of liability-classified warrants upon exercise	—	—	—	3,748	—	—	—	3,748
Settlement of vested restricted stock units, net of taxes	—	—	705	—	(2)	—	—	(2)
Reclassification of exercised compensation options and warrants from additional paid-in capital	—	—	—	110	(110)	—	—	—
Reclassification of April 2016 compensation options and warrants from additional paid-in capital to derivative financial instruments due to change in functional currency	—	—	—	—	(1,586)	—	—	(1,586)
Reclassification of USD denominated warrants from derivative financial instruments to additional paid-in capital due to change in functional currency	—	—	—	—	2,478	—	—	2,478
Reclassification of equity-classified stock options to stock-based compensation liability due to change in functional currency	—	—	—	—	(4,182)	—	—	(4,182)
Reclassification from stock-based compensation liability to common stock as a result of exercise of stock options	—	—	—	32	—	—	—	32
Reclassification of non-employee options recorded as derivative financial instruments due to modification of options	—	—	—	—	1,206	—	—	1,206
Reclassification of stock-based compensation due to modification of options	—	—	—	—	10,338	—	—	10,338
Reclassification upon change in corporate domicile	23,378,246	23	(23,378,246)	(70,512)	70,489	—	—	—
Net loss	—	—	—	—	—	—	(23,508)	(23,508)
Foreign currency translation adjustments	—	—	—	—	—	(930)	—	(930)
Balance as of September 30, 2018	23,378,246	\$ 23	—	\$ -	\$ 86,280	\$ (883)	\$ (89,877)	\$ (4,457)

(The accompanying notes are an integral part of the condensed consolidated financial statements.)

Heliuss Medical Technologies, Inc.
Unaudited Condensed Consolidated Statements of Cash Flows
(Amounts in thousands)

	Nine Months Ended September 30,	
	2018	2017
Cash flows from operating activities:		
Net loss	\$ (23,508)	\$ (24,295)
Adjustments to reconcile net loss to net cash used in operating activities:		
Change in fair value of derivative financial instruments	3,356	5,452
Stock-based compensation expense	7,245	1,464
Unrealized foreign exchange loss (gain)	(1,262)	1,758
Depreciation expense	40	7
Changes in operating assets and liabilities:		
Receivables	663	(530)
Inventory	(197)	—
Prepaid expenses	252	366
Other assets	—	(18)
Accounts payable	(1,274)	1,471
Accrued liabilities	209	86
Net cash used in operating activities	(14,476)	(14,239)
Cash flows from investing activities:		
Purchase of property and equipment	(425)	(181)
Net cash used in investing activities	(425)	(181)
Cash flows from financing activities:		
Proceeds from the issuance of common stock and accompanying warrants	18,400	14,547
Share issuance costs	(1,345)	(1,248)
Proceeds from the exercise of stock options and warrants	4,637	911
Net cash provided by financing activities	21,692	14,210
Effect of foreign exchange rate changes on cash	44	158
Net increase (decrease) in cash	6,835	(52)
Cash at beginning of period	5,562	2,669
Cash at end of period	\$ 12,397	\$ 2,617

(The accompanying notes are an integral part of the condensed consolidated financial statements.)

1. DESCRIPTION OF BUSINESS

Helius Medical Technologies, Inc. (the “Company”) is a neurotech company focused on neurological wellness. The Company’s purpose is to develop, license and acquire unique and non-invasive platform technologies that amplify the brain’s ability to heal itself.

The Company’s first product in development, known as the portable neuromodulation stimulator or PoNS®, is an investigational, non-invasive, medical device currently under review by the U.S. Food and Drug Administration (“FDA”) for clearance to improve balance in patients following a mild-to-moderate traumatic brain injury (mTBI) when combined with targeted physical therapy. The PoNS Treatment is the first and only tongue-delivered neuromodulation that combines stimulation of cranial nerves with physical and cognitive therapy to restore lost neurological function.

During the third quarter of 2018, the Company submitted a request with the U.S. Food and Drug Administration (“FDA”) for de novo classification and 510(k) clearance of the PoNS device. In addition, during the third quarter of 2018, the Company also submitted an application for a Class II medical device license to Health Canada to market the PoNS device. In October 2018, the Company received a medical device license from Health Canada which authorizes the Company to market the PoNS device as a Class II medical device in Canada.

The Company was incorporated in British Columbia, Canada, on March 13, 2014. On May 28, 2014, the Company completed a continuation via a plan of arrangement whereby the Company moved from being a corporation governed by the British Columbia Corporations Act to a corporation governed by the Wyoming Business Corporations Act. On July 20, 2018, the Company completed its reincorporation from Wyoming to the state of Delaware. The Company is based in Newtown, Pennsylvania.

The Company has two wholly-owned subsidiaries, Neurohabilitation Corporation (“NHC”) and Helius Medical Technologies (Canada), Inc. (“Helius Canada”).

The Company’s Class A common stock (“common stock”) is listed on the Nasdaq Capital Market (“Nasdaq”) and the Toronto Stock Exchange (the “TSX”). The common stock began trading on the Canadian Securities Exchange on June 23, 2014, under the ticker symbol “HSM” and the trading was subsequently transferred to the TSX on April 18, 2016. On April 11, 2018, the common stock began trading on Nasdaq under the ticker symbol “HSDT” after having been traded on the OTCQB in the United States (“U.S.”) under the ticker symbol “HSDT” since February 10, 2015.

Reverse Stock Split

Effective after the close of business on January 22, 2018, the Company completed a 1-for-5 reverse stock split of its Class A Common Stock. All share and per share amounts in this Quarterly Report have been reflected on a post-split basis.

Going Concern

The Company has never generated any product revenues or achieved profitable operations. As of September 30, 2018, the Company’s cash was approximately \$12.4 million. The Company expects to continue to incur operating losses and net cash outflows until such time as it generates a level of revenue to support its cost structure. There is no assurance that the Company will achieve profitable operations, and, if achieved, whether it will be sustained on a continued basis. These factors raise substantial doubt about the Company’s ability to continue as a going concern. The Company’s condensed consolidated financial statements have been prepared on the basis of continuity of operations, realization of assets and satisfaction of liabilities in the ordinary course of business.

The Company intends to fund ongoing activities by utilizing its current cash on hand and by raising additional capital through equity or debt financings. There can be no assurance that the Company will be successful in raising that additional capital or that such capital, if available, will be on terms that are acceptable to the Company. If the Company is unable to raise sufficient additional capital, the Company may be compelled to reduce the scope of its operations and planned capital expenditures.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). The Company’s reporting currency is the U.S. Dollar (USD\$”).

Use of Estimates

The preparation of the condensed consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and disclosure of contingent assets and liabilities. Significant estimates include the assumptions used in the fair value pricing model for stock-based compensation, derivative financial instruments

and deferred income tax asset valuation allowance. Financial statements include estimates which, by their nature, are uncertain. Actual outcomes could differ from these estimates.

Principles of Consolidation

The accompanying unaudited condensed consolidated financial statements reflect the operations of Heliuss Medical Technologies, Inc. and its wholly-owned subsidiaries. The usual condition for a controlling financial interest is ownership of a majority of the voting interests of an entity. However, a controlling financial interest may also exist through arrangements that do not involve controlling voting interests. As such, the Company applies the guidance of ASC 810, *Consolidations*, to determine when an entity that is insufficiently capitalized or not controlled through its voting interests, referred to as a variable interest entity should be consolidated. All intercompany balances and transactions have been eliminated. Certain prior period amounts have been reclassified to conform to current period presentation.

Concentrations of Credit Risk

The Company is subject to credit risk with respect to its cash. Amounts invested in such instruments are limited by credit rating, maturity, industry group, investment type and issuer. The Company is not currently exposed to any significant concentrations of credit risk from these financial instruments. The Company seeks to maintain safety and preservation of principal and diversification of risk, liquidity of investments sufficient to meet cash flow requirements and a competitive after-tax rate of return.

Receivables

Receivables are stated at their net realizable value. As of September 30, 2018 and December 31, 2017, receivables consisted primarily of Goods and Services Tax ("GST") and Quebec Sales Tax ("QST") refunds related to the Company's expenditures.

Inventory

The Company's inventory consists of raw materials, primarily related to component parts for the initial launch build of the PoNS device. Inventory is stated at the lower of cost (average cost method) or net realizable value. Adjustments to reduce the cost of inventory to its net realizable value are made if required. No inventory write-offs were recorded during the nine months ended September 30, 2018. As of September 30, 2018, the carrying value of inventory was approximately \$0.2 million.

Property and Equipment

Property and equipment are carried at cost, less accumulated depreciation. Depreciation is recognized using the straight-line method over the useful lives of the related asset or the term of the related lease. Expenditures for maintenance and repairs, which do not improve or extend the expected useful life of the assets, are expensed to operations while major repairs are capitalized. The Company's property and equipment is comprised of leasehold improvements, furniture and fixtures, and software. The estimated useful life of its leasehold improvement is over the term of its lease of 5 years, the estimated useful life for the Company's furniture and fixtures is 7 years, equipment has an estimated useful life of 15 years, while computer software and hardware has an estimated useful life of 3 to 5 years.

The following tables summarizes the Company's property and equipment as of September 30, 2018 and December 31, 2017 (amounts in thousands).

	As of September 30, 2018	As of December 31, 2017
Leasehold improvement	\$ 182	\$ 173
Furniture and fixtures	170	—
Equipment	219	—
Computer software and hardware	44	17
Property and equipment	615	190
Less accumulated depreciation	(57)	(17)
Property and equipment, net	<u>\$ 558</u>	<u>\$ 173</u>

Foreign Currency

Prior to April 1, 2018, the Company's functional currency was the Canadian dollar ("CAD\$"). Translation gains and losses from the application of the USD\$ as the reporting currency during the period that the Canadian dollar was the functional currency were included as part of cumulative currency translation adjustment, which is reported as a component of stockholders' deficit as accumulated other comprehensive income (loss).

The Company re-assessed its functional currency and determined that as of April 1, 2018, its functional currency had changed from the CAD\$ to the USD\$ based on management's analysis of changes in the primary economic environment in which the Company operates. The change in

functional currency was accounted for prospectively from April 1, 2018 and financial statements prior to and including the period ended March 31, 2018 have not been restated for the change in functional currency.

For periods commencing April 1, 2018, monetary assets and liabilities denominated in foreign currencies are translated into U.S. dollars using exchange rates in effect at the balance sheet date. Opening balances related to non-monetary assets and liabilities are based on prior period translated amounts, and non-monetary assets acquired, and non-monetary liabilities incurred after April 1, 2018 are translated at the approximate exchange rate prevailing at the date of the transaction. Revenue and expense transactions are translated at the approximate exchange rate in effect at the time of the transaction. Foreign exchange gains and losses are included in the condensed consolidated statement of operations and comprehensive loss as foreign exchange gain (loss).

The functional currency of Helius Canada, the Company's Canadian subsidiary is the CAD\$ and the functional currency of NHC is the U.S. dollar USD\$. Transactions in foreign currencies are recorded into the functional currency of the relevant subsidiary at the exchange rate in effect at the date of the transaction. Any monetary assets and liabilities arising from these transactions are translated into the functional currency at exchange rates in effect at the balance sheet date or on settlement. Revenues, expenses and cash flows are translated at the weighted-average rates of exchanges for the reporting period. The resulting currency translation adjustments are not included in the Company's condensed consolidated statements of operations for the reporting period, but rather are accumulated and gains and losses are recorded in foreign exchange gain (loss) within the condensed consolidated statements of operations and comprehensive loss.

Stock-Based Compensation

The Company accounts for all stock-based payments and awards under the fair value-based method. The Company recognizes its stock-based compensation expense using the straight-line method.

The Company accounts for the granting of stock options to employees and non-employees using the fair value method whereby all awards to are measured at fair value on the date of the grant. The fair value of all employee-related stock options is expensed over the requisite service period with a corresponding increase to additional paid-in capital. Upon exercise of stock options, the consideration paid by the option holder, together with the amount previously recognized in additional paid-in capital is recorded as an increase to common stock. Stock options granted to employees are accounted for as liabilities when they contain conditions or other features that are indexed to other than a market, performance or service conditions.

Prior to the adoption of ASU No. 2018-07, *Improvements to Nonemployee Share-Based Payment Accounting* ("ASU 2018-07"), stock-based payment to non-employees were measured at the fair value of the consideration received, or the fair value of the equity instruments issued, or liabilities incurred, whichever was more reliably measurable, and the fair value of stock-based payments to non-employees was re-measured at the end of each reporting period until the counterparty performance was completed, with any change therein recognized over the vesting period of the award and in the same manner as if the Company had paid cash instead of paying with or using equity-based instruments. The fair value of the stock-based payments to non-employees that were fully vested and non-forfeitable as of the grant date were measured and recognized at that date. Following the adoption of ASU 2018-07 during the third quarter of 2018, stock-based payments to non-employees are now being measured based on the fair value of the equity instrument issued. Compensation expense for non-employee stock awards are recognized over the requisite service period following the measurement of the fair value on the grant date over the vesting period of the award.

The Company uses the Black-Scholes option pricing model to calculate the fair value of stock options. The use of the Black-Scholes option pricing model requires management to make assumptions with respect to the expected term of the option, the expected volatility of the common stock consistent with the expected term of the option, risk-free interest rates, the value of the common stock and expected dividend yield of the common stock. Changes in these assumptions can materially affect the fair value estimate.

As a result of the change in the Company's functional currency effective April 1, 2018, awards of options that provide for an exercise price that is not denominated in: (a) the currency of a market in which a substantial portion of the Company's equity securities trades, (b) the currency in which the employee's pay is denominated, or (c) the Company's functional currency, are required to be classified as liabilities. The change in the Company's functional currency resulted in the reclassification of these awards from equity to liability-classified options. Liability classified options are re-measured to their fair values at the end of each reporting date with changes in the fair value recognized in stock-based compensation expense or additional paid-in capital until settlement or cancellation. Under ASC 718, when an award is reclassified from equity to liability, if at the reclassification date the original vesting conditions are expected to be satisfied, then the minimum amount of compensation cost to be recognized is based on the grant date fair value of the original award. Fair value changes below this minimum amount are recorded in additional paid-in capital. In June 2018, the Company's Board of Directors approved subject to the consent of the holders of such options the modification of outstanding stock options with exercise prices denominated in CAD\$ to convert the exercise prices of such options to USD\$ based on the prevailing USD\$/CAD\$ exchange rates on the dates of the grants for such modified stock options. During the third quarter of 2018, employee and non-employee option holders owning stock options representing an aggregate of 2,741,146 shares of common stock consented to the modification. Employee stock options with a fair value of \$10.3 million on August 8, 2018, which were previously classified as stock-based compensation liability, were reclassified to equity during the third quarter of 2018.

Income Taxes

The Company accounts for income taxes using the asset and liability method. The asset and liability method provide that deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial reporting and tax bases of assets

and liabilities, and for operating loss and tax credit carry-forwards. Deferred tax assets and liabilities are measured using the currently enacted tax rates and laws that will be in effect when the differences are expected to reverse. The Company records a valuation allowance to reduce deferred tax assets to the amount that is believed more likely than not to be realized.

The Company has adopted the provisions of Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 740 *Income Taxes* regarding accounting for uncertainty in income taxes. The Company initially recognizes tax positions in the financial statements when it is more likely than not the position will be sustained upon examination by the tax authorities. Such tax positions are initially and subsequently measured as the largest amount of the tax benefit that is greater than 50% likely of being realized upon ultimate settlement with the tax authority, assuming full knowledge of the position and all relevant facts. Application requires numerous estimates based on available information. The Company considers many factors when evaluating and estimating its tax positions and tax benefits. These periodic adjustments may have a material impact on the consolidated statements of operations and comprehensive loss. When applicable, the Company classifies penalties and interest associated with uncertain tax positions as a component of income tax expense in its condensed consolidated statements of operations and comprehensive loss.

Research and Development Expenses

Research and development (“R&D”) expenses consist primarily of personnel costs, including salaries, benefits and stock-based compensation, clinical studies performed by contract research organizations, development and manufacturing of clinical trial devices and devices for manufacturing testing and materials and supplies. R&D costs are charged to operations when they are incurred.

Segment Information

Operating segments are defined as components of an enterprise about which separate discrete information is available for evaluation by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. The Company operates and manages its business within one operating and reportable segment. Accordingly, the Company reports the accompanying consolidated financial statements in the aggregate in one reportable segment.

Derivative Financial Instruments

The Company evaluates its financial instruments and other contracts to determine if those contracts or embedded components of those contracts qualify as derivatives to be separately accounted for in accordance with ASC 815, *Derivatives and Hedging*. The result of this accounting treatment is that the fair value of the derivative is re-measured at each balance sheet date and recorded as a liability or asset and the change in fair value is recorded in the condensed consolidated statements of operations and comprehensive loss. As of September 30, 2018 and December 31, 2017, the Company’s derivative financial instruments were comprised of warrants issued in connection with both public and/or private securities offerings and certain non-employee stock options. During the third quarter of 2018, these non-employee stock options were classified to equity following the modification of these stock options. Upon settlement of a derivative financial instrument, the instrument is re-measured at the settlement date and the fair value of the underlying instrument is reclassified to equity.

The classification of derivative financial instruments, including whether such instruments should be recorded as liabilities/assets or as equity, is reassessed at the end of each reporting period. Derivative financial instruments that become subject to reclassification are reclassified at the fair value of the instrument on the reclassification date. Derivative financial instruments will be classified in the condensed consolidated balance sheet as current if the right to exercise or settle the derivative financial instrument lies with the holder.

Fair Value Measurements

The Company accounts for financial instruments in accordance with ASC 820, *Fair Value Measurements and Disclosures* (“ASC 820”). ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 – Quoted prices in markets that are not active or financial instruments for which all significant inputs are observable, either directly or indirectly; and

Level 3 – Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

The Company’s financial instruments recorded in its condensed consolidated balance sheets consist primarily of cash, receivables, accounts payable, accrued liabilities and derivative financial instruments. The book values of these instruments, with the exception of derivative financial instruments approximate their fair values due to the immediate or short-term nature of these instruments.

The Company's derivative financial instruments are classified as Level 3 within the fair value hierarchy and are required to be recorded at fair value on a recurring basis. Unobservable inputs used in the valuation of these financial instruments include volatility of the underlying share price and the expected term. See Note 3 for the inputs used in the Black-Scholes option-pricing model as of September 30, 2018 and 2017 and the roll forward of the derivative financial instruments related to the Company's warrants. See Note 4 for the inputs used in the Black-Scholes option-pricing model during the third quarter of 2018 for the roll forward of the derivative financial instruments related to the non-employee stock options.

The following table summarizes the Company's derivative financial instruments and stock-based compensation liability within the fair value hierarchy as of September 30, 2018 and December 31, 2017 (amounts in thousands):

	Fair Value	Level 1	Level 2	Level 3
September 30, 2018				
Liabilities:				
Warrants	\$ 14,278	—	—	\$ 14,278
Derivative financial instruments	\$ 14,278	—	—	\$ 14,278
December 31, 2017				
Liabilities:				
Non-employee stock options	\$ 2,637	—	—	\$ 2,637
Warrants	6,941	—	—	6,941
Derivative financial instruments	\$ 9,578	—	—	\$ 9,578

There were no transfers between any levels for any of the periods presented.

Basic and Diluted Income (Loss) per Share

Earnings or loss per share ("EPS") is computed by dividing net income (loss) by the weighted average number of common shares outstanding during the period. Diluted EPS is computed by dividing net income (loss) by the weighted average of all potentially dilutive shares of common stock that were outstanding during the periods presented.

The treasury stock method is used in calculating diluted EPS for potentially dilutive stock options and warrants, which assumes that any proceeds received from the exercise of in-the-money stock options and warrants, would be used to purchase common shares at the average market price for the period.

The basic and diluted loss per share for the periods noted below is as follows (amounts in thousands except shares and per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Basic				
Numerator				
Net loss	\$ (4,517)	\$ (12,938)	\$ (23,508)	\$ (24,295)
Denominator				
Weighted average common shares outstanding	23,377,941	19,225,057	22,221,667	18,368,973
Basic net loss per share	\$ (0.19)	\$ (0.67)	\$ (1.06)	\$ (1.32)
Diluted				
Numerator:				
Net loss, basic	\$ (4,517)	\$ (12,938)	\$ (23,508)	\$ (24,295)
Effect of dilutive securities: warrants	(93)	-	-	-
Net loss, diluted	\$ (4,610)	\$ (12,938)	\$ (23,508)	\$ (24,295)
Denominator:				
Weighted average common shares outstanding - basic	23,377,941	19,225,057	22,221,667	18,368,973
<i>Potential common share issuances:</i>				
Incremental dilutive shares from equity instruments (treasury stock method)	467,557	-	-	-
Weighted average common shares outstanding	23,845,498	19,225,057	22,221,667	18,368,973
Diluted net loss per share	\$ (0.19)	\$ (0.67)	\$ (1.06)	\$ (1.32)

For the three months ended September 30, 2018 a total of 3,133,552 stock options, 651,320 warrants and 963 restricted stock units (“RSUs”) were excluded from the calculation of diluted loss per share as their effect would have been anti-dilutive. For the nine months ended September 30, 2018, a total of 3,133,552 stock options, 4,004,304 warrants and 963 RSUs were excluded from the calculation of diluted loss per share as their effect would have been anti-dilutive. For the three and nine months ended September 30, 2017 a total of 2,642,835 stock options, 1,975,677 warrants and 1,927 RSUs were excluded from the calculation of diluted loss per share as their effect would have been anti-dilutive.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The new standard establishes a right-of-use, or ROU, model that requires a lessee to record a ROU asset and a lease liability on the consolidated balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the consolidated statement of operations. ASU 2016-02 is effective for annual periods beginning after December 15, 2018, including interim periods within those annual periods, with early adoption permitted. In July 2018, the FASB issued ASU No. 2018-11, *Leases: Targeted Improvements*, which provides an optional transition method that allows entities to initially apply the new lease standard at the adoption date and recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. The Company is currently evaluating the potential impact of the standard on its condensed consolidated financial statements.

In June 2018, the FASB issued ASU No. 2018-07, *Improvements to Nonemployee Share-Based Payment Accounting (“ASU 2018-07”)*. This standard expands the scope of Topic 718 to include share-based payment transactions for acquiring goods and services from non-employees. The guidance specifies that Topic 718 will be applied to all share-based payment transactions in which a grantor acquires goods and services to be used or consumed in a grantor’s own operations by issuing share-based payment awards. ASU 2018-07 is effective for annual periods beginning after December 15, 2018, including interim periods within those annual periods, with early adoption permitted. During the third quarter of 2018, the Company early adopted the standard and the adoption did not have a material impact on the Company’s condensed consolidated financial statements.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement*, which adds disclosure requirements to Topic 820 for the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements. This ASU is effective for interim and annual reporting periods beginning after December 15, 2019. The Company is evaluating the effect that ASU 2018-13 will have on its condensed consolidated financial statements.

3. STOCKHOLDERS' DEFICIT

On June 28, 2018, at the Company's 2018 Annual Meeting of Shareholders, the Company's shareholders approved the Company's reincorporation from the state of Wyoming to the state of Delaware. On July 20, 2018, the Company completed its reincorporation from Wyoming to the state of Delaware.

As a result, following the Company's reincorporation in the state of Delaware, the Company's authorized capital stock pursuant to its Delaware charter consists of 150,000,000 authorized shares of Class A common stock, at a par value per share of \$0.001 and 10,000,000 authorized shares of preferred stock at a par value per share of \$0.001. Holders of common stock are entitled to vote at any meeting of the Company's stockholders on the basis of one vote per share of common stock owned as of the record date of such meeting. Each share of common stock entitles the holder to receive dividends, if any, as declared by the directors.

No dividends have been declared since inception of the Company through September 30, 2018. In the event of a liquidation, dissolution or winding-up of the Company, other distribution of assets of the Company among its stockholders for the purposes of winding-up its affairs or upon a reduction of capital, the stockholders shall, share equally, share for share, in the remaining assets and property of the Company.

On April 18, 2016, the Company closed its short form prospectus offering in Canada and a concurrent U.S. private placement (the "April 2016 Offering") of units (the "Units") with gross proceeds to the Company of \$7.2 million through the issuance of Units at a price of CAD\$5.00 per Unit. Each Unit consisted of one Class A common share in the capital of the Company (a "Common Share") and one half of one Common Share purchase warrant (each whole warrant, a "Warrant"). Each warrant entitles the holder thereof to acquire one additional Common Share at an exercise price of CAD\$7.50 per share on or before April 18, 2019. Mackie Research Capital Corporation (the "Agent") acted as agent and sole book runner in connection with the April 2016 Offering. The Company paid the Agent a cash commission of \$0.3 million and granted the Agent compensation options exercisable to purchase 87,210 Units at an exercise price of CAD\$5.00 per Unit for a period of 24 months from the closing of the April 2016 Offering. The Company incurred other cash issuance costs of \$1.1 million related to this offering. As of September 30, 2018, all remaining outstanding compensation options had been cancelled due to their expiration.

On May 2, 2016, the Company closed the sale of the additional units issued pursuant to the exercise of the over-allotment option granted to the Agent in connection with the April 2016 Offering. The April 2016 Offering was made pursuant to a short form prospectus filed with the securities regulatory authorities in each of the provinces of Canada, except Québec. Pursuant to the exercise of the over-allotment option, the Company issued an additional 218,025 units at a price of CAD\$5.00 per unit for additional gross proceeds to the Company of \$0.9 million, bringing the total aggregate gross proceeds to the Company under the Offering to \$8.1 million. Each over-allotment unit consisted of one Class A common share in the capital of the Company and one half of one Common Share purchase warrant. Each over-allotment warrant entitles the holder thereof to acquire one additional over-allotment Common Share at an exercise price of CAD\$7.50 per share on or before April 18, 2019. In connection with the closing of the over-allotment option, the Company paid the Agent a cash commission of \$0.1 million and granted to the Agent compensation options exercisable to purchase 13,081 over-allotment units at an exercise price of CAD\$5.00 per unit for a period of 24 months from the closing of this Offering. As of September 30, 2018, all remaining outstanding compensation options had been cancelled due to their expiration.

The proceeds from the April 2016 Offering were allocated on a relative fair value basis between the common stock and the warrants issued. The warrants issued in connection with the April 2016 Offering were classified within equity in the Company's condensed consolidated balance sheets. These warrants were recorded in additional paid-in capital in the Company's condensed consolidated balance sheets at their fair value. As discussed in Note 1, due to the change in the Company's functional currency, as of April 1, 2018, these warrants have been reclassified to liabilities as derivative financial instruments on the Company's condensed consolidated balance sheet as they are now priced in a currency other than the Company's functional currency.

As a result of the change in the Company's functional currency effective April 1, 2018, warrants and compensation options having a fair value on grant date of approximately \$1.4 million and \$0.2 million, respectively, issued in connection with the April 2016 Offering were reclassified from additional paid-in capital to derivative financial instruments. As of September 30, 2018, there were 960,699 warrants outstanding related to the April 2016 offering with a fair value of \$4.2 million, and no compensation options remained outstanding.

The following table summarizes the weighted average assumptions used in estimating the fair value of the warrants granted in the April 2016 Offering using the Black-Scholes option pricing model as of the grant date and as of April 1, 2018 and September 30, 2018:

	<u>September 30, 2018</u>	<u>April 1, 2018</u>	<u>Grant Date</u>
Stock price	CAD \$12.65	CAD \$12.87	CAD \$5.45
Exercise price	CAD \$7.50	CAD \$7.50	CAD \$7.50
Warrant term	0.55 years	1.05 years	3.0 years
Expected volatility	70.43%	71.13%	83.83%
Risk-free interest rate	1.74%	1.60%	0.60%
Dividend rate	0.00%	0.00%	0.00%

On February 16, 2017, the Company completed an underwritten registered public offering and issued an aggregate of 1,311,000 shares of common stock for gross proceeds of \$9.2 million. The Company incurred share issuance costs of \$1.2 million in connection with this offering.

On June 28, 2017, the Company completed a non-brokered private placement of 800,000 shares of common stock for gross proceeds of \$5.4 million. The Company incurred approximately \$9 thousand in share issuance costs related to the private placement.

In December 2017, the Company completed a three-tranche non-brokered private placement (the “December 2017 financing”) of 646,016 units for gross proceeds of approximately \$6.3 million. Each unit consisted of one share of common stock and one share purchase warrant, and was sold at a price of \$9.80 per unit. Each warrant entitles the holder to acquire one additional share of common stock and is exercisable over a period of 36 months following the respective closing of the December 2017 financing at an exercise price of USD\$12.25 per warrant share. The first tranche, which closed on December 22, 2017, was for 270,915 units for which the Company received gross proceeds of approximately \$2.6 million. The second tranche which closed on December 28, 2017, was for 171,020 units for which the Company received approximately \$1.7 million, while the third tranche which closed on December 29, 2017, was for 204,081 units for which the Company received \$2.0 million. The Company paid \$0.1 million in share issuance costs related to the December 2017 financing.

As a result of the change in the Company’s functional currency, these warrants have been reclassified from liabilities as derivative financial instruments to additional paid-in capital in the Company’s condensed consolidated balance sheet. As of April 1, 2018, \$2.5 million, representing the fair value of warrants having USD\$ exercise price were reclassified from derivative financial instruments to additional paid-in capital.

The following table summarizes the weighted average assumptions used in estimating the fair value of the warrants granted in the December 2017 financing using the Black-Scholes option pricing model as of the grant dates and on April 1, 2018.

	<u>April 1, 2018</u>	<u>December 22, 2017</u>	<u>December 28, 2017</u>	<u>December 29, 2017</u>
Stock price	\$ 10.11	\$ 10.60	\$ 12.45	\$ 12.32
Exercise price	\$ 12.25	\$ 12.25	\$ 12.25	\$ 12.25
Warrant term	2.7 years	3.0 years	3.0 years	3.0 years
Expected volatility	65.40%	60.24%	60.24%	60.24%
Risk-free interest rate	2.39%	2.01%	2.00%	1.98%
Dividend rate	0.00%	0.00%	0.00%	0.00%

On April 13, 2018, the Company issued 2,141,900 shares of its common stock and warrants to purchase 2,141,900 shares of the Company’s common stock in an underwritten public offering at a price of \$7.47 per share and accompanying warrant. Gross proceeds from the offering were approximately \$16.0 million. On April 24, 2018, the Company closed on the sale of an additional 321,285 shares of its common stock and warrants pursuant to the exercise of the over-allotment option (“collectively the “April 2018 offering”) granted to the underwriters in connection with the offering at a price of \$7.47 per share and accompanying warrants. Gross proceeds from the exercise of the over-allotment option were \$2.4 million. BTIG, LLC and Echelon Wealth Partners acted as joint book-running managers for the April 2018 Offering. The Company paid approximately \$1.1 million in underwriting discounts and commissions and incurred offering expenses of approximately \$1.0 million in connection with the April 2018 Offering, resulting in net proceeds of \$16.3 million from the April 2018 offering. The underwriting discounts and commissions and offering expenses were allocated between share issuance costs and expenses based on the relative fair values of common stock and warrants issued in connection with the April 2018 Offering.

Each warrant issued in connection with the April 2018 offering entitles the holder to acquire one additional share of common stock at an exercise price of CAD\$12.25 per share on or before April 10, 2021. Pursuant to the guidance of ASC 815 *Derivatives and Hedging*, the Company has determined that warrants issued in connection with the April 2018 offering should be accounted for as liabilities as the ability to maintain an effective registration is outside of the Company’s control and that it may be required to settle the exercise of the warrants in cash and because, as a result of the change in the Company’s functional currency (see Note 2), the exercise prices of these warrants are in a currency other than the Company’s functional currency. Consequently, the Company determined the fair value of each warrant issuance using the Black-Scholes option pricing model, with the remainder of the proceeds allocated to the common shares. As of September 30, 2018, 70,900 warrants had been exercised for gross proceeds of CAD\$0.9 million. The remaining 2,392,285 warrants had a fair value of \$10.1 million as of September 30, 2018 and were recorded as derivative financial instruments.

The following table summarizes the weighted average assumptions used in estimating the fair value of the warrants granted in the April 2018 Offering using the Black-Scholes option pricing model as of the offering and over allotment dates as well as of September 30, 2018.

	<u>September 30, 2018</u>	<u>April 24, 2018</u>	<u>April 13, 2018</u>
Stock price	CAD \$12.65	CAD \$10.76	CAD \$9.85
Exercise price	CAD \$12.25	CAD \$12.25	CAD \$12.25
Warrant term	2.5 years	3.0 years	3.0 years
Expected volatility	67.11%	64.49%	64.20%
Risk-free interest rate	2.23%	2.02%	1.99%
Dividend rate	0.00%	0.00%	0.00%

The following table summarizes warrants accounted for as liabilities and recorded as derivative financial instruments on the Company's condensed consolidated balance sheets for the nine months ended September 30, 2018 and 2017 (amounts in thousands):

	Nine Months Ended September 30,	
	2018	2017
Fair value of warrants at beginning of period	\$ 6,941	\$ 2,857
Issuance of warrants	7,372	—
Exercise of warrants	(3,012)	—
Fair value of previously equity-classified warrants	5,049	—
Fair value of previously liability-classified warrants reclassified to additional paid-in capital	(2,478)	—
Foreign exchange (gains) losses	(142)	—
Change in fair value of warrants during the period	548	3,684
Fair value of warrants at end of period	<u>\$ 14,278</u>	<u>\$ 6,541</u>

These warrants which are classified as derivative financial instruments in the Company's condensed consolidated balance sheets are required to be re-measured at each reporting period, with the change in fair value recorded as a gain or loss in the change of fair value of derivative financial instruments, included in other income (expense) in the Company's condensed consolidated statements of operations and comprehensive loss. The fair value of the warrants will continue to be classified as a liability until such time as they are exercised, expire or there is an amendment to the respective agreements that renders these financial instruments to be no longer classified as such.

The fair value of all warrants classified as derivative financial instruments outstanding as of September 30, 2018 and December 31, 2017 were estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	September 30, 2018	December 31, 2017
Stock price	CAD\$ 12.65	CAD\$ 12.32
Exercise price	CAD\$ 10.89	CAD\$ 10.25
Warrant term	1.96 years	1.91 years
Expected volatility	68.06%	62.20%
Risk-free interest rate	2.09%	1.83%
Dividend rate	0.00%	0.00%

The following is a summary of the Company's warrant activity during the nine months ended September 30, 2018:

	Number of Warrants		Weighted Average Exercise Price	
	CAD	US	CAD\$	US\$
Outstanding as of December 31, 2017	1,011,505	1,343,404	\$ 7.38	\$ 10.25
Granted	2,476,843	—	12.22	—
Cancelled	(22,699)	(136,528)	5.00	15.00
Exercised	(112,665)	(555,556)	9.88	6.75
Outstanding as of September 30, 2018	<u>3,352,984</u>	<u>651,320</u>	<u>\$ 10.89</u>	<u>\$ 12.24</u>

The Company's warrants outstanding and exercisable as of September 30, 2018 were as follows:

Number of Warrants Outstanding	Exercise Price	Expiration Date
3,795	US \$10.75	June 26, 2020
1,509	US \$10.75	July 17, 2020
960,699	CAD \$7.50	April 18, 2019
270,915	US\$12.25	December 22, 2020
171,020	US\$12.25	December 28, 2020
204,081	US\$12.25	December 29, 2020
<u>2,392,285</u>	<u>CAD\$12.25</u>	<u>April 10, 2021</u>
<u>4,004,304</u>		

4. STOCK-BASED PAYMENTS

On May 15, 2018, the Company's Board of Directors authorized and approved the adoption of the 2018 Omnibus Incentive Plan ("2018 Plan" and together with the 2014 Plan and 2016 Plan, the "Plans"), under which an aggregate of 5,356,114 shares may be issued. Pursuant to the terms of the

2018 Plan, the Company is authorized to grant stock options, as well as awards of stock appreciation rights, restricted stock, unrestricted shares, restricted stock units, stock equivalent units and performance-based cash awards. These awards may be granted to directors, officers, employees and eligible consultants. Vesting and the term of an option is determined at the discretion of the Company's Board of Directors. Subsequent to the adoption of the 2018 Plan, the Company ceased granting shares of common stock under either the 2014 Plan or the 2016 Plan.

As of September 30, 2018, there was an aggregate of 4,963,708 shares of common stock remaining available for grant under the Company's 2018 Plan.

For the nine months ended September 30, 2018, the Company issued 754,906 stock options to employees and directors and issued 15,000 stock options to non-employees.

The following is a summary of the Company's stock option activity during the nine months ended September 30, 2018:

	<u>Number of Stock Options</u>	<u>Weighted Average Exercise Price</u>	<u>Aggregate Intrinsic Value (in 000's)</u>
Outstanding as of December 31, 2017	2,448,646	\$ 5.71	\$ 16,960
Granted	769,906	10.37	—
Exercised	(85,000)	2.91	717
Outstanding as of September 30, 2018	<u>3,133,552</u>	<u>\$ 7.00</u>	<u>\$ 9,731</u>
Exercisable as of September 30, 2018	<u>1,813,360</u>	<u>\$ 3.13</u>	<u>\$ 8,192</u>

Upon the change in the Company's functional currency effective April 1, 2018, stock options previously classified as equity were classified as liabilities. On April 1, 2018, these options had a fair value of approximately \$10.0 million which was recorded in stock-based compensation liability in the Company's condensed consolidated balance sheet, of which approximately \$4.2 million was reclassified from additional paid-in capital and the remainder was recorded as additional stock-based compensation expense in the Company's condensed consolidated statement of operations. In June 2018, the Company's Board of Directors' approved the modification of all outstanding stock options with exercise prices denominated in CAD\$ to convert the exercise prices of such options to USD\$, subject to the consent of the holders of such options. On August 8, 2018, following the consent of option holders, the Company re-measured stock options for which its holders had consented to the modification and recorded \$0.3 million reduction to stock-based compensation liability and reclassified \$10.3 million from liability to equity. The incremental expense as a result of the modification was immaterial to the Company's condensed consolidated statement of operations.

The following table summarizes the change in stock-based compensation liability on the Company's condensed consolidated balance sheets for the six months ended September 30, 2018 (amounts in thousands):

	<u>Six Months Ended September 30, 2018</u>
Fair value of stock-based compensation liability at April 1, 2018	\$ 10,061
Exercise of stock options classified as stock-based compensation liability	(32)
Foreign exchange gain	(108)
Stock-based compensation expense	417
Reclassification to additional paid-in capital upon modification of stock options	(10,338)
Fair value of stock-based compensation liability at September 30, 2018	<u>\$ -</u>

The following table summarizes stock options outstanding and exercisable by employees and directors as of September 30, 2018:

Number of Stock Options Outstanding	Expiration Date	Stock Options Outstanding Remaining Contractual Life	Exercise Price	Fair Value		Grant Date Fair Value	Number of Stock Options Exercisable
		(In Years)		Post Modification 1			
360,000	June 18, 2019	0.71	\$ 2.77	\$ 6.62	\$ —	360,000	
80,000	June 18, 2019	0.71	\$ 2.77	\$ 6.62	\$ —	80,000	
20,000	December 8, 2019	1.19	\$ 12.72	\$ 2.18	\$ —	20,000	
80,000	December 8, 2019	1.19	\$ 12.72	\$ 2.14	\$ —	80,000	
20,000	March 16, 2020	1.46	\$ 12.52	\$ 2.43	\$ —	20,000	
8,500	August 14, 2020	1.87	\$ 3.79	\$ 6.15	\$ —	8,500	
150,000	October 21, 2020	2.06	\$ 3.20	\$ 6.57	\$ —	112,500	
20,000	December 31, 2020	2.25	\$ 4.48	\$ 5.86	\$ —	20,000	
595,000	July 13, 2020	1.78	\$ 5.35	\$ 5.18	\$ —	595,000	
20,000	August 8, 2020	1.85	\$ 4.98	\$ 5.42	\$ —	20,000	
617,000	April 17, 2027	8.54	\$ 8.13	\$ 7.54	\$ —	154,250	
6,146	May 18, 2027	8.62	\$ 7.35	\$ 4.75	\$ —	4,610	
10,000	May 18, 2027	8.62	\$ 7.35	\$ 7.65	\$ —	2,500	
30,000	August 8, 2027	8.85	\$ 10.38	\$ 7.38	\$ —	7,500	
40,000	April 9, 2028	9.52	\$ 9.03	\$ 8.01	\$ —	—	
337,500	May 15, 2028	9.62	\$ 10.99	\$ 7.89	\$ —	48,750	
150,000	July 9, 2028	9.77	\$ 9.69	\$ —	\$ 6.83	—	
114,229	August 22, 2028	9.89	\$ 10.23	\$ —	\$ 7.21	—	
13,177	September 4, 2028	9.92	\$ 10.19	\$ —	\$ 7.19	—	
50,000	September 10, 2028	9.94	\$ 10.34	\$ —	\$ 7.30	—	
50,000	September 24, 2028	9.98	\$ 9.71	\$ —	\$ 6.79	—	
2,771,552						1,533,610	

1. Reflects fair value of modified stock options on August 8, 2018.

As of September 30, 2018 and 2017, the unrecognized compensation cost related to non-vested stock options outstanding for employees and directors, was \$8.0 million and \$4.1 million, respectively, to be recognized over a weighted-average remaining vesting period of approximately 3.0 years and 2.7 years, respectively. The Company recognizes compensation expense for only the portion of awards that are expected to vest.

During the fourth quarter of 2017, upon a review of the Company's equity compensation awards granted under the 2016 Plan it determined that the Company had inadvertently exceeded the annual per-person sub-limits involving an option award previously granted to a current executive officer. The aggregate amount of common stock represented by this excess award was 60,000 shares. This excess award was deemed to have been granted outside of the 2016 Plan and, as such, the Company applied liability accounting to the award. As a result, this excess award was to be re-measured at the end of each reporting period until such time that the Company's shareholders approved the excess award, at which time the liability would be reclassified to equity. On June 28, 2018, the Company's shareholders approved the excess award. On August 8, 2018, upon the modification of the exercise price of this stock option to convert such exercise price from CAD\$ to USD\$ as described above this excess award was re-measured again and reclassified from liability to equity for the portion of the option that had vested.

The fair value of liability-classified stock options recorded as stock-based compensation liability for employees and directors as of August 8, 2018 and April 1, 2018 was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	August 8, 2018	April 1, 2018
Stock price	CAD \$12.14	CAD \$12.87
Exercise price	CAD \$8.81	CAD \$7.72
Expected term	4.96 years	4.23 years
Expected volatility	76.34%	72.56%
Risk-free interest rate	2.20%	1.84%
Dividend rate	0.00%	0.00%

Non-Employee Stock Options

The following table summarizes stock options outstanding and exercisable by non-employees as of September 30, 2018:

Number of Stock Options Outstanding	Expiration Date	Stock Options Outstanding Remaining		Exercise Price	Fair Value Post Modification 1	Grant Date Fair Value	Number of Stock Options Exercisable
		Contractual Life (In Years)					
80,000	June 18, 2019	0.71	\$	2.77	\$	6.62	80,000
30,000	December 8, 2019	1.19	\$	12.72	\$	2.18	30,000
77,000	October 3, 2020	2.01	\$	5.15	\$	5.35	36,000
110,000	October 28, 2020	2.08	\$	3.18	\$	6.59	110,000
20,000	May 18, 2027	8.62	\$	7.35	\$	7.65	5,000
15,000	August 8, 2027	8.85	\$	10.38	\$	7.38	3,750
15,000	November 6, 2027	9.09	\$	16.20	\$	6.98	—
15,000	August 22, 2028	9.89	\$	10.23		\$ 8.87	15,000
362,000							279,750

1. Reflects fair value of modified stock options on August 8, 2018.

The fair value of liability-classified stock options recorded as stock-based compensation liability for non-employees as of August 8, 2018 and April 1, 2018 was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	August 8, 2018	April 1, 2018
Stock price	CAD \$12.14	CAD \$12.87
Exercise price	CAD \$7.13	CAD \$7.12
Expected term	3.62 years	3.95 years
Expected volatility	69.26%	70.59%
Risk-free interest rate	2.18%	1.92%
Dividend rate	0.00%	0.00%

As of September 30, 2018 and 2017, the unrecognized compensation cost related to non-vested stock options outstanding for non-employees, was \$0.1 million and \$1.9 million, respectively, to be recognized over a weighted-average remaining vesting period of approximately 2.4 years and 3.7 years, respectively. The Company recognizes compensation expense for only the portion of awards that are expected to vest.

During the third quarter of 2018 following the modification of stock options from CAD\$ to USD\$, stock options awarded to non-employees that are performing services for NHC were no longer being accounted for as derivative financial instruments. As a result, following the remeasurement of non-employee stock options on August 8, 2018, vested non-employee stock options were reclassified from liability to equity.

The following table summarizes non-employee stock options that had been accounted for as derivative financial instruments for the nine months ended September 30, 2018 (amounts in thousands):

	Nine Months Ended September 30,	
	2018	2017
Fair value of non-employee options at beginning of period	\$ 2,637	\$ 1,617
Exercise of non-employee options	(737)	—
Foreign exchange gains	(38)	—
Change in fair value of non-employee stock options during the period	(656)	1,768
Reclassification to additional paid-in capital	(1,206)	—
Fair value of non-employee options at end of period	\$ -	\$ 3,385

The fair value of non-employee stock options previously classified as derivative financial instruments as of August 8, 2018 and September 30, 2017 was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	<u>August 8, 2018</u>	<u>September 30, 2017</u>
Stock price	CAD \$12.14	CAD \$17.70
Exercise price	CAD \$4.83	CAD \$6.15
Expected term	0.93 years	1.84 years
Expected volatility	73.18%	60.77%
Risk-free interest rate	1.95%	1.52%
Dividend rate	0.00%	0.00%

Restricted Stock Units

During the second quarter of 2017, the Company granted restricted stock units (“RSUs”) to certain employees under the 2016 Plan that vest over a three-year period, with 25% vested immediately. The fair value of the restricted stock units was based on the closing price of the Company’s common stock on the date of grant. As of September 30, 2018, the Company had 964 RSUs outstanding with a weighted average grant date fair value of CAD\$10.00 per share. For the nine months ended September 30, 2018, the Company issued 705 net shares of common stock (net of tax withholding of 258 shares) in settlement of vested RSUs.

Stock-Based Compensation Expense

Stock-based compensation expense is classified in the Company’s condensed consolidated statements of operations and comprehensive loss as follows (amounts in thousands):

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Research and development	\$ 208	\$ 121	\$ 745	\$ 252
General and administrative	317	553	6,500	1,212
Total	<u>\$ 525</u>	<u>\$ 674</u>	<u>\$ 7,245</u>	<u>\$ 1,464</u>

5. ACCRUED EXPENSES

Accrued expenses consisted of the following (amounts in thousands):

	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Employees benefits	\$ 433	\$ 442
Professional services	260	88
Legal expense	277	343
Advance from U.S Army	233	233
Rent	100	97
Severance	—	38
Other	1	1
	<u>\$ 1,304</u>	<u>\$ 1,242</u>

6. COMMITMENTS AND CONTINGENCIES

- (a) On January 22, 2013, The Company entered into a license agreement with Advanced NeuroRehabilitation, LLC (“ANR”) for an exclusive right to ANR’s patent pending technology, claims and knowhow. In addition to the issuance 3,207,005 shares of common stock to ANR, the Company agreed to pay a 4% royalty on net revenue on the sales of devices covered by the patent-pending technology and services related to the treatment or use of devices covered by the patent-pending technology. The Company has not made any royalty payments to date under this agreement.
- (b) On October 30, 2017, NHC amended the Asset Purchase Agreement with A&B which specified that if the Company fails to obtain FDA marketing authorization for commercialization of or otherwise fails to ensure that the PoNS device is available for purchase by the U.S. Government by December 31, 2021, the Company would be subject to a \$2.0 million contract penalty payable to A&B, unless the Company receives an exemption for the requirement of FDA marketing authorization from the US Army Medical Material Agency. Based on this amendment the Company has determined that the possibility of a payment under this contractual penalty is remote.
- (c) In November 2014, the Company signed a development and distribution agreement with Altair LLC to apply for registration and distribution of the PoNS device in the territories of the former Soviet Union. The Company will receive a 7% royalty on sales of the devices within the territories. However, there is no assurance that such commercialization will occur.

- (d) In March 2017, the Company entered into a lease for office space in Newtown, Pennsylvania. The initial term of the lease is from July 1, 2017 through December 31, 2022, with an option to extend until 2027. In July 2017, the Company amended the contract to commence the lease on July 17, 2017 through January 16, 2023, with an option to extend until January 2028. Monthly rent plus utilities will be approximately \$20,000 per month beginning in January 2018 with a 3% annual increase.

The future minimum lease payments related to the Company's non-cancellable operating lease commitments were as follows (amounts in thousands):

For the Period Ending December 31,	
2018 (remaining three months)	\$ 60
2019	246
2020	253
2021	260
2022	267
Thereafter	12
	<u>\$ 1,098</u>

- (e) On December 29, 2017, NHC, a wholly owned subsidiary of the Company entered into a Manufacturing and Supply Agreement ("MSA") with Key Tronic Corporation ("Key Tronic"), for the manufacture and supply of the Company's PoNS device based upon the Company's product specifications as set forth in the MSA. Per the agreement, the Company shall provide to Key Tronic a rolling forecast for the procurement of parts and material and within normal lead times based on estimated delivery dates for the manufacture of the PoNS device. The term of the agreement will be for three-years and will automatically renew for additional consecutive terms of one year, unless cancelled by either party upon 180-day written notice to the other party prior to the end of the then current term. During the third quarter of 2018, the Company provided an initial forecast to Key Tronic to deliver initial launch quantities of approximately \$1.0 million.
- (f) In September 2018, the Company's wholly owned subsidiaries NHC and Heliuss Canada entered into an exclusive strategic and distribution alliance with HealthTech Connex, Inc. ("HTC"), a health technology company located in Surrey, BC, Canada and Heuro Canada Inc. ("Heuro") a wholly owned subsidiary of HTC, to generate a model for the PoNS Treatment that would be transferable to other neuroplasticity clinics in Canada. Under the terms of the agreement, Heuro will be responsible for commercializing the PoNS Treatment in Canada during the initial term with a goal of engaging three founding clinics. The agreement also includes a supply arrangement whereby Heuro shall order and the Company shall invoice Heuro for the PoNS device. The agreement also provide for HTC to pay the Company CAD\$0.8 million in partial consideration for the exclusivity right granted by the Company to Heuro, over a three year period. The Company has also agreed to fund up to CAD\$1.0 million of Heuro's operating budget as agreed upon by a joint steering committee but not to exceed 50% of the operating budget associated with this arrangement and also share in the net profit/loss of Heuro as will be defined on a 50/50 basis with HTC. The term of this agreement is the earlier of five years or the formal adoption of a clinical expansion plan which is expected to be within the first year. As of September 30, 2018, the Company had recorded CAD\$0.2 million in accounts payable for its share of estimated costs incurred by Heuro and recorded an additional \$0.2 million expenses incurred by the Company in performing services on behalf of Heuro.

7. VARIABLE INTEREST ENTITIES

A variable interest entity ("VIE") is an entity that either (i) has insufficient equity to permit the entity to finance its activities without additional subordinated financial support, or (ii) has equity investors who lack the characteristics of a controlling financial interest. Under ASC 810 – Consolidation ("ASC 810"), an entity that holds a variable interest in a VIE and meets certain requirements would be considered to be the primary beneficiary of the VIE and is required to consolidate the VIE in its condensed consolidated financial statements. In order to be considered the primary beneficiary of a VIE, an entity must hold a variable interest in the VIE and have both:

- the power to direct the activities that most significantly impact the economic performance of the VIE; and
- the right to receive benefits from, or the obligation to absorb losses of, the VIE that could be potentially significant to the VIE.

The Company regularly assesses its relationships with contractual third party and other entities for potential VIE's. In making this assessment, the Company considers the potential that its contracts or other arrangements provide subordinated financial support, absorb losses or rights to residual returns of the entity and the ability to directly or indirectly make decisions about the entity's activities. If the Company determines that it is the primary beneficiary of a VIE, the Company consolidates the statements of operations and financial condition of the VIE into its condensed consolidated financial statements.

Unconsolidated Variable Interest Entity

The Company utilized the consolidation guidance under ASC 810 to determine whether Heuro was a VIE, and if so, whether the Company was the primary beneficiary of Heuro (see Note 6(f)). As of September 30, 2018, the Company concluded that Heuro is a VIE based on the fact that the equity investment at risk in Heuro is not sufficient. The Company's variable interests in Heuro arise from a profit sharing arrangement with Heuro. In determining whether the Company is the primary beneficiary and whether the Company has the right to receive benefits and the obligation to absorb losses that could potentially be significant to the VIE, the Company evaluated its economic interest in Heuro.

This evaluation considered all relevant factors of Heuro’s structure, including its capital structure, contractual rights to earnings (losses) as well as other contractual arrangements that have the potential to be economically significant. Following the guidance in ASC 810, although the Company has the obligation to absorb losses as of September 30, 2018, the Company concluded that it is not the primary beneficiary as it does not have the power to direct the activities that most significantly affect the economic performance of Heuro. The significant economic activities identified were financing activities, research and development activities, commercialization activities, supply and distribution activities, business strategy activities and clinic expansion activities. The evaluation of each of these factors in reaching a conclusion about the potential significance of the Company’s economic interests and control was a matter that required the exercise of professional judgement. Accordingly, as of September 30, 2018, the Company did not consolidate Heuro in its condensed consolidated financial statements.

8. RELATED PARTY TRANSACTIONS

During the three months ended September 30, 2018 and 2017, the Company paid \$25 thousand and \$0 respectively, in consulting fees to a director of the Company. During the nine months ended September 30, 2018 and 2017, the Company paid \$34 thousand and \$21 thousand, respectively, in consulting fees to two directors of the Company. As of September 30, 2018, the Company owed \$4 thousand to a director for consulting services.

In April 2016, the Company entered into a consulting agreement with Montel Media, Inc. (“Montel Media”), pursuant to which Montel Media provides consulting services for the promotion of the Company’s clinical trials and ongoing media and marketing strategies. Under the agreement, Montel Media received \$15,000 per month. During the first quarter of 2018, the Company terminated its agreement with Montel Media. Montel Media is owned by Montel Williams, who beneficially owns greater than 5% of the Company’s common stock. The Company paid Montel Media \$45 thousand and \$0.1 million during the nine months ended September 30, 2018 and 2017, respectively, and \$0 and \$45 thousand during the three months ended September 30, 2018 and 2017, respectively pursuant to the consulting agreement.

For the three months ended September 30, 2018, a benefit of \$17 thousand, which included a foreign exchange gain of \$5 thousand compared to an expense of \$1.4 million for the three months ended September 30, 2017, was included in the change in fair value of derivative financial instruments as the fair value of stock-based compensation attributed to the options granted to a director for consulting services rendered with respect to the design and development of the PoNS device.

For the nine months ended September 30, 2018, a benefit of \$0.3 million, which included a foreign exchange gain of \$18 thousand compared to an expense of \$1.5 million for the nine months ended September 30, 2017, was included in the change in fair value of derivative financial instruments as the fair value of stock-based compensation attributed to the options granted to a director for consulting services rendered with respect to the design and development of the PoNS device.

The Company’s Chief Medical Officer is a founding member of Clinvue LLC, (“Clinvue”), a company that provides regulatory advisory services to the Company. For the three months ended September 30, 2018 and 2017, the Company made no payment to Clinvue for consulting services. For the nine months ended September 30, 2018 and 2017, the Company paid Clinvue approximately \$0.1 million and \$17 thousand, respectively, for consulting services.

In connection with the December 2017 financing, the Company’s Chief Executive Officer, its Chief Financial Officer/Chief Operating Officer, two directors and A&B (HK) Company Ltd. a greater than 5% owner of the Company’s outstanding common stock subscribed for units in the December 2017 financing.

The following table summarizes the participation of these individuals and entities in the December 2017 financing (subscription amounts in thousands):

	<u>Units Purchased</u>	<u>Subscription Amount</u>
A&B (HK) Company Ltd.	204,081	\$ 2,000
Director 1	76,530	750
Director 2	51,019	500
CEO	25,510	250
CFO/COO	15,816	155
	<u>372,956</u>	<u>\$ 3,655</u>

9. SOLE-SOURCE COST-SHARING AGREEMENT

In July 2015, the Company entered into a sole source cost sharing agreement with the U.S. Army Medical Research and Materiel Command (“USAMRMC”). Under the terms of the contract, the USAMRMC will reimburse the Company up to a maximum of \$3.0 million to conduct a registrational trial investigating the safety and effectiveness of the PoNS device for the treatment of chronic balance deficits due to mild to moderate traumatic brain injury. Reimbursement of expenses under the agreement is based on a schedule of milestones related to the completion of subjects in the trial. The original contract expired on December 31, 2016; however, the Company extended the contract agreement through

December 31, 2017. On November 7, 2017, the Company received another extension of the contract agreement to December 31, 2018. As of September 30, 2018, the Company has received a total of \$3.0 million with respect to expenses reimbursed for amounts owed to the Company for completion of development milestones, of which \$0.2 million of the total received has been recorded as an advance against the fifth and final milestone. All reimbursement amounts received are credited directly to the accounts in which the original expense is recorded, including research and development, wages and salaries, and legal expenses. In addition, during the third quarter of 2017, the Company announced the execution of an extension to its Cooperative Research and Development Agreement (“CRADA”) with the USAMRMC through 2018 and extended the deadline for commercialization of the PoNS device to December 31, 2021.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Unless otherwise specified or the context otherwise requires, references to "we", "us" or "our" mean Heliuss Medical Technologies, Inc. and its wholly owned subsidiaries, Neurorehabilitation Corporation, or NHC, and Heliuss Medical Technologies (Canada), Inc. The interim financial statements and this Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the financial statements and notes thereto for the year ended December 31, 2017, and the related Management's Discussion and Analysis of Financial Condition and Results of Operations, both of which are contained in the our Annual Report on Form 10-K for the year ended December 31, 2017 filed with the Securities and Exchange Commission, or the SEC, on March 12, 2018, or our 2017 Annual Report. All financial information is stated in U.S. dollars unless otherwise specified. Our condensed consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States, or U.S. GAAP.

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements that involve risks and uncertainties, including statements regarding our market, strategy, competition, capital needs, business plans and expectations. Such forward-looking statements involve risks and uncertainties regarding the success of our business plan, availability of funds, its ability to maintain and enforce its intellectual property rights, government regulations, operating costs, and its ability to achieve significant revenues and other factors. Forward-looking statements are made, without limitation, in relation to operating plans, availability of funds and operating costs. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may", "will", "should", "expect", "plan", "intend", "anticipate", "believe", "estimate", "predict", "potential" or "continue", the negative of such terms or other comparable terminology. Actual events or results may differ materially. In evaluating these statements, you should consider various factors, including the risks outlined in the "Risk Factors" sections of our 2017 Annual Report and this report. These factors may cause our actual results to differ materially from any forward-looking statements. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith, based on information available to us as of the date hereof, and reflect our current judgment regarding our business plans, our actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions or other future performance suggested herein. We do not intend to update any of the forward-looking statements to conform these statements to actual results, except as required by applicable law, including the securities laws of the United States. The forward-looking statements are subject to a number of risks and uncertainties which are discussed in the section entitled "Item 1A. Risk Factors" in this Quarterly Report on Form 10-Q and in our 2017 Annual Report and those described from time to time in our future reports filed with the SEC. Although we believe that the expectations reflected in our forward-looking statements are reasonable, we cannot guarantee future results, events, levels of activity, performance or achievement. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by law.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with its unaudited condensed consolidated financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q.

Overview

Heliuss Medical Technologies, Inc. (the "Company") is a neurotech company focused on neurological wellness. Our purpose is to develop, license and acquire unique and non-invasive platform technologies that amplify the brain's ability to heal itself.

Our first product in development, known as the portable neuromodulation stimulator or PoNS®, is an investigational, non-invasive, medical device currently under review by the FDA for clearance to improve balance in patients following a mild-to-moderate traumatic brain injury (mTBI) when combined with targeted physical therapy. The PoNS Treatment is the first and only tongue-delivered neuromodulation that combines stimulation of cranial nerves with physical and cognitive therapy to restore lost neurological function.

Business Update

During the third quarter of 2018, we submitted a request with the FDA for de novo classification and 510(k) clearance of the PoNS device. Our request for de novo classification and 510(k) clearance is supported by clinical data on 163 patients from two double-blind, randomized, controlled trials demonstrating the PoNS device's safety and efficacy. In addition, during the third quarter of 2018, we also submitted an application for a Class II medical device license to Health Canada to market the PoNS device. In October 2018, we received a medical device license from Health Canada which authorizes us to market our PoNS device as a Class II medical device in Canada.

During the third quarter, we also announced our partnership with the Ohio State University Wexner Medical Center, a leading neurorehabilitation center located in Columbus, OH, to establish our first clinical experience program, or CEP, and in October 2018, we announced another partnership with Northwell Health's Feinstein Institute for Medical Research in Manhasset, NY, to establish our second CEP for our PoNS device. Our CEPs are being sponsored by us to be implemented in partnership with leading neurorehabilitation centers in the U.S., including academic and research institutions as well as hospital systems. We expect the clinical experience programs to allow us to offer an open label clinical study of our PoNS therapy in patients suffering from chronic balance deficit due to mild- to moderate-traumatic brain injury, or TBI in a real-world clinical setting in advance of a 510(k) clearance of our PoNS device by the FDA. We expect our CEPs to be an important component

of our pre-regulatory clearance activities, as we expect them to enable us to build relationship with leading, neurorehabilitation centers and key opinion leaders in the area of TBI, generate clinical evidence and gain real-world experience in the use of the PoNS device. Patient recruitment at both sites is expected to begin during the fourth quarter of 2018.

In September 2018, we entered into an exclusive strategic and distribution alliance with HealthTech Connex, Inc. (“HTC”), a health technology company located in Surrey, BC, Canada and Heuro Canada Inc. (“Heuro”) a wholly owned subsidiary of HTC, to generate a model for the PoNS Treatment that would be transferable to other neuroplasticity clinics in Canada. Under the terms of the agreement, Heuro will be responsible for commercializing the PoNS Treatment in Canada during the initial term with a goal of engaging three founding clinics. The agreement also includes a supply arrangement whereby Heuro shall order and we shall invoice Heuro for the PoNS device. In November 2018, Heuro engaged with two of the founding clinics and we expect these clinics to be operational in the fourth quarter of 2018 and expect to begin treating patients in Canada in the first quarter of 2019.

We also expect to submit applications for marketing authorizations in Europe and Australia during the fourth quarter of 2018.

Results of Operations

Three Months Ended September 30, 2018 compared to the Three Months Ended September 30, 2017

The following table summarizes our results of operations for the three months ended September 30, 2018 and 2017 (amounts in thousands):

	Three Months Ended September 30,		Change
	2018	2017	
Revenue	\$ —	\$ —	\$ —
Operating expenses:			
Research and development	2,309	3,798	(1,489)
General and administrative	2,581	2,172	409
Total operating expenses	4,890	5,970	(1,080)
Loss from operations	(4,890)	(5,970)	1,080
Other income (expense):			
Other income	4	—	4
Change in fair value of derivative financial instruments	368	(5,960)	6,328
Foreign exchange gain (loss)	1	(1,008)	1,009
Total other income (expense)	373	(6,968)	7,341
Net loss	\$ (4,517)	\$ (12,938)	\$ 8,421

Revenue

During the three months ended September 30, 2018 and 2017, we did not generate any revenue.

Research and Development Expense

Research and development or R&D expenses were \$2.3 million during the three months ended September 30, 2018 compared to \$3.8 million during the three months ended September 30, 2017, a decrease of \$1.5 million. The decrease was primarily driven by a \$1.2 million reduction in clinical trial expenses as we completed our registrational clinical trial during the third quarter of 2017 and a \$1.1 million reduction in product development costs due to the completion of the design and development work on the PoNS device. These decreases were partially offset by higher consulting expenses of \$0.4 million, higher regulatory fees of \$0.1 million as we prepared our FDA submission. In addition, wages and salaries increased by approximately \$0.2 million.

General and Administrative Expense

General and administrative or G&A expenses were \$2.6 million during the three months ended September 30, 2018 compared to \$2.2 million during the three months ended September 30, 2017, an increase of \$0.4 million. The increase was primarily due to \$0.2 million in higher wages and salaries and \$0.4 million increase in consulting expenses relating to our commercial infrastructure build out, partially offset by \$0.2 million reduction in stock-based compensation expense.

Change in Fair Value of Derivative Financial Instruments

The change in fair value of derivative financial instruments was a gain of \$0.4 million during the three months ended September 30, 2018 compared to a loss of \$6.0 million during the three months ended September 30, 2017.

The change in fair value of our derivative financial instruments was primarily attributable to the change in our stock price, volatility and the number of derivative financial instruments being measured during the period, as we reclassified non-employee options previously recorded as derivative financial instruments to equity (see Note 3 to our condensed consolidated financial statements included elsewhere in this report). The change in the fair value of derivative financial instruments is a non-cash item.

Foreign Exchange Gain (Loss)

Foreign exchange gain was \$1 thousand during the three months ended September 30, 2018 compared to a loss of \$1.0 million during the three months ended September 30, 2017. This was primarily due to the amount of Canadian dollars held at the end of each reporting period, coupled with the change in our functional currency from CAD\$ to USD\$.

Nine Months Ended September 30, 2018 compared to the Nine Months Ended September 30, 2017

The following table summarizes our results of operations for the nine months ended September 30, 2018 and 2017 (amounts in thousands):

	Nine Months Ended September 30,		Change
	2018	2017	
Revenue	\$ —	\$ —	\$ —
Operating expenses:			
Research and development	7,781	11,121	(3,340)
General and administrative	13,632	5,862	7,770
Total operating expenses	21,413	16,983	4,430
Loss from operations	(21,413)	(16,983)	(4,430)
Other income (expense):			
Other income	63	—	63
Change in fair value of derivative financial instruments	(3,356)	(5,452)	2,096
Foreign exchange gain (loss)	1,198	(1,860)	3,058
Total other expense	(2,095)	(7,312)	5,217
Net loss	\$ (23,508)	\$ (24,295)	\$ 787

Revenue

During the nine months ended September 30, 2018 and 2017, we did not generate any revenue.

Research and Development Expense

R&D expenses were \$7.8 million during the nine months ended September 30, 2018 compared to \$11.1 million during the nine months ended September 30, 2017. The decrease of \$3.3 million was primarily attributable to a reduction in clinical trial expenses as we completed our registrational clinical trial during the third quarter of 2017.

General and Administrative Expense

G&A expenses were \$13.6 million during the nine months ended September 30, 2018 compared to \$5.9 million during the nine months ended September 30, 2017 an increase of \$7.7 million. The increase was primarily due to higher stock-based compensation expense of \$5.3 million in 2018, which was mainly the result of the change in our functional currency (as described in Note 4 to our condensed consolidated financial statements included elsewhere in this report). Legal and other professional services expenses increased by \$1.3 million compared to the nine months ended September 30, 2017, primarily driven by a \$0.9 million increase from expenses incurred in connection with the April 2018 offering that were allocated to the liability-classified warrants issued in the offering. Rent and other office expense also increased by \$0.3 million in 2018 as we moved into our new corporate office space during the third quarter of 2017. Commercial operations expenses, including wages and salaries increased by \$0.8 million in 2018 as we continue to build our commercial operation infrastructure in anticipation of device clearance from the FDA.

Change in Fair Value of Derivative Financial Instruments

The change in fair value of derivative financial instruments was a loss of \$3.4 million during the nine months ended September 30, 2018 compared to a loss of \$5.5 million during the nine months ended September 30, 2017. During the nine months ended September 30, 2018, we recorded a \$3.3 million loss from the change in fair value of warrants that were previously classified in equity which have now been reclassified as derivative financial instruments as a result of a change in our functional currency. In addition, we recorded a \$3.3 million loss from the change in fair value of warrants issued in our April 2018 offering as these warrants are also recorded as derivative financial instruments.

These losses were partially offset by a \$2.0 million gain from the change in fair value of warrants that were previously classified as derivative financial instruments that are now classified in equity due to the change in our functional currency, a \$0.7 million gain from the change in fair value of certain of our non-employee stock options that were previously classified as derivative financial instruments and a \$0.5 million gain from the change in the fair value of our warrants issued in our April 2016 offering.

The change in fair value of derivative financial instruments was primarily attributable to the change in our stock price, volatility and the number of derivative financial instruments being measured during the period. The change in the fair value of derivative financial instruments is a non-cash item.

Foreign Exchange Loss

Foreign exchange gain was \$1.2 million during the nine months ended September 30, 2018 compared to a loss of \$1.9 million during the nine months ended September 30, 2017. This was primarily due to fluctuations in the foreign exchange rate as related to the amount of Canadian dollars held at the end of each reporting period.

Statement of Cash Flows

The following table summarizes our cash flows for the nine months ended September 30, 2018 and 2017 (amounts in thousands):

	Nine Months Ended September 30,		Change
	2018	2017	
Net cash used in operating activities	\$ (14,476)	\$ (14,239)	\$ (237)
Net cash used in investing activities	(425)	(181)	(244)
Net cash provided by financing activities	21,692	14,210	7,482
Effect of exchange rate changes on cash	44	158	(114)
Net increase (decrease) in cash	\$ 6,835	\$ (52)	\$ 6,887

Net Cash Used in Operating Activities

Net cash used in operating activities during the nine months ended September 30, 2018 was \$14.5 million. This was comprised of a net loss of \$23.5 million and net cash used in changes in operating assets and liabilities of \$0.4 million, adjusted for non-cash items including the change in fair value of derivative financial instruments of \$3.4 million, and stock-based compensation expense of \$7.2 million, which amounts were partially offset by unrealized foreign exchange gains of \$1.3 million.

Net cash used in operating activities during the nine months ended September 30, 2017 was \$14.2 million. This was comprised of a net loss of \$24.3 million adjusted for non-cash items including stock-based compensation expense of \$1.5 million, unrealized foreign exchange loss of \$1.8 million, change in fair value of derivative financial instruments of \$5.5 million and net cash provided by changes in operating assets and liabilities of \$1.4 million.

Net Cash Used in Investing Activities

Net cash used in investing activities during the nine months ended September 30, 2018 was \$0.4 million, which was primarily related to the purchase of furniture and fixtures for our office as well as laser marking equipment.

Net cash used in investing activities during the nine months ended September 30, 2017 was \$0.2 million, which was primarily related to leasehold improvements expenditure for our office.

Net Cash Provided by Financing Activities

Net cash provided by financing activities during the nine months ended September 30, 2018 was \$21.7 million, which was comprised of \$18.4 million received from the sale of 2,463,185 shares of our common stock and accompanying warrants in our April 2018 public offering. In addition, we received \$4.6 million in proceeds from the exercise of stock options and warrants. These amounts were partially offset by \$1.3 million in share issuance costs incurred primarily in connection with the April 2018 public offering.

Net cash provided by financing activities during the nine months ended September 30, 2017 was \$14.2 million, which was comprised of \$14.5 million received from the sale of 6,555,000 shares of our common stock in our February 2017 public offering and 4,000,000 shares of our

common stock in our June 2017 private placement, as well as \$0.9 million received from the exercise of stock options and warrants. These amounts were partially offset by \$1.2 million in share issuance costs incurred in connection with our February 2017 public offering.

Liquidity and Capital Resources

Our financial statements have been prepared assuming that we will continue as a going concern and, accordingly, do not include adjustments relating to the recoverability and realization of assets and classification of liabilities that might be necessary should we be unable to continue in operation. Our major sources of cash have been proceeds from various public and private offerings of our common stock and exercises of options and warrant. From June 2014 through September 30, 2018, we raised approximately \$73.9 million in gross proceeds from various public and private offerings of our common stock as well as the exercise of options and warrants, including \$18.4 million in gross proceeds from our April 2018 public offering.

In April 2018, we issued 2,463,185 shares of our common stock and warrants to purchase 2,463,185 shares of our common stock in an underwritten public offering at a price of \$7.47 per share and accompanying warrants. Net proceeds from the offering after deducting underwriting discounts and commissions and offering expenses was \$16.3 million. We intend to use the net proceeds from this offering primarily to fund manufacturing activities for the PoNS device, activities related to our submissions for marketing authorization of the PoNS device to the FDA and other regulatory authorities, commercial launch preparations, and for working capital and general corporate purposes.

The following table summarizes our cash and working capital (which we define as current assets less current liabilities excluding derivative financial instruments) as of September 30, 2018 and December 31, 2017 (amounts in thousands):

	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Cash	\$ 12,397	\$ 5,562
Working capital	\$ 9,245	\$ 1,897

We currently have limited working capital and liquid assets. Our cash as of September 30, 2018 was approximately \$12.4 million. To date, we have not generated any revenue from the commercial sale of products or services. There are a number of conditions that we must satisfy before we will be able to generate revenue, including but not limited to the recruitment of patients for treatment in Canada, manufacturing of a commercially-viable version of the PoNS device and demonstration of effectiveness sufficient to generate commercial orders by customers for our product. Moreover, because we expect that the revenue opportunity in the United States is significantly greater than in Canada, our ability to generate significant revenue in the future is also dependent upon the receipt of FDA marketing authorization of the PoNS device for treating balance disorder associated with mild- to moderate-TBI.

We will require additional funding to fund our ongoing activities. There can be no assurance that we will be successful in raising additional capital or that such capital, if available, will be on terms that are acceptable to us. If we are unable to raise sufficient additional capital, we may be compelled to reduce the scope of our operations and planned capital expenditure or sell certain assets, including intellectual property, and we may be forced to cease or wind down operations, seek protection under the provisions of the U.S. Bankruptcy Code, or liquidate and dissolve our company.

Contractual Commitments and Obligations

The disclosure of our contractual obligations and commitments was reported in our 2017 Annual Report. There have been no material changes from the contractual commitments and obligations previously disclosed in our 2017 Annual Report, other than the changes described in Note 6, "Commitments and Contingencies" to our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

Off Balance Sheet Arrangements

To the best of management's knowledge, there are no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on our results of operations or financial condition other than that described in Note 7 to our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our financial statements that have been prepared in accordance with U.S. GAAP. This preparation requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities.

Our critical accounting policies and estimates are described in Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies and Estimates" of our 2017 Annual Report. There have been no changes in critical accounting policies in the current year from those described in our 2017 Annual Report.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The new standard establishes a right-of-use, or ROU, model that requires a lessee to record a ROU asset and a lease liability on the consolidated balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the consolidated statement of operations. ASU 2016-02 is effective for annual periods beginning after December 15, 2018, including interim periods within those annual periods, with early adoption permitted. In July 2018, the FASB issued ASU No. 2018-11, *Leases: Targeted Improvements*, which provides an optional transition method that allows entities to initially apply the new lease standard at the adoption date and recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. We are currently evaluating the potential impact of the standard on our condensed consolidated financial statements.

In June 2018, the FASB issued ASU No. 2018-07, *Improvements to Nonemployee Share-Based Payment Accounting*. This standard expands the scope of Topic 718 to include share-based payment transactions for acquiring goods and services from nonemployees. The guidance specifies that Topic 718 will be applied to all share-based payment transactions in which a grantor acquires goods and services to be used or consumed in a grantor's own operations by issuing share-based payment awards. ASU 2018-07 is effective for annual periods beginning after December 15, 2018, including interim periods within those annual periods, with early adoption permitted. During the third quarter of 2018, we early adopted the standard and the adoption did not have any material impact on our condensed consolidated financial statements.

In August 2018, the Securities and Exchange Commission ("SEC") adopted the final rule under SEC Release No. 33-10532, *Disclosure Update and Simplification*, amending certain disclosure requirements that were redundant, duplicative, overlapping, outdated or superseded. In addition, the amendment expanded the disclosure requirements on the analysis of stockholders' equity for interim financial statements. Under the amendment, an analysis of changes in each caption of stockholders' equity presented in the balance sheet must be provided in a note or separate statement. The analysis should present a reconciliation of the beginning balance to the ending balance of each period for which a statement of comprehensive income is required to be filed. We anticipate that our first presentation of changes in stockholders' equity will be included in our Form 10-Q for the quarter ended March 31, 2019.

JOBS Act

In April 2012, the JOBS Act was enacted in the United States. Section 107 of the JOBS Act provides that an "emerging growth company" can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. Thus, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have irrevocably elected not to avail ourselves of this extended transition period and, as a result, we will adopt new or revised accounting standards on the relevant dates on which adoption of such standards is required for non-emerging growth public companies.

ITEM 3. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to foreign currency exchange risk from the transfer of funds between the United States and Canada to satisfy obligations as we do not hedge our foreign exchange exposure.

ITEM 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As required by Rule 13a-15(b) of the Exchange Act, under the direction of the Chief Executive Officer and the Chief Financial Officer, we have evaluated our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on this evaluation, we have concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report.

Changes in Internal Control over Financial Reporting

There has not been any change in our internal control over financial reporting (as such term is defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) during the period covered by this Quarterly Report on Form 10-Q that has materially affected, or is reasonably likely to materially affect our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we are subject to litigation and claims arising in the ordinary course of business. We are not currently a party to any material legal proceedings and we are not aware of any pending or threatened legal proceeding against us that we believe could have a material adverse effect on our business, operating results or financial condition.

Item 1A. Risk Factors

Except as set forth below, there have been no material changes to the risk factors previously disclosed in our 2017 Annual Report. You should carefully consider the risk factors discussed in Part I, “Item 1A. Risk Factors” in our 2017 Annual Report, as updated below, which could materially affect our business, financial condition and/or operating results. The risks described in our 2017 Annual Report, as updated below, are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deems to be immaterial also may materially and adversely affect our business, financial condition and/or operating results.

If we fail to obtain FDA authorization for commercialization of or otherwise fail to ensure that the PoNS device is available for purchase by the U.S. Government by December 31, 2021, we are subject to significant risk of loss of data and proprietary rights and to certain contractual penalties.

Under the CRADA, if we fail to obtain FDA marketing authorization of the PoNS device by December 31, 2021 we would be in breach of the CRADA should we and the army decide not to extend the CRADA termination date. In addition, if we fail to ensure commercialization of the PoNS Treatment is available for purchase by the U.S. Government by December 31, 2021, we may forfeit the right to pursue commercialization on our own. Specifically, if we do not commercialize the PoNS by December 31, 2021, we may be required to (i) transfer possession, ownership and sponsorship of any regulatory application, and correspondence supporting the PoNS technology to the USAMRMC and (ii) provide the U.S. Government with a non-exclusive, irrevocable license to any patent, copyright, data rights, proprietary information and regulatory information, in order to permit the U.S. Government to pursue commercialization on its own. Any such loss of our ability to exclusively market and sell the PoNS Treatment would have a material adverse effect on our business.

Additionally, under our Strategic Agreement with A&B (HK) Company Ltd., or A&B, if we fail to obtain FDA marketing authorization for commercialization, or otherwise fail to ensure that the PoNS device is available for purchase by the U.S. Government, by December 31, 2021, we may be required to pay a \$2.0 million contract penalty to A&B.

An active trading market for our common stock on Nasdaq may not continue to develop or be sustained.

Although our common stock is listed on The Nasdaq Capital Market as of April 2018, we cannot assure you that an active trading market for our common stock will continue to develop or be sustained. If an active market for our common stock does not continue to develop or is not sustained, it may be difficult for investors in our common stock to sell their shares of our common stock without depressing the market price for the shares or to sell the shares at all.

If we are not able to comply with the applicable continued listing requirements or standards of The Nasdaq Capital Market, Nasdaq could delist our common stock.

Our common stock is currently listed on The Nasdaq Capital Market. In order to maintain that listing, we must satisfy minimum financial and other continued listing requirements and standards, including those regarding director independence and independent committee requirements, minimum stockholders’ equity, minimum share price, and certain corporate governance requirements. There can be no assurances that we will be able to comply with the applicable listing standards.

In the event that our common stock is delisted from Nasdaq and is not eligible for quotation or listing on another market or exchange, trading of our common stock could be conducted only in the over-the-counter market or on an electronic bulletin board established for unlisted securities such as the Pink Sheets or the OTC Bulletin Board. In such event, it could become more difficult to dispose of, or obtain accurate price quotations for, our common stock, and there would likely also be a reduction in our coverage by securities analysts and the news media, which could cause the price of our common stock to decline further. Also, it may be difficult for us to raise additional capital if we are not listed on a major exchange.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

During the third quarter of 2018, we issued 50 shares of common stock upon the exercise of warrants at an exercise price of CAD\$7.50 per share. The issuance of these securities was exempt from registration pursuant to Regulation S of the Securities Act as an offering outside the United States.

Item 3. Defaults upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

Exhibit No.	Description of Exhibit
3.1	Certificate of Conversion filed with the Delaware Secretary of State on July 18, 2018 (incorporated by reference to Exhibit 3.1 to the Form 10-Q filed August 9, 2018)
3.2	Certificate of Incorporation, as corrected (incorporated by reference to Exhibit 3.1 to the Form 8-K filed October 30, 2018)
3.3	Bylaws as amended and restated (incorporated by reference to Exhibit 3.3 to the Form 10-Q filed August 9, 2018)
10.1	Employment agreement between Helius Medical Technologies, Inc. and Jennifer Laux, dated July 9, 2018, (incorporated by reference to Exhibit 10.1 to the Form 10-Q filed August 9, 2018)
10.2	2018 Omnibus Incentive Plan, as amended *
10.3	2018 Omnibus Incentive Plan Form of Option Grant Agreement *
10.4	2018 Omnibus Incentive Plan Form of Restricted Stock Unit Grant Agreement *
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 *
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 *
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 *
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 *
101.INS	XBRL Instance Document *
101.SCH	XBRL Taxonomy Extension Schema Document *
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document *
101.LAB	XBRL Taxonomy Extension Label Linkbase Document *
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document *
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document *

* filed herewith

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

HELIUS MEDICAL TECHNOLOGIES, INC.

Dated: November 8, 2018

By: /s/ Philippe Deschamps
Philippe Deschamps
President, Chief Executive Officer and a Director

Dated: November 8, 2018

By: /s/ Joyce LaViscount
Joyce LaViscount
Chief Financial Officer (Principal Accounting Officer)

HELIUS MEDICAL TECHNOLOGIES, INC.

2018 OMNIBUS INCENTIVE PLAN
Adopted by the Board of Directors: May 15, 2018
Approved by the Stockholders: June 28, 2018

ARTICLE I

GENERAL

1.1 **Purpose.** The purpose of this Helius Medical Technologies, Inc. 2018 Omnibus Incentive Plan is to enhance the profitability and value of the Company for the benefit of its stockholders by enabling the Company to offer Eligible Employees, Consultants and Non-Employee Directors incentive awards to attract, retain and reward such individuals and strengthen the mutuality of interests between such individuals and the Company's stockholders. The Plan, as set forth herein, is effective as of the Effective Date (as defined in Article XIII).

1.2 **Successor to and Continuation of Prior Plans.** The Plan is intended as the successor to and continuation of the Helius Medical Technologies, Inc. 2016 Omnibus Incentive Plan, as amended (the "**2016 Plan**") and the Helius Medical Technologies, Inc. June 2014 Stock Incentive Plan (the "**2014 Plan**"), and together with the 2016 Plan, the "**Prior Plans**"). Following the Effective Date, no additional stock awards may be granted under the Prior Plans. Any unallocated shares remaining available for grant under the Prior Plans as of 12:01 a.m., Eastern Time on the Effective Date (the "**Prior Plans' Available Reserve**") will cease to be available under such Prior Plans at such time and will be added to the Share Reserve (as further described in Section 4.1(a) below) and be then immediately available for grant and issuance pursuant to Awards granted under the Plan. In addition, from and after 12:01 a.m., Eastern Time on the Effective Date, all outstanding stock awards granted under the Prior Plans will remain subject to the terms of such Prior Plans, as applicable; provided, however, that any shares subject to outstanding stock awards granted under the Prior Plans that (i) expire or terminate for any reason prior to exercise or settlement or (ii) are forfeited, cancelled or otherwise returned to the Company because of the failure to meet a contingency or condition required for the vesting of such shares (collectively, the "**Prior Plans' Returning Shares**") will immediately be added to the Share Reserve (as further described in Section 4.1(a) below) as and when such shares become Prior Plans' Returning Shares and become available for issuance pursuant to Awards granted hereunder. All Awards granted on or after 12:01 a.m., Eastern Time on the Effective Date will be subject to the terms of this Plan.

ARTICLE II

DEFINITIONS

For purposes of the Plan, the following terms shall have the following meanings:

2.1 "**Acquisition Event**" means a merger or consolidation in which the Company is not the surviving entity, any transaction that results in the acquisition of all or substantially all of the Company's outstanding Common Stock by a single person or entity or by a group of persons or entities acting in concert, or the sale or transfer of all or substantially all of the Company's assets.

2.2 "**Affiliate**" means each of the following: (a) any Subsidiary; (b) any Parent; (c) any corporation, trade or business (including a partnership or limited liability company) that is directly or indirectly controlled 50% or more (whether by ownership of stock, assets or an equivalent ownership interest or voting interest) by the Company or any Affiliate; (d) any corporation, trade or business (including a partnership or limited liability company) that directly or indirectly controls 50% or more (whether by ownership of stock, assets or an equivalent ownership interest)

or voting interest) of the Company; and (e) any other entity in which the Company or any Affiliate has a material equity interest and that is designated as an “Affiliate” by resolution of the Committee.

2.3 “**Appreciation Award**” means any Stock Option or any Other Stock-Based Award that is based on the appreciation in value of a share of Common Stock in excess of an amount at least equal to the Fair Market Value on the date such Stock Option or Other Stock-Based Award is granted.

2.4 “**Award**” means any award granted or made under the Plan of any Stock Option, Restricted Stock or Other Stock-Based Award.

2.5 “**Board**” means the Board of Directors of the Company.

2.6 “**Cause**” means, with respect to a Participant’s Termination of Employment or Termination of Consultancy: unless otherwise defined in the applicable Award agreement or other written agreement approved by the Committee, a termination due to (i) the Participant’s conviction of, or plea of guilty or *nolo contendere* to, a felony; (ii) perpetration by the Participant of an illegal act, dishonesty or fraud that could have a significant adverse effect on the Company or its assets or reputation; or (iii) the Participant’s willful misconduct with regard to the Company, as determined by the Committee. With respect to a Participant’s Termination of Directorship, “cause” means an act or failure to act that constitutes cause for removal of a director under Wyoming law.

2.7 “**Change in Control**” unless otherwise defined in the applicable Award agreement or other written agreement approved by the Committee and subject to Section 12.15(b), means the occurrence of any of the following:

(a) the acquisition (including through purchase, reorganization, merger, consolidation or similar transaction), directly or indirectly, in one or more transactions by a Person of beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities representing 50% or more of the combined voting power of the securities of the Company entitled to vote generally in the election of directors of the Board, calculated on a fully diluted basis after giving effect to such acquisition;

(b) an election of Persons to the Board that causes two-thirds of the Board to consist of Persons other than (i) members of the Board on the Effective Date and (ii) Persons who were nominated for election as members of the Board at a time when two-thirds of the Board consisted of Persons who were members of the Board on the Effective Date; provided that any Person nominated for election by a Board at least two-thirds of which consisted of Persons described in clauses (i) or (ii) or by Persons who were themselves nominated by such Board shall be deemed to have been nominated by a Board consisting of Persons described in clause (i); or

(c) the sale or other disposition, directly or indirectly, of all or substantially all of the assets of the Company and its Subsidiaries, taken as a whole, to any Person;

provided, however, that a Change in Control shall be deemed to not have occurred if such Change in Control results from the issuance, in connection with a bona fide transaction or series of transactions with the primary purpose of providing equity financing to the Company or any of its Affiliates, of voting securities of the Company or any of its Affiliates or any rights to acquire voting securities of the Company or any of its Affiliates which are convertible into voting securities.

2.8 “**Change in Control Price**” has the meaning set forth in Section 9.1(b).

2.9 “**Code**” means the Internal Revenue Code of 1986, as amended. Any reference to a section of the Code shall also be a reference to any successor provision and any Treasury Regulation promulgated thereunder.

2.10 “**Committee**” means: (a) with respect to the application of the Plan to Eligible Employees and Consultants, the Compensation Committee of the Board or such other committee or subcommittee that is appointed by the Board, in each case, consisting of two or more non-employee directors, each of whom is intended to be (i) to the extent required by Rule 16b-3, a “nonemployee director” as defined in Rule 16b-3; and (ii) as applicable, an “independent director” as defined under the Nasdaq Listing Rules, the NYSE Listed Company Manual or other

applicable stock exchange rules; and (b) with respect to the application of the Plan to Non-Employee Directors, the Board. It is intended that, absent an affirmative decision by the Board to appoint a separate Committee, the Compensation Committee of the Board shall serve as the “Committee” with respect to the application of the Plan to Eligible Employees and Consultants. To the extent that no Committee exists that has the authority to administer the Plan, the functions of the Committee shall be exercised by the Board and all references herein to the Committee shall be deemed references to the Board. If for any reason the appointed Committee does not meet the requirements of Rule 16b-3, such noncompliance shall not affect the validity of Awards, grants, interpretations or other actions of the Committee.

2.11 “**Common Stock**” means the Class A common stock of the Company.

2.12 “**Company**” means Helius Medical Technologies, Inc., a Wyoming corporation, and its successors by operation of law.

2.13 “**Competitor**” means any Person that is, directly or indirectly, in competition with the business or activities of the Company and its Affiliates.

2.14 “**Consultant**” means any natural person (other than an Eligible Employee) who provides bona fide consulting or advisory services to the Company or its Affiliates, provided that such services are not in connection with the offer or sale of securities in a capital-raising transaction, and do not, directly or indirectly, promote or maintain a market for the Company’s or its Affiliates’ securities.

2.15 “**Detrimental Activity**” means, unless otherwise defined in the applicable Award agreement or other written agreement approved by the Committee:

(a) without written authorization from the Company, disclosure to any Person outside the Company and its Affiliates or the use in any manner, except as necessary in the furtherance of Participant’s responsibilities to the Company or any of its Affiliates, at any time, of any confidential information, trade secrets or proprietary information relating to the business of the Company or any of its Affiliates that is acquired by the Participant at any time prior to the Participant’s Termination;

(b) any activity while employed or performing services that results, or if known could have reasonably been expected to result, in the Participant’s Termination for Cause;

(c) without written authorization from the Company, directly or indirectly, in any capacity whatsoever, (i) owning, managing, operating, controlling, being employed by (whether as an employee, consultant, independent contractor or otherwise, and whether or not for compensation) or rendering services to any Competitor; (ii) soliciting, aiding or inducing any customer of the Company or any Subsidiary to curtail, reduce or terminate its business relationship with the Company or any Subsidiary, or in any other way interfering with any such business relationships with the Company or any Subsidiary; (iii) soliciting, aiding or inducing any employee, representative or agent of the Company or any Subsidiary to leave such employment or retention or to accept employment with or render services to or with any other person, firm, corporation or other entity unaffiliated with the Company or hiring or retaining any such employee, representative or agent or taking any action to materially assist or aid any other person, firm, corporation or other entity in identifying, hiring or soliciting any such employee, representative or agent; or (iv) interfering, or aiding or inducing any other person or entity in interfering, with the relationship between the Company, its Subsidiaries and any of their respective vendors, joint venturers or licensors;

(d) a material breach of any restrictive covenant contained in any agreement between the Participant and the Company or an Affiliate; or

(e) the Participant’s Disparagement, or inducement of another to do so, of the Company or its Affiliates or their past or present officers, directors, employees or products.

Only the Chief Executive Officer or the Chief Financial Officer of the Company (or his designee, as evidenced in writing) shall have the authority to provide the Participant, except for himself or herself, with written authorization to engage in the activities contemplated in subsections (a) and (c).

2.16 “**Disability**” means, unless otherwise defined in the applicable Award agreement or other written agreement approved by the Committee, with respect to a Participant’s Termination, a permanent and total disability as defined in Section 22(e)(3) of the Code. A Disability shall only be deemed to occur at the time of the determination by the Committee of the Disability. Notwithstanding the foregoing, for an Award that provides for payment or settlement triggered upon a Disability and that constitutes a Section 409A Covered Award, the foregoing definition shall apply for purposes of vesting of such Award, provided that for purposes of payment or settlement of such Award, such Award shall not be paid (or otherwise settled) until the earliest of: (A) the Participant’s “disability” within the meaning of Section 409A(a)(2)(C)(i) or (ii) of the Code, (B) the Participant’s “separation from service” within the meaning of Section 409A of the Code and (C) the date such Award would otherwise be settled pursuant to the terms of the Award agreement.

2.17 “**Disinterested Shareholder Approval**” means approval of this Plan by a majority of the Company’s security holders, in accordance with the requirements stipulated in the TSX Company Manual, which for greater certainty, excludes the votes cast by Insiders entitled to receive a benefit under this Plan;

2.18 “**Disparagement**” means making comments or statements to the press, the Company’s or its Affiliates’ employees, consultants or any individual or entity with whom the Company or its Affiliates has a business relationship which could reasonably be expected to adversely affect in any manner: (a) the conduct of the business of the Company or its Affiliates (including, without limitation, any products or business plans or prospects); or (b) the business reputation of the Company or its Affiliates, or any of their products, or their past or present officers, directors or employees.

2.19 “**Effective Date**” means the effective date of the Plan as defined in Article XIII.

2.20 “**Eligible Employee**” means an employee of the Company or an Affiliate.

2.21 “**Exchange Act**” means the Securities Exchange Act of 1934, as amended, and all rules and regulations promulgated thereunder. Any references to any section of the Exchange Act shall also be a reference to any successor provision.

2.22 “**Exercisable Awards**” means any Stock Option or any Other Stock-Based Award that provides for a Participant-elected exercise.

2.23 “**Fair Market Value**” means, as of any date, the value of the Common Stock, determined based on the following in order:

(a) if the Common Stock is listed on the TSX, the Fair Market Value of a share of Common Stock shall be the closing price reported or quoted on the TSX for the Common Stock on such date, or if the Common Stock shall not have been reported or quoted on such date, on the first day prior thereto on which the Common Stock was reported or quoted, in each case as reported in a source the Board deems reliable;

(b) if the Common Stock is not listed on the TSX, the Fair Market Value of a share of Common Stock shall be the closing price reported for the Common Stock on such date: (i) as reported on the principal national securities exchange in the United States on which it is then traded; or (ii) if not traded on any such national securities exchange, as quoted on an automated quotation system sponsored by the Financial Industry Regulatory Authority or if the Common Stock shall not have been reported or quoted on such date, on the first day prior thereto on which the Common Stock was reported or quoted; or

(c) if the Common Stock is not traded, listed or otherwise reported or quoted, then Fair Market Value means the fair market value of the Common Stock as determined by the Committee in good faith in whatever

manner it considers appropriate taking into account the requirements of Section 409A or Section 422 of the Code, as applicable.

2.24 “**Family Member**” means “family member” as defined in Section A.1.(5) of the general instructions of Form S-8, as may be amended from time to time.

2.25 “**Incentive Stock Option**” means any Stock Option awarded to an Eligible Employee of the Company, its Subsidiaries or its Parent intended to be and designated as an “Incentive Stock Option” within the meaning of Section 422 of the Code.

2.26 “**Insider**” means an insider as defined in the TSX Company Manual which, as at the date hereof, means an insider as defined in the Securities Act (Ontario), which as at the date hereof, among other things, includes (i) a director or officer of a reporting issuer; (ii) a director or officer of a person or company that is itself an insider or subsidiary of a reporting issuer; and (iii) a person or company that has either individually or in the aggregate beneficial ownership of, or control or direction over, directly or indirectly, securities of a reporting issuer carrying more than 10% of the voting rights attached to all of the reporting issuer’s outstanding voting securities, excluding, for the purpose of the calculation of the percentage held, any securities held by the person or company as underwriter in the course of a distribution;

2.27 “**Lead Underwriter**” has the meaning in Section 12.24.

2.28 “**Lock-Up Period**” has the meaning in Section 12.24.

2.29 “**Non-Employee Director**” means a director of the Company or an Affiliate who is not an active employee of the Company or an Affiliate.

2.30 “**Non-Qualified Stock Option**” means any Stock Option that is not an Incentive Stock Option.

2.31 “**Other Extraordinary Event**” has the meaning in Section 4.2(b).

2.32 “**Other Stock-Based Award**” means an Award under Article VIII that is valued in whole or in part by reference to, or is payable in or otherwise based on, Common Stock.

2.33 “**Parent**” means any parent corporation of the Company within the meaning of Section 424(e) of the Code.

2.34 “**Participant**” means an Eligible Employee, Non-Employee Director or Consultant to whom an Award has been granted pursuant to the Plan.

2.35 “**Performance Criteria**” has the meaning set forth in Exhibit A.

2.36 “**Performance Period**” means each fiscal year of the Company or such other period (as specified by the Committee) over which the attainment of performance goals is measured.

2.37 “**Performance Share**” means an Other Stock-Based Award of the right to receive a number of shares of Common Stock or cash of an equivalent value at the end of a specified Performance Period.

2.38 “**Performance Unit**” means an Other Stock-Based Award of the right to receive a fixed dollar amount, payable in cash or Common Stock or a combination of both, at the end of a specified Performance Period.

2.39 “**Person**” means any individual, entity (including any employee benefit plan or any trust for an employee benefit plan) or group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act, or any successor provision).

- 2.40 “**Plan**” means this Helius Medical Technologies, Inc. 2018 Omnibus Incentive Plan, as amended from time to time.
- 2.41 “**Restricted Stock**” means an Award of shares of Common Stock that is subject to restrictions pursuant to Article VII.
- 2.42 “**Restriction Period**” has the meaning set forth in Section 7.3(a).
- 2.43 “**Rule 16b-3**” means Rule 16b-3 under Section 16(b) of the Exchange Act as then in effect or any successor provision.
- 2.44 “**Section 4.2 Event**” has the meaning set forth in Section 4.2(b).
- 2.45 “**Section 409A Covered Award**” has the meaning set forth in Section 12.15.
- 2.46 “**Section 409A**” means the nonqualified deferred compensation rules under Section 409A of the Code.
- 2.47 “**Securities Act**” means the Securities Act of 1933, as amended and all rules and regulations promulgated thereunder. Any reference to any section of the Securities Act shall also be a reference to any successor provision.
- 2.48 “**Stock Option**” or “**Option**” means any option to purchase shares of Common Stock granted to Eligible Employees, Non-Employee Directors or Consultants pursuant to Article VI.
- 2.49 “**Subsidiary**” means any subsidiary corporation of the Company within the meaning of Section 424(f) of the Code.
- 2.50 “**Ten Percent Stockholder**” means a person owning stock possessing more than 10% of the total combined voting power of all classes of stock of the Company, its Subsidiaries or its Parent.
- 2.51 “**Termination**” means a Termination of Consultancy, Termination of Directorship or Termination of Employment, as applicable.
- 2.52 “**Termination of Consultancy**” means: (a) that the Consultant is no longer acting as a consultant to the Company or an Affiliate; or (b) when an entity that is retaining a Participant as a Consultant ceases to be an Affiliate unless the Participant otherwise is, or thereupon becomes, a Consultant to the Company or another Affiliate at the time the entity ceases to be an Affiliate. In the event that a Consultant becomes an Eligible Employee or a Non-Employee Director upon the termination of his consultancy, unless otherwise determined by the Committee, no Termination of Consultancy shall be deemed to occur until such time as such Consultant is no longer a Consultant, an Eligible Employee or a Non-Employee Director. Notwithstanding the foregoing, the Committee may otherwise define Termination of Consultancy in the Award agreement or, if no rights of a Participant are reduced, may otherwise define Termination of Consultancy thereafter.
- 2.53 “**Termination of Directorship**” means that the Non-Employee Director has ceased to be a director of the Company; except that if a Non-Employee Director becomes an Eligible Employee or a Consultant upon the termination of his directorship, his ceasing to be a director of the Company shall not be treated as a Termination of Directorship unless and until the Participant has a Termination of Employment or Termination of Consultancy, as the case may be.
- 2.54 “**Termination of Employment**” means: (a) a termination of employment (for reasons other than a military or approved personal leave of absence) of a Participant from the Company and its Affiliates; or (b) when an entity that is employing a Participant ceases to be an Affiliate, unless the Participant otherwise is, or thereupon becomes, employed by the Company or another Affiliate at the time the entity ceases to be an Affiliate. In the event that an Eligible Employee becomes a Consultant or a Non-Employee Director upon the termination of his employment,
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unless otherwise determined by the Committee, no Termination of Employment shall be deemed to occur until such time as such Eligible Employee is no longer an Eligible Employee, a Consultant or a Non-Employee Director. Notwithstanding the foregoing, the Committee may otherwise define Termination of Employment in the Award agreement or, if no rights of a Participant are reduced, may otherwise define Termination of Employment thereafter.

2.55 “**Transfer**” means: (a) when used as a noun, any direct or indirect transfer, sale, assignment, pledge, hypothecation, encumbrance or other disposition (including the issuance of equity in a Person), whether for value or no value and whether voluntary or involuntary (including by operation of law), and (b) when used as a verb, to directly or indirectly transfer, sell, assign, pledge, encumber, charge, hypothecate or otherwise dispose of (including the issuance of equity in a Person) whether for value or for no value and whether voluntarily or involuntarily (including by operation of law). “Transferred” and “Transferable” shall have a correlative meaning.

2.56 “**TSX**” means the Toronto Stock Exchange and any successor thereto.

2.57 “**TSX Company Manual**” means the rules and policies of the TSX contained in the TSX Company Manual, as amended from time to time.

ARTICLE III

ADMINISTRATION

3.1 **The Committee.** The Plan shall be administered and interpreted by the Committee.

3.2 **Grant and Administration of Awards.** Subject to any necessary approval of the TSX, the Committee shall have full authority and discretion, as provided in Section 3.6, to grant and administer Awards including the authority to:

- (a) select the Eligible Employees, Consultants and Non-Employee Directors to whom Awards may from time to time be granted;
 - (b) determine the number of shares of Common Stock to be covered by each Award;
 - (c) determine the type and the terms and conditions, not inconsistent with the terms of the Plan, of each Award (including, but not limited to, the exercise or purchase price (if any), any restriction or limitation or any vesting schedule or acceleration thereof);
 - (d) determine whether a Stock Option is an Incentive Stock Option or Non-Qualified Stock Option;
 - (e) determine whether to require a Participant, as a condition of the granting of any Award, to refrain from selling or otherwise disposing of Common Stock acquired pursuant to such Award for a period of time as determined by the Committee;
 - (f) condition the grant, vesting or payment of any Award on the attainment of performance goals (including goals based on the Performance Criteria) over a Performance Period, set such goals and such period, and certify the attainment of such goals;
 - (g) amend, after the date of grant, the terms that apply to an Award upon a Participant’s Termination, provided that such amendment does not reduce the Participant’s rights under the Award;
 - (h) determine the circumstances under which vesting provisions of Common Stock and other amounts payable with respect to an Award may be deferred in a manner intended to comply with or be exempt from Section 409A;
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(i) generally, exercise such powers and perform such acts as the Committee deems necessary or advisable to promote the best interests of the Company in connection with the Plan that are not inconsistent with the provisions of the Plan;

(j) construe and interpret the terms and provisions of the Plan and any Award (and any agreements relating thereto); and

(k) correct any defect, supply any omission or reconcile any inconsistency in the Plan or in any agreement relating thereto.

3.3 Award Agreements. All Awards shall be evidenced by, and subject to the terms and conditions of, a written notice provided by the Company to the Participant or a written agreement executed by the Company and the Participant.

3.4 Guidelines. The Committee shall have the authority to adopt, alter and repeal such administrative rules, guidelines and practices governing the Plan as it shall, from time to time, deem necessary or advisable. The Committee may adopt special guidelines and provisions for persons who are residing in or employed in, or subject to, the taxes of, any domestic or foreign jurisdiction to comply with applicable tax and securities laws and may impose such limitations and restrictions that it deems necessary or advisable to comply with the applicable tax and securities laws of such domestic or foreign jurisdiction.

3.5 Delegation of Authority. Notwithstanding anything to the contrary set forth in the Plan, the Committee may, from time to time as it deems advisable, to the extent permitted by applicable law and stock exchange rules:

(a) delegate its responsibilities to officers or employees of the Company and its Affiliates, including delegating authority to officers to grant Awards or execute agreements or other documents on behalf of the Committee;

(b) engage legal counsel, consultants, professional advisors and agents to assist in the administration of the Plan and rely upon any opinion or computation received from any such Person. Expenses incurred by the Committee or the Board in the engagement of any such person shall be paid by the Company; and

(c) delegate to a committee consisting of one (1) or more members of the Board the authority to (i) designate Eligible Employees or Consultants who are not officers of the Company (within the meaning of Rule 16a-1(f) of the Exchange Act) to be recipients of Stock Options (and to the extent permitted by applicable law, Other Stock-Based Awards), and, to the extent permitted by applicable law, the terms of such Awards; and (ii) determine the number of shares of Common Stock to be subject to such Awards granted to such Eligible Employees and Consultants (subject to any limits set by the Board); provided that any such Awards will be granted on the form of award agreement most recently approved for use by the Committee, unless otherwise provided for in the resolutions approving the delegation authority.

3.6 Decisions Final. All determinations, evaluations, elections, approvals, authorizations, consents, decisions, interpretations and other actions made or taken by or at the direction of the Company, the Board or the Committee (or any of its members) arising out of or in connection with the Plan shall be within the sole and absolute discretion of all and each of them, and shall be final, binding and conclusive on all employees and Participants and their respective beneficiaries, heirs, executors, administrators, successors and assigns.

3.7 Procedures. If the Committee is appointed, the Board shall designate one of the members of the Committee as chairman and the Committee shall hold meetings, subject to the By-Laws of the Company, at such times and places as it shall deem advisable, including by telephone conference or by written consent to the extent permitted by applicable law. A majority of the Committee members shall constitute a quorum. All determinations of the Committee shall be made by a majority of its members. Any decision or determination reduced to writing and signed by all of the Committee members in accordance with the By-Laws of the Company, shall be fully effective as if it had

been made by a vote at a meeting duly called and held. The Committee shall keep minutes of its meetings and shall make such rules and regulations for the conduct of its business as it shall deem advisable.

3.8 **Liability; Indemnification.**

(a) The Committee, its members and any delegate or Person engaged pursuant to Section 3.5 shall not be liable for any action or determination made in good faith with respect to the Plan. To the maximum extent permitted by applicable law, no officer or employee of the Company or any Affiliate or member or former member of the Committee or of the Board shall be liable for any action or determination made in good faith with respect to the Plan or any Award granted under it.

(b) To the maximum extent permitted by applicable law and the Certificate of Incorporation and By-Laws of the Company and to the extent not covered by insurance directly insuring such person, each current or former officer or employee of the Company or any Affiliate and member of the Committee or the Board shall be indemnified and held harmless by the Company against any cost or expense (including reasonable fees of counsel reasonably acceptable to the Committee) or liability (including any sum paid in settlement of a claim with the approval of the Committee), and advanced amounts necessary to pay the foregoing at the earliest time and to the fullest extent permitted, arising out of any act or omission to act in connection with the administration of the Plan, except to the extent arising out of such person's own fraud or bad faith. Such indemnification shall be in addition to any rights of indemnification provided for under applicable law or under the Certificate of Incorporation or By-Laws of the Company or any Affiliate. Notwithstanding anything else herein, this indemnification will not apply to the actions or determinations made by an individual with regard to Awards granted to him.

ARTICLE IV

SHARE LIMITATIONS

4.1 **Shares.**

(a) **General Limitations.**

(i) The aggregate number of shares of Common Stock which may be issued or used for reference purposes under this Plan or with respect to which all Awards may be granted from and after the Effective Date shall not exceed (A) 5,356,114 shares (which number is the sum of (1) the number of shares (2,356,114) subject to the Prior Plans' Available Reserve and (2) an additional 3,000,000 new shares), plus (B) the Prior Plans' Returning Shares, if any, which become available for grant under this Plan from time to time (in each case subject to any increase or decrease pursuant to Section 4.2). For clarity, the number of shares of Common Stock in this Section 4.1(a)(i) is a limitation on the number of shares of Common Stock that may be issued pursuant to the Plan. Accordingly, this Section 4.1(a)(i) does not limit the granting of Awards. Shares may be issued in connection with a merger or acquisition as permitted by NASDAQ Listing Rule 5635(c) or, if applicable, NYSE Listed Company Manual Section 303A.08, AMEX Company Guide Section 711 or other applicable rule, and such issuance will not reduce the number of shares available for issuance under the Plan.

(ii) The maximum number of shares of Common Stock with respect to which Incentive Stock Options may be granted under this Plan shall be 15,000,000 shares.

(iii) If any Appreciation Award granted under this Plan expires, terminates or is canceled for any reason without having been exercised in full, the number of shares of Common Stock underlying any unexercised portion shall again be available for the purposes of Awards under the Plan. If a share of Restricted Stock or an Other Stock-Based Award denominated in shares of Common Stock granted under this Plan is forfeited for any reason, the number of forfeited shares of Common Stock comprising or underlying such Awards shall again be available for purposes of Awards under the Plan. The number of shares of Common Stock available for the purpose of Awards under this Plan shall be reduced by (i) the total number of Exercisable Awards exercised, regardless of whether any of the shares of Common Stock underlying such Awards are not actually issued to the Participant as the result of a net settlement and (ii) any shares of Common Stock used to pay any exercise price or

tax withholding obligation with respect to any Award. Notwithstanding anything to the contrary herein, Awards that may be settled solely in cash shall not be deemed to use any shares under this Plan. Shares of Common Stock repurchased by the Company on the open market with the proceeds of an Option exercise price shall not be added to the aggregate share reserve described herein.

(b) Non-Employee Director Aggregate Compensation Limit. The aggregate value of all compensation granted or paid, as applicable, to any individual for service as a Non-Employee Director with respect to any period commencing on the date of the Company's Annual Meeting of Stockholders for a particular year and ending on the day immediately prior to the date of the Company's Annual Meeting of Stockholders for the next subsequent year, including Awards granted and cash fees paid by the Company to such Non-Employee Director, will not exceed (i) \$800,000 in total value or (ii) in the event such Non-Employee Director is first appointed or elected to the Board during such period, \$1,200,000 in total value, in each case calculating the value of any Awards based on the grant date fair value of such Awards for financial reporting purposes.

4.2 Changes.

(a) The existence of the Plan and the Awards shall not affect in any way the right or power of the Board or the stockholders of the Company to make or authorize (i) any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, (ii) any merger or consolidation of the Company or any Affiliate, (iii) any issuance of bonds, debentures, preferred or prior preference stock ahead of or affecting the Common Stock, (iv) the dissolution or liquidation of the Company or any Affiliate, (v) any sale or transfer of all or part of the assets or business of the Company or any Affiliate, (vi) any Section 4.2 Event or (vii) any other corporate act or proceeding.

(b) Subject to the provisions of Section 4.2(d), in the event of any change in the capital structure or business of the Company by reason of any stock split, reverse stock split, stock dividend, combination or reclassification of shares, recapitalization, merger, consolidation, spin off, split off, reorganization or partial or complete liquidation, issuance of rights or warrants to purchase Common Stock or securities convertible into Common Stock, sale or transfer of all or part of the Company's assets or business, or other corporate transaction or event that would be considered an "equity restructuring" within the meaning of FASB ASC Topic 718 (each, a "**Section 4.2 Event**"), then, subject to any necessary TSX approval, one or more of (i) the aggregate number or kind of shares that thereafter may be issued under the Plan, (ii) the number or kind of shares or other property (including cash) subject to an Award, (iii) the purchase or exercise price of Awards, or (iv) the aggregate number or kind of shares with respect to which Incentive Stock Options may thereafter be granted, shall be adjusted by the Committee as the Committee determines, in good faith, to be necessary or advisable to prevent substantial dilution or enlargement of the rights of Participants under the Plan. In connection with any Section 4.2 Event and subject to any necessary TSX approval, the Committee may provide for the cancellation of outstanding Awards and payment in cash or other property in exchange therefor. In addition, subject to Section 4.2(d) and any necessary TSX approval, in the event of any change in the capital structure of the Company that is not a Section 4.2 Event (an "**Other Extraordinary Event**"), then the Committee may make the adjustments described in clauses (i) through (iv) above as it determines, in good faith, to be necessary or advisable to prevent substantial dilution or enlargement of the rights of Participants under the Plan. Notice of any such adjustment shall be given by the Committee to each Participant whose Award has been adjusted and such adjustment (whether or not such notice is given) shall be binding for all purposes of the Plan. Except as expressly provided in this Section 4.2(b) or in the applicable Award agreement, a Participant shall have no rights by reason of any Section 4.2 Event or any Other Extraordinary Event. Notwithstanding the foregoing, (x) any adjustments made pursuant to Section 4.2(b) to Awards that are considered "non-qualified deferred compensation" within the meaning of Section 409A shall be made in a manner intended to comply with the requirements of Section 409A; and (y) any adjustments made pursuant to Section 4.2(b) to Awards that are not considered "non-qualified deferred compensation" subject to Section 409A shall be made in a manner intended to ensure that after such adjustment, the Awards either (A) continue to be exempt from Section 409A or (B) comply with the requirements of Section 409A.

(c) Fractional shares of Common Stock resulting from any adjustment in Awards pursuant to Section 4.2(a) or (b) shall be aggregated until, and eliminated at, the time of exercise by rounding-down for fractions less than one-half and rounding-up for fractions equal to or greater than one-half. No cash settlements shall be made with respect to fractional shares eliminated by rounding.

(d) Upon the occurrence of an Acquisition Event, the Committee may terminate all outstanding and unexercised Exercisable Awards, effective as of the date of the Acquisition Event, by delivering notice of termination to each Participant at least 20 days prior to the date of consummation of the Acquisition Event, in which case during the period from the date on which such notice of termination is delivered to the consummation of the Acquisition Event, each such Participant shall have the right to exercise in full all of such Exercisable Awards that are then outstanding to the extent vested on the date such notice of termination is given (or, at the discretion of the Committee, without regard to any limitations on exercisability otherwise contained in the Award agreements), but any such exercise shall be contingent on the occurrence of the Acquisition Event, and, provided that, if the Acquisition Event does not take place within a specified period after giving such notice for any reason whatsoever, the notice and exercise pursuant thereto shall be null and void and the applicable provisions of Section 4.2(b) and Article IX shall apply. For the avoidance of doubt, in the event of an Acquisition Event, the Committee may terminate any Exercisable Award for which the exercise price is equal to or exceeds the Fair Market Value on the date of the Acquisition Event without payment of consideration therefor. If an Acquisition Event occurs but the Committee does not terminate the outstanding Awards pursuant to this Section 4.2(d), then the provisions of Section 4.2(b) and Article IX shall apply.

4.3 **Minimum Purchase Price.** Notwithstanding any provision of the Plan to the contrary, if authorized but previously unissued shares of Common Stock are issued under the Plan, such shares shall not be issued for a consideration that is less than permitted under applicable law.

ARTICLE V

ELIGIBILITY

5.1 **General Eligibility.** All current and prospective Eligible Employees and Consultants, and current Non-Employee Directors, are eligible to be granted Awards. Eligibility for the grant of Awards and actual participation in the Plan shall be determined by the Committee in its sole discretion. Notwithstanding anything herein to the contrary, no Award under which a Participant may receive shares of Common Stock may be granted to an Eligible Employee, Consultant or Non-Employee Director of any Affiliate if such shares of Common Stock do not constitute “service recipient stock” for purposes of Section 409A with respect to such Eligible Employee, Consultant or Non-Employee Director if such shares are required to constitute “service recipient stock” for such Award to comply with, or be exempt from, Section 409A of the Code.

5.2 **Incentive Stock Options.** Notwithstanding anything herein to the contrary, only Eligible Employees of the Company, its Subsidiaries and its Parent (if any) are eligible to be granted Incentive Stock Options under the Plan. Eligibility for the grant of an Incentive Stock Option and actual participation in the Plan shall be determined by the Committee.

5.3 **General Requirement.** The grant of Awards to a prospective Eligible Employee or Consultant and the vesting and exercise of such Awards shall be conditioned upon such Person actually becoming an Eligible Employee or Consultant; provided, however, that no Award may be granted to a prospective Eligible Employee or Consultant unless the Company determines that the Award will comply with applicable laws, including the securities laws of all relevant jurisdictions (and, in the case of an Award to an Eligible Employee or Consultant pursuant to which Common Stock would be issued prior to such Person performing services for the Company, the Company may require payment of not less than the par value of the Common Stock by cash or check in order to ensure proper issuance of the shares in compliance with applicable law). Awards may be awarded in consideration for past services actually rendered to the Company or an Affiliate.

ARTICLE VI

STOCK OPTIONS

6.1 **Stock Options.** Each Stock Option shall be one of two types: (a) an Incentive Stock Option or (b) a Non-Qualified Stock Option. The Committee shall have the authority to grant to any Eligible Employee Incentive Stock Options, Non-Qualified Stock Options, or both types of Stock Options. The Committee shall have the authority to grant to any Consultant or Non-Employee Director Non-Qualified Stock Options. To the extent that any Stock

Option does not qualify as an Incentive Stock Option (whether because of its provisions or the time or manner of its exercise or otherwise), such Stock Option or the portion thereof that does not qualify shall constitute a separate Non-Qualified Stock Option.

6.2 **Incentive Stock Options.** Notwithstanding anything in the Plan to the contrary, no term of the Plan relating to Incentive Stock Options shall be interpreted, amended or altered, nor shall any discretion or authority granted under the Plan be so exercised, so as to disqualify the Plan under Section 422 of the Code, or, without the consent of the Participants affected, to disqualify any Incentive Stock Option under Section 422 of the Code.

6.3 **Terms of Stock Options.** Stock Options granted under the Plan shall be subject to the following terms and conditions and shall be in such form and contain such additional terms and conditions, not inconsistent with the terms of the Plan, as the Committee shall deem desirable:

(a) **Exercise Price.** The exercise price per share of Common Stock subject to a Stock Option shall be determined by the Committee on or before the date of grant, provided that the per share exercise price of a Stock Option shall not be less than 100% (or, in the case of an Incentive Stock Option granted to a Ten Percent Stockholder, 110%) of the Fair Market Value of the Common Stock on the date of grant.

(b) **Stock Option Term.** The term of each Stock Option shall be fixed by the Committee, provided that no Stock Option shall be exercisable more than ten years after the date such Stock Option is granted (or, in the case of an Incentive Stock Option granted to a Ten Percent Stockholder, five years).

(c) **Exercisability.**

(i) Stock Options shall be exercisable at such time or times and subject to such terms and conditions as shall be determined by the Committee in the applicable Award agreement. The Committee may waive any vesting limitations on exercisability at any time at or after grant in whole or in part, in its discretion.

(ii) Unless otherwise determined by the Committee in the applicable Award agreement, (A) in the event the Participant engages in Detrimental Activity prior to any exercise of the Stock Option, all Stock Options held by the Participant shall thereupon terminate and expire, (B) as a condition of the exercise of a Stock Option, the Participant shall be required to certify in a manner acceptable to the Company (or shall be deemed to have certified) that the Participant is in compliance with the terms and conditions of the Plan and that the Participant has not engaged in, and does not intend to engage in, any Detrimental Activity, and (C) in the event the Participant engages in Detrimental Activity during the one-year period commencing on the earlier of the date the Stock Option is exercised or the date of the Participant's Termination, the Company shall be entitled to recover from the Participant at any time within one year after such date, and the Participant shall pay over to the Company, an amount equal to any gain realized (whether at the time of exercise or thereafter) as a result of the exercise. Unless otherwise determined by the Committee in the applicable Award agreement, this Section 6.3(c)(ii) shall cease to apply upon a Change in Control.

(d) **Method of Exercise.** To the extent vested, a Stock Option may be exercised in whole or in part at any time during the Option term, by giving written notice of exercise to the Committee (or its designee) specifying the number of shares of Common Stock to be purchased. Such notice shall be in a form acceptable to the Committee and shall be accompanied by payment in full of the purchase price as follows: (i) in cash or by check, bank draft or money order payable to the order of the Company; (ii) solely to the extent permitted by applicable law and authorized by the Committee, if the Common Stock is traded on a national securities exchange or quoted on a national quotation system sponsored by the Financial Industry Regulatory Authority, through a procedure whereby the Participant delivers irrevocable instructions to a broker reasonably acceptable to the Committee to deliver promptly to the Company an amount equal to the purchase price; or (iii) on such other terms and conditions as may be acceptable to the Committee (including the Participant transferring and disposing of a specified number of vested Stock Options to the Company in exchange for a number of shares of Common Stock having a fair market value equal to the intrinsic value of such vested Stock Options disposed of and transferred to the Company ("**Net Settlement**"), calculated as set out below). No shares of Common Stock shall be issued until payment therefor, as provided herein, has been made or provided for.

Upon the Net Settlement of Stock Options (the “**Disposed Options**”), the Company shall deliver to the Participant, that number of fully paid and non-assessable shares of Common Stock (“X”) equal to the number of shares of Common Stock that may be acquired by the Disposed Options (“Y”) multiplied by the quotient obtained by dividing the result of the Fair Market Value of one share of Common Stock (“B”) less the exercise price per share of Common Stock subject to the Disposed Options (“A”) by the Fair Market Value of one share of Common Stock (“B”). Expressed as a formula, such number of shares of Common Stock shall be computed as follows:

$$X = (Y) \times \frac{(B - A)}{(B)}$$

No fractional shares of Common Stock shall be issuable upon the Net Settlement of Stock Options, such shares of Common Stock to be rounded down to the nearest whole number.

(e) Non-Transferability of Options. No Stock Option shall be Transferable by the Participant other than by will or by the laws of descent and distribution, and all Stock Options shall be exercisable, during the Participant’s lifetime, only by the Participant. Notwithstanding the foregoing, the Committee may determine that a Non-Qualified Stock Option that otherwise is not Transferable pursuant to this section is Transferable to a Family Member in whole or in part, and in such circumstances, and under such conditions as specified by the Committee. A Non-Qualified Stock Option that is Transferred to a Family Member pursuant to the preceding sentence (i) may not be Transferred subsequently other than by will or by the laws of descent and distribution and (ii) remains subject to the terms of the Plan and the applicable Award agreement. Any shares of Common Stock acquired upon the exercise of a Non-Qualified Stock Option by a permissible transferee of a Non-Qualified Stock Option or a permissible transferee pursuant to a Transfer after the exercise of the Non-Qualified Stock Option shall be subject to the terms of this Plan and the applicable Award agreement.

(f) Termination by Death or Disability. Unless otherwise determined by the Committee at grant (or, if no rights of the Participant (or, in the case of his death, his estate) are reduced, thereafter), if a Participant’s Termination is by reason of death or Disability, all Stock Options that are held by such Participant that are vested and exercisable on the date of the Participant’s Termination may be exercised by the Participant (or, in the case of death, by the legal representative of the Participant’s estate) at any time within a period of one year after the date of such Termination, but in no event beyond the expiration of the stated term of such Stock Options.

(g) Involuntary Termination Without Cause. Unless otherwise determined by the Committee at grant (or, if no rights of the Participant (or, in the case of his death, his estate) are reduced, thereafter), if a Participant’s Termination is by involuntary termination by the Company or an Affiliate without Cause, all Stock Options that are held by such Participant that are vested and exercisable on the date of the Participant’s Termination may be exercised by the Participant at any time within a period of 90 days after the date of such Termination, but in no event beyond the expiration of the stated term of such Stock Options.

(h) Voluntary Termination. Unless otherwise determined by the Committee at grant (or, if no rights of the Participant (or, in the case of his death, his estate) are reduced, thereafter), if a Participant’s Termination is voluntary (other than a voluntary Termination described in subsection (i)(B) below), all Stock Options that are held by such Participant that are vested and exercisable on the date of the Participant’s Termination may be exercised by the Participant at any time within a period of 30 days after the date of such Termination, but in no event beyond the expiration of the stated term of such Stock Options.

(i) Termination for Cause. Unless otherwise determined by the Committee at grant (or, if no rights of the Participant (or, in the case of his death, his estate) are reduced, thereafter), if a Participant’s Termination (A) is for Cause or (B) is a voluntary Termination after the occurrence of an event that would be grounds for a Termination for Cause, all Stock Options, whether vested or not vested, that are held by such Participant shall terminate and expire on the date of such Termination.

(j) Unvested Stock Options. Unless otherwise determined by the Committee, Stock Options that are not vested as of the date of a Participant's Termination for any reason shall terminate and expire on the date of such Termination.

(k) Incentive Stock Option Limitations. To the extent that the aggregate Fair Market Value (determined as of the date of grant) with respect to which Incentive Stock Options are exercisable for the first time by an Eligible Employee during any calendar year under the Plan and any other stock option plan of the Company, any Subsidiary or any Parent exceeds \$100,000, such Incentive Stock Options shall be treated as Non-Qualified Stock Options. In addition, if an Eligible Employee does not remain employed by the Company, any Subsidiary or any Parent at all times from the date an Incentive Stock Option is granted until three months prior to the date of exercise thereof (or such other period as required by applicable law), such Stock Option shall be treated as a Non-Qualified Stock Option. Should any provision of the Plan not be necessary in order for the Stock Options to qualify as Incentive Stock Options, or should any additional provisions be required, the Committee may amend the Plan accordingly, without the necessity of obtaining the approval of the stockholders of the Company.

(l) Form, Modification, Extension and Renewal of Stock Options. Stock Options may be evidenced by such form of agreement as is approved by the Committee. The Committee may, subject to any necessary TSX approval and subject to terms of this Plan, (i) modify, extend or renew outstanding Stock Options (provided that (A) the rights of a Participant are not reduced without his consent; and (B) such action does not subject the Stock Options to Section 409A or otherwise extend the Stock Options beyond their stated term), and (ii) accept the surrender of outstanding Stock Options and authorize the granting of new Stock Options in substitution therefor. Notwithstanding anything herein to the contrary, an outstanding Option may not be modified to reduce the exercise price thereof nor may a new Option at a lower exercise price be substituted for a surrendered Option (other than adjustments or substitutions in accordance with Section 4.2), unless such action is approved by the stockholders of the Company.

(m) No Reload Options. Options shall not provide for the grant of the same number of Options as the number of shares used to pay for the exercise price of Options or shares used to pay withholding taxes (i.e., "reloads").

ARTICLE VII

RESTRICTED STOCK

7.1 Awards of Restricted Stock. The Committee shall determine the Participants to whom, and the time or times at which, grants of Restricted Stock shall be made, the number of shares to be awarded, the purchase price (if any) to be paid by the Participant (subject to Section 7.2), the time or times at which such Awards may be subject to forfeiture or to restrictions on transfer, and all other terms and conditions of the Awards.

Unless otherwise determined by the Committee in the applicable Award agreement, (A) in the event the Participant engages in Detrimental Activity prior to any vesting of Restricted Stock, all unvested Restricted Stock shall be immediately forfeited, and (B) in the event the Participant engages in Detrimental Activity during the one year period after any vesting of such Restricted Stock, the Committee shall be entitled to recover from the Participant (at any time within one year after such engagement in Detrimental Activity) an amount equal to the Fair Market Value as of the vesting date(s) of any Restricted Stock that had vested in the period referred to above. Unless otherwise determined by the Committee in the applicable Award agreement, this paragraph shall cease to apply upon a Change in Control.

The Committee may condition the grant or vesting of Restricted Stock upon the attainment of specified performance goals (including goals based on the Performance Criteria) or such other factors as the Committee may determine.

7.2 Awards and Certificates. The Committee may require, as a condition to the effectiveness of an Award of Restricted Stock, that the Participant execute and deliver to the Company an Award agreement or other documentation and comply with the terms of such Award agreement or other documentation. Further, Restricted Stock shall be subject to the following conditions:

(a) Purchase Price. The purchase price of Restricted Stock, if any, shall be fixed by the Committee. In accordance with Section 4.3, the purchase price for shares of Restricted Stock may be zero to the extent permitted by applicable law, and, to the extent not so permitted, such purchase price may not be less than par value.

(b) Legend. Each Participant receiving Restricted Stock shall be issued a stock certificate in respect of such shares of Restricted Stock, unless the Committee elects to use another system, such as book entries by the transfer agent, as evidencing ownership of shares of Restricted Stock. Such certificate shall be registered in the name of such Participant, and shall, in addition to such legends required by applicable securities laws, bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Award, substantially in the following form:

“The anticipation, alienation, attachment, sale, transfer, assignment, pledge, encumbrance or charge of the shares of stock represented hereby are subject to the terms and conditions (including forfeiture) of the Helius Medical Technologies, Inc. (the “**Company**”) 2018 Omnibus Incentive Plan (as amended from time to time, the “**Plan**”), and an Award Agreement entered into between the registered owner and the Company dated _____. Copies of such Plan and Agreement are on file at the principal office of the Company.”

(c) Custody. If stock certificates are issued in respect of shares of Restricted Stock, the Committee may require that any stock certificates evidencing such shares be held in custody by the Company until the restrictions thereon shall have lapsed, and that, as a condition of any grant of Restricted Stock, the Participant shall have delivered a duly signed stock power or other instruments of assignment (including a power of attorney), each endorsed in blank with a guarantee of signature if deemed necessary or appropriate by the Company, which would permit transfer to the Company of all or a portion of the shares subject to the Award of Restricted Stock in the event that such Award is forfeited in whole or part.

7.3 Restrictions and Conditions. Restricted Stock shall be subject to the following restrictions and conditions:

(a) Restriction Period.

(i) The Participant shall not be permitted to Transfer shares of Restricted Stock, and the Restricted Stock shall be subject to a risk of forfeiture (collectively, “restrictions”) during the period or periods set by the Committee (the “**Restriction Periods**”), as set forth in the Restricted Stock award agreement. The Committee may provide for the lapse of the restrictions in whole or in part (including in installments) based on service, attainment of performance goals or such other factors or criteria as the Committee may determine, and may waive all or any part of the restrictions at any time subject to Section 7.3(a)(ii).

(ii) The Committee may condition the grant or vesting of Restricted Stock upon the attainment of performance goals (including, performance goals based on the Performance Criteria) or such other factors as the Committee may determine.

(b) Rights as a Stockholder. Except as otherwise determined by the Committee, the Participant shall have all the rights of a holder of shares of Common Stock of the Company with respect to the vested portion of Restricted Stock, subject to the following provisions of this Section 7.3(b). Except as otherwise determined by the Committee, (i) the Participant shall have no right to tender shares of Restricted Stock, (ii) dividends or other distributions (collectively, “dividends”) on shares of Restricted Stock shall be withheld, in each case, while the Restricted Stock is subject to restrictions, and (iii) in no event shall dividends or other distributions payable thereunder be paid unless and until the shares of Restricted Stock to which they relate no longer are subject to a risk of forfeiture. Dividends that are not paid currently shall be credited to bookkeeping accounts on the Company’s records for purposes of the Plan and, except as otherwise determined by the Committee, shall not accrue interest. Such dividends shall be paid to the Participant in the same form as paid on the Common Stock upon the lapse of the restrictions. The obligation of the Company to pay any dividends hereunder upon lapse of the applicable restrictions shall be a general, unsecured obligation of the Company payable solely from the general

assets of the Company. In no event shall the Company be required, or have any obligation, to set aside, or hold in escrow or trust, any funds for the purpose of paying such dividends.

(c) **Termination.** Upon a Participant's Termination for any reason during the Restriction Period, all Restricted Stock still subject to restriction will vest or be forfeited in accordance with the terms and conditions established by the Committee at grant, or, if no rights of a Participant are reduced, thereafter.

(d) **Lapse of Restrictions.** If and when the Restriction Period expires without a prior forfeiture of the Restricted Stock, the certificates for such shares shall be delivered to the Participant, and any and all unpaid distributions or dividends payable thereunder shall be paid. All legends shall be removed from said certificates at the time of delivery to the Participant, except as otherwise required by applicable law or other limitations imposed by the Committee.

ARTICLE VIII

OTHER STOCK-BASED AWARDS

8.1 Other Awards. The Committee is authorized to grant Other Stock-Based Awards that are payable in, valued in whole or in part by reference to, or otherwise based on or related to shares of Common Stock, including but not limited to, shares of Common Stock awarded purely as a bonus and not subject to any restrictions or conditions, shares of Common Stock in payment of the amounts due under an incentive or performance plan sponsored or maintained by the Company or an Affiliate, stock appreciation rights, stock equivalent units, restricted stock units, Performance Shares, Performance Units and Awards valued by reference to book value of shares of Common Stock.

The Committee shall have authority to determine the Participants to whom, and the time or times at which, Other Stock-Based Awards shall be made, the number of shares of Common Stock to be awarded pursuant to such Awards, and all other terms and conditions of the Awards.

The Committee may condition the grant or vesting of Other Stock-Based Awards upon the attainment of performance goals (including, performance goals based on the Performance Criteria) or such other factors as the Committee may determine.

8.2 Terms and Conditions. Other Stock-Based Awards made pursuant to this Article VIII shall be subject to the following terms and conditions:

(a) **Non-Transferability.** The Participant may not Transfer Other Stock-Based Awards or the Common Stock underlying such Awards prior to the date on which the underlying Common Stock is issued, or, if later, the date on which any restriction, performance or deferral period applicable to such Common Stock lapses.

(b) **Dividends.** The Committee shall determine to what extent, and under what conditions, the Participant shall have the right to receive dividends, dividend equivalents or other distributions (collectively, "dividends") with respect to shares of Common Stock covered by Other Stock-Based Awards. Except as otherwise determined by the Committee, dividends with respect to unvested Other Stock-Based Awards shall be withheld until such Other Stock-Based Awards vest. Dividends that are not paid currently shall be credited to bookkeeping accounts on the Company's records for purposes of the Plan and, except as otherwise determined by the Committee, shall not accrue interest. Such dividends shall be paid to the Participant in the same form as paid on the Common Stock or such other form as is determined by the Committee upon the lapse of the restrictions. The obligation of the Company to pay any dividends hereunder upon lapse of the applicable restrictions shall be a general, unsecured obligation of the Company payable solely from the general assets of the Company. In no event shall the Company be required, or have any obligation, to set aside, or hold in escrow or trust, any funds for the purpose of paying such dividends.

(c) **Vesting.** Other Stock Based Awards and any underlying Common Stock shall vest or be forfeited to the extent set forth in the applicable Award agreement or as otherwise determined by the Committee.

At the expiration of any applicable Performance Period, the Committee shall determine the extent to which the relevant performance goals are achieved and the portion of each Other Stock-Based Award that has been earned. The Committee may, at or after grant, accelerate the vesting of all or any part of any Other Stock-Based Award.

(d) Payment. Following the Committee's determination in accordance with subsection (c) above, shares of Common Stock or, as determined by the Committee, the cash equivalent of such shares, shall be delivered to the Participant, or his legal representative, in an amount equal to such individual's earned Other Stock-Based Award. Notwithstanding the foregoing, the Committee may exercise negative discretion by providing in an Other Stock-Based Award the discretion to pay an amount less than otherwise would be provided under the applicable level of attainment of the performance goals or subject the payment of all or part of any Other Stock-Based Award to additional vesting, forfeiture and deferral conditions as it deems appropriate.

(e) Detrimental Activity. Unless otherwise determined by the Committee in the applicable Award agreement, (A) in the event the Participant engages in Detrimental Activity prior to any vesting of such Other Stock-Based Award, all unvested Other Stock-Based Awards shall be immediately forfeited, and (B) in the event the Participant engages in Detrimental Activity during the one year period after any vesting of such Other Stock-Based Award, the Committee shall be entitled to recover from the Participant (at any time within the one-year period after such engagement in Detrimental Activity) an amount equal to any gain the Participant realized from any Other Stock-Based Award that had vested in the period referred to above. Unless otherwise determined by the Committee in the applicable Award agreement, this Section 8.2(e) shall cease to apply upon a Change in Control.

(f) Price. Common Stock issued on a bonus basis under this Article VIII may be issued for no cash consideration; Common Stock purchased pursuant to a purchase right awarded under this Article VIII shall be priced as determined by the Committee.

(g) Termination. Upon a Participant's Termination for any reason during the Performance Period, the Other Stock-Based Awards will vest or be forfeited in accordance with the terms and conditions established by the Committee at grant or, if no rights of the Participant are reduced, thereafter.

ARTICLE IX

CHANGE IN CONTROL PROVISIONS

9.1 Change in Control. In the event of a Change in Control of the Company, except as otherwise provided by the Committee in an Award agreement or otherwise in writing, a Participant's unvested Award shall not vest and a Participant's Award shall be treated in accordance with one of the following methods as determined by the Committee:

(a) Awards, whether or not then vested, may be continued, assumed, have new rights substituted therefor or be treated in accordance with Section 4.2(d), and Restricted Stock or other Awards may, where appropriate in the discretion of the Committee, receive the same distribution as other Common Stock on such terms as determined by the Committee; provided that, the Committee may decide to award additional Restricted Stock or any other Award in lieu of any cash distribution. Notwithstanding anything to the contrary herein, any assumption or substitution of Incentive Stock Options shall be structured in a manner intended to comply with the requirements of Treasury Regulation §1.424-1 (and any amendments thereto).

(b) Awards may be canceled in exchange for an amount of cash equal to the Change in Control Price (as defined below) per share of Common Stock covered by such Awards), less, in the case of an Appreciation Award, the exercise price per share of Common Stock covered by such Award. The "Change in Control Price" means the price per share of Common Stock paid in the Change in Control transaction.

(c) Appreciation Awards may be cancelled without payment, if the Change in Control Price is less than the exercise price per share of such Appreciation Awards.

Notwithstanding anything else herein, the Committee may provide for accelerated vesting or lapse of restrictions, of an Award at any time.

ARTICLE X

TERMINATION OR AMENDMENT OF PLAN

Notwithstanding any other provision of the Plan but subject to any necessary TSX approval, the Board, or the Committee (to the extent permitted by law), may at any time, and from time to time, amend, in whole or in part, any or all of the provisions of the Plan (including any amendment deemed necessary or advisable to ensure that the Company may comply with any regulatory requirement referred to in Article XII or Section 409A), or suspend or terminate it entirely, retroactively or otherwise; provided, however, that, unless otherwise required by law or specifically provided herein, the rights of a Participant with respect to Awards granted prior to such amendment, suspension or termination, may not be reduced in any material respect without the consent of such Participant and, provided further, without the approval of the holders of the Company's Common Stock entitled to vote in accordance with applicable law and, if applicable, Disinterested Shareholder Approval, no amendment may be made that would (a) increase the aggregate number of shares of Common Stock that may be issued under the Plan (except by operation of Section 4.2); (b) change the classification of individuals eligible to receive Awards under the Plan; (c) extend the maximum term of Options; (d) other than adjustments or substitutions in accordance with Section 4.2, amend the terms of outstanding Awards to reduce the exercise price of outstanding Stock Options or Appreciation Awards, or cancel outstanding Stock Options or Appreciation Awards (where, prior to the reduction or cancellation, the exercise price exceeds the Fair Market Value on the date of cancellation) in exchange for cash, other Awards or Stock Options or Appreciation Awards with an exercise price that is less than the exercise price of the original Stock Options or Appreciation Awards; or (e) otherwise require stockholder approval in order for the Plan or any of the Awards issued hereunder to continue to comply with applicable law (including Code Section 422) or the rules of any applicable securities exchange or system on which the Company's securities are listed or traded at the request of the Company.

Subject to any necessary TSX approval, the Committee may amend the terms of any Award theretofore granted, prospectively or retroactively; provided that no such amendment reduces in any material respect the rights of any Participant without the Participant's consent. Actions taken by the Committee in accordance with Article IV shall not be deemed to reduce the rights of any Participant.

Notwithstanding anything herein to the contrary, the Board or the Committee may amend the Plan or any Award at any time without a Participant's consent to comply with Section 409A or any other applicable law.

ARTICLE XI

UNFUNDED PLAN

The Plan is intended to constitute an "unfunded" plan for incentive and deferred compensation. With respect to any payments as to which a Participant has a fixed and vested interest but which are not yet made to a Participant by the Company, nothing contained herein shall give any such Participant any rights that are greater than those of a general unsecured creditor of the Company.

ARTICLE XII

GENERAL PROVISIONS

12.1 **Legend.** The Committee may require each person receiving shares of Common Stock pursuant to an Award to represent to and agree with the Company in writing that the Participant is acquiring the shares without a view to distribution thereof and such other securities law related representations as the Committee shall request. In addition to any legend required by the Plan, the certificates or book entry accounts for such shares may include any legend that the Committee deems appropriate to reflect any restrictions on Transfer.

All certificates or book entry accounts for shares of Common Stock delivered under the Plan shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations and other requirements of the Securities and Exchange Commission, any stock exchange upon which the Common Stock is then listed or any national automated quotation system on which the Common Stock is then quoted, any applicable Federal or state securities law, and any applicable corporate law, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions. If necessary or advisable in order to prevent a violation of applicable securities laws or to avoid the imposition of public company reporting requirements, then, notwithstanding anything herein to the contrary, any stock-settled Awards shall be paid in cash in an amount equal to the Fair Market Value on the date of settlement of such Awards.

12.2 **Other Plans.** Nothing contained in the Plan shall prevent the Board from adopting other or additional compensation arrangements, subject to stockholder approval if such approval is required; and such arrangements may be either generally applicable or applicable only in specific cases.

12.3 **No Right to Employment/Consultancy/Directorship.** Neither the Plan nor the grant of any Award thereunder shall give any Participant or other person any right to employment, consultancy or directorship by the Company or any Affiliate, or limit in any way the right of the Company or any Affiliate by which an employee is employed or a Consultant or Non-Employee Director is retained to terminate his employment, consultancy or directorship at any time.

12.4 **Withholding of Taxes.** The Company or any Affiliate shall have the right to deduct from any payment to be made pursuant to the Plan, or to otherwise require, prior to the issuance or delivery of any shares of Common Stock or the payment of any cash thereunder, payment by the Participant of, any Federal, foreign, state or local taxes required by law to be withheld. Upon the vesting of Restricted Stock (or other Award that is taxable upon vesting), or upon making an election under Section 83(b) of the Code, a Participant shall pay all required withholding to the Company or any Affiliate. Any statutorily required withholding obligation with regard to any Participant may be satisfied, subject to the consent of the Committee, by reducing the number of shares of Common Stock otherwise deliverable or by delivering shares of Common Stock already owned. Any fraction of a share of Common Stock required to satisfy such tax obligations shall be disregarded and the amount due shall be paid instead in cash by the Participant.

12.5 **No Assignment of Benefits.** No Award or other benefit payable under the Plan shall, except as otherwise specifically provided in the Plan or permitted by the Committee, be Transferable in any manner, and any attempt to Transfer any such benefit shall be void, and any such benefit shall not in any manner be liable for or subject to the debts, contracts, liabilities, engagements or torts of any person who shall be entitled to such benefit, nor shall it be subject to attachment or legal process for or against such person.

12.6 **Listing and Other Conditions.**

(a) Unless otherwise determined by the Committee, as long as the Common Stock is listed on a national securities exchange or system sponsored by a national securities association, the issuance of shares of Common Stock pursuant to an Award shall be conditioned upon such shares being listed on such exchange or system. The Company shall have no obligation to issue such shares unless and until such shares are so listed, and the right to exercise any Stock Option or other Exercisable Award with respect to such shares shall be suspended until such listing has been effected.

(b) If at any time counsel to the Company shall be of the opinion that any offer or sale of Common Stock pursuant to an Award is or may be unlawful or prohibited, or will or may result in the imposition of excise taxes on the Company, under the statutes, rules or regulations of any applicable jurisdiction or under the rules of the national securities exchange on which the Common Stock then is listed, the Company shall have no obligation to make such offer or sale, or to make any application or to effect or to maintain any qualification or registration under the Securities Act or otherwise, with respect to the Common Stock or Awards, and the right to exercise any Stock Option or other Exercisable Award shall be suspended until, in the opinion of said counsel, such offer or sale shall be lawful, permitted or will not result in the imposition of excise taxes on the Company.

(c) Upon termination of any period of suspension under this Section 12.6, any Award affected by such suspension which shall not then have expired or terminated shall be reinstated as to all shares available before such suspension and as to shares which would otherwise have become available during the period of such suspension, but no such suspension shall extend the term of any Award.

(d) A Participant shall be required to supply the Company with certificates, representations and information that the Company requests and otherwise cooperate with the Company in obtaining any listing, registration, qualification, exemption, consent or approval the Company deems necessary or appropriate.

12.7 **Governing Law.** The Plan and matters arising under or related to it shall be governed by and construed in accordance with the internal laws of the State of Wyoming without giving effect to its principles of conflicts of laws.

12.8 **Construction.** Wherever any words are used in the Plan in the masculine gender they shall be construed as though they were also used in the feminine gender in all cases where they would so apply. As used herein, (a) "or" shall mean "and/or" and (b) "including" or "include" shall mean "including, without limitation." Any reference herein to an agreement in writing shall be deemed to include an electronic writing to the extent permitted by applicable law.

12.9 **No Acquired Rights.** In participating in the Plan, each Participant is deemed to acknowledge and accept that the Committee has the sole discretion to amend or terminate the Plan, to the extent permitted hereunder, at any time and that the opportunity given to a Participant to participate in the Plan is at the sole discretion of the Committee and does not obligate the Company or any Affiliate to offer such participation in the future (whether on the same or different terms). In participating in the Plan, each Participant is deemed further to acknowledge and accept that (i) such Participant's participation in the Plan is not to be considered part of any normal or expected compensation, (ii) the value of Awards granted to a Participant shall not be used for purposes of determining any benefits or compensation payable to the Participant or the Participant's beneficiaries or estate under any benefit arrangement of the Company or its Affiliates and (iii) the termination of the Participant's employment with the Company or an Affiliate under any circumstance whatsoever will not give the Participant any claim or right of action against the Company or any of its Affiliates in respect of any lost rights under the Plan that may arise as a result of such termination of employment.

12.10 **Data Protection.** By participating in the Plan, each Participant shall consent to the holding and processing of personal information provided by such Participant to the Company, any Affiliate, trustee or third-party service provider, for all purposes relating to the operation of the Plan. These include, but are not limited to: (i) administering and maintaining Participant records; (ii) providing information to the Company, Affiliates, trustees of any employee benefit trust, registrars, brokers or third-party administrators of the Plan; (iii) providing information to future purchasers or merger partners of the Company or any Affiliate, or the business in which the Participant works; and (iv) transferring personal information about the Participant to any country or territory that may not provide the same protection for the information as the Participant's home country. Such personal information may include, without limitation, the Participant's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares or directorships held in the Company or an Affiliate and details of all Awards or other entitlement to shares awarded, canceled, exercised, vested, unvested or outstanding in a Participant's favor.

12.11 **Costs.** The Company shall bear all expenses associated with administering the Plan, including expenses of issuing Common Stock pursuant to any Awards.

12.12 **No Right to Same Benefits.** The provisions of Awards need not be the same with respect to each Participant, and each Award to an individual Participant need not be the same.

12.13 **Death/Disability.** The Committee may require the transferee of a Participant to supply it with written notice of the Participant's death or Disability and to supply it with a copy of the will (in the case of the Participant's death) or such other evidence as the Committee deems necessary or advisable to establish the validity of the transfer of an Award. The Committee also may require that the transferee agree to be bound by all of the terms and conditions of the Plan.

12.14 **Section 16(b) of the Exchange Act.** All elections and transactions under the Plan by persons subject to Section 16 of the Exchange Act involving shares of Common Stock are intended to comply with any applicable exemptive condition under Rule 16b-3. The Committee may establish and adopt written administrative guidelines, designed to facilitate compliance with Section 16(b) of the Exchange Act, as it may deem necessary or advisable for the administration and operation of the Plan and the transaction of business thereunder.

12.15 **Section 409A.** Although the Company does not guarantee to a Participant the particular tax treatment of any Award, all Awards are intended to comply with, or be exempt from, the requirements of Section 409A and the Plan and any Award agreement shall be limited, construed and interpreted in accordance with such intent. To the extent that any Award constitutes “non-qualified deferred compensation” pursuant to Section 409A (a “**Section 409A Covered Award**”), it is intended to be paid in a manner that will comply with Section 409A. In no event shall the Company be liable for any additional tax, interest or penalties that may be imposed on a Participant by Section 409A or for any damages for failing to comply with Section 409A. Notwithstanding anything in the Plan or in an Award to the contrary, the following provisions shall apply to Section 409A Covered Awards:

(a) A termination of employment shall not be deemed to have occurred for purposes of any provision of a Section 409A Covered Award providing for payment upon or following a termination of the Participant’s employment unless such termination is also a “separation from service” within the meaning of Section 409A and, for purposes of any such provision of a Section 409A Covered Award, references to a “termination,” “termination of employment” or like terms shall mean separation from service. Notwithstanding any provision to the contrary in the Plan or the Award, if the Participant is deemed on the date of the Participant’s Termination to be a “specified employee” within the meaning of that term under Section 409A(a)(2)(B) of the Code and using the identification methodology selected by the Company from time to time, or if none, the default methodology set forth in Section 409A, then with regard to any such payment under a Section 409A Covered Award, to the extent required to be delayed in compliance with Section 409A(a)(2)(B) of the Code, such payment shall not be made prior to the earlier of (i) the expiration of the six-month period measured from the date of the Participant’s separation from service, and (ii) the date of the Participant’s death. All payments delayed pursuant to this Section 12.15(a) shall be paid to the Participant on the first day of the seventh month following the date of the Participant’s separation from service or, if earlier, on the date of the Participant’s death.

(b) With respect to any payment pursuant to a Section 409A Covered Award that is triggered upon a Change in Control, the settlement of such Award shall not occur until the earliest of (i) the Change in Control if such Change in Control constitutes a “change in the ownership of the corporation,” a “change in effective control of the corporation” or a “change in the ownership of a substantial portion of the assets of the corporation,” within the meaning of Section 409A(a)(2)(A)(v) of the Code, (ii) the date such Award otherwise would be settled pursuant to the terms of the applicable Award agreement and (iii) the Participant’s “separation from service” within the meaning of Section 409A, subject to Section 12.15(a).

(c) For purposes of Code Section 409A, a Participant’s right to receive any installment payments under the Plan or pursuant to an Award shall be treated as a right to receive a series of separate and distinct payments.

(d) Whenever a payment under the Plan or pursuant to an Award specifies a payment period with reference to a number of days (e.g., “payment shall be made within 30 days following the date of termination”), the actual date of payment within the specified period shall be within the sole discretion of the Company.

12.16 **Successor and Assigns.** The Plan shall be binding on all successors and permitted assigns of a Participant, including the estate of such Participant and the executor, administrator or trustee of such estate.

12.17 **Severability of Provisions.** If any provision of the Plan shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions hereof, and the Plan shall be construed and enforced as if such provisions had not been included.

12.18 **Participants Subject to Taxation Outside the U.S.; No Tax Equalization.** With respect to a Participant who is subject to taxation in a country other than the United States, the Committee may grant Awards to

such Participant on such terms and conditions as the Committee deems appropriate to comply with the laws of the applicable country, and the Committee may create such procedures, addenda and subplans and make such modifications as may, in the Committee's discretion, be necessary or desirable to comply with such laws. Neither the Company nor any Affiliate shall have any responsibility to such Participant with respect to any taxes owed or owing in or to any jurisdiction that such Participant incurs as a result of receiving an Award and becoming a Participant in the Plan, nor shall the Company or any Affiliate provide any tax equalization payment to any Participant in respect of taxes owed or owing in or to any jurisdiction by a Participant.

12.19 **Payments to Minors, Etc.** Any benefit payable to or for the benefit of a minor, an incompetent person or other person incapable of receipt thereof shall be deemed paid when paid to such person's guardian or to the party providing or reasonably appearing to provide for the care of such person, and such payment shall fully discharge the Committee, the Board, the Company, its Affiliates and their employees, agents and representatives with respect thereto.

12.20 **Headings and Captions.** The headings and captions herein are provided for reference and convenience only, shall not be considered part of the Plan, and shall not be employed in the construction of the Plan.

12.21 **Recoupment.** All Awards granted or other compensation paid by the Company under the Plan, including any shares of Common Stock issued under any Award thereunder, will be subject to: (i) any compensation recapture policies established by the Board or the Committee from time to time and in effect at the time of grant of the Award, and (ii) any compensation recapture policies to the extent required pursuant to any applicable law (including, without limitation, the Dodd-Frank Act) or the rules and regulations of any national securities exchange on which the shares of Common Stock are then traded.

12.22 **Reformation.** If any provision regarding Detrimental Activity or any other provision set forth in the Plan or an Award agreement is found by any court of competent jurisdiction or arbitrator to be invalid, void or unenforceable or to be excessively broad as to duration, activity, geographic application or subject, such provision or provisions shall be construed, by limiting or reducing them to the extent legally permitted, so as to be enforceable to the maximum extent compatible with then applicable law.

12.23 **Electronic Communications.** Notwithstanding anything else herein to the contrary, any Award agreement, notice of exercise of an Exercisable Award, or other document or notice required or permitted by the Plan or an Award that is required to be delivered in writing may, to the extent determined by the Committee, be delivered and accepted electronically. Signatures also may be electronic if permitted by the Committee. The term "written agreement" as used in the Plan shall include any document that is delivered and/or accepted electronically.

12.24 **Agreement.** As a condition to the grant of an Award, if requested by the Company and the lead underwriter of any public offering of the Common Stock (the "**Lead Underwriter**"), a Participant shall irrevocably agree not to sell, contract to sell, grant any option to purchase, transfer the economic risk of ownership in, make any short sale of, pledge or otherwise transfer or dispose of, any interest in any Common Stock or any securities convertible into, derivative of, or exchangeable or exercisable for Common Stock, or any other rights to purchase or acquire Common Stock (except Common Stock included in such public offering or acquired on the public market after such offering) during such period of time following the effective date of a registration statement of the Company filed under the Securities Act that the Lead Underwriter shall specify (the "**Lock-up Period**"). The Participant shall further agree to sign such documents as may be requested by the Lead Underwriter to effect the foregoing and agree that the Company may impose stop-transfer instructions with respect to Common Stock acquired pursuant to an Award until the end of such Lock-up Period.

12.25 **TSX Policy Manual.** For so long as the Common Stock is listed on the TSX, the provisions of this Plan are subject to the relevant policies of the TSX, including but not limited to the TSX Company Manual.

ARTICLE XIII

EFFECTIVE DATE OF PLAN

The Plan was adopted by the Board on May 8, 2018, effective as of the date of the annual meeting of stockholders of the Company held in calendar year 2018, provided the Plan is approved by the Company's stockholders at such meeting (the "**Effective Date**").

ARTICLE XV

TERM OF PLAN

No Award shall be granted on or after the tenth anniversary of the earlier of (a) the date the Plan is adopted by the Board or (b) the date the Plan is approved by the stockholders of the Company, provided that Awards granted prior to such tenth anniversary may extend beyond that date in accordance with the terms of the Plan.

EXHIBIT A

PERFORMANCE CRITERIA

Performance goals established for purposes of the grant or vesting of performance-based Awards of Restricted Stock, Other Stock-Based Awards or Performance-Based Cash Awards shall be based on one or more of the following performance criteria ("**Performance Criteria**"):

- (1) enterprise value or value creation targets;
- (2) income or net income; operating income; net operating income or net operating income after tax; operating profit or net operating profit;
- (3) cash flow including, but not limited to, from operations or free cash flow;

- (4) specified objectives with regard to limiting the level of increase in all or a portion of bank debt or other long-term or short-term public or private debt or other similar financial obligations, or other capital structure improvements, which may be calculated net of cash balances or other offsets and adjustments as may be established by the Committee;
- (5) net sales, revenues, net income or earnings before income tax or other exclusions;
- (6) operating margin; return on operating revenue or return on operating profit;
- (7) return measures (after tax or pre-tax), including return on capital employed, return on invested capital; return on equity, return on assets, return on net assets;
- (8) market capitalization, earnings per share, fair market value of the shares of the Common Stock, franchise value (net of debt), economic value added;
- (9) total stockholder return or growth in total stockholder return (with or without dividend reinvestment);
- (10) financing and other capital raising transactions;
- (11) proprietary investment results;
- (12) estimated market share;
- (13) expansion of sales in additional geographies or markets;
- (14) expense management/control or reduction (including without limitation, compensation and benefits expense);

- (15) customer satisfaction;
- (16) technological improvements/implementation, new product innovation;
- (17) collections and recoveries;
- (18) property/asset purchases;
- (19) litigation and regulatory resolution/implementation goals;
- (20) leases, contracts or financings (including renewals, overhead, savings, G&A and other expense control goals);
- (21) risk management/implementation;
- (22) development and implementation of strategic plans or organizational restructuring goals;
- (23) development and implementation of risk and crisis management programs; compliance requirements and compliance relief; productivity goals; workforce management and succession planning goals;
- (24) employee satisfaction or staff development;
- (25) formations of joint ventures or partnerships or the completion of other similar transactions intended to enhance revenue or profitability or to enhance its customer base;
- (26) licensing or partnership arrangements;
- (27) progress of partnered programs and partner satisfaction;
- (28) progress of internal research or development programs;
- (29) strategic partnerships or transactions (including in-licensing and out-licensing of intellectual property);
- (30) implementation or completion of critical projects;
- (31) completion of a merger, acquisition or any transaction that results in the sale of all or substantially all of the stock or assets; or
- (32) other measures of performance selected by the Committee.

All Performance Criteria may be based upon the attainment of specified levels of the Company (or Affiliate, division, other operational unit, business segment or administrative department of the Company or any Affiliate) performance under one or more of the measures described above and may be measured relative to the performance of other corporations (or an affiliate, subsidiary, division, other operational unit, business segment or administrative department of another corporation or its affiliates). Any goal may be expressed as a dollar figure, on a percentage basis (if applicable) or on a per share basis, and goals may be either absolute, relative to a selected peer group or index, or a combination of both. The Committee may: (i) designate additional business criteria on which the Performance Criteria may be based or (ii) adjust, modify or amend the aforementioned business criteria.

Except as otherwise determined by the Committee in the applicable Award agreement or in such other document setting forth the Performance Criteria at the time the Performance Criteria are established, the measures used in

Performance Criteria set under the Plan shall be determined in accordance with generally accepted accounting principles (“**GAAP**”) and in a manner consistent with the methods used in the Company’s regular reports on Forms 10-K and 10-Q, without regard to any of the following unless otherwise determined by the Committee:

(a) all items of gain, loss or expense for the fiscal year or other applicable performance period that are related to special, unusual or non-recurring items, events or circumstances affecting the Company (or Affiliate, division, other operational unit, business segment or administrative department of the Company or any Affiliate) or the financial statements of the Company (or Affiliate, division, other operational unit, business segment or administrative department of the Company or any Affiliate);

(b) all items of gain, loss or expense for the fiscal year or other applicable performance period that are related to (i) the disposal of a business or discontinued operations or (ii) the operations of any business acquired by the Company (or Affiliate, division, other operational unit, business segment or administrative department of the Company or any Affiliate) during the fiscal year or other applicable performance period; and

(c) all items of gain, loss or expense for the fiscal year or other applicable performance period that are related to changes in accounting principles or to changes in applicable law or regulations.

To the extent any Performance Criteria are expressed using any measures that require deviations from GAAP, such deviations shall be at the discretion of the Committee as exercised at the time the Performance Criteria are set.

**AMENDMENT 1
TO
HELIUS MEDICAL TECHNOLOGIES, INC.
2018 OMNIBUS INCENTIVE PLAN**

RECITALS

- A. Heliuss Medical Technologies, Inc., a Delaware corporation (the “*Company*”) sponsors the Heliuss Medical Technologies, Inc. 2018 Omnibus Incentive Plan (the “*Plan*”).
- B. On September 20, 2018 (the “*Effective Date*”), the Board of Directors of the Company adopted the following amendment to the Plan (“*Amendment*”).

AMENDMENT

Plan is hereby amended by deleting subsection 2.23 of the Plan in its entirety and substituting the following in lieu thereof:

“**2.23 Fair Market Value** means, unless otherwise determined by the Committee, as of any date, the value of the Common Stock, determined based on the following in order:

(a) if the Common Stock is listed on the NASDAQ Stock Market, the Fair Market Value of a share of Common Stock shall be the closing price reported or quoted on the NASDAQ Stock Market for the Common Stock on such date, or if the Common Stock shall not have been reported or quoted on such date and the Common Stock is listed on the TSX, the Fair Market Value of a share of Common Stock shall be the United States dollar equivalent (determined by using the closing \$CAN to \$US exchange rate published by the Bank of Canada on the applicable date) of the closing price reported or quoted on the TSX for the Common Stock on such date, or if the Common Stock shall not have been reported or quoted on such date on either the NASDAQ Stock Market or the TSX, the Fair Market Value of a share of Common Stock shall be the closing price reported or quoted on the NASDAQ Stock Market for the Common Stock on the first day prior thereto on which the Common Stock was reported or quoted, in each case as reported in a source the Committee deems reliable;

(b) if the Common Stock is not listed on the NASDAQ Stock Market but is listed on the TSX, the Fair Market Value of a share of Common Stock shall be the United States dollar equivalent (determined by using the closing \$CAN to \$US exchange rate published by the Bank of Canada on the applicable date) of the closing price reported or quoted on the TSX for the Common Stock on such date, or if the Common Stock shall not have been reported or quoted on such date, on the first day prior thereto on which the Common Stock was reported or quoted on the TSX, in each case as reported in a source the Committee deems reliable;

(c) if the Common Stock is not listed on the NASDAQ Stock Market or the TSX, the Fair Market Value of a share of Common Stock shall be the closing price reported for the Common Stock on such date: (i) as reported on the principal national securities exchange in the United States on which it is then traded; or (ii) if not traded on any such national securities exchange, as quoted on an automated quotation system sponsored by the Financial Industry Regulatory Authority or if the Common Stock shall not have been

reported or quoted on such date, on the first day prior thereto on which the Common Stock was reported or quoted; or

(d) if the Common Stock is not traded, listed or otherwise reported or quoted, then Fair Market Value means the fair market value of the Common Stock as determined by the Committee in good faith in whatever manner it considers appropriate taking into account the requirements of Section 409A or Section 422 of the Code, as applicable.”

12.7 is hereby amended by deleting subsection 12.7 of the Plan in its entirety and substituting the following in lieu thereof:

“12.7 Governing Law. The Plan and matters arising under or related to it shall be governed by and construed in accordance with the internal laws of the State of Delaware without giving effect to its principles of conflicts of laws.”

12.7 This amendment, the Plan shall be unaffected hereby and shall remain in full force and effect.

FORM FOR U.S. OPTION GRANTS

HELIUS MEDICAL TECHNOLOGIES, INC.
STOCK OPTION GRANT NOTICE
(2018 OMNIBUS INCENTIVE PLAN)

Helius Medical Technologies, Inc. (the “*Company*”), pursuant to its 2018 Omnibus Incentive Plan (the “*Plan*”), hereby grants to Optionholder an option to purchase the number of shares of the Company’s Common Stock set forth below. This option is subject to all of the terms and conditions as set forth in this Stock Option Grant Notice, in the Option Agreement, the Plan and the Notice of Exercise, all of which are attached hereto and incorporated herein in their entirety. Capitalized terms not explicitly defined herein but defined in the Plan or the Option Agreement will have the same definitions as in the Plan or the Option Agreement. If there is any conflict between the terms in this Stock Option Grant Notice and the Plan, the terms of the Plan will control.

Optionholder:	
Date of Grant:	
Vesting Commencement Date:	
Number of Shares Subject to Option:	
Exercise Price (Per Share):	
Total Exercise Price:	
Expiration Date:	

Type of Grant: Incentive Stock Option¹ Non-Qualified Stock Option

Exercise Schedule: Same as Vesting Schedule

Vesting Schedule: [_____]

Payment: By one or a combination of the following items (described in the Option Agreement):

- By cash, check, bank draft or money order payable to the Company
- Pursuant to a Regulation T Program if the shares are publicly traded
- By delivery of already-owned shares if the shares are publicly traded
- If and only to the extent this option is a Non-Qualified Stock Option, and subject to the Company’s consent at the time of exercise, by a Net Settlement arrangement

¹ If this is an Incentive Stock Option, it (plus other outstanding Incentive Stock Options) cannot be first *exercisable* for more than \$100,000 in value (measured by exercise price) in any calendar year. Any excess over \$100,000 is a Non-Qualified Stock Option.

Additional Terms/Acknowledgements: Optionholder acknowledges receipt of, and understands and agrees to, this Stock Option Grant Notice, the Option Agreement and the Plan. Optionholder acknowledges and agrees that this Stock Option Grant Notice and the Option Agreement may not be modified, amended or revised except as provided in the Plan. Optionholder further acknowledges that as of the Date of Grant, this Stock Option Grant Notice, the Option Agreement, and the Plan set forth the entire understanding between Optionholder and the Company regarding this option award and supersede all prior oral and written agreements, promises and/or representations on that subject with the exception of, if applicable, (i) equity awards previously granted and delivered to Optionholder, (ii) any compensation recovery policy that is adopted by the Company or is otherwise required by applicable law and (iii) any written employment or severance arrangement that would provide for vesting acceleration of this option upon the terms and conditions set forth therein. By accepting this option, Optionholder consents to receive such documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

HELIUS MEDICAL TECHNOLOGIES, INC

OPTIONHOLDER:

By:

Signature

Signature

Title:

Date:

Date:

ATTACHMENTS: Option Agreement, 2018 Omnibus Incentive Plan and Notice of Exercise

ATTACHMENT I

HELIUS MEDICAL TECHNOLOGIES, INC.

OPTION AGREEMENT
(2018 OMNIBUS INCENTIVE PLAN)
(INCENTIVE STOCK OPTION OR NON-QUALIFIED STOCK OPTION)

Pursuant to your Stock Option Grant Notice (“**Grant Notice**”) and this Option Agreement, Helius Medical Technologies, Inc. (the “**Company**”) has granted you an option under its 2018 Omnibus Incentive Plan (the “**Plan**”) to purchase the number of shares of the Company’s Common Stock indicated in your Grant Notice at the exercise price indicated in your Grant Notice. The option is granted to you effective as of the date of grant set forth in the Grant Notice (the “**Date of Grant**”). If there is any conflict between the terms in this Option Agreement and the Plan, the terms of the Plan will control. Capitalized terms not explicitly defined in this Option Agreement or in the Grant Notice but defined in the Plan will have the same definitions as in the Plan.

The details of your option, in addition to those set forth in the Grant Notice and the Plan, are as follows:

1. VESTING. Subject to the provisions contained herein, your option will vest as provided in your Grant Notice. Vesting will cease upon your Termination.

2. NUMBER OF SHARES AND EXERCISE PRICE. The number of shares of Common Stock subject to your option and your exercise price per share in your Grant Notice are subject to adjustment upon certain events in accordance with Section 4.2 of the Plan.

3. EXERCISE RESTRICTION FOR NON-EXEMPT EMPLOYEES. If you are an Eligible Employee eligible for overtime compensation under the Fair Labor Standards Act of 1938, as amended (that is, a “**Non-Exempt Employee**”), and except as otherwise provided in the Plan, you may not exercise your option until you have completed at least six (6) months of service with the Company or an Affiliate measured from the Date of Grant, even if you have already been an employee for more than six (6) months. Consistent with the provisions of the Worker Economic Opportunity Act, you may exercise your option as to any vested portion prior to such six (6) month anniversary in the case of (i) your death or disability, (ii) a Change in Control in which your option is not assumed, continued or substituted, (iii) an Acquisition Event or (iv) your Termination on your “retirement” (as defined in the Company’s benefit plans).

4. METHOD OF PAYMENT. You must pay the full amount of the exercise price for the shares you wish to exercise. You may pay the exercise price in cash or by check, bank draft or money order payable to the Company or in any other manner **permitted by your Grant Notice**, which may include one or more of the following:

(a) Provided that at the time of exercise the Common Stock is publicly traded, pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board that, prior to the issuance of Common Stock, results in either the receipt of cash (or check) by the Company or the receipt of irrevocable instructions to pay the aggregate exercise price to the Company from the sales proceeds. This manner of payment is also known as a “broker-assisted exercise”, “same day sale”, or “sell to cover”.

(b) Provided that at the time of exercise the Common Stock is publicly traded, by delivery to the Company (either by actual delivery or attestation) of already-owned shares of Common Stock that are owned free and clear of any liens, claims, encumbrances or security interests, and that are valued at Fair Market Value on the date of exercise. "Delivery" for these purposes, in the sole discretion of the Company at the time you exercise your option, will include delivery to the Company of your attestation of ownership of such shares of Common Stock in a form approved by the Company. You may not exercise your option by delivery to the Company of Common Stock if doing so would violate the provisions of any law, regulation or agreement restricting the redemption of the Company's stock.

(c) If this option is a Non-Qualified Stock Option, subject to the consent of the Company at the time of exercise, by a Net Settlement arrangement in accordance with Section 6.3(d) of the Plan. Shares of Common Stock will no longer be outstanding under your option and will not be exercisable thereafter if those shares (i) are used to pay the exercise price pursuant to the Net Settlement, (ii) are delivered to you as a result of such exercise, and (iii) are withheld to satisfy your tax withholding obligations.

5. WHOLE SHARES. You may exercise your option only for whole shares of Common Stock.

6. SECURITIES LAW COMPLIANCE. In no event may you exercise your option unless the shares of Common Stock issuable upon exercise are then registered under the Securities Act or, if not registered, the Company has determined that your exercise and the issuance of the shares would be exempt from the registration requirements of the Securities Act. The exercise of your option also must comply with all other applicable laws and regulations governing your option, and you may not exercise your option if the Company determines that such exercise would not be in material compliance with such laws and regulations.

7. TERM. You may not exercise your option before the Date of Grant or after the expiration of the option's term. The term of your option expires, subject to the provisions of Section 6.3(b) of the Plan, upon the earliest of the following:

(a) immediately upon your Termination for Cause;

(b) immediately upon your Termination for any reason to the extent the shares subject to your option have not vested on or prior to such Termination;

(c) three (3) months after your Termination for any reason other than Cause, your Disability or your death (except as otherwise provided in Section 7(e) below); *provided, however*, that if during any part of such three (3) month period your option is not exercisable solely because of the condition set forth in the section above regarding "Securities Law Compliance," your option will not expire until the earlier of the Expiration Date or until it has been exercisable for an aggregate period of three (3) months after your Termination; *provided further*, if during any part of such three (3) month period, the sale of any Common Stock received upon exercise of your option would violate the Company's insider trading policy, then your option will not expire until the earlier of the Expiration Date or until it has been exercisable for an aggregate period of three (3) months after your Termination during which the sale of the Common Stock received upon exercise of your option would not be in violation of the Company's insider trading policy. Notwithstanding the foregoing, if (i) you are a Non-Exempt Employee, (ii) your Termination of Employment occurs within six (6) months after the Date of Grant, and (iii) you have vested in a portion of your option at the time of your Termination, your option will not expire until the earlier of (x) the later of (A) the date that is seven (7) months after the Date of Grant, and (B) the date that is three (3) months after your Termination, and (y) the Expiration Date;

- (d) twelve (12) months after your Termination due to your Disability (except as otherwise provided in Section 7(e)) below;
- (e) twelve (12) months after your death if you die either before your Termination or within three (3) months after your Termination for any reason other than Cause;
- (f) in certain circumstances upon the effective date of an Acquisition Event or a Change in Control as set forth in the Plan;
- (g) the Expiration Date indicated in your Grant Notice; or
- (h) the day before the tenth (10th) anniversary of the Date of Grant.

If your option is an Incentive Stock Option, note that to obtain the federal income tax advantages associated with an Incentive Stock Option, the Code requires that at all times beginning on the Date of Grant and ending on the day three (3) months before the date of your option's exercise, you must be an employee of the Company or an Affiliate, except in the event of your death or Disability. The Company has provided for extended exercisability of your option under certain circumstances for your benefit but cannot guarantee that your option will necessarily be treated as an Incentive Stock Option if you continue to provide services to the Company or an Affiliate as a Consultant or Non-Employee Director after your employment terminates or if you otherwise exercise your option more than three (3) months after the date your employment with the Company or an Affiliate terminates.

8. EXERCISE.

(a) You may exercise the vested portion of your option (and the unvested portion of your option if your Grant Notice so permits) during its term by (i) delivering a Notice of Exercise (in a form designated by the Company) or completing such other documents and/or procedures designated by the Company for exercise and (ii) paying the exercise price and any applicable withholding taxes to the Company's Secretary, stock plan administrator, or such other person as the Company may designate, together with such additional documents as the Company may then require.

(b) By exercising your option you agree that, as a condition to any exercise of your option, the Company may require you to enter into an arrangement providing for the payment by you to the Company of any tax withholding obligation of the Company arising by reason of (i) the exercise of your option, (ii) the lapse of any substantial risk of forfeiture to which the shares of Common Stock are subject at the time of exercise, or (iii) the disposition of shares of Common Stock acquired upon such exercise.

(c) If your option is an Incentive Stock Option, by exercising your option you agree that you will notify the Company in writing within fifteen (15) days after the date of any disposition of any of the shares of the Common Stock issued upon exercise of your option that occurs within two (2) years after the Date of Grant or within one (1) year after such shares of Common Stock are transferred upon exercise of your option.

9. DETRIMENTAL ACTIVITY. Your option, the shares issued upon exercise of your option and any associated gain shall be subject to Section 6.3(c)(ii) of the Plan regarding the effects of engaging in Detrimental Activity.

10. TRANSFERABILITY. Except as otherwise provided in this Section 10, your option is not transferable, except by will or by the laws of descent and distribution, and is exercisable during your life only by you.

(a) Certain Trusts. Upon receiving written permission from the Board or its duly authorized designee, you may transfer your option to a trust if you are considered to be the sole beneficial owner (determined under Section 671 of the Code and applicable state law) while the option is held in the trust. You and the trustee must enter into transfer and other agreements required by the Company.

(b) Domestic Relations Orders. Upon receiving written permission from the Board or its duly authorized designee, and provided that you and the designated transferee enter into transfer and other agreements required by the Company, you may transfer your option pursuant to the terms of a domestic relations order, official marital settlement agreement or other divorce or separation instrument as permitted by Treasury Regulation 1.421-1(b)(2) that contains the information required by the Company to effectuate the transfer. You are encouraged to discuss the proposed terms of any division of this option with the Company prior to finalizing the domestic relations order or marital settlement agreement to help ensure the required information is contained within the domestic relations order or marital settlement agreement. If this option is an Incentive Stock Option, this option may be deemed to be a Non-Qualified Stock Option as a result of such transfer.

(c) Beneficiary Designation. Upon receiving written permission from the Board or its duly authorized designee, you may, by delivering written notice to the Company, in a form approved by the Company and any broker designated by the Company to handle option exercises, designate a third party who, on your death, will thereafter be entitled to exercise this option and receive the Common Stock or other consideration resulting from such exercise. In the absence of such a designation, your executor or administrator of your estate will be entitled to exercise this option and receive, on behalf of your estate, the Common Stock or other consideration resulting from such exercise.

11. OPTION NOT A SERVICE CONTRACT. Your option is not an employment or service contract, and nothing in your option will be deemed to create in any way whatsoever any obligation on your part to continue in the employ of the Company or an Affiliate, or of the Company or an Affiliate to continue your employment. In addition, nothing in your option will obligate the Company or an Affiliate, their respective stockholders, boards of directors, officers or employees to continue any relationship that you might have as a Non-Employee Director or Consultant for the Company or an Affiliate.

12. WITHHOLDING OBLIGATIONS.

(a) At the time you exercise your option, in whole or in part, and at any time thereafter as requested by the Company, you hereby authorize withholding from payroll and any other amounts payable to you, and otherwise agree to make adequate provision for (including by means of a "same day sale" pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board to the extent permitted by the Company), any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Company or an Affiliate, if any, which arise in connection with the exercise of your option.

(b) If this option is a Non-Qualified Stock Option, then upon your request and subject to approval by the Company, and compliance with any applicable legal conditions or restrictions, the Company may withhold from fully vested shares of Common Stock otherwise issuable to you upon the exercise of your option a number of whole shares of Common Stock having a Fair Market Value, determined by the Company as of the date of exercise, not in excess of the minimum amount of tax required

to be withheld by law (or such lower amount as may be necessary to avoid classification of your option as a liability for financial accounting purposes). Shares of Common Stock shall be withheld solely from fully vested shares of Common Stock determined as of the date of exercise of your option that are otherwise issuable to you upon such exercise. Any adverse consequences to you arising in connection with such share withholding procedure shall be your sole responsibility.

(c)

You may not exercise your option unless the tax withholding obligations of the Company and/or any Affiliate are satisfied. Accordingly, you may not be able to exercise your option when desired even though your option is vested, and the Company will have no obligation to issue a certificate for such shares of Common Stock or release such shares of Common Stock from any escrow provided for herein, if applicable, unless such obligations are satisfied.

13. TAX CONSEQUENCES. You hereby agree that the Company does not have a duty to design or administer the Plan or its other compensation programs in a manner that minimizes your tax liabilities. You will not make any claim against the Company, its Affiliates or any of their officers, directors or employees related to tax liabilities arising from your option or your other compensation. In particular, you acknowledge that this option is exempt from Section 409A of the Code only if the exercise price per share specified in the Grant Notice is at least equal to the “fair market value” per share of the Common Stock on the Date of Grant and there is no other impermissible deferral of compensation associated with the option.

14. NOTICES. Any notices provided for in your option or the Plan will be given in writing (including electronically) and will be deemed effectively given upon receipt or, in the case of notices delivered by mail by the Company to you, five (5) days after deposit in the United States mail, postage prepaid, addressed to you at the last address you provided to the Company. The Company may, in its sole discretion, decide to deliver any documents related to participation in the Plan and this option by electronic means or to request your consent to participate in the Plan by electronic means. By accepting this option, you consent to receive such documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

15. GOVERNING PLAN DOCUMENT. Your option is subject to all the provisions of the Plan, the provisions of which are hereby made a part of your option, and is further subject to all interpretations, amendments, rules and regulations, which may from time to time be promulgated and adopted pursuant to the Plan. If there is any conflict between the provisions of your option and those of the Plan, the provisions of the Plan will control. In addition, your option (and any compensation paid or shares issued under your option) is subject to recoupment in accordance with The Dodd–Frank Wall Street Reform and Consumer Protection Act and any implementing regulations thereunder, any clawback policy adopted by the Company and any compensation recovery policy otherwise required by applicable law.

16. OTHER DOCUMENTS. You hereby acknowledge receipt of and the right to receive a document providing the information required by Rule 428(b)(1) promulgated under the Securities Act, which includes the Plan prospectus. In addition, you acknowledge receipt of the Company’s policy permitting certain individuals to sell shares only during certain “window” periods and the Company’s insider trading policy, in effect from time to time.

17. EFFECT ON OTHER EMPLOYEE BENEFIT PLANS. The value of this option will not be included as compensation, earnings, salaries, or other similar terms used when calculating your benefits under any employee benefit plan sponsored by the Company or any Affiliate, except as such plan otherwise expressly provides. The Company expressly reserves its rights to amend, modify, or terminate any of the Company’s or any Affiliate’s employee benefit plans.

18. VOTING RIGHTS. You will not have voting or any other rights as a stockholder of the Company with respect to the shares to be issued pursuant to this option until such shares are issued to you. Upon such issuance, you will obtain full voting and other rights as a stockholder of the Company. Nothing contained in this option, and no action taken pursuant to its provisions, will create or be construed to create a trust of any kind or a fiduciary relationship between you and the Company or any other person.

19. SEVERABILITY. If all or any part of this Option Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity will not invalidate any portion of this Option Agreement or the Plan not declared to be unlawful or invalid. Any Section of this Option Agreement (or part of such a Section) so declared to be unlawful or invalid shall, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

20. MISCELLANEOUS.

(a) The rights and obligations of the Company under your option will be transferable to any one or more persons or entities, and all covenants and agreements hereunder will inure to the benefit of, and be enforceable by the Company's successors and assigns.

(b) You agree upon request to execute any further documents or instruments necessary or desirable in the sole determination of the Company to carry out the purposes or intent of your option.

(c) You acknowledge and agree that you have reviewed your option in its entirety, have had an opportunity to obtain the advice of counsel prior to executing and accepting your option, and fully understand all provisions of your option.

(d) This Option Agreement will be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

(e) All obligations of the Company under the Plan and this Option Agreement will be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

* **

This Option Agreement will be deemed to be signed by you upon the signing by you of the Stock Option Grant Notice to which it is attached.

ATTACHMENT II

2018 OMNIBUS INCENTIVE PLAN

ATTACHMENT III

NOTICE OF EXERCISE

HELIUS MEDICAL TECHNOLOGIES, INC.
642 Newtown Yardley Road Suite 100
Newtown, PA 18940

Date of Exercise: _____

This constitutes notice to Helius Medical Technologies, Inc. (the "**Company**") under my stock option that I elect to purchase the below number of shares of Common Stock of the Company (the "**Shares**") for the price set forth below.

Type of option (check one): Incentive Non-Qualified

Stock option dated: _____ _____

Number of Shares as to which option is exercised: _____ _____

Certificates to be issued in name of: _____ _____

Total exercise price: \$ _____ \$ _____

Cash payment delivered herewith: \$ _____ \$ _____

[Value of _____ Shares delivered herewith²: \$ _____ \$ _____]

[Value of _____ Shares pursuant to net settlement³: \$ _____ \$ _____]

[Regulation T Program (cashless exercise⁴): \$ _____ \$ _____]

² Shares must meet the public trading requirements set forth in the option. Shares must be valued in accordance with the terms of the option being exercised, and must be owned free and clear of any liens, claims, encumbrances or security interests. Certificates must be endorsed or accompanied by an executed assignment separate from certificate.
³ The option must be a Non-Qualified Stock Option, and the Company must have established net exercise procedures at the time of exercise, in order to utilize this payment method.
⁴ Shares must meet the public trading requirements set forth in the option.

By this exercise, I agree (i) to provide such additional documents as you may require pursuant to the terms of the Helius Medical Technologies, Inc. 2018 Omnibus Incentive Plan, (ii) to provide for the payment by me to you (in the manner designated by you) of your withholding obligation, if any, relating to the exercise of this option, and (iii) if this exercise relates to an incentive stock option, to notify you in writing within fifteen (15) days after the date of any disposition of any of the Shares issued upon exercise of this option that occurs within two (2) years after the date of grant of this option or within one (1) year after such Shares are issued upon exercise of this option.

In addition, by this exercise I hereby certify and agree that (i) I am in compliance with the terms and conditions of the Plan, (ii) I have not engaged in, and I do not intend to engage in, any Detrimental Activity (as defined in the Plan) and (iii) if I do engage in any Detrimental Activity within the one-year period following the earlier of the date I exercise this option or the date of my termination of employment or service with the Company, the Company shall be entitled to recover from me at any time within one year after such date, and I shall pay over to the Company, an amount equal to any gain realized (whether at the time of exercise or thereafter) as a result of the exercise.

Very truly yours,

1.

HELIUS MEDICAL TECHNOLOGIES, INC.
STOCK OPTION GRANT NOTICE
(2018 OMNIBUS INCENTIVE PLAN)

Helius Medical Technologies, Inc. (the “*Company*”), pursuant to its 2018 Omnibus Incentive Plan (the “*Plan*”), hereby grants to Optionholder an option to purchase the number of shares of the Company’s Common Stock set forth below. This option is subject to all of the terms and conditions as set forth in this Stock Option Grant Notice, in the Option Agreement, the Plan and the Notice of Exercise, all of which are attached hereto and incorporated herein in their entirety. Capitalized terms not explicitly defined herein but defined in the Plan or the Option Agreement will have the same definitions as in the Plan or the Option Agreement. If there is any conflict between the terms in this Stock Option Grant Notice and the Plan, the terms of the Plan will control.

Optionholder:	_____
Date of Grant:	_____
Vesting Commencement Date:	_____
Number of Shares Subject to Option:	_____
Exercise Price (Per Share):	_____
Total Exercise Price:	_____
Expiration Date:	_____

Exercise Schedule: Same as Vesting Schedule

Vesting Schedule: [_____]

Payment: By one or a combination of the following items (described in the Option Agreement):

- By cash, check, bank draft or money order payable to the Company
 Pursuant to a Regulation T Program if the shares are publicly traded

Additional Terms/Acknowledgements: Optionholder acknowledges receipt of, and understands and agrees to, this Stock Option Grant Notice, the Option Agreement and the Plan. Optionholder acknowledges and agrees that this Stock Option Grant Notice and the Option Agreement may not be modified, amended or revised except as provided in the Plan. Optionholder further acknowledges that as of the Date of Grant, this Stock Option Grant Notice, the Option Agreement, and the Plan set forth the entire understanding between Optionholder and the Company regarding this option award and supersede all prior oral and written agreements, promises and/or representations on that subject with the exception of, if applicable, (i) equity awards previously granted and delivered to Optionholder, (ii) any compensation recovery policy that is adopted by the Company or is otherwise required by applicable law and (iii) any written employment or severance arrangement that would provide for vesting acceleration of this option upon the terms and conditions set forth therein. By accepting this option, Optionholder consents to receive such documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

HELIUS MEDICAL TECHNOLOGIES, INC

OPTIONHOLDER:

By:

Signature

Signature

Title:

Date:

Date:

ATTACHMENTS: Option Agreement, 2018 Omnibus Incentive Plan and Notice of Exercise

ATTACHMENT I

HELIUS MEDICAL TECHNOLOGIES, INC.

OPTION AGREEMENT
(2018 OMNIBUS INCENTIVE PLAN)
(INCENTIVE STOCK OPTION OR NON-QUALIFIED STOCK OPTION)

Pursuant to your Stock Option Grant Notice (“**Grant Notice**”) and this Option Agreement, Helius Medical Technologies, Inc. (the “**Company**”) has granted you an option under its 2018 Omnibus Incentive Plan (the “**Plan**”) to purchase the number of shares of the Company’s Common Stock indicated in your Grant Notice at the exercise price indicated in your Grant Notice. The option is granted to you effective as of the date of grant set forth in the Grant Notice (the “**Date of Grant**”). If there is any conflict between the terms in this Option Agreement and the Plan, the terms of the Plan will control. Capitalized terms not explicitly defined in this Option Agreement or in the Grant Notice but defined in the Plan will have the same definitions as in the Plan.

The details of your option, in addition to those set forth in the Grant Notice and the Plan, are as follows:

21. VESTING. Subject to the provisions contained herein, your option will vest as provided in your Grant Notice. Vesting will cease upon your Termination.

22. NUMBER OF SHARES AND EXERCISE PRICE. The number of shares of Common Stock subject to your option and your exercise price per share in your Grant Notice are subject to adjustment upon certain events in accordance with Section 4.2 of the Plan.

23. EXERCISE RESTRICTION FOR NON-EXEMPT EMPLOYEES. If you are an Eligible Employee eligible for overtime compensation under the Fair Labor Standards Act of 1938, as amended (that is, a “**Non-Exempt Employee**”), and except as otherwise provided in the Plan, you may not exercise your option until you have completed at least six (6) months of service with the Company or an Affiliate measured from the Date of Grant, even if you have already been an employee for more than six (6) months. Consistent with the provisions of the Worker Economic Opportunity Act, you may exercise your option as to any vested portion prior to such six (6) month anniversary in the case of (i) your death or disability, (ii) a Change in Control in which your option is not assumed, continued or substituted, (iii) an Acquisition Event or (iv) your Termination on your “retirement” (as defined in the Company’s benefit plans).

24. METHOD OF PAYMENT. You must pay the full amount of the exercise price for the shares you wish to exercise. You may pay the exercise price in cash or by check, bank draft or money order payable to the Company or in any other manner *permitted by your Grant Notice*, which may include one or more of the following:

(a) Provided that at the time of exercise the Common Stock is publicly traded, pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board that, prior to the issuance of Common Stock, results in either the receipt of cash (or check) by the Company or the receipt of irrevocable instructions to pay the aggregate exercise price to the Company from the sales proceeds. This manner of payment is also known as a “broker-assisted exercise”, “same day sale”, or “sell to cover”.

25. **WHOLE SHARES.** You may exercise your option only for whole shares of Common Stock.

26. **SECURITIES LAW COMPLIANCE.** In no event may you exercise your option unless the shares of Common Stock issuable upon exercise are then registered under the Securities Act or, if not registered, the Company has determined that your exercise and the issuance of the shares would be exempt from the registration requirements of the Securities Act. The exercise of your option also must comply with all other applicable laws and regulations governing your option, and you may not exercise your option if the Company determines that such exercise would not be in material compliance with such laws and regulations.

27. **TERM.** You may not exercise your option before the Date of Grant or after the expiration of the option's term. The term of your option expires, subject to the provisions of Section 6.3(b) of the Plan, upon the earliest of the following:

(a) immediately upon your Termination for Cause;

(b) immediately upon your Termination for any reason to the extent the shares subject to your option have not vested on or prior to such Termination;

(c) three (3) months after your Termination for any reason other than Cause, your Disability or your death (except as otherwise provided in Section 7(e) below); *provided, however*, that if during any part of such three (3) month period your option is not exercisable solely because of the condition set forth in the section above regarding "Securities Law Compliance," your option will not expire until the earlier of the Expiration Date or until it has been exercisable for an aggregate period of three (3) months after your Termination; *provided further*, if during any part of such three (3) month period, the sale of any Common Stock received upon exercise of your option would violate the Company's insider trading policy, then your option will not expire until the earlier of the Expiration Date or until it has been exercisable for an aggregate period of three (3) months after your Termination during which the sale of the Common Stock received upon exercise of your option would not be in violation of the Company's insider trading policy. Notwithstanding the foregoing, if (i) you are a Non-Exempt Employee, (ii) your Termination of Employment occurs within six (6) months after the Date of Grant, and (iii) you have vested in a portion of your option at the time of your Termination, your option will not expire until the earlier of (x) the later of (A) the date that is seven (7) months after the Date of Grant, and (B) the date that is three (3) months after your Termination, and (y) the Expiration Date;

(d) twelve (12) months after your Termination due to your Disability (except as otherwise provided in Section 7(e)) below;

(e) twelve (12) months after your death if you die either before your Termination or within three (3) months after your Termination for any reason other than Cause;

(f) in certain circumstances upon the effective date of an Acquisition Event or a Change in Control as set forth in the Plan;

(g) the Expiration Date indicated in your Grant Notice; or

(h) the day before the tenth (10th) anniversary of the Date of Grant.

If your option is an Incentive Stock Option, note that to obtain the federal income tax advantages associated with an Incentive Stock Option, the Code requires that at all times beginning on the Date of

Grant and ending on the day three (3) months before the date of your option's exercise, you must be an employee of the Company or an Affiliate, except in the event of your death or Disability. The Company has provided for extended exercisability of your option under certain circumstances for your benefit but cannot guarantee that your option will necessarily be treated as an Incentive Stock Option if you continue to provide services to the Company or an Affiliate as a Consultant or Non-Employee Director after your employment terminates or if you otherwise exercise your option more than three (3) months after the date your employment with the Company or an Affiliate terminates.

28. EXERCISE.

(a) You may exercise the vested portion of your option (and the unvested portion of your option if your Grant Notice so permits) during its term by (i) delivering a Notice of Exercise (in a form designated by the Company) or completing such other documents and/or procedures designated by the Company for exercise and (ii) paying the exercise price and any applicable withholding taxes to the Company's Secretary, stock plan administrator, or such other person as the Company may designate, together with such additional documents as the Company may then require.

(b) By exercising your option you agree that, as a condition to any exercise of your option, the Company may require you to enter into an arrangement providing for the payment by you to the Company of any tax withholding obligation of the Company arising by reason of (i) the exercise of your option, (ii) the lapse of any substantial risk of forfeiture to which the shares of Common Stock are subject at the time of exercise, or (iii) the disposition of shares of Common Stock acquired upon such exercise.

(c) If your option is an Incentive Stock Option, by exercising your option you agree that you will notify the Company in writing within fifteen (15) days after the date of any disposition of any of the shares of the Common Stock issued upon exercise of your option that occurs within two (2) years after the Date of Grant or within one (1) year after such shares of Common Stock are transferred upon exercise of your option.

29. DETRIMENTAL ACTIVITY. Your option, the shares issued upon exercise of your option and any associated gain shall be subject to Section 6.3(c)(ii) regarding the effects of engaging in Detrimental Activity.

30. TRANSFERABILITY. Except as otherwise provided in this Section 10, your option is not transferable, except by will or by the laws of descent and distribution, and is exercisable during your life only by you.

(a) Certain Trusts. Upon receiving written permission from the Board or its duly authorized designee, you may transfer your option to a trust if you are considered to be the sole beneficial owner (determined under Section 671 of the Code and applicable state law) while the option is held in the trust. You and the trustee must enter into transfer and other agreements required by the Company.

(b) Domestic Relations Orders. Upon receiving written permission from the Board or its duly authorized designee, and provided that you and the designated transferee enter into transfer and other agreements required by the Company, you may transfer your option pursuant to the terms of a domestic relations order, official marital settlement agreement or other divorce or separation instrument as permitted by Treasury Regulation 1.421-1(b)(2) that contains the information required by the Company to effectuate the transfer. You are encouraged to discuss the proposed terms of any division of this option with the Company prior to finalizing the domestic relations order or marital settlement agreement to help ensure the required information is contained within the domestic relations order or marital settlement

agreement. If this option is an Incentive Stock Option, this option may be deemed to be a Non-Qualified Stock Option as a result of such transfer.

(c) **Beneficiary Designation.** Upon receiving written permission from the Board or its duly authorized designee, you may, by delivering written notice to the Company, in a form approved by the Company and any broker designated by the Company to handle option exercises, designate a third party who, on your death, will thereafter be entitled to exercise this option and receive the Common Stock or other consideration resulting from such exercise. In the absence of such a designation, your executor or administrator of your estate will be entitled to exercise this option and receive, on behalf of your estate, the Common Stock or other consideration resulting from such exercise.

31. OPTION NOT A SERVICE CONTRACT. Your option is not an employment or service contract, and nothing in your option will be deemed to create in any way whatsoever any obligation on your part to continue in the employ of the Company or an Affiliate, or of the Company or an Affiliate to continue your employment. In addition, nothing in your option will obligate the Company or an Affiliate, their respective stockholders, boards of directors, officers or employees to continue any relationship that you might have as a Non-Employee Director or Consultant for the Company or an Affiliate.

32. WITHHOLDING OBLIGATIONS.

(a) At the time you exercise your option, in whole or in part, and at any time thereafter as requested by the Company, you hereby authorize withholding from payroll and any other amounts payable to you, and otherwise agree to make adequate provision for (including by means of a "same day sale" pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board to the extent permitted by the Company), any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Company or an Affiliate, if any, which arise in connection with the exercise of your option.

(b) You may not exercise your option unless the tax withholding obligations of the Company and/or any Affiliate are satisfied. Accordingly, you may not be able to exercise your option when desired even though your option is vested, and the Company will have no obligation to issue a certificate for such shares of Common Stock or release such shares of Common Stock from any escrow provided for herein, if applicable, unless such obligations are satisfied.

33. TAX CONSEQUENCES. You hereby agree that the Company does not have a duty to design or administer the Plan or its other compensation programs in a manner that minimizes your tax liabilities. You will not make any claim against the Company, its Affiliates or any of their officers, directors or employees related to tax liabilities arising from your option or your other compensation.

34. NOTICES. Any notices provided for in your option or the Plan will be given in writing (including electronically) and will be deemed effectively given upon receipt or, in the case of notices delivered by mail by the Company to you, five (5) days after deposit in the United States mail, postage prepaid, addressed to you at the last address you provided to the Company. The Company may, in its sole discretion, decide to deliver any documents related to participation in the Plan and this option by electronic means or to request your consent to participate in the Plan by electronic means. By accepting this option, you consent to receive such documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

35. GOVERNING PLAN DOCUMENT. Your option is subject to all the provisions of the Plan, the provisions of which are hereby made a part of your option, and is further subject to all interpretations,

amendments, rules and regulations, which may from time to time be promulgated and adopted pursuant to the Plan. If there is any conflict between the provisions of your option and those of the Plan, the provisions of the Plan will control. In addition, your option (and any compensation paid or shares issued under your option) is subject to recoupment in accordance with The Dodd–Frank Wall Street Reform and Consumer Protection Act and any implementing regulations thereunder, any clawback policy adopted by the Company and any compensation recovery policy otherwise required by applicable law.

36. OTHER DOCUMENTS. You hereby acknowledge receipt of and the right to receive a document providing the information required by Rule 428(b)(1) promulgated under the Securities Act, which includes the Plan prospectus. In addition, you acknowledge receipt of the Company’s policy permitting certain individuals to sell shares only during certain “window” periods and the Company’s insider trading policy, in effect from time to time.

37. EFFECT ON OTHER EMPLOYEE BENEFIT PLANS. The value of this option will not be included as compensation, earnings, salaries, or other similar terms used when calculating your benefits under any employee benefit plan sponsored by the Company or any Affiliate, except as such plan otherwise expressly provides. The Company expressly reserves its rights to amend, modify, or terminate any of the Company’s or any Affiliate’s employee benefit plans.

38. VOTING RIGHTS. You will not have voting or any other rights as a stockholder of the Company with respect to the shares to be issued pursuant to this option until such shares are issued to you. Upon such issuance, you will obtain full voting and other rights as a stockholder of the Company. Nothing contained in this option, and no action taken pursuant to its provisions, will create or be construed to create a trust of any kind or a fiduciary relationship between you and the Company or any other person.

39. SEVERABILITY. If all or any part of this Option Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity will not invalidate any portion of this Option Agreement or the Plan not declared to be unlawful or invalid. Any Section of this Option Agreement (or part of such a Section) so declared to be unlawful or invalid shall, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

40. MISCELLANEOUS.

(a) The rights and obligations of the Company under your option will be transferable to any one or more persons or entities, and all covenants and agreements hereunder will inure to the benefit of, and be enforceable by the Company’s successors and assigns.

(b) You agree upon request to execute any further documents or instruments necessary or desirable in the sole determination of the Company to carry out the purposes or intent of your option.

(c) You acknowledge and agree that you have reviewed your option in its entirety, have had an opportunity to obtain the advice of counsel prior to executing and accepting your option, and fully understand all provisions of your option.

(d) This Option Agreement will be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

(e) All obligations of the Company under the Plan and this Option Agreement will be binding on any successor to the Company, whether the existence of such successor is the result of a direct

or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

* **

This Option Agreement will be deemed to be signed by you upon the signing by you of the Stock Option Grant Notice to which it is attached.

ATTACHMENT II

2018 OMNIBUS INCENTIVE PLAN

ATTACHMENT III

NOTICE OF EXERCISE

HELIUS MEDICAL TECHNOLOGIES, INC.

41 University Dr, #400

Date of Exercise: _____

Newtown, PA 18940

This constitutes notice to Helius Medical Technologies, Inc. (the "**Company**") under my stock option that I elect to purchase the below number of shares of Common Stock of the Company (the "**Shares**") for the price set forth below.

Type of option (check one): Incentive Non-Qualified

Stock option dated: _____ _____

Number of Shares as to which option is exercised: _____ _____

Certificates to be issued in name of: _____ _____

Total exercise price: \$ _____ \$ _____

Cash payment delivered herewith: \$ _____ \$ _____

[Regulation T Program (cashless exercise⁵): \$ _____ \$ _____]

By this exercise, I agree (i) to provide such additional documents as you may require pursuant to the terms of the Ovid Therapeutics Inc. 2018 Omnibus Incentive Plan, (ii) to provide for the payment by me to you (in the manner designated by you) of your withholding obligation, if any, relating to the exercise of this option, and (iii) if this exercise relates to an incentive stock option, to notify you in writing within fifteen (15) days after the date of any disposition of any of the Shares issued upon exercise of this option that occurs within two (2) years after the date of grant of this option or within one (1) year after such Shares are issued upon exercise of this option.

In addition, by this exercise I hereby certify and agree that (i) I am in compliance with the terms and conditions of the Plan, (ii) I have not engaged in, and I do not intend to engage in, any Detrimental Activity (as defined in the Plan) and (iii) if I do engage in any Detrimental Activity within the one-year

⁵ Shares must meet the public trading requirements set forth in the option.

period following the earlier of the date I exercise this option or the date of my termination of employment or service with the Company, the Company shall be entitled to recover from me at any time within one year after such date, and I shall pay over to the Company, an amount equal to any gain realized (whether at the time of exercise or thereafter) as a result of the exercise.

Very truly yours,

Form for U.S. RSU Grants

HELIUS MEDICAL TECHNOLOGIES, INC.
RESTRICTED STOCK UNIT GRANT NOTICE
(2018 OMNIBUS INCENTIVE PLAN)

Heliuss Medical Technologies, Inc. (the "Company"), pursuant to Article VIII of the Company's 2018 Omnibus Incentive Plan (the "Plan"), hereby awards to Participant Restricted Stock Units for the number of shares of the Company's Common Stock ("RSUs" or "Restricted Stock Units") set forth below (sometimes referred to as the "Award"). The Award is subject to all of the terms and conditions as set forth in this notice of grant (this "Restricted Stock Unit Grant Notice") and in the Plan and the Restricted Stock Unit Agreement (the "Award Agreement"), both of which are attached hereto and incorporated herein in their entirety. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Plan or the Award Agreement. In the event of any conflict between the terms in the Award and the Plan, the terms of the Plan shall control.

Participant:
Grant
Date:
Vesting
Number of Commencement Restricted Date:
Units/Shares: Stock

Vesting Schedule: []

Issuance Schedule: Subject to any adjustment upon certain events in accordance with Section 4.2 of the Plan, one share of Common Stock will be issued for each Restricted Stock Unit that vests at the time set forth in Section 6 of the Award Agreement.

Additional Terms/Acknowledgements: Participant acknowledges receipt of, and understands and agrees to, this Restricted Stock Unit Grant Notice, the Award Agreement and the Plan. Participant further acknowledges that as of the Grant Date, this Restricted Stock Unit Grant Notice, the Award Agreement and the Plan set forth the entire understanding between Participant and the Company regarding the acquisition of the Common Stock pursuant to the Award specified above and supersede all prior oral and written agreements on the terms of this Award with the exception, if applicable, of (i) any compensation recovery policy that is adopted by the Company or is otherwise required by applicable law, and (ii) any written employment or severance arrangement that would provide for vesting acceleration of this Award upon the terms and conditions set forth therein.

By accepting this Award, Participant acknowledges having received and read this Restricted Stock Unit Grant Notice, the Award Agreement and the Plan and agrees to all of the terms and conditions set forth in these documents. Participant consents to receive Plan documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.



ATTACHMENT I

RESTRICTED STOCK UNIT AGREEMENT

HELIUS MEDICAL TECHNOLOGIES, INC.
RESTRICTED STOCK UNIT AGREEMENT
(2018 OMNIBUS INCENTIVE PLAN)

Pursuant to the Restricted Stock Unit Grant Notice (the “**Grant Notice**”) and this Restricted Stock Unit Agreement (the “**Agreement**”), Helius Medical Technologies, Inc. (the “**Company**”) has awarded you (“**Participant**”) Restricted Stock Units (“**Restricted Stock Units**” or “**RSUs**,” sometimes referred to generally as the “**Award**”) pursuant to Article VIII of the Company’s 2018 Omnibus Incentive Plan (the “**Plan**”) for the number of Restricted Stock Units indicated in the Grant Notice. Capitalized terms not explicitly defined in this Agreement or the Grant Notice shall have the same meanings given to them in the Plan. The terms of your RSUs, in addition to those set forth in the Grant Notice, are as follows.

1. GRANT OF THE AWARD. This Award represents the right to be issued on a future date one (1) share of Common Stock for each Restricted Stock Unit that vests on the applicable vesting date(s) (subject to any adjustment under Section 3 below) as indicated in the Grant Notice. This Award was granted in consideration of your past or expected future services to the Company or its Affiliates.

2. VESTING. Subject to the limitations contained herein, your RSUs will vest, if at all, in accordance with the vesting schedule provided in the Grant Notice, provided that vesting will cease upon your Termination. Upon such Termination, the Restricted Stock Units that were not vested on the date of such Termination will be forfeited at no cost to the Company and you will have no further right, title or interest in or to the underlying shares of Common Stock subject to the forfeited RSUs.

3. NUMBER OF SHARES. The number of Restricted Stock Units/shares subject to your Award may be adjusted from time to time upon certain events as provided in Section 4.2 of the Plan. Any additional Restricted Stock Units, shares, cash or other property that becomes subject to the Award pursuant to this Section 3, if any, shall be subject, in a manner determined by the Board, to the same forfeiture restrictions, restrictions on transferability, and time and manner of delivery as applicable to the other Restricted Stock Units and shares covered by your Award. Notwithstanding the provisions of this Section 3, no fractional shares or rights for fractional shares of Common Stock shall be created pursuant to this Section 3. Any fraction of a share will be rounded down to the nearest whole share.

4. SECURITIES LAW COMPLIANCE. You may not be issued any Common Stock under your Award unless the shares of Common Stock underlying the Restricted Stock Units are either (i) then registered under the Securities Act, or (ii) the Company has determined that such issuance would be exempt from the registration requirements of the Securities Act. Your Award must also comply with other applicable laws and regulations governing the Award, and you shall not receive such Common Stock if the Company determines that such receipt would not be in material compliance with such laws and regulations.

5. TRANSFER RESTRICTIONS. Prior to the time that shares of Common Stock have been delivered to you, you may not transfer, pledge, sell or otherwise dispose of the RSUs or the shares issuable in respect of your RSUs, except as expressly provided in this Section 5. For example, you may not use shares that may be issued in respect of your Restricted Stock Units as

security for a loan. The restrictions on transfer set forth herein will lapse upon delivery to you of shares in respect of your vested Restricted Stock Units.

(a) **Death.** Your Award is transferable by will and by the laws of descent and distribution. At your death, vesting of your RSUs will cease and your executor or administrator of your estate shall be entitled to receive, on behalf of your estate, any Common Stock or other consideration that vested but was not issued before your death.

(b) **Domestic Relations Orders.** Upon receiving written permission from the Board or its duly authorized designee, and provided that you and the designated transferee enter into transfer and other agreements required by the Company, you may transfer your RSUs or the shares of Common Stock issued upon vesting of your RSUs pursuant to a domestic relations order or marital settlement agreement that contains the information required by the Company to effectuate the transfer. You are encouraged to discuss the proposed terms of any division of this Award with the Company's Chief Financial Officer prior to finalizing the domestic relations order or marital settlement agreement to verify that you may make such transfer, and if so, to help ensure the required information is contained within the domestic relations order or marital settlement agreement.

6. DATE OF ISSUANCE.

(a) The issuance of shares in respect of the Restricted Stock Units is intended to comply with Treasury Regulations Section 1.409A-1(b)(4) and will be construed and administered in such a manner. Subject to the satisfaction of the withholding obligations set forth in this Agreement, in the event one or more Restricted Stock Units vests, the Company shall issue to you one (1) share of Common Stock for each Restricted Stock Unit that vests on the applicable vesting date(s) (subject to any adjustment under Section 3 above). The issuance date determined by this paragraph is referred to as the "**Original Issuance Date.**"

(b) If the Original Issuance Date falls on a date that is not a business day, delivery shall instead occur on the next following business day. In addition, if:

(i) the Original Issuance Date does not occur (1) during an "open window period" applicable to you, as determined by the Company in accordance with the Company's then-effective policy on trading in Company securities, or (2) on a date when you are otherwise permitted to sell shares of Common Stock on an established stock exchange or stock market, *and*

(ii) either (1) Withholding Taxes do not apply, or (2) the Company decides, prior to the Original Issuance Date, (A) not to satisfy the Withholding Taxes by withholding shares of Common Stock from the shares otherwise due, on the Original Issuance Date, to you under this Award, and (B) not to permit you to pay your Withholding Taxes in cash,

then the shares that would otherwise be issued to you on the Original Issuance Date will not be delivered on such Original Issuance Date and will instead be delivered on the first business day when you are not prohibited from selling shares of the Company's Common Stock in the open public market, but in no event later than December 31 of the calendar year in which the Original Issuance Date occurs (that is, the last day of your taxable year in which the Original Issuance Date occurs), or, if and only if permitted in a manner that complies with Treasury Regulations Section

1.409A-1(b)(4), no later than the date that is the later of (i) the 15th day of the third month following the end of the calendar year in which such shares of Common Stock under this Award are no longer subject to a “substantial risk of forfeiture” within the meaning of Treasury Regulation Section 1.409A-1(d) or (ii) the 15th day of the third month following the end of the Company’s fiscal year in which such shares of Common Stock under this Award are no longer subject to a “substantial risk of forfeiture” within the meaning of Treasury Regulation Section 1.409A-1(d)..

(c) The form of delivery (e.g., a stock certificate or electronic entry evidencing such shares) shall be determined by the Company.

7. **DIVIDENDS.** You shall receive no benefit or adjustment to your Award with respect to any cash dividend, stock dividend or other distribution that does not result from an event set forth in Section 4.2 of the Plan.

8. **RESTRICTIVE LEGENDS.** The shares of Common Stock issued under your Award shall be endorsed with appropriate legends as determined by the Company.

9. **EXECUTION OF DOCUMENTS.** You hereby acknowledge and agree that the manner selected by the Company by which you indicate your consent to your Grant Notice is also deemed to be your execution of your Grant Notice and of this Agreement.

10. **AWARD NOT A SERVICE CONTRACT.**

(a) Nothing in this Agreement (including, but not limited to, the vesting of your RSUs or the issuance of the shares subject to your RSUs), the Plan or any covenant of good faith and fair dealing that may be found implicit in this Agreement or the Plan shall: (i) confer upon you any right to continue in the employ of, or affiliation with, the Company or an Affiliate; (ii) constitute any promise or commitment by the Company or an Affiliate regarding the fact or nature of future positions, future work assignments, future compensation or any other term or condition of employment or affiliation; (iii) confer any right or benefit under this Agreement or the Plan unless such right or benefit has specifically accrued under the terms of this Agreement or Plan; or (iv) deprive the Company of the right to terminate you at will and without regard to any future vesting opportunity that you may have.

(b) The Company has the right to reorganize, sell, spin-out or otherwise restructure one or more of its businesses or Affiliates at any time or from time to time, as it deems appropriate (a “**reorganization**”). Such a reorganization could result in your Termination, or the termination of Affiliate status of your employer and the loss of benefits available to you under this Agreement, including but not limited to, the termination of the right to continue vesting in the Award. This Agreement, the Plan, the transactions contemplated hereunder and the vesting schedule set forth herein or any covenant of good faith and fair dealing that may be found implicit in any of them do not constitute an express or implied promise of continued engagement as an employee or consultant for the term of this Agreement, for any period, or at all, and shall not interfere in any way with the Company’s right to conduct a reorganization.

11. **WITHHOLDING OBLIGATIONS.**

(a) On each vesting date, and on or before the time you receive a distribution of the shares underlying your Restricted Stock Units, and at any other time as reasonably

requested by the Company in accordance with applicable tax laws, you hereby authorize any required withholding from the Common Stock issuable to you and/or otherwise agree to make adequate provision in cash for any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Company or any Affiliate that arise in connection with your Award (the “**Withholding Taxes**”). Additionally, the Company or any Affiliate may, in its sole discretion, satisfy all or any portion of the Withholding Taxes obligation relating to your RSUs by any of the following means or by a combination of such means: (i) withholding from any compensation otherwise payable to you by the Company; (ii) causing you to tender a cash payment; (iii) permitting or requiring you to enter into a “same day sale” commitment, if applicable, with a broker-dealer that is a member of the Financial Industry Regulatory Authority (a “**FINRA Dealer**”) whereby you irrevocably elect to sell a portion of the shares to be delivered in connection with your Restricted Stock Units to satisfy the Withholding Taxes and whereby the FINRA Dealer irrevocably commits to forward the proceeds necessary to satisfy the Withholding Taxes directly to the Company and/or its Affiliates; or (iv) withholding shares of Common Stock from the shares of Common Stock issued or otherwise issuable to you in connection with the Award with a Fair Market Value (measured as of the date shares of Common Stock are issued to pursuant to Section 6) equal to the amount of such Withholding Taxes; *provided, however*, that the number of such shares of Common Stock so withheld will not exceed the amount necessary to satisfy the Company’s required tax withholding obligations using the minimum statutory withholding rates for federal, state, local and foreign tax purposes, including payroll taxes, that are applicable to supplemental taxable income; *provided, further*, that to the extent necessary to qualify for an exemption from application of Section 16(b) of the Exchange Act, if applicable, such share withholding procedure will be subject to the express prior approval of the Compensation Committee of the Board; and *provided, further*, that the Company or an Affiliate electing to satisfy all or any portion of the Withholding Taxes due with respect to any Restricted Stock Units that vest on any specific vesting date shall not obligate the Company or any Affiliate, and shall not provide you with any right, to satisfy all or any portion of the Withholding Taxes due with respect to any Restricted Stock Units that vest on any other date.

(b) Unless the tax withholding obligations of the Company and/or any Affiliate are satisfied, the Company shall have no obligation to deliver to you any Common Stock.

(c) In the event the Company’s obligation to withhold arises prior to the delivery to you of Common Stock or it is determined after the delivery of Common Stock to you that the amount of the Company’s withholding obligation was greater than the amount withheld by the Company, you agree to indemnify and hold the Company harmless from any failure by the Company to withhold the proper amount.

12. TAX CONSEQUENCES. The Company has no duty or obligation to minimize the tax consequences to you of this Award and shall not be liable to you for any adverse tax consequences to you arising in connection with this Award. You are hereby advised to consult with your own personal tax, financial and/or legal advisors regarding the tax consequences of this Award and by signing the Grant Notice, you have agreed that you have done so or knowingly and voluntarily declined to do so. You understand that you (and not the Company) shall be responsible for your own tax liability that may arise as a result of this investment or the transactions contemplated by this Agreement.

13. DETRIMENTAL ACTIVITY. Your Award, the RSUs and the shares issued upon settlement of the Award and RSUs and any associated gain shall be subject to Section 8.2(e) of the Plan regarding the effects of engaging in Detrimental Activity.

14. UNSECURED OBLIGATION. Your Award is unfunded, and as a holder of vested RSUs, you shall be considered an unsecured creditor of the Company with respect to the Company's obligation, if any, to issue shares or other property pursuant to this Agreement. You shall not have voting or any other rights as a stockholder of the Company with respect to the shares to be issued pursuant to this Agreement until such shares are issued to you pursuant to Section 6 of this Agreement. Upon such issuance, you will obtain full voting and other rights as a stockholder of the Company. Nothing contained in this Agreement, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind or a fiduciary relationship between you and the Company or any other person.

15. NOTICES. Any notice or request required or permitted hereunder shall be given in writing to each of the other parties hereto and shall be deemed effectively given on the earlier of (i) the date of personal delivery, including delivery by express courier, or delivery via electronic means, or (ii) the date that is five (5) days after deposit in the United States Post Office (whether or not actually received by the addressee), by registered or certified mail with postage and fees prepaid, addressed at the following addresses, or at such other address(es) as a party may designate by ten (10) days' advance written notice to each of the other parties hereto:

COMPANY: Helius Medical Technologies, Inc.
Attn: Stock Administrator
41 University Drive, Suite 400
Newtown, PA 18940

PARTICIPANT: Your address as on file with the Company
at the time notice is given

16. HEADINGS. The headings of the Sections in this Agreement are inserted for convenience only and shall not be deemed to constitute a part of this Agreement or to affect the meaning of this Agreement.

17. MISCELLANEOUS.

(a) The rights and obligations of the Company under your Award shall be transferable by the Company to any one or more persons or entities, and all covenants and agreements hereunder shall inure to the benefit of, and be enforceable by, the Company's successors and assigns.

(b) You agree upon request to execute any further documents or instruments necessary or desirable in the sole determination of the Company to carry out the purposes or intent of your Award.

(c) You acknowledge and agree that you have reviewed your Award in its entirety, have had an opportunity to obtain the advice of counsel prior to executing and accepting your Award and fully understand all provisions of your Award.

(d) This Agreement shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

(e) All obligations of the Company under the Plan and this Agreement shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

18. GOVERNING PLAN DOCUMENT. Your Award is subject to all the provisions of the Plan, the provisions of which are hereby made a part of your Award, and is further subject to all interpretations, amendments, rules and regulations which may from time to time be promulgated and adopted pursuant to the Plan. Your Award (and any compensation paid or shares issued under your Award) is subject to recoupment in accordance with The Dodd–Frank Wall Street Reform and Consumer Protection Act and any implementing regulations thereunder, any clawback policy adopted by the Company and any compensation recovery policy otherwise required by applicable law. No recovery of compensation under such a clawback policy will be an event giving rise to a right to voluntarily terminate employment upon a resignation for “good reason,” or for a “constructive termination” or any similar term under any plan or agreement with the Company.

19. EFFECT ON OTHER EMPLOYEE BENEFIT PLANS. The value of the RSUs subject to this Agreement or the stock underlying the RSUs upon issuance to you shall not be included as compensation, earnings, salaries, or other similar terms used when calculating benefits under any employee benefit plan (other than the Plan) sponsored by the Company or any Affiliate except as such plan otherwise expressly provides. The Company expressly reserves its rights to amend, modify, or terminate any or all of the employee benefit plans of the Company or any Affiliate.

20. CHOICE OF LAW. The interpretation, performance and enforcement of this Agreement shall be governed by the law of the State of Delaware without regard to that state’s conflicts of laws rules.

21. SEVERABILITY. If all or any part of this Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not invalidate any portion of this Agreement or the Plan not declared to be unlawful or invalid. Any Section of this Agreement (or part of such a Section) so declared to be unlawful or invalid shall, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

22. OTHER DOCUMENTS. You acknowledge receipt of and the right to receive a document providing the information required by Rule 428(b)(1) promulgated under the Securities Act, which includes the Plan prospectus. In addition, you acknowledge receipt of the Company’s Insider Trading Policy.

23. AMENDMENT. This Agreement may not be modified, amended or terminated except by an instrument in writing, signed by you and by a duly authorized representative of the Company. Notwithstanding the foregoing, this Agreement may be amended solely by the Board by a writing which specifically states that it is amending this Agreement, so long as a copy of such amendment is delivered to you, and provided that, except as otherwise expressly provided in the Plan, no such amendment materially adversely affecting your rights hereunder may be made without your

written consent. Without limiting the foregoing, the Board reserves the right to change, by written notice to you, the provisions of this Agreement in any way it may deem necessary or advisable to carry out the purpose of the Award as a result of any change in applicable laws or regulations or any future law, regulation, ruling, or judicial decision, provided that any such change shall be applicable only to rights relating to that portion of the Award which is then subject to restrictions as provided herein.

24. COMPLIANCE WITH SECTION 409A OF THE CODE. This Award is intended to comply with the “short-term deferral” rule set forth in Treasury Regulation Section 1.409A-1(b)(4). Notwithstanding the foregoing, if it is determined that the Award fails to satisfy the requirements of the short-term deferral rule and is otherwise deferred compensation subject to Section 409A, and if you are a “Specified Employee” (within the meaning set forth in Section 409A(a)(2)(B)(i) of the Code) as of the date of your “separation from service” (within the meaning of Treasury Regulation Section 1.409A-1(h) and without regard to any alternative definition thereunder), then the issuance of any shares that would otherwise be made upon the date of the separation from service or within the first six (6) months thereafter will not be made on the originally scheduled date(s) and will instead be issued in a lump sum on the date that is six (6) months and one day after the date of the separation from service, with the balance of the shares issued thereafter in accordance with the original vesting and issuance schedule set forth above, but if and only if such delay in the issuance of the shares is necessary to avoid the imposition of adverse taxation on you in respect of the shares under Section 409A of the Code. Each installment of shares that vests is intended to constitute a “separate payment” for purposes of Treasury Regulation Section 1.409A-2(b)(2).

* * * * *

This Restricted Stock Unit Agreement shall be deemed to be signed by the Company and the Participant upon the signing by the Participant of the Restricted Stock Unit Grant Notice to which it is attached.

ATTACHMENT II

2018 OMNIBUS INCENTIVE PLAN

Heliuss Medical Technologies, Inc.
 Restricted Stock Unit Grant Notice
 (2018 Omnibus Incentive Plan)

Heliuss Medical Technologies, Inc. (the "**Company**"), pursuant to Article VIII of the Company's 2018 Omnibus Incentive Plan (the "**Plan**"), hereby awards to Participant Restricted Stock Units for the number of shares of the Company's Common Stock ("**RSUs**" or "**Restricted Stock Units**") set forth below (sometimes referred to as the "**Award**"). The Award is subject to all of the terms and conditions as set forth in this notice of grant (this "**Restricted Stock Unit Grant Notice**") and in the Plan and the Restricted Stock Unit Agreement (the "**Award Agreement**"), both of which are attached hereto and incorporated herein in their entirety. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Plan or the Award Agreement. In the event of any conflict between the terms in the Award and the Plan, the terms of the Plan shall control.

Participant:				
Grant				
Date:				
Vesting		Commencement		Date:
Number	of	Restricted		Stock
Units/Shares:				

Vesting Schedule: [_____]

Issuance Schedule: Subject to any adjustment upon certain events in accordance with Section 4.2 of the Plan, one share of Common Stock will be issued for each Restricted Stock Unit that vests at the time set forth in Section 6 of the Award Agreement.

Additional Terms/Acknowledgements: Participant acknowledges receipt of, and understands and agrees to, this Restricted Stock Unit Grant Notice, the Award Agreement and the Plan. Participant further acknowledges that as of the Grant Date, this Restricted Stock Unit Grant Notice, the Award Agreement and the Plan set forth the entire understanding between Participant and the Company regarding the acquisition of the Common Stock pursuant to the Award specified above and supersede all prior oral and written agreements on the terms of this Award with the exception, if applicable, of (i) any compensation recovery policy that is adopted by the Company or is otherwise required by applicable law, and (ii) any written employment or severance arrangement that would provide for vesting acceleration of this Award upon the terms and conditions set forth therein.

By accepting this Award, Participant acknowledges having received and read this Restricted Stock Unit Grant Notice, the Award Agreement and the Plan and agrees to all of the terms and conditions set forth in these documents. Participant consents to receive Plan documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

¹ Note: RSU's need to vest within 3 years following the end of the year in which granted (for Canadian tax purposes).

By: Signature Signature

Title: Date:

Date:

ATTACHMENTS: Restricted Stock Unit Agreement and 2018 Omnibus Incentive Plan



ATTACHMENT I

RESTRICTED STOCK UNIT AGREEMENT

HELIUS MEDICAL TECHNOLOGIES, INC.
RESTRICTED STOCK UNIT AGREEMENT
(2018 OMNIBUS INCENTIVE PLAN)

Pursuant to the Restricted Stock Unit Grant Notice (the “**Grant Notice**”) and this Restricted Stock Unit Agreement (the “**Agreement**”), Helius Medical Technologies, Inc. (the “**Company**”) has awarded you (“**Participant**”) Restricted Stock Units (“**Restricted Stock Units**” or “**RSUs**,” sometimes referred to generally as the “**Award**”) pursuant to Article VIII of the Company’s 2018 Omnibus Incentive Plan (the “**Plan**”) for the number of Restricted Stock Units indicated in the Grant Notice. Capitalized terms not explicitly defined in this Agreement or the Grant Notice shall have the same meanings given to them in the Plan. The terms of your RSUs, in addition to those set forth in the Grant Notice, are as follows.

25. GRANT OF THE AWARD. This Award represents the right to be issued on a future date one (1) share of Common Stock for each Restricted Stock Unit that vests on the applicable vesting date(s) (subject to any adjustment under Section 3 below) as indicated in the Grant Notice. This Award was granted in consideration of your past or expected future services to the Company or its Affiliates.

26. VESTING. Subject to the limitations contained herein, your RSUs will vest, if at all, in accordance with the vesting schedule provided in the Grant Notice, provided that vesting will cease upon your Termination. Upon such Termination, the Restricted Stock Units that were not vested on the date of such Termination will be forfeited at no cost to the Company and you will have no further right, title or interest in or to the underlying shares of Common Stock subject to the forfeited RSUs.

27. NUMBER OF SHARES. The number of Restricted Stock Units/shares subject to your Award may be adjusted from time to time upon certain events as provided in Section 4.2 of the Plan. Any additional Restricted Stock Units or shares, that becomes subject to the Award pursuant to this Section 3, if any, shall be subject, in a manner determined by the Board, to the same forfeiture restrictions, restrictions on transferability, and time and manner of delivery as applicable to the other Restricted Stock Units and shares covered by your Award. Notwithstanding the provisions of this Section 3, no fractional shares or rights for fractional shares of Common Stock shall be created pursuant to this Section 3. Any fraction of a share will be rounded down to the nearest whole share.

28. SECURITIES LAW COMPLIANCE. You may not be issued any Common Stock under your Award unless the shares of Common Stock underlying the Restricted Stock Units are either (i) then registered under the Securities Act, or (ii) the Company has determined that such issuance would be exempt from the registration requirements of the Securities Act. Your Award must also comply with other applicable laws and regulations governing the Award, and you shall not receive such Common Stock if the Company determines that such receipt would not be in material compliance with such laws and regulations.

29. TRANSFER RESTRICTIONS. RSUs and all other rights, benefits or interests in this Plan are non transferable and may not be pledged or assigned or encumbered in any way and are not subject to attachment or garnishment, except that if a Participant dies the legal representatives

of the Participant will be entitled to receive the amount of any payment otherwise payable to the Participant hereunder in accordance with the provisions hereof.

30. DATE OF ISSUANCE.

(a) The issuance of shares in respect of the Restricted Stock Units is intended to comply with Treasury Regulations Section 1.409A-1(b)(4) and will be construed and administered in such a manner. Subject to the satisfaction of the withholding obligations set forth in this Agreement, in the event one or more Restricted Stock Units vests, the Company shall issue to you one (1) share of Common Stock for each Restricted Stock Unit that vests on the applicable vesting date(s) (subject to any adjustment under Section 3 above). The issuance date determined by this paragraph is referred to as the “**Original Issuance Date.**”

(b) If the Original Issuance Date falls on a date that is not a business day, delivery shall instead occur on the next following business day. In addition, if:

(i) the Original Issuance Date does not occur (1) during an “open window period” applicable to you, as determined by the Company in accordance with the Company’s then-effective policy on trading in Company securities, or (2) on a date when you are otherwise permitted to sell shares of Common Stock on an established stock exchange or stock market, *and*

(ii) either (1) Withholding Taxes do not apply, or (2) the Company decides, prior to the Original Issuance Date not to permit you to pay your Withholding Taxes in cash,

then the shares that would otherwise be issued to you on the Original Issuance Date will not be delivered on such Original Issuance Date and will instead be delivered on the first business day when you are not prohibited from selling shares of the Company’s Common Stock in the open public market, but in no event later than December 31 of the calendar year in which the Original Issuance Date occurs (that is, the last day of your taxable year in which the Original Issuance Date occurs), or, if and only if permitted in a manner that complies with Treasury Regulations Section 1.409A-1(b)(4), no later than the date that is the later of (i) the 15th day of the third month following the end of the calendar year in which such shares of Common Stock under this Award are no longer subject to a “substantial risk of forfeiture” within the meaning of Treasury Regulation Section 1.409A-1(d) or (ii) the 15th day of the third month following the end of the Company’s fiscal year in which such shares of Common Stock under this Award are no longer subject to a “substantial risk of forfeiture” within the meaning of Treasury Regulation Section 1.409A-1(d)..

(c) The form of delivery (*e.g.*, a stock certificate or electronic entry evidencing such shares) shall be determined by the Company.

31. DIVIDENDS. You shall receive no benefit or adjustment to your Award with respect to any cash dividend, stock dividend or other distribution that does not result from an event set forth in Section 4.2 of the Plan.

32. RESTRICTIVE LEGENDS. The shares of Common Stock issued under your Award shall be endorsed with appropriate legends as determined by the Company.

33. **EXECUTION OF DOCUMENTS.** You hereby acknowledge and agree that the manner selected by the Company by which you indicate your consent to your Grant Notice is also deemed to be your execution of your Grant Notice and of this Agreement.

34. **AWARD NOT A SERVICE CONTRACT.**

(a) Nothing in this Agreement (including, but not limited to, the vesting of your RSUs or the issuance of the shares subject to your RSUs), the Plan or any covenant of good faith and fair dealing that may be found implicit in this Agreement or the Plan shall: (i) confer upon you any right to continue in the employ of, or affiliation with, the Company or an Affiliate; (ii) constitute any promise or commitment by the Company or an Affiliate regarding the fact or nature of future positions, future work assignments, future compensation or any other term or condition of employment or affiliation; (iii) confer any right or benefit under this Agreement or the Plan unless such right or benefit has specifically accrued under the terms of this Agreement or Plan; or (iv) deprive the Company of the right to terminate you at will and without regard to any future vesting opportunity that you may have.

(b) The Company has the right to reorganize, sell, spin-out or otherwise restructure one or more of its businesses or Affiliates at any time or from time to time, as it deems appropriate (a “*reorganization*”). Such a reorganization could result in your Termination, or the termination of Affiliate status of your employer and the loss of benefits available to you under this Agreement, including but not limited to, the termination of the right to continue vesting in the Award. This Agreement, the Plan, the transactions contemplated hereunder and the vesting schedule set forth herein or any covenant of good faith and fair dealing that may be found implicit in any of them do not constitute an express or implied promise of continued engagement as an employee or consultant for the term of this Agreement, for any period, or at all, and shall not interfere in any way with the Company’s right to conduct a reorganization.

35. **WITHHOLDING OBLIGATIONS.**

(a) On each vesting date, and on or before the time you receive a distribution of the shares underlying your Restricted Stock Units, and at any other time as reasonably requested by the Company in accordance with applicable tax laws, you hereby authorize any required withholding from any payments due to you and/or otherwise agree to make adequate provision in cash for any sums required to satisfy the federal, provincial, state, local and foreign tax withholding obligations of the Company or any Affiliate that arise in connection with your Award (the “*Withholding Taxes*”). Additionally, the Company or any Affiliate may, in its sole discretion, satisfy all or any portion of the Withholding Taxes obligation relating to your RSUs by any of the following means or by a combination of such means: (i) withholding from any compensation otherwise payable to you by the Company; (ii) causing you to tender a cash payment; or (iii) permitting or requiring you to enter into a “same day sale” commitment, if applicable, with a broker-dealer that is a member of the Financial Industry Regulatory Authority (a “*FINRA Dealer*”) whereby you irrevocably elect to sell a portion of the shares to be delivered in connection with your Restricted Stock Units to satisfy the Withholding Taxes and whereby the FINRA Dealer irrevocably commits to forward the proceeds necessary to satisfy the Withholding Taxes directly to the Company and/or its Affiliates.

(b) Unless the tax withholding obligations of the Company and/or any Affiliate are satisfied, the Company shall have no obligation to deliver to you any Common Stock.

(c) In the event the Company's obligation to withhold arises prior to the delivery to you of Common Stock or it is determined after the delivery of Common Stock to you that the amount of the Company's withholding obligation was greater than the amount withheld by the Company, you agree to indemnify and hold the Company harmless from any failure by the Company to withhold the proper amount.

36. TAX CONSEQUENCES. The Company has no duty or obligation to minimize the tax consequences to you of this Award and shall not be liable to you for any adverse tax consequences to you arising in connection with this Award. You are hereby advised to consult with your own personal tax, financial and/or legal advisors regarding the tax consequences of this Award and by signing the Grant Notice, you have agreed that you have done so or knowingly and voluntarily declined to do so. You understand that you (and not the Company) shall be responsible for your own tax liability that may arise as a result of this investment or the transactions contemplated by this Agreement.

37. DETRIMENTAL ACTIVITY. Your Award, the RSUs and the shares issued upon settlement of the Award and RSUs and any associated gain shall be subject to Section 8.2(e) of the Plan regarding the effects of engaging in Detrimental Activity.

38. UNSECURED OBLIGATION. Your Award is unfunded, and as a holder of vested RSUs, you shall be considered an unsecured creditor of the Company with respect to the Company's obligation, if any, to issue shares or other property pursuant to this Agreement. You shall not have voting or any other rights as a stockholder of the Company with respect to the shares to be issued pursuant to this Agreement until such shares are issued to you pursuant to Section 6 of this Agreement. Upon such issuance, you will obtain full voting and other rights as a stockholder of the Company. Nothing contained in this Agreement, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind or a fiduciary relationship between you and the Company or any other person.

39. NOTICES. Any notice or request required or permitted hereunder shall be given in writing to each of the other parties hereto and shall be deemed effectively given on the earlier of (i) the date of personal delivery, including delivery by express courier, or delivery via electronic means, or (ii) the date that is five (5) days after deposit in the United States Post Office (whether or not actually received by the addressee), by registered or certified mail with postage and fees prepaid, addressed at the following addresses, or at such other address(es) as a party may designate by ten (10) days' advance written notice to each of the other parties hereto:

COMPANY: Heliuss Medical Technologies, Inc.
Attn: Stock Administrator
41 University Drive, Suite 400
Newtown, PA 18940

PARTICIPANT: Your address as on file with the Company
at the time notice is given

40. HEADINGS. The headings of the Sections in this Agreement are inserted for convenience only and shall not be deemed to constitute a part of this Agreement or to affect the meaning of this Agreement.

41. MISCELLANEOUS.

(a) The rights and obligations of the Company under your Award shall be transferable by the Company to any one or more persons or entities, and all covenants and agreements hereunder shall inure to the benefit of, and be enforceable by, the Company's successors and assigns.

(b) You agree upon request to execute any further documents or instruments necessary or desirable in the sole determination of the Company to carry out the purposes or intent of your Award.

(c) You acknowledge and agree that you have reviewed your Award in its entirety, have had an opportunity to obtain the advice of counsel prior to executing and accepting your Award and fully understand all provisions of your Award.

(d) This Agreement shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

(e) All obligations of the Company under the Plan and this Agreement shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

42. GOVERNING PLAN DOCUMENT. Your Award is subject to all the provisions of the Plan, the provisions of which are hereby made a part of your Award, and is further subject to all interpretations, amendments, rules and regulations which may from time to time be promulgated and adopted pursuant to the Plan. Your Award (and any compensation paid or shares issued under your Award) is subject to recoupment in accordance with The Dodd–Frank Wall Street Reform and Consumer Protection Act and any implementing regulations thereunder, any clawback policy adopted by the Company and any compensation recovery policy otherwise required by applicable law. No recovery of compensation under such a clawback policy will be an event giving rise to a right to voluntarily terminate employment upon a resignation for “good reason,” or for a “constructive termination” or any similar term under any plan or agreement with the Company.

43. EFFECT ON OTHER EMPLOYEE BENEFIT PLANS. The value of the RSUs subject to this Agreement or the stock underlying the RSUs upon issuance to you shall not be included as compensation, earnings, salaries, or other similar terms used when calculating benefits under any employee benefit plan (other than the Plan) sponsored by the Company or any Affiliate except as such plan otherwise expressly provides. The Company expressly reserves its rights to amend, modify, or terminate any or all of the employee benefit plans of the Company or any Affiliate.

44. CHOICE OF LAW. The interpretation, performance and enforcement of this Agreement shall be governed by the law of the State of Delaware without regard to that state's conflicts of laws rules.

45. SEVERABILITY. If all or any part of this Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not invalidate any portion of this Agreement or the Plan not declared to be unlawful or invalid. Any Section of this Agreement (or part of such a Section) so declared to be unlawful or invalid shall, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

46. OTHER DOCUMENTS. You acknowledge receipt of and the right to receive a document providing the information required by Rule 428(b)(1) promulgated under the Securities Act, which includes the Plan prospectus. In addition, you acknowledge receipt of the Company's Insider Trading Policy.

47. AMENDMENT. This Agreement may not be modified, amended or terminated except by an instrument in writing, signed by you and by a duly authorized representative of the Company. Notwithstanding the foregoing, this Agreement may be amended solely by the Board by a writing which specifically states that it is amending this Agreement, so long as a copy of such amendment is delivered to you, and provided that, except as otherwise expressly provided in the Plan, no such amendment materially adversely affecting your rights hereunder may be made without your written consent. Without limiting the foregoing, the Board reserves the right to change, by written notice to you, the provisions of this Agreement in any way it may deem necessary or advisable to carry out the purpose of the Award as a result of any change in applicable laws or regulations or any future law, regulation, ruling, or judicial decision, provided that any such change shall be applicable only to rights relating to that portion of the Award which is then subject to restrictions as provided herein.

* * * * *

This Restricted Stock Unit Agreement shall be deemed to be signed by the Company and the Participant upon the signing by the Participant of the Restricted Stock Unit Grant Notice to which it is attached.

ATTACHMENT II

2018 OMNIBUS INCENTIVE PLAN

CERTIFICATIONS

I, Phillippe Deschamps, certify that:

- 1) I have reviewed this report on Form 10-Q of Helius Medical Technologies, Inc.
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant is made known to me by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2018

/s/ Phillippe Deschamps

Phillippe Deschamps

Chief Executive Officer and Director

CERTIFICATIONS

I, Joyce LaViscount, certify that:

- 1) I have reviewed this report on Form 10-Q of Heliuss Medical Technologies, Inc.
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant is made known to me by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions);
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2018

/s/ Joyce LaViscount
Joyce LaViscount
Chief Financial Officer
(Principal Financial Officer)

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
HELIUS MEDICAL TECHNOLOGIES, INC.
FORM 10-Q FOR THE QUARTER ENDED SEPTEMBER 30, 2018
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I am the Chief Executive Officer of Helius Medical Technologies, Inc., a Delaware corporation (the "Company"). I am delivering this certificate in connection with the Form 10-Q of the Company for the quarter ended September 30, 2018 and filed with the Securities and Exchange Commission ("Form 10-Q").

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I hereby certify that, to the best of my knowledge, the Form 10-Q fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 8, 2018

/s/ Phillippe Deschamps

Phillippe Deschamps
Chief Executive Officer and Director
(Principal Executive Officer)

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
HELIUS MEDICAL TECHNOLOGIES, INC.
FORM 10-Q FOR THE QUARTER ENDED SEPTEMBER 30, 2018
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I am the Chief Financial Officer of Helius Medical Technologies, Inc., a Delaware corporation (the "Company"). I am delivering this certificate in connection with the Form 10-Q of the Company for the quarter ended September 30, 2018 and filed with the Securities and Exchange Commission ("Form 10-Q").

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I hereby certify that, to the best of my knowledge, the Form 10-Q fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 8, 2018

/s/ Joyce LaViscount

Joyce LaViscount
Chief Financial Officer
(Principal Financial Officer)