

PROFOUND MEDICAL CORP.

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS TO BE
HELD ON JANUARY 26, 2017**

AND

MANAGEMENT INFORMATION CIRCULAR

DATED December 21, 2016

PROFOUND MEDICAL CORP.

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT a special meeting (the “**Meeting**”) of the shareholders of Profound Medical Corp. (the “**Corporation**”) will be held at the offices of the Corporation at 2400 Skymark Avenue, Unit 6, Mississauga, Ontario L4W 5K5 on January 26, 2017 at 3:00 p.m. for the following purposes:

1. to consider, and, if deemed advisable, pass an ordinary resolution of Disinterested Shareholders (as defined in the accompanying Management Information Circular) approving the Corporation’s Amended and Restated Share Option Plan dated December 8, 2016 (the “**Share Option Plan**”);
2. to consider, and, if deemed advisable, pass an ordinary resolution of Disinterested Shareholders approving the grant of an option to purchase 1,417,583 Common Shares for an exercise price of \$1.10 per Common Share pursuant to the Share Option Plan;
3. to transact such other business as may be properly brought before the Meeting or any postponement or adjournment thereof.

Information relating to the items above is set forth in the accompanying Management Information Circular.

Only shareholders of record as of December 23, 2016 are entitled to notice of the Meeting and to vote at the Meeting and at any adjournment or postponement thereof.

The accompanying Management Information Circular, this notice of Meeting (the “**Notice**”), the form of proxy and the voting instruction form (collectively, the “**Meeting Materials**”) are being mailed to shareholders of record as at the Record Date and are available under the Corporation’s profile on the System for Electronic Document Analysis and Retrieval (“**SEDAR**”), online at www.sedar.com. Shareholders are reminded to review the Meeting Materials before voting.

If you do not expect to attend the Meeting in person, please promptly complete and sign the enclosed form of proxy and return it for receipt by no later than by 3:00 p.m. on Tuesday, January 24, 2017, or if the Meeting is adjourned or postponed, at least 48 hours, excluding Saturdays, Sundays and holidays, prior to any such adjournment or postponement. If you receive more than one proxy form because you own common shares of the Corporation (“**Common Shares**”) registered in different names or addresses, each proxy form should be completed and returned.

If you are a Beneficial Shareholder (as defined in the Management Information Circular), accompanying this Notice is a voting instruction form for your use. If you receive these materials through your broker or another intermediary, please complete and sign the materials in accordance with the instructions provided to you by such broker or other intermediary.

DATED at Toronto, Ontario this 21st day of December, 2016.

By Order of the Board of Directors of Profound Medical Corp.

(signed) “*Arun Menawat*”

Arun Menawat

Director and Chief Executive Officer

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**PROFOUND MEDICAL CORP.
MANAGEMENT INFORMATION CIRCULAR**

SOLICITATION OF PROXIES

This management information circular (this “Circular”) is provided in connection with the solicitation of proxies by the management of Profound Medical Corp. (the “Corporation” or “Profound”) for use at the special meeting (the “Meeting”) of the holders (“Shareholders”) of common shares (“Common Shares”) in the capital of the Corporation. The Meeting will be held on January 26, 2017 at 3:00 p.m. at the offices of the Corporation at 2400 Skymark Avenue, Unit 6, Mississauga, Ontario L4W 5K5, or at such other time or place to which the Meeting may be adjourned, for the purposes set forth in the notice of special meeting accompanying this Management Information Circular (the “Notice”). Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally or by telephone, facsimile or other means of electronic communication. In accordance with National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“NI 54-101”), arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of the Common Shares held of record by such persons and the Corporation may reimburse such persons for reasonable fees and disbursements incurred by them in doing so. The costs thereof will be borne by the Corporation.

These securityholder materials are being sent to both registered and non-registered (beneficial) owners of the securities. If you are a non-registered owner and the Corporation or its agent has sent these materials directly to you, your name and address and information about your holdings or securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf.

Accompanying this Circular (and filed with applicable securities regulatory authorities) is a form of proxy for use at the Meeting. Each Shareholder who is entitled to attend at Shareholders’ meetings is encouraged to participate in the Meeting and Shareholders are urged to vote on matters to be considered in person or by proxy.

Unless otherwise stated, the information contained in this Circular is given as of December 21, 2016 (the “**Effective Date**”). All time references in this Circular are references to Toronto time. All amounts referred to in this Circular are presented in Canadian dollars, unless otherwise stated.

APPOINTMENT AND REVOCATION OF PROXIES

Registered Shareholders

Appointment of Proxies

Those Shareholders who wish to be represented at the Meeting by proxy must complete and deliver a proper form of proxy to TSX Trust Company (the “Transfer Agent”) either in person, or by mail or courier, to 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1 or via the internet at www.voteproxyonline.com.

The persons named as proxyholders in the form of proxy accompanying this Circular are designated by management of the Corporation and are representatives of the Corporation’s management for the Meeting. **A Shareholder who wishes to appoint some other person (who need not be a Shareholder) to attend and act for and on such Shareholder’s behalf at the Meeting other than the management nominees designated in the form of proxy may do so by either: (i) crossing out the names of the management nominees AND legibly printing the other person’s name in the blank space provided in the accompanying form of proxy; or (ii) completing another valid form of proxy.** In either case, the completed form of proxy must be delivered to the Transfer Agent at the place and within the time specified herein for the deposit of proxies. A Shareholder who appoints a proxy who is someone other than the management representatives named in the form of proxy should notify the nominee of the appointment, obtain the nominee’s consent to act as proxy and provide instructions on how the Common Shares are to be voted. The nominee should bring personal identification to the Meeting. In any case, the form of proxy should be dated and executed by the Shareholder or an attorney authorized in writing, with proof of such authorization attached (where an attorney executed the proxy form).

In order to validly appoint a proxy, the form of proxy must be received by the Transfer Agent (the address is stated above or in the form of proxy) by 3:00 p.m. on Tuesday, January 24, 2017, or if the Meeting is adjourned or postponed, at least 48 hours, excluding Saturdays, Sundays and holidays, prior to any such adjournment or postponement. After such time, the Chair of the Meeting may accept or reject a form of proxy delivered to him in his discretion but is under no obligation to accept or reject any particular late form of proxy.

Revocation of a Proxy

A Shareholder who has validly given a proxy may revoke it for any matter upon which a vote has not already been cast by the proxyholder appointed therein. In addition to revocation in any other manner permitted by law, a proxy may be revoked with an instrument in writing signed and delivered to either the registered office of the Corporation or the Transfer Agent, 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1, at any time up to and including the last business day preceding the date of the Meeting, or any postponement or adjournment thereof at which the proxy is to be used, or deposited with the Chair of such Meeting on the day of the Meeting, or any postponement or adjournment thereof. The document used to revoke a proxy must be in writing and completed and signed by the Shareholder or his or her attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized.

Also, a Shareholder who has given a proxy may attend the Meeting in person (or where the Shareholder is a corporation, its authorized representative may attend), revoke the proxy (by indicating such intention to the Chairman before the proxy is exercised) and vote in person (or withhold from voting).

Signature on Proxies

The form of proxy must be executed by the Shareholder or his or her duly appointed attorney authorized in writing or, if the Shareholder is a corporation, by a duly authorized officer whose title must be indicated. A form of proxy signed by a person acting as attorney or in some other representative capacity should indicate that person's capacity (following his signature) and should be accompanied by the appropriate instrument evidencing qualification and authority to act (unless such instrument has been previously filed with the Corporation).

Voting of Proxies

Each Shareholder may instruct his, her or its proxy how to vote his, her or its Common Shares by completing the blanks on the Instrument of Proxy.

The Common Shares represented by the enclosed form of proxy will be voted or withheld from voting on any motion, by ballot or otherwise, in accordance with any indicated instructions. If a Shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares will be voted accordingly. In the absence of such direction, such Common Shares will be voted FOR the resolutions described in the form of proxy and below.

The accompanying form of proxy confers discretionary authority upon the persons named therein to vote on any amendments or variations to matters identified in the Notice and with respect to such other business or matters which may properly come before the Meeting or any adjournment or postponement thereof. As at the Effective Date, management of the Corporation knows of no such amendments or variations or other matters to come before the Meeting.

Beneficial (Non-Registered) Shareholders

The information set forth in this section is of importance to many Shareholders, as a substantial number of Shareholders do not hold Common Shares in their own name. Shareholders who hold their Common Shares through depositories (e.g. CDS & Co., the registration name for CDS Clearing and Depository Services Inc.), brokers, intermediaries, trustees or other persons, or who otherwise do not hold their Common Shares in their own name (referred to in this Circular as “**Beneficial Shareholders**”) should note that only proxies deposited by Shareholders who are registered shareholders (that is, shareholders whose names appear on the records maintained by the registrar and transfer agent for the Common Shares as registered holders of Common Shares) will be recognized and acted upon at the Meeting.

Without specific instructions, brokers (or their agents and nominees) are prohibited from voting shares for the broker's clients. Subject to the following discussion in relation to NOBOs (as defined below), the Corporation does not know for whose benefit the shares of the Corporation registered in the name of CDS & Co., a broker or another nominee, are held.

There are two categories of Beneficial Shareholders for the purposes of applicable securities regulatory policy in relation to the mechanism of dissemination to Beneficial Shareholders of proxy-related materials and other securityholder materials and to request voting instructions from such Beneficial Shareholders. Non-objecting beneficial owners ("**NOBOs**") are Beneficial Shareholders who have advised their intermediary (such as brokers or other nominees) that they do not object to their intermediary disclosing ownership information to the Corporation, consisting of their name, address, e-mail address, securities holdings and preferred language of communication. **Securities legislation restricts the use of that information to matters strictly relating to the affairs of the Corporation.** Objecting beneficial owners ("**OBOs**") are Beneficial Shareholders who have advised their intermediary that they object to their intermediary disclosing such ownership information to the Corporation.

In accordance with the requirements of NI 54-101, the Corporation is sending the Notice of Meeting, this Circular and a voting instruction form or a form of proxy, as applicable (collectively, the "**Meeting Materials**"), directly to NOBOs and indirectly, through intermediaries, to OBOs. NI 54-101 permits the Corporation, in its discretion, to obtain a list of its NOBOs from intermediaries and use such NOBO list for the purpose of distributing the Meeting Materials directly to, and seeking voting instructions directly from, such NOBOs. As a result, the Corporation is entitled to deliver Meeting Materials to Beneficial Shareholders in two manners: (a) directly to NOBOs and indirectly through intermediaries to OBOs; or (b) indirectly to all Beneficial Shareholders through intermediaries. In accordance with the requirements of NI 54-101, the Corporation is sending the Meeting Materials directly to NOBOs and indirectly, through intermediaries, to OBOs. The Corporation will pay the fees and expenses of intermediaries for their services in delivering Meeting Materials to OBOs in accordance with NI 54-101.

The Corporation has used a NOBO list to send the Meeting Materials directly to those NOBOs whose names appear on that list. If the Corporation has sent these materials directly to a NOBO, such NOBO's name and address and information about its holdings of Common Shares have been obtained from the intermediary holding such shares on the NOBO's behalf in accordance with applicable securities regulatory requirements. As a result, any NOBO of the Corporation can expect to receive a voting instruction form from the Transfer Agent. NOBOs should complete and return the voting instruction form to the Transfer Agent in the envelope provided. The Transfer Agent will tabulate the results of voting instruction forms received from NOBOs and will provide appropriate instructions at the Meeting with respect to the shares represented by such voting instruction forms.

Applicable securities regulatory policy requires intermediaries, on receipt of Meeting Materials that seek voting instructions from Beneficial Shareholders indirectly, to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings on Form 54-101F7 – *Request for Voting Instructions Made by Intermediaries* ("**Form 54-101F7**"). Every intermediary has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting or any adjournment or postponement thereof. Often, the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided to registered shareholders; however, its purpose is limited to instructing the registered shareholder how to vote on behalf of the Beneficial Shareholder. Beneficial Shareholders who wish to appear in person and vote at the Meeting should be appointed as their own representatives at the Meeting in accordance with the directions of their intermediaries and Form 54-101F7. Beneficial Shareholders can also write the name of someone else whom they wish to attend at the Meeting and vote on their behalf. Unless prohibited by law, the person whose name is written in the space provided in Form 54-101F7 will have full authority to present matters to the Meeting and vote on all matters that are presented at the Meeting, even if those matters are not set out in Form 54-101F7 or this Circular.

The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically mails a voting instruction form in lieu of the form of proxy. Beneficial Shareholders are requested to complete and return the voting instruction form to Broadridge by mail or facsimile. Broadridge will then provide aggregate voting instructions to the Transfer Agent, which tabulates the results and provides appropriate instructions respecting the voting of shares to be represented at the Meeting or any adjournment or postponement thereof. By choosing to send the Meeting Materials to NOBOs directly, the Corporation (and not the intermediary holding Common Shares on your behalf) has assumed responsibility for (i) delivering these

materials to you; and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

All references to Shareholders in this Circular and the accompanying form of proxy and Notice are to registered Shareholders unless specifically stated otherwise.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

Shareholders of record as of December 23, 2016 (the “**Record Date**”) are entitled to receive notice of and to attend and vote at the Meeting. As at the Effective Date, the Corporation had 55,305,577 issued and outstanding Common Shares. These Common Shares are the only voting shares of the Corporation which are issued and outstanding as of the Record Date. Each Common Share entitled the holder to one vote in respect of any matter that may come before the Meeting, subject to approval of Disinterested Shareholders (as defined below), as required by the TSX Venture Exchange.

“**Disinterested Shareholders**” means, in the context of the approvals sought at this Meeting, shareholders holding Common Shares representing a majority of votes cast by all Shareholders at the Meeting, excluding votes attaching to Common Shares held by (a) insiders to whom options may be granted under the Share Option Plan, and (b) associates of such insiders.

Pursuant to the by-laws of the Corporation, a quorum is present at the Meeting if two or more voting persons are present in person and authorized to cast in the aggregate not less than 10% of the total number of votes attaching to all Common Shares.

To the knowledge of the directors and officers of the Corporation, as at the Record Date, no person or corporation beneficially owns, directly or indirectly, or exercises control or direction over, more than 10% of the issued and outstanding Common Shares other than:

Name	Number of Common Shares Owned or Controlled at the Effective Date	Percent of Outstanding Common Shares⁽¹⁾
BDC Capital Inc. (“ BDC Capital ”)	13,441,792	24.3%
Genesys Ventures II LP (“ Genesys ”)	11,828,144	21.4%

Notes:

- (1) This percentage is based on total Common Shares issued and outstanding. On a fully-diluted basis, BDC owns 22.4% and Genesys owns 19.7%.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

No directors or officers of the Corporation, nor any proposed nominee for election as a director of the Corporation, nor any associate or affiliate of any one of them, is or was indebted, directly or indirectly, to the Corporation or its subsidiaries at any time since the beginning of the last completed financial year of the Corporation.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed in this Circular, no director or officer of the Corporation, nor any other insider of the Corporation, nor any associate or affiliate of any one of them, has or has had, at any time since the beginning of the last completed financial year of the Corporation, any material interest, direct or indirect, in any transaction or proposed transaction that has materially affected or would materially affect the Corporation.

MATTERS TO BE CONSIDERED AT THE MEETING

To the knowledge of the Board, the only matters to be brought before the Meeting are set forth in the accompanying Notice of Meeting. These matters are described in more detail under the headings below.

Amended and Restated Share Option Plan

The board of directors of Profound approved the Amended and Restated Share Option Plan on December 8, 2016 (the “**Share Option Plan**”), which amends and restates Profound’s Share Option Plan dated June 4, 2015. A copy of the Share Option Plan, showing changes to the plan as adopted in June 4, 2015, is set out as Appendix “A” to this Circular.

The changes to the Share Option Plan have been approved by the board of directors in order to, among other things, enable the Corporation to provide appropriate incentives to employees and also to senior management personnel. The board was pleased to have been able to attract Arun Menawat to join the Corporation as Chief Executive Officer (see Profound’s material change report dated August 15, 2015). In connection with the employment arrangements, the board of directors agreed to grant to Mr. Menawat certain options to purchase Common Shares, as described in detail below at “*Option Grant to Arun Menawat*”.

The following summarizes the changes to the Share Option Plan. The material terms of the Share Option Plan are also summarized at “*Statement of Executive Compensation – Share Option Plan*”. This summary is qualified in its entirety by the full text of the Share Option Plan as set out in Appendix “A” to this Circular.

- Directors who are an associate of a Significant Shareholder (as defined in National Instrument 55-104 – *Insider Reporting Requirements and Exemptions*) are made ineligible to receive any options under the Share Option Plan.
- The maximum fixed-number of Common Shares reserved for issuance under the Share Option Plan is increased to 7,189,725 Common Shares (being 13% of the total number of Common Shares currently issued and outstanding). Additionally, if Profound obtains a listing on the Toronto Stock Exchange, the Share Option Plan will automatically become a “rolling” plan, such that the number of Common Shares reserved for issuance will be 13% of all issued and outstanding Common Shares, as determined at the time of each option grant.
- To facilitate the option grant to Arun Menawat set out below and also any other potential future option grants to officers, the limitations with respect to the maximum size of an option grant to insiders, individually and in the aggregate, have been removed.
- The exercise price for option grants will be the Market Price (as defined below, and in the Share Option Plan), to align better with the rules of the Toronto Stock Exchange.
- Certain clerical amendments.

The adoption of the Share Option Plan is subject to approval of Disinterested Shareholders in accordance with the TSX Venture Exchange Corporate Manual. Accordingly, Shareholders will be asked at the Meeting to consider, and if thought appropriate, to pass an ordinary resolution of Disinterested Shareholders in this regard, the text of which resolution is as follows:

“BE IT HEREBY RESOLVED that:

- (1) the Amended and Restated Share Option Plan dated December 8, 2016, is hereby ratified, confirmed and approved.”

The persons designated as proxyholders in the accompanying form of proxy (absent contrary directions) intend to vote FOR the matter set forth above.

Option Grant to Arun Menawat

As further described in Profound’s material change report dated August 15, 2016, on August 15, 2016 Profound announced the appointment of Arun Menawat as Chief Executive Officer and that Steven Plymale, who had served as Chief Executive Officer, had transitioned to President and Chief Operating Officer.

In connection with Mr. Menawat’s appointment as Chief Executive Officer:

- (a) Profound granted to Mr. Menawat, on August 22, 2016, an option (the “**Initial Option**”) to purchase 934,055 Common Shares (being 2.50% of the issued and outstanding share capital of Profound on a fully-diluted basis as of the date of grant) for an exercise price of \$1.46 per Common Share, pursuant to the Share Option Plan; and
- (b) Profound agreed to grant to Mr. Menawat, subject to certain conditions, an option (the “**Subsequent Option**”) to purchase an additional number of Common Shares that, together with the Initial Option and any other options granted to Mr. Menawat under the Share Option Plan, would result in Mr. Menawat holding options to purchase 5.0% of the issued and outstanding share capital of Profound on a fully-diluted basis (the “**Ownership Target**”) as of the date of such grant (the “**Subsequent Option Grant Date**”). The Corporation further agreed that the Subsequent Option Grant Date would be concurrent with, or as soon as practicable after, the closing date of an equity financing with aggregate gross proceeds to the Corporation of at least \$15 million. The Corporation completed a public offering of Common Shares on November 14, 2016 for gross aggregate proceeds to Profound of \$17,402,000 and, following that transaction the board of directors approved on December 21, 2016 the grant to Mr. Menawat, subject to certain conditions (including the shareholder approval that is the subject of this Meeting), options to purchase an additional 1,417,583 Common Shares for an exercise price of \$1.10 per Common Share, pursuant to the Share Option Plan. Following the grant of the Subsequent Option (and assuming receipt of the shareholder approval that is the subject of this Meeting), Mr. Menawat will hold options to purchase 5.0% of the issued and outstanding share capital of Profound on a fully-diluted basis, calculated as of the date of grant of that Subsequent Option.

The Subsequent Option is subject to approval of Disinterested Shareholders in accordance with the TSX Venture Exchange Corporate Manual. Pursuant to the Share Option Plan, Shareholders will be asked at the Meeting to consider and, if thought appropriate, to pass an ordinary resolution of Disinterested Shareholders in this regard, the text of which resolution is as follows:

“**BE IT HEREBY RESOLVED** that:

- (1) the issuance by the Corporation, pursuant to the Share Option Plan of the Corporation, as amended, to Arun Menawat of an option to purchase 1,417,583 Common Shares for an exercise price of \$1.10 per Common Share, is hereby ratified, confirmed and approved.”

The persons designated as proxyholders in the accompanying form of proxy (absent contrary directions) intend to vote FOR the matter set forth above.

AUDITOR

The auditor of the Corporation is PricewaterhouseCoopers LLP, Chartered Professional Accountants, Licensed Public Accountants, PwC Centre, 354 Davis Road, Suite 600, Oakville, ON L6J 0C5. PricewaterhouseCoopers LLP has served as the Corporation’s auditor since June 22, 2015.

MANAGEMENT CONTRACTS

The Corporation does not currently have any management contracts in place.

ADDITIONAL INFORMATION

Financial information pertaining to the Corporation is provided in the Corporation’s financial statements and management’s discussion and analysis (“**MD&A**”) for the financial year ended December 31, 2015. Copies of the Corporation’s financial statements and related MD&A can be obtained by contacting Rebecca von Goetz, Senior Marketing & Communications Specialist at 3080 Yonge Street, Suite 4040, Toronto, Ontario, M4N 3N1. **Additional Information relating to the Corporation is available on the SEDAR website at www.sedar.com.**

DIRECTOR APPROVAL

The contents of this Management Information Circular and the sending thereof to the Shareholders, directors and auditor of the Corporation have been approved by the Board.

December 21, 2016

(signed) "*Arun Menawat*"

Arun Menawat

Director and Chief Executive Officer

Schedule “A”

Amended and Restated Share Option Plan

PROFOUND MEDICAL CORP.
AMENDED AND RESTATED SHARE
OPTION PLAN
~~June 4, 2015~~December 8, 2016

PROFOUND MEDICAL CORP.

Share Option Plan

PREAMBLE

- A. The Company adopted a Share Option Plan on June 4, 2015 (the “Original Plan”).
- B. The Company wishes to amend and restate the Original Plan in the manner contemplated herein.

ARTICLE 1 INTRODUCTION

1.1 Purpose

The purpose of this Plan is to assist the Company in attracting, retaining and motivating key employees, officers, directors and consultants of the Company or of a Designated Affiliate by granting to them options to purchase Common Shares in the capital of the Company.

1.2 No Changes to Outstanding Options

This Plan shall have no effect on any outstanding Options granted under the Original Plan, which shall continue in effect in accordance with their terms and conditions and the terms and conditions of the Original Plan.

1.3 ~~1.2~~ Definitions

When used herein, unless the context otherwise requires, the following terms have the following meanings, respectively:

“**Affiliate**” has the meaning ascribed thereto in National Instrument 45-106 – *Prospectus-~~and Registration~~ Exemptions*, as amended from time to time, and any successor to such instrument.

“**Associate**” has the meaning ascribed thereto in the *Securities Act* (Ontario).

“**Board**” means the board of directors of the Company.

“**Business Day**” means a day, other than a Saturday or Sunday, on which the principal commercial banks located in Toronto, Ontario, Canada are open for business during normal banking hours.

“**Change of Control**” means the happening of any of the following events:

- (a) any transaction at any time and by whatever means pursuant to which any Person or any group of two or more Persons acting jointly or in concert (other than the Company or a wholly-owned subsidiary of the Company) hereafter acquires the

direct or indirect “beneficial ownership” (as defined in the *Business Corporations Act* (Ontario) of, or acquires the right to exercise control or direction over, securities of the Company representing 50% or more of the then issued and outstanding voting securities of the Company, including, without limitation, as a result of a take-over bid, an exchange of securities, an amalgamation of the Company with any other entity, an arrangement, a capital reorganization or any other business combination or reorganization;

- (b) the sale, assignment or other transfer of all or substantially all of the assets of the Company to a Person other than a wholly-owned subsidiary of the Company;
- (c) the dissolution or liquidation of the Company, other than in connection with the distribution of assets of the Company to one or more Persons which were wholly-owned subsidiaries of the Company prior to such event;
- (d) the occurrence of a transaction requiring approval of the Company’s shareholders whereby the Company is acquired through consolidation, merger, exchange of securities, purchase of assets, amalgamation, statutory arrangement or otherwise by any other Person (other than a short form amalgamation or exchange of securities with a wholly-owned subsidiary of the Company);
- (e) the Board determines that a Change of Control shall be deemed to have occurred in such circumstances as the Board shall determine; or
- (f) individuals who comprise the Board as of the last annual meeting of shareholders of the Company for any reason cease to constitute at least a majority of the members of the Board;

provided that, notwithstanding clauses (a), (b), (c) and (d) above, a Change of Control shall be deemed not to have occurred if immediately following the transaction set forth in clause (a), (b), (c) or (d) above: (i) the holders of securities of the Company that immediately prior to the consummation of such transaction represented more than 50% of the combined voting power of the then outstanding securities eligible to vote for the election of directors of the Company hold (A) securities of the entity resulting from such transaction (the “**Surviving Entity**”) that represent more than 50% of the combined voting power of the then outstanding securities eligible to vote for the election of directors (“**voting power**”) of the Surviving Entity, or (B) if applicable, securities of the entity that directly or indirectly has beneficial ownership of 100% of the securities eligible to elect directors of the Surviving Entity (the “**Parent Entity**”) that represent more than 50% of the combined voting power of the then outstanding securities eligible to vote for the election of directors of the Parent Entity, and (ii) no Person, or group of two or more Persons acting jointly or in concert, is the beneficial owner, directly or indirectly, of 50% or more of the voting power of the Parent Entity (or, if there is no Parent Entity, the Surviving Entity) (any such transaction which satisfies all of the criteria specified in clauses (i) and (ii) above being referred to as a “**Non-Qualifying Transaction**” and, following the Non-Qualifying Transaction, references in this definition of “Change in Control” to the

“Company” shall mean and refer to the Parent Entity (or, if there is no Parent Entity, the Surviving Entity).

“Committee” has the meaning set forth in Section 2.2.

“Common Share” means a common share in the capital of the Company.

“Company” means Profound Medical Corp. and its successors and assigns.

“Consultant Participant” means an individual consultant or a consultant entity, other than an Employee Participant or Director Participant that:

- (a) is engaged to provide services on a *bona fide* basis to the Company or a Designated Affiliate, other than services provided in relation to a distribution of securities of the Company or a Designated Affiliate;
- (b) provides the services under a written contract with the Company or a Designated Affiliate; and
- (c) spends or will spend a significant amount of time and attention on the affairs and business of the Company or a Designated Affiliate;

and includes, (i) for an individual consultant, (A) a company of which the individual consultant is an employee or shareholder; or (B) a partnership of which the individual consultant is an employee or partner, and (ii) for a consultant that is not an individual, an employee or director of the consultant, provided that the individual employee or director spends or will spend a significant amount of time and attention on the affairs and business of the Company or a Designated Affiliate.

“Date of Grant” means, for any Option, the date specified by the Plan Administrator at the time it grants the Option (provided, however, that such date shall not be prior to the date the Plan Administrator acts to grant the Option) or, if no such date is specified, the date upon which the Option was granted.

“Designated Affiliate” means each Subsidiary of the Company and any other Affiliate of the Company as designated by the Plan Administrator for purposes of the Plan from time to time.

“Director” means a member of the Board.

“Director Participant” means a Director; (i) who is not an officer or employee of the Company or of a Designated Affiliate and (ii) who is not an Associate of a Significant Shareholder.

“Disabled” or “Disability” means eligible for long-term disability under the terms of a long-term disability plan sponsored by the Participant’s employer.

“Employee Participant” means a *bona fide* current employee (other than a Consultant Participant) of the Company or of a Designated Affiliate.

“Exercise Notice” means a notice in writing, in the form set out in Schedule B, signed by an Optionee and stating the Optionee’s intention to exercise a particular Option.

“Exercise Price” means the price at which an Option Share may be purchased pursuant to the exercise of an Option.

“Expiry Date” means the expiry date specified in the Option Agreement, provided that such date shall not be later than the tenth (10th) anniversary of the Date of Grant, or, if not so specified, means the tenth (10th) anniversary of the Date of Grant.

“Fiscal Year” means the twelve month period ending December 31 in each calendar year or as otherwise determined by the Board.

“Individual Optionee” means an Optionee who is an individual.

“Market Price” means the volume-weighted average price of the Common Shares on the stock exchange where the majority of trading volume and value of the Common Shares occurs, for the five trading days immediately preceding the relevant date on which the Market Price is to be determined. If the Common Shares are not listed for trading on a stock exchange, the Market Price shall be the fair market value of the Common Shares as determined by the board of directors of the Company.

“Option” means a right to purchase Common Shares under this Plan that is non-assignable and non-transferable unless otherwise approved by the Plan Administrator.

“Optionee” means a Participant who has been granted one or more Options.

“Option Agreement” means a signed, written agreement between an Optionee and the Company, in the form attached as Schedule A, subject to any amendments or additions thereto as may, in the discretion of the Plan Administrator, be necessary or advisable, evidencing the terms and conditions on which an Option has been granted under this Plan.

“Option Shares” means Common Shares issuable by the Company upon the exercise of outstanding Options.

“Participant” means an Employee Participant, a Director Participant or a Consultant Participant.

“Person” includes an individual, sole proprietorship, corporation, company, partnership, limited partnership, joint venture, association, trust, trustee, unincorporated organization or government or any agency or political subdivision thereof, and a natural person in his or her capacity as trustee, executor, administrator or other legal representative.

“Plan” means this Share Option Plan as set out herein and as amended from time to time in accordance with the provisions hereof.

“**Plan Administrator**” means the Board or, if the administration of this Plan has been delegated by the Board to the Committee pursuant to Section 2.2, the Committee.

“**Retirement**” means retirement from active employment under the retirement policies of the Company, its Designated Affiliates or a Consultant, as applicable, at or after the age of 65, or, with the consent for the purposes of the Plan of such officer of the Company as may be designated by the Plan Administrator, at or after such earlier age and upon the completion of such years of service as the Plan Administrator may specify.

“**Security**” has the meaning assigned to the term “security” in the *Securities Act* (Ontario), and “**Securities**” has a corresponding meaning.

“**Significant Shareholder**” has the meaning ascribed thereto in National Instrument 55-104 – *Insider Reporting Requirements and Exemptions*, as amended from time to time, and any successor to such instrument.

“**Subsidiary**” has the meaning assigned to the term “subsidiary” in the *Securities Act* (Ontario).

“**Termination Date**” means:

- (a) in the case of an Employee Participant whose employment with the Company or a Designated Affiliate terminates in the circumstances set out in Subsection 3.9(a) or Subsection 3.9(b), the date designated by the Company or a Designated Affiliate, as the case may be, on which an Employee Participant ceases to be an employee of the Company or the Designated Affiliate, as the case may be, provided that in the case of termination of employment by voluntary resignation by the Optionee, such date shall not be earlier than the date notice of resignation was given, and “**Termination Date**” specifically does not mean the date of termination of any period of reasonable notice that the Company or the Designated Affiliate (as the case may be) may be required by law to provide to the Optionee;
- (b) in the case of a Consultant Participant whose consulting agreement or arrangement with the Company or a Designated Affiliate, as the case may be, terminates in the circumstances set out in Subsection 3.9(c) or Subsection 3.9(d), the date that is designated by the Company or the Designated Affiliate, as the case may be, as the date on which the Optionee’s consulting agreement or arrangement is terminated, provided that in the case of voluntary termination by the Optionee of the Optionee’s consulting agreement or arrangement, such date shall not be earlier than the date notice of voluntary termination was given, and “**Termination Date**” specifically does not mean the date on which any period of notice of termination that the Company or the Designated Affiliate (as the case may be) may be required to provide to the Optionee under the terms of the consulting agreement or arrangement expires; or
- (c) in the case of a Director Participant who ceases to hold office in the circumstances set out in Section 3.9(e), the date upon which the Optionee ceases to hold office.

[“TSXV” means the TSX Venture Exchange;](#)

“TSXV Manual” means the ~~TSX Venture Exchange~~ TSXV Corporate Finance Manual.

1.4 ~~1.3~~ Interpretation

- (a) Whenever the Plan Administrator is to exercise discretion in the administration of the terms and conditions of this Plan, the term “discretion” means the sole and absolute discretion of the Plan Administrator.
- (b) As used in this Plan, the terms “Article”, “Section”, “Subsection”, “clause”, and “Schedule” mean and refer to the specified Article, Section, Subsection, clause and Schedule of this Plan, respectively.
- (c) Where the word “including” or “includes” is used in this Plan, it means “including (or includes) without limitation”.
- (d) Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period begins, including the day on which the period ends, and abridging the period to the immediately preceding Business Day in the event that the last day of the period is not a Business Day. In the event an action is required to be taken or a payment is required to be made on a day which is not a Business Day such action shall be taken or such payment shall be made on the immediately preceding Business Day.
- (e) Words importing the singular meaning include the plural and vice versa and words importing any gender include any other gender.
- (f) Unless otherwise specified, all references to money amounts are to Canadian currency.

ARTICLE 2 PLAN ADMINISTRATION

2.1 Plan Administration

This Plan will be administered by the Plan Administrator and the Plan Administrator has sole and complete authority, in its discretion, to:

- (a) determine the individuals and entities (from among the Participants) to whom Options may be granted;
- (b) grant Options in such amounts and, subject to the provisions of this Plan, on such terms and conditions as it determines including:
 - (i) the time or times at which Options may be granted;
 - (ii) the Exercise Price at which Option Shares subject to each Option may be purchased;

- (iii) the time or times when each Option becomes exercisable and the Expiry Date; and
- (iv) whether restrictions or limitations are to be imposed on the Option Shares and the nature of such restrictions or limitations, if any;
- (c) authorize any acceleration of exercisability or waiver of termination regarding any Option, based on such factors as the Plan Administrator may determine;
- (d) cancel, amend, adjust or otherwise change any Option under such circumstances as the Plan Administrator may consider appropriate in accordance with the provisions of this Plan;
- (e) construe and interpret this Plan and all Option Agreements;
- (f) adopt, amend, prescribe and rescind administrative guidelines and other rules and regulations relating to this Plan; and
- (g) make all other determinations and take all other actions necessary or advisable for the implementation and administration of this Plan.

2.2 Delegation of Plan Administration

- (a) The initial Plan Administrator shall be the Board.
- (b) To the extent permitted by applicable law, the Board may, from time to time, delegate to a committee of the Board (the “**Committee**”) all or any of the powers conferred on the Plan Administrator pursuant to this Plan. In such event, the Committee will exercise the powers delegated to it by the Board in the manner and on the terms authorized by the Board. Any decision made or action taken by the Committee arising out of or in connection with the administration or interpretation of this Plan in this context is final and conclusive.
- (c) The day-to-day administration of this Plan may be delegated to such officers and employees of the Company or a Designated Affiliate as the Plan Administrator determines.

2.3 Determinations Binding

Any decision made or action taken by the Plan Administrator, the Committee or any officers or employees to whom authority has been delegated pursuant to Subsection 2.2(c) arising out of or in connection with the administration or interpretation of this Plan is final, conclusive and binding on the Company, the affected Participant(s), their legal and personal representatives and all other Persons.

2.4 Eligibility

All Employee Participants, Director Participants and Consultant Participants are eligible to participate in this Plan, subject to Subsections 3.8(b) and 3.9(f). Eligibility to participate does not confer upon any Participant any right to be granted Options pursuant to this Plan. The extent

to which any Participant is entitled to be granted Options pursuant to this Plan will be determined in the discretion of the Plan Administrator.

2.5 Compliance with Regulatory Requirements

The Company's obligation to issue Common Shares in accordance with the terms of this Plan and any Options granted hereunder are subject to compliance with any applicable legislation and the rules, regulations and published policies of any stock exchange, regulatory authority or agency having jurisdiction over the issuance and distribution of such Common Shares in such jurisdictions as the Company may elect to grant Options to Participants. Participants shall, to the extent applicable, cooperate with the Company in complying with such legislation, rules, regulations and policies.

2.6 Total Common Shares Subject to Options

- (a) The maximum number of Common Shares reserved for issuance under this Plan is 7,189,725* or such other number as may be approved by the holders of the voting shares* in the capital of the Company; provided that if the Common Shares become listed for trading on the Toronto Stock Exchange, from and after the listing date, (i) the maximum number of Common Shares reserved for issuance under this Plan shall be equal to a number that is 13% of the issued and outstanding shares in the capital of the Company at the time of any Option grant; and (ii) the restrictions set out in Section 2.6(c) shall no longer apply. Subject to the provisions and restrictions of this Plan, if any Option is exercised, cancelled, expired, surrendered or otherwise terminated for any reason whatsoever, the number of Common Shares in respect of which the Option is exercised, cancelled, expired, surrendered or otherwise terminated for any reason whatsoever, as the case may be, will *ipso facto* be immediately available for purchase pursuant to Options granted under the Plan.
- (b) ~~(a) The maximum number of Common Shares reserved for issuance under this Plan is 4,733,079 Common Shares* or such other number as may be approved by the holders of the voting shares* of the Company. This maximum number~~ shall be automatically adjusted to take into account any conversion, changing, reclassification, redivision, redesignation, subdivision or consolidation of the Common Shares; and shall also apply to securities of the Company or of any successor or continuing entity which may result from a reorganization, amalgamation, consolidation or merger, statutory or otherwise, take-over bid or any transaction similar to any of the foregoing. To the extent any Options terminate, lapse or are cancelled for any reason prior to exercise in full, or are surrendered to the Company by the Participant, the Common Shares subject to such Options shall be added back to the number of Common Shares reserved for issuance under this Plan and will again become available for issuance pursuant to the exercise of Options granted under this Plan.

(c) ~~(b)~~ Notwithstanding anything in this Plan, but subject to Section 2.6(a), the aggregate number of ~~Common Shares~~ Options granted:

- (i) ~~reserved for issuance~~ to any one Person* within any one-year period shall not exceed ~~five (5%) percent of the issued and outstanding Common Shares and, to the insiders of the Company as a group shall not exceed ten (10%) percent of the issued and outstanding Common Shares~~ of the issued shares in the capital of the Company, calculated on the date an Option is granted to such Person;
- (ii) ~~issued to insiders of the Company*, within* any one year period*, or issuable at any time, under all of the Company's security based compensation arrangements, shall not exceed ten (10%) percent of the issued and outstanding Common Shares and, unless disinterested approval of the shareholders of the Company is obtained in accordance with the TSXV Manual, issued to any one Person* within any one year period* shall not exceed five (5%) percent of the issued and outstanding Common Shares;~~
- (ii) ~~(iii) issuable~~ to any one Consultant Participant, within any one-year period, shall not exceed 2% of the issued ~~and outstanding Common Shares~~ shares in the capital of the Company, calculated at the date an Option is granted to such Consultant Participant; and
- (iii) ~~(iv) issuable~~ to all Consultant Participants that are retained to provide Investor Relation Activities shall not exceed 2% of the issued ~~and outstanding Common Shares in~~ shares * within any one-year period* *calculated at the date an Option is granted to such Person;

provided that the acquisition of Common Shares by the Company for cancellation shall not constitute non-compliance with this Subsection 2.6(~~b~~c) for any Options outstanding prior to such purchase of Common Shares for cancellation. For purposes of this Subsection 2.6(~~b~~c) and Subsection 5.1(b), “insiders” and “Investor Relation Activities” have the meanings given to them in the TSXV Manual.

2.7 Option Agreements

All grants of Options under this Plan will be evidenced by Option Agreements. Such Option Agreements will be subject to the applicable provisions of this Plan and will contain such provisions as are required by this Plan and any other provisions that the Plan Administrator may direct which are not inconsistent with this Plan. The Board shall authorize and empower any director or officer of the Company to execute and deliver, for and on behalf of the Company, an Option Agreement to each Optionee.

ARTICLE 3 GRANT OF OPTIONS

3.1 Grant of Options

The Plan Administrator may, from time to time, subject to the provisions of this Plan and such other terms and conditions as the Plan Administrator may prescribe, grant Options to any Participant.

3.2 Exercise Price

The Board will establish the Exercise Price at the time each Option is granted, which Exercise Price must in all cases be not less than the ~~lesser of: (i) the closing trading price~~ Market Price of the Common Shares on the ~~TSX Venture Exchange (or such other exchange upon which the Common Shares may be listed for trading) on the date an option is granted;~~ and (ii) the ~~Market Price of the Common Shares on the date the option~~ date the Option is granted.

3.3 Term of Options

Subject to any accelerated termination as set forth in this Plan, each Option expires on its Expiry Date.

3.4 Blackout Periods

If an Option is due to expire on a date that falls within a corporate blackout period applicable to the holder of such Option, or within 5 business days following the expiry of such a blackout period, the Expiry Date of such Option shall be extended to the 10th business day following the expiry of the blackout period.

3.5 Vesting and Exercisability

- (a) Unless otherwise specified by the Plan Administrator at the time of granting an Option and except as otherwise provided in this Plan, each Option will vest and be exercisable as follows:

**Total Number of Option Shares
that may be Purchased**

Vesting Date

$\frac{1}{4}$

From the first anniversary of the Date of Grant.

$\frac{1}{36}$

On the first day of each calendar month following the first anniversary of the Date of Grant.

- (a) Once an instalment becomes vested, it shall remain vested and shall be exercisable until expiration or termination of the Option, unless otherwise specified by the Plan Administrator. Each Option or instalment may be exercised at any time or from time to time, in whole or in part, for up to the total number of Option Shares with respect to which it is then exercisable. The Plan Administrator has the right to accelerate the date upon which any instalment of any Option becomes exercisable.

- (b) Subject to the provisions of this Plan and any Option Agreement, Options shall be exercised by means of a fully completed Exercise Notice delivered to the Company.
- (c) The Plan Administrator may provide at the time of granting an Option that the exercise of that Option is subject to additional restrictions, such as performance-based vesting conditions.

3.6 Payment of Exercise Price

Unless otherwise specified by the Plan Administrator at the time of granting an Option, the Exercise Notice must be accompanied by payment in full of the purchase price for the Option Shares to be purchased. The Exercise Price must be fully paid by certified cheque, bank draft or money order payable to the Company or by such other means as might be specified from time to time by the Plan Administrator, *provided that* under no circumstances shall ~~a cashless exercise~~ satisfaction of the Exercise Price by way of surrender of a portion of the Option or Option Shares, be permitted. No Common Shares will be issued or transferred until full payment therefor has been received by the Company.

3.7 Retirement of Optionee

Subject to Section 3.10 or unless otherwise specified by the Plan Administrator at the time of granting an Option, if the employment of a Participant terminates due to Retirement:

- (a) such Participant shall continue to be a Participant notwithstanding the Participant's Retirement and each Option held by the Individual Optionee that has vested as of the date of the Individual Optionee's Retirement or that vests within 12 months of the date of the Individual Optionee's Retirement (the "**Post-Retirement Date**") continues to be exercisable by the Individual Optionee until the earlier of: (i) its Expiry Date; and (ii) the Post-Retirement Date. Any Options held by the Individual Optionee that have not been exercised as at the Post-Retirement Date immediately expire and shall be cancelled as of the Post-Retirement Date; and
- (b) the Individual Optionee's eligibility to receive further grants of Options under this Plan ceases as of the date of the Individual Optionee's Retirement.

3.8 Death or Disability of Optionee

Subject to Section 3.10 or unless otherwise specified by the Plan Administrator at the time of granting an Option, if an Individual Optionee dies or becomes Disabled while an employee or officer of the Company or a Designated Affiliate:

- (a) the executor or administrator of the Individual Optionee's estate or the Individual Optionee, as the case may be, may exercise any Options of the Individual Optionee to the extent that the Options have vested as at the date of such death or Disability and the right to exercise each such Option terminates on the earlier of: (i) its Expiry Date; and (ii) the date that is 180 days after the Individual

Optionee's death or Disability. Any Options held by the Individual Optionee that have not vested as at the date of death or Disability immediately expire and shall be cancelled as of such date; and

- (b) the Individual Optionee's eligibility to receive further grants of Options under this Plan ceases as of the date of the Individual Optionee's death or Disability, as the case may be.

3.9 Termination of Employment or Services

Subject to Section 3.10 or unless otherwise specified by the Plan Administrator at the time of granting an Option:

- (a) where, in the case of an Employee Participant, an Individual Optionee's employment is terminated by the Company or a Designated Affiliate without cause (whether such termination occurs with or without any or adequate reasonable notice, or with or without any or adequate compensation in lieu of such reasonable notice), then each Option held by the Individual Optionee that has vested as at the Termination Date continues to be exercisable by the Individual Optionee until the earlier of: (i) its Expiry Date; and (ii) the date that is 90 days after the Termination Date. Any Options held by the Individual Optionee that have not vested as at the Termination Date immediately expire and shall be cancelled as of the Termination Date;
- (b) where, in the case of an Employee Participant, an Individual Optionee's employment terminates by reason of: (i) termination by the Company or a Designated Affiliate for cause; or (ii) voluntary resignation by the Individual Optionee, then any Options held by the Individual Optionee, whether or not they have vested as at the Termination Date, immediately expire and are cancelled on the Termination Date;
- (c) where, in the case of a Consultant Participant, an Optionee's consulting agreement or arrangement terminates by reason of: (i) termination by the Company or a Designated Affiliate for any reason whatsoever other than for breach of the consulting agreement or arrangement (whether or not such termination is effected in compliance with any termination provisions contained in the Optionee's consulting agreement or arrangement); or (ii) the death or Disability of the Individual Optionee, then each Option held by the Optionee that has vested as at the Termination Date, or at the date of the death or Disability of the Individual Optionee, as the case may be, continues to be exercisable by the Optionee until the earlier of: (i) its Expiry Date; and (ii) the date that is 90 days after the Termination Date. Any Options held by the Optionee that have not vested as at the Termination Date, or at the date of the death or Disability of the Individual Optionee, as the case may be, immediately expire and shall be cancelled as of the Termination Date;
- (d) where, in the case of a Consultant Participant, an Optionee's consulting agreement or arrangement terminates by reason of: (i) termination by the Company or a Designated Affiliate for breach of the consulting agreement or arrangement

(whether or not such termination is effected in compliance with any termination provisions contained in Optionee's consulting agreement or arrangement); or (ii) voluntary termination by the Optionee (whether or not such termination is effected in compliance with any termination provisions contained in the Optionee's consulting agreement or arrangement), then any Options held by the Optionee, whether or not such Options have vested as at the Termination Date, immediately expire and shall be cancelled as of the Termination Date;

- (e) where, in the case of a Director Participant, an Individual Optionee ceases to hold office, then any Options held by the Individual Optionee that have vested as at the Termination Date continue to be exercisable by the Optionee until the earlier of: (i) its Expiry Date; and (ii) the date that is 60 days after the Termination Date; except that this Section 3.9(e) will not apply if such Director Participant is also an Employee Participant or a Consultant Participant and such Participant's employment or consulting agreement is not terminated. Any Options held by the Individual Optionee that have not vested as at the Termination Date immediately expire and shall be cancelled as of the Termination Date; except for such Director Participant who is also an Employee Participant or a Consultant Participant and such Participant's employment or consulting agreement is not terminated;
- (f) an Optionee's eligibility to receive further grants of Options under this Plan ceases as of the date that the Company or a Designated Affiliate, as the case may be, provides the Optionee with written notification that the Optionee's employment or consulting agreement or arrangement, as the case may be, is terminated in the circumstances contemplated by this Section 3.9, notwithstanding that such date may be prior to the Termination Date; and
- (g) notwithstanding Subsections 3.9(a) and 3.9(c), unless the Plan Administrator, in its discretion, otherwise determines, at any time and from time to time, Options are not affected by a change of employment or consulting arrangement within or among the Company or a Designated Affiliate for so long as the Employee Participant continues to be an employee of the Company or a Designated Affiliate or for so long as the Consultant Participant continues to be engaged as a consultant to the Company or a Designated Affiliate, as the case may be.

3.10 Discretion to Permit Exercise

Notwithstanding the provisions of Sections 3.7, 3.8 and 3.9, the Plan Administrator may, in its discretion, at any time prior to or following the events contemplated in such sections, permit the exercise of any or all Options held by the Optionee in the manner and on the terms authorized by the Plan Administrator, provided that the Plan Administrator will not, in any case, authorize the exercise of an Option pursuant to this Section 3.10 at any time after the earlier of (i) its Expiry Date or (ii) after the Post-Retirement Date or the date that is 12 months from the Termination Date, as the case may be, and any Options held by an Individual Optionee as of such date, whether or not they have vested, shall immediately expire and be cancelled as of such date.

3.11 Change of Control

Upon the Company entering into an agreement relating to, or otherwise becoming aware of, a transaction which, if completed, would result in a Change of Control, the Company shall give written notice of the proposed Change of Control to the Participants, together with a description of the effect of such Change of Control on Options, not less than ten (10) Business Days prior to the closing of the transaction resulting in the Change of Control.

3.12 Conditions of Exercise

Each Optionee will, when requested by the Company, sign and deliver all such documents relating to the granting or exercise of Options which the Company deems necessary or desirable.

ARTICLE 4 SHARE CAPITAL ADJUSTMENTS

4.1 General

The existence of any Options does not affect in any way the right or power of the Company or its shareholders to make, authorize or determine any adjustment, recapitalization, reorganization or any other change in the Company's capital structure or its business, or any amalgamation, combination, merger or consolidation involving the Company, to create or issue any bonds, debentures, Common Shares or other securities of the Company or to determine the rights and conditions attaching thereto, to effect the dissolution or liquidation of the Company or any sale or transfer of all or any part of its assets or business, or to effect any other corporate act or proceeding, whether of a similar character or otherwise, whether or not any such action referred to in this section would have an adverse effect on this Plan or any Option granted hereunder.

4.2 Reorganization of Company's Capital

Should the Company effect a subdivision or consolidation of Common Shares or any similar capital reorganization or a payment of a stock dividend (other than a stock dividend that is in lieu of a cash dividend), or should any other change be made in the capitalization of the Company that, in the opinion of the Plan Administrator, would warrant the replacement or amendment of any existing Options in order to adjust: (a) the number of Common Shares that may be acquired on the exercise of any outstanding Options; and/or (b) the Exercise Price of any outstanding Options in order to preserve proportionately the rights and obligations of the Optionees, the Plan Administrator, will authorize such steps to be taken as may be equitable and appropriate to that end.

4.3 Other Events Affecting the Company

In the event of an amalgamation, combination, merger or other reorganization involving the Company by exchange of Common Shares, by sale or lease of assets or otherwise, that, in the opinion of the Plan Administrator, warrants the replacement or amendment of any existing Options in order to adjust: (a) the number of Common Shares or the securities or other property that may be acquired on the exercise of any outstanding Options; or (b) the Exercise Price of any outstanding Options in order to preserve proportionately the rights and obligations of the

Optionees, the Plan Administrator will authorize such steps to be taken as may be equitable and appropriate to that end.

4.4 Immediate Exercise of Awards

Where the Plan Administrator determines that the steps provided in Sections 4.2 and 4.3 would not preserve proportionately the rights and obligations of the Optionees in the circumstances or otherwise determines that it is appropriate, the Plan Administrator may permit the immediate exercise of any outstanding Options that are not otherwise exercisable.

4.5 Issue by Company of Additional Shares

Except as expressly provided in this Article 4, neither the issue by the Company of shares of any class or securities convertible into or exchangeable for shares of any class, nor the conversion or exchange of such shares or securities, affects, and no adjustment by reason thereof is to be made with respect to: (a) the number of Common Shares that may be acquired on the exercise of any outstanding Options; or (b) the Exercise Price of any outstanding Options.

4.6 Fractions

No fractional Common Shares will be issued on the exercise of an Option. Accordingly, if, as a result of any adjustment under Sections 4.2 to 4.4 inclusive, an Optionee would become entitled to a fractional Common Share, the Optionee has the right to acquire only the adjusted number of full Common Shares and no payment or other adjustment will be made with respect to the fractional Common Shares so disregarded.

4.7 Conditions of Exercise

The Plan and each Option are subject to the requirement that if at any time the Plan Administrator determines that the listing, registration or qualification of the Common Shares subject to such Option upon any securities exchange or under any provincial, state or federal law, or the consent or approval of any governmental body, securities exchange or of the holders of voting shares [in the capital](#) of the Company or of the Common Shares generally, is necessary or desirable, as a condition of, or in connection with, the granting of such Option or the issue or purchase of Common Shares thereunder, no such Option may be granted or exercised in whole or in part unless such listing, registration, qualification, consent or approval has been effected or obtained free of any conditions not acceptable to the Plan Administrator. The Optionees shall, to the extent applicable, cooperate with the Company in relation to such listing, registration, qualification, consent or other approval and shall have no claim or cause of action against the Company or any of its officers or directors as a result of any failure by the Company to obtain or to take any steps to obtain any such registration, qualification or approval.

ARTICLE 5 GENERAL PROVISIONS

5.1 Amendment, Suspension, or Termination of the Plan

The Plan Administrator may from time to time, without notice and without approval of the holders of voting shares [in the capital](#) of the Company, amend, modify, change, suspend or

terminate the Plan or any Options granted pursuant to the Plan as it, in its discretion determines appropriate, provided, however, that:

- (a) no such amendment, modification, change, suspension or termination of the Plan or any Option granted hereunder may materially impair any rights of a Participant or materially increase any obligations of a Participant under the Plan without the consent of the Participant, unless the Plan Administrator determines such adjustment is required or desirable in order to comply with any applicable securities laws or stock exchange requirements;
- (b) shareholder approval ~~of the holders of the voting shares of the Company~~(in accordance with the rules of the exchange upon which the Common Shares may be listed) shall be required for any amendment, modification or change that: ~~(i)~~
 - (i) increases the number of Common Shares reserved for issuance under the Plan, except pursuant to the provisions in the Plan which permit the Plan Administrator to make equitable adjustments in the event of transactions affecting the Company or its capital; ~~(ii) increases or removes the limits on Option Shares issuable or issued to insiders as set forth in Section 2.6;~~ ~~(iii)~~
 - (ii) reduces the exercise price of an Option ~~of a Participant that is not an Insider~~ (for this purpose, a cancellation or termination of an Option of a Participant prior to its Expiry Date for the purpose of reissuing an Option to the same Participant with a lower exercise price shall be treated as an amendment to reduce the exercise price of an Option) except pursuant to the provisions in the Plan which permit the Plan Administrator to make equitable adjustments in the event of transactions affecting the Company or its capital; ~~(iv)~~
 - (iii) extends the term of an Option beyond the original Expiry Date (except where an Expiry Date would have fallen within a blackout period applicable to the Participant or within 5 business days following the expiry of such a blackout period); ~~(v)~~
 - (iv) permits an Option to be exercisable beyond 10 years from its Date of Grant (except where an Expiry Date would have fallen within a blackout period of the Company); ~~(vi)~~
 - (v) permits Options to be transferred other than for normal estate settlement purposes; ~~(vii)~~
 - (vi) permits awards, other than the Options to be granted under the Plan; or ~~(viii)~~
 - (vii) deletes or reduces the range of amendments which require approval of the holders of voting shares in the capital of the Company under this Section 5.1; ~~and~~

- (c) ~~in the event the Company proposes to reduce the exercise price of an Option of an Insider, disinterested shareholder approval will be obtained in accordance with the TSXV Manual.~~ if required by the rules of the exchange upon which the Common Shares may be listed, the Company will seek the approval of shareholders excluding the votes of securities held directly or indirectly by insiders entitled to receive a benefit directly or indirectly under the Plan.

5.2 Legal Requirement

The Company is not obligated to grant any Options, issue any Common Shares or other securities, make any payments or take any other action if, in the opinion of the Plan Administrator, in its sole discretion, such action would constitute a violation by an Optionee or the Company of any provision of any applicable statutory or regulatory enactment of any government or government agency.

5.3 Non-Transferability

Except as otherwise may be expressly provided for in this Plan, no Options granted under this Plan shall be transferrable or assignable by the Participant (except to an Optionee's estate) and no Options may be exercised by anyone other than the Participant or his or her legal representative during the lifetime of the Participant.

5.4 No Other Benefit

No amount will be paid to, or in respect of, a Participant under the Plan to compensate for a downward fluctuation in the price of a Common Share, nor will any other form of benefit be conferred upon, or in respect of, a Participant for such purpose.

5.5 Governing Law

The Plan shall be governed by, and interpreted in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable in the Province of Ontario.

5.6 Submission To Jurisdiction

The Company and each Participant irrevocably submits to the exclusive jurisdiction of the courts of competent jurisdiction in the Province of Ontario in respect of any action or proceeding relating in any way to the Plan, including with respect to the grant of Options and any issuance of Common Shares made in accordance with the Plan.

5.7 Optionee's Entitlement

Except as otherwise provided in this Plan, Options previously granted under this Plan, whether or not then exercisable, are not affected by any change in the relationship between, or ownership of, the Company and a Designated Affiliate and do not interfere in any way with any right of the Company to discharge any Participant at any time for any reason whatsoever, with or without cause. For greater certainty, all Options remain valid and exercisable in accordance with the terms and conditions of this Plan and are not affected by reason only that, at any time, a Designated Affiliate ceases to be a Designated Affiliate.

5.8 Withholding Taxes

In addition to the other conditions on exercise set forth in this Plan, the exercise of each Option granted under this Plan is subject to the satisfaction of all applicable withholding taxes or other withholding liabilities as the Company may determine to be necessary or desirable in respect of such exercise. The Company may (a) require that a Participant pay to the Company, in addition to, and in the same manner as, the Exercise Price, such amount as the Company is obliged to remit to the relevant taxing authority in respect of the exercise of the Option; (b) withhold such amount from any remuneration or other amount payable by the Company or any Affiliate of the Company to the Participant; (c) require the sale of a number of Option Shares issued upon the exercise of the Option and the remittance to the Company of the net proceeds from such sale sufficient to satisfy such amount; or (d) enter into any other suitable arrangements for the receipt of such amount.

5.9 Participation in this Plan

The participation of any Participant in this Plan is entirely voluntary and not obligatory and shall not be interpreted as conferring upon such Participant any rights or privileges other than those rights and privileges expressly provided in this Plan. In particular, participation in this Plan does not constitute a condition of employment or service nor a commitment on the part of the Company to ensure the continued employment or service of such Participant. This Plan does not provide any guarantee against any loss which may result from fluctuations in the market value of the Common Shares. The Company does not assume responsibility for the personal income or other tax consequences of the Participants and Participants are advised to consult with their own tax advisors.

5.10 Corporate Action

Nothing contained in this Plan or in an Option shall be construed so as to prevent the Company from taking corporate action which is deemed by the Company to be appropriate or in its best interest, whether or not such action would have an adverse effect on this Plan or any Option.

5.11 Rights of Participant/Optionee

No Participant has any claim or right to be granted an Option (including an Option granted in substitution for any Option that has expired pursuant to the terms of this Plan), and the granting of any Option is not to be construed as giving an Optionee a right to remain in the employ of the Company or a Designated Affiliate. No Optionee has any rights as a shareholder of the Company in respect of Common Shares issuable on the exercise of rights to acquire Common Shares under any Option until the allotment and issuance to the Optionee of certificates representing such Common Shares.

5.12 Conflict

In the event of any conflict between the provisions of this Plan and an Option Agreement, the provisions of this Plan shall govern. In the event of any conflict between or among the provisions of this Plan, an Option Agreement and an employment agreement between the Company or a Designated Affiliate and a Participant, the provisions of such employment agreement shall govern. In the event of any conflict between the provisions of this Plan, an

Option Agreement or an employment agreement between the Company or a Designated Affiliate and a Participant and any applicable law, regulation of any governmental agency having jurisdiction or the rule, policy or decision of the TSX Venture Exchange or such other exchange upon which the Common Shares may become listed for trading, the applicable law, regulation, rule, policy or decision, as the case may be, shall govern.

5.13 Participant Information

Each Participant shall provide the Company with all information (including personal information) required by the Company in order to administer to the Plan. Each Participant acknowledges that information required by the Company in order to administer the Plan may be disclosed to any custodian appointed in respect of the Plan and other third parties, and may be disclosed to such persons (including persons located in jurisdictions other than the Participant's jurisdiction of residence), in connection with the administration of the Plan. Each Participant consents to such disclosure and authorizes the Company to make such disclosure on the Participant's behalf.

5.14 International Participants

With respect to Participants who reside or work outside Canada, the Plan Administrator may, in its sole discretion, amend, or otherwise modify, without shareholder approval, the terms of the Plan or Options with respect to such Participants in order to conform such terms with the provisions of local law, and the Plan Administrator may, where appropriate, establish one or more sub-plans to reflect such amended or otherwise modified provisions.

5.15 Successors and Assigns

The Plan shall be binding on all successors and assigns of the Company and its Designated Affiliates.

5.16 General Restrictions and Assignment

Except as required by law, the rights of a Participant under the Plan are not capable of being assigned, transferred, alienated, sold, encumbered, pledged, mortgaged or charged and are not capable of being subject to attachment or legal process for the payment of any debts or obligations of the Participant.

5.17 Severability

The invalidity or unenforceability of any provision of the Plan shall not affect the validity or enforceability of any other provision and any invalid or unenforceable provision shall be severed from the Plan.

5.18 Notices

All written notices to be given by the Optionee to the Company shall be delivered personally or by registered mail, postage prepaid, addressed as follows:

Profound Medical Corp.
~~3080 Yonge Street, Suite 4040~~
~~Toronto~~ 2400 Skymark Avenue, Unit 6
Mississauga, Ontario ~~M4N 3N1~~ L4W 5K5

Attention: ~~Chief Financial Officer~~ Vice President, Finance

All notices to the Optionee will be addressed to the principal address of the Optionee on file with the Company. Either the Company or the Optionee may designate a different address by written notice to the other. Such notices are deemed to be received, if delivered personally, on the date of delivery, and if sent by prepaid, registered mail, on the fifth business day following the date of mailing. Any notice given by either the Optionee or the Company is not binding on the recipient thereof until received.

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THIS AMENDED AND RESTATED SHARE OPTION PLAN was adopted by the board of directors of Profound Medical Corp. on ~~June 4, 2015~~ December 8, 2016.

PROFOUND MEDICAL CORP.

By: _____

Name:

Title:

SCHEDULE A
Share Option Plan Option Agreement

Profound Medical Corp. (the “**Company**”) hereby grants to the Optionee named below (the “**Optionee**”), an option (the “**Option**”) to purchase, in accordance with and subject to the terms, conditions and restrictions of this Share Option Agreement, together with the provisions of the Amended and Restated Share Option Plan of the Company dated ~~June 4, 2015~~ December 8, 2016 (the “**Plan**”), the number of common shares in the capital of the Company (“**Common Shares**”) at the price per share set forth below:

Name of Optionee: _____

Type of Participant: **[Employee Participant, Director Participant or Consultant Participant]**

Date of Grant: _____

Total No. of Common Shares Subject to Option: _____

Exercise Price: _____

1. The terms and conditions of the Plan are hereby incorporated by reference as terms and conditions of this Option Agreement and all capitalized terms used herein, unless expressly defined in a different manner, have the meanings ascribed thereto in the Plan.
2. Subject to Sections 3.10 and 4.4 of the Plan and unless otherwise determined by the Plan Administrator at the time of granting an Option, each Option is exercisable in the instalments set forth in Section 3.5 of the Plan.
3. Subject to Section 3.4 of the Plan, in no event is the Option granted hereunder exercisable after the Expiry Date.
4. No fractional Common Shares will be issued on the exercise of the Option granted hereunder. If, as a result of any adjustment to the number of Common Shares issuable on the exercise of the Option granted hereunder pursuant to the Plan, the Optionee would be entitled to receive a fractional Common Share, the Optionee has the right to acquire only the adjusted number of full Common Shares and no payment or other adjustment will be made with respect to the fractional Common Shares so disregarded.
5. Nothing in the Plan or in this Option Agreement will affect the Company’s right, or that of a Designated Affiliate, to terminate the employment of, or consulting agreement or arrangement with, the Optionee at any time for any reason whatsoever. Upon such termination, the Optionee’s rights to exercise Options will be subject to restrictions and time limits for the exercise of Options. Complete details of such restrictions are set out in the Plan, and in particular in Sections 3.7, 3.8 and 3.9 of the Plan.

6. Each notice relating to the Option, including the exercise thereof, must be in writing. All notices to the Company must be delivered personally or by prepaid registered mail and must be addressed to the Secretary. All notices to the Optionee will be addressed to the principal address of the Optionee on file with the Company. Either the Company or the Optionee may designate a different address by written notice to the other. Such notices are deemed to be received, if delivered personally, on the date of delivery, and if sent by prepaid, registered mail, on the fifth business day following the date of mailing. Any notice given by either the Optionee or the Company is not binding on the recipient thereof until received.
7. When the issuance of Common Shares on the exercise of the Option may, in the opinion of the Company, conflict or be inconsistent with any applicable law, regulation of any governmental agency having jurisdiction or the rule, policy or decision of the TSX Venture Exchange or such other exchange upon which the Common Shares may become listed for trading, the Company reserves the right to refuse to issue such Common Shares for so long as such conflict or inconsistency remains outstanding.
8. Subject to Section 3.8 of the Plan, the Option granted pursuant to this Option Agreement may only be exercised during the lifetime of the Optionee by the Optionee personally and, subject to Section 5.3 of the Plan, no assignment or transfer of the Option, whether voluntary, involuntary, by operation of law or otherwise, vests any interest or right in such Option whatsoever in any assignee or transferee, and immediately upon any assignment or transfer or any attempt to make such assignment or transfer, the Option granted hereunder terminates and is of no further force or effect. Complete details of this restriction are set out in the Plan.
9. The Optionee hereby agrees that:
 - (a) any rule, regulation or determination, including the interpretation by the Plan Administrator of the Plan, the Option granted hereunder and the exercise thereof, is final and conclusive for all purposes and binding on all persons including the Company and the Optionee; and
 - (b) the grant of the Option does not affect in any way the right of the Company or any Designated Affiliate to terminate the employment or service of the Optionee.
10. This Option Agreement has been made in and is to be construed under and in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

PROFOUND MEDICAL CORP.

By: _____
Name:
Title:

I have read the foregoing Option Agreement and hereby accept the Option to purchase Common Shares in accordance with and subject to the terms and conditions of such agreement and the Plan. I understand that I may review the complete text of the Plan by contacting the Secretary of the Company. I agree to be bound by the terms and conditions of the Plan governing the award.

Date Accepted

Optionee's Signature

Optionee's Name
(Please Print)

SCHEDULE B
Share Option Plan Exercise Notice Form – Options

I, _____, hereby exercise the option
(print name)
to purchase _____ common shares (each, a “**Common Share**”) in the capital of Profound Medical Corp. (the “**Company**”) at a purchase price of \$_____ per Common Share. This Exercise Notice is delivered in respect of the option to purchase _____ Common Shares in the capital of the Company that was granted to me on _____ pursuant to the Option Agreement entered into between the Company and me. In connection with the foregoing, I enclose a certified cheque, bank draft or money order payable to the Company in the amount of \$_____ as full payment for the Common Shares to be received upon exercise of the Option.

I understand that my exercise of the option to purchase the number of Common Shares indicated above is subject to the satisfaction of all applicable withholding taxes or other withholding liabilities as the Company may determine to be necessary or desirable in respect of such exercise. I further understand that I may be required to make such payment in connection with the exercise of my options.

Date

Optionee's Signature

Schedule “B”

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Objectives

Profound has relied on the experience of its board in setting executive compensation. In considering compensation awards, Profound’s board has considered the skill level of its executives as well as comparable levels of compensation for individuals with similar capabilities and experience. In regard to Profound’s current executive compensation arrangements, the board of Profound has considered such factors as Profound’s current financial situation, the estimated financial situation of Profound in the mid-term and the need to attract and retain the key executives necessary for Profound’s long term success. Profound’s board of directors has determined that at this stage of Profound it is appropriate that compensation be in the form of base salary, incentive stock options, a potential bonus award and certain benefits plans.

Profound has established a Compensation Committee, which oversees the Corporation’s remuneration policies and practices. The principal responsibilities of the Compensation Committee include: (i) considering Profound’s overall remuneration strategy and, where information is available, verifying the appropriateness of existing remuneration levels using external sources for comparison; (ii) comparing the nature and amount of Profound’s directors’ and executive officers’ compensation to performance against goals set for the year while considering relevant comparative information, independent expert advice and Profound’s financial position, and (iii) making recommendations to the board in respect of director and executive officer remuneration matters, with the overall objective of ensuring maximum shareholder benefit from the retention of high quality board and executive team members.

Base Salary

In determining the base salary compensation of the Named Executive Officers (as defined below) the board considered: (i) recruiting and retaining executives critical to the success of Profound and the enhancement of shareholder value; (ii) providing fair and competitive compensation; (iii) balancing the interests of management and Profound’s shareholders; and (iv) rewarding performance, both on an individual basis and with respect to operations in general.

Long-term Incentives

Long-term incentives, in the form of options to purchase Common Shares, are intended to align the interests of Profound’s directors and its executive officers with those of its shareholders, to provide a long term incentive that rewards these individuals for their contribution to the creation of shareholder value and to reduce the cash compensation Profound would otherwise have to pay. Profound’s Share Option Plan is administered by the board. In establishing the number of incentive stock options to be granted to any particular executive officer, reference was made to the number of stock options granted to officers of other companies involved in similar businesses. The Profound board of directors also considers previous grants of options and the overall number of options that are outstanding relative to the number of outstanding Common Shares in determining whether to make any new grants of options and the size and terms of any such grants, as well as the level of effort, time, responsibility, ability, experience and level of commitment of the executive officer in determining the level of incentive stock option compensation.

Bonus Awards

The Board will consider whether it is appropriate and in the best interests of the Corporation to award a discretionary cash bonus to executive officers for the most recently completed financial year and if so, in what amount. A cash bonus may be awarded to reward extraordinary performance that has led to increased value for shareholders through property acquisitions or divestitures, the formation of new strategic or joint venture relationships and/or capital raising efforts.

Benefits Plans

The Named Executive Officers (as defined below) are entitled to life insurance, health and dental benefits.

Named Executive Officers

The Corporation is a venture issuer and is disclosing the compensation of its director and named executive officers in accordance with Form 51-102F6V *Statement of Executive Compensation – Venture Issuers*. The following individuals are considered the “**Named Executive Officers**” or “NEOs” for the purposes of the disclosure:

- (a) each individual who, during any part of the most recently completed financial year, served as the Corporation’s Chief Executive Officer or CEO, including an individual performing functions similar to a CEO;
- (b) each individual who, during any part of the most recently completed financial year, served as the Corporation’s Chief Financial Officer or CFO, including an individual performing functions similar to a CFO;
- (c) the most highly compensated executive officer of the Corporation and its subsidiaries, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was more than \$150,000, as determined in accordance with subsection 1.3(5) of Form 51-102F6V *Statement of Executive Compensation – Venture Issuers*, for the fiscal year ended December 31, 2015; and
- (d) each individual who would be a Named Executive Officer under paragraph (c) but for the fact the individual was not an executive officer of the Corporation and was not acting in a similar capacity as of December 31, 2015.

During the Corporation’s most recently completed financial year ended December 31, 2015, the Corporation had five Named Executive Officers: (i) Steven Plymale, the Chief Executive Officer; (ii) Rashed Dewan, the interim Chief Financial Officer; (iii) Ronald Kurtz, Vice-President of Engineering; (iv) Shameze Rampertab, the former Chief Financial Officer; and (v) Ronald Schmeichel, the former Chief Executive Officer and Chief Financial Officer.

Summary Compensation Table

The following table sets forth information concerning the total compensation for the two most recently completed financial years paid to the Named Executive Officers and any director who is not a Named Executive Officer. As at December 31, 2015, Mr. Plymale was the only officer of the Corporation that was also serving as a director of the Corporation. Except in the case of Ronald Schmeichel, information concerning compensation set out below in respect of any period prior to June 4, 2015, the date of the completion of the qualifying transaction of Profound Medical Inc., relates to compensation paid by Profound Medical Inc.

Name and Position	Year	Salary (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total Compensation (\$)
Steven Plymale⁽¹⁾ Chief Executive Officer and Director	2015	\$354,152	\$130,000	Nil.	\$43,727	\$6,323	\$534,203
	2014	\$237,544	Nil.	Nil.	\$84,772	\$5,720	\$332,537
Rashed Dewan⁽²⁾ Interim Chief Financial Officer	2015	\$76,455	Nil.	Nil.	Nil.	\$1,996	\$78,451
	2014	N/A	N/A	N/A	N/A	N/A	N/A
Ronald Kurtz Vice-President of Engineering	2015	\$203,598	Nil.	Nil.	Nil.	\$5,509	\$209,107
	2014	\$190,035	Nil.	Nil.	Nil.	\$4,925	\$195,460

Name and Position	Year	Salary (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total Compensation (\$)
Damian Lamb Director	2015	Nil.	Nil.	Nil.	Nil.	Nil.	Nil.
	2014	Nil.	Nil.	Nil.	Nil.	Nil.	Nil.
Jean-François Pariseau Director	2015	Nil.	Nil.	Nil.	Nil.	Nil.	Nil.
	2014	Nil.	Nil.	Nil.	Nil.	Nil.	Nil.
William Curran Director	2015	Nil.	Nil.	US\$20,000	Nil.	Nil.	US\$20,000
	2014	Nil.	Nil.	US\$20,000	Nil.	Nil.	US\$20,000
Arun Menawat Director	2015	Nil.	Nil.	\$20,000	Nil.	Nil.	\$20,000
	2014	Nil.	Nil.	\$5,000	Nil.	Nil.	\$5,000
Jonathan Ross Goodman Director	2015	Nil.	Nil.	Nil.	Nil.	Nil.	Nil.
	2014	Nil.	Nil.	Nil.	Nil.	Nil.	Nil.
Shameze Rampertab ⁽²⁾⁽³⁾ Former Chief Financial Officer	2015	\$219,704	\$62,500	Nil.	Nil.	\$6,451	\$288,655
	2014	\$53,999	Nil.	Nil.	Nil.	\$764	\$54,763
Ronald D. Schmeichel ⁽⁴⁾ Former Chief Executive Officer, Chief Financial Officer, President and Secretary	2015	Nil.	Nil.	Nil.	Nil.	Nil.	Nil.
	2014	Nil.	Nil.	Nil.	Nil.	Nil.	Nil.

Notes:

- (1) Mr. Plymale is also a director of the Corporation, but does not receive any compensation as director. The value of Mr. Plymale's perquisites with respect to housing and flight allowances exceeded 25% of the total value of his perquisites for the reported fiscal years.
- (2) Mr. Rampertab resigned as Chief Financial Officer of the Corporation on November 17, 2015 and, upon his resignation, Mr. Dewan assumed the responsibilities as the Corporation's interim Chief Financial Officer.
- (3) Mr. Rampertab was appointed as Chief Financial Officer of the Corporation effective October 15, 2014.
- (4) Mr. Schmeichel served as the Chief Executive Officer and Chief Financial Officer, President and Secretary of Mira IV Acquisition Corp. (the predecessor of the Corporation) and resigned such positions effective as of June 4, 2015 in connection with the completion of the Qualifying Transaction.

Outstanding Compensation Securities

The following table sets forth all option-based awards and any other compensation securities of the Corporation granted or issued to the Named Executive Officers and directors in the most recently completed financial year for services provided or to be provided to the Corporation.

Name and Position	Type of compensation security	Number of compensation securities	Date of issue or grant	Exercise Price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry Date
Steven Plymale ⁽¹⁾ Chief Executive Officer and Director	Options	24,500	Jan 23, 2009	\$0.30	N/A	\$0.80	Jan 23, 2019
		739,562	Nov 17, 2011	\$0.24			Nov 17, 2021
		1,029,081	Apr 30, 2015	\$1.50			Apr 30, 2025
Rashed Dewan Interim Chief Financial Officer	Options	30,000	Sept 8, 2015	\$1.50	\$0.95	\$0.80	Sept 8, 2025

Name and Position	Type of compensation security	Number of compensation securities	Date of issue or grant	Exercise Price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry Date
Ronald Kurtz Vice-President of Engineering	Options	150,000 225,000	Apr 11, 2012 Sept 8, 2015	\$0.24 \$1.50	N/A ⁽¹⁾ \$0.95	\$0.80	Apr 11, 2022 Sept 8, 2025
Damian Lamb Director	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Jean-François Pariseau Director	Nil	Nil	Nil	Nil	Nil	Nil	Nil
William Curran Director	Options	33,000	Mar 16, 2012	\$0.24	N/A	\$0.80	Mar 16, 2022
Arun Menawat Director	Options	33,000	Nov 12, 2014	\$1.50	N/A	\$0.80	Nov 12, 2024
Jonathan Ross Goodman Director	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Shameze Rampertab Former Chief Financial Officer	Options	403,283	Oct 15, 2014	\$1.50	N/A	\$0.80	Oct 15, 2024
Ronald D. Schmeichel Former Chief Executive Officer, Chief Financial Officer, President and Secretary	Options	58,667	June 4, 2015	\$1.36	\$1.50	\$0.80	June 4, 2016

Notes:

- (1) Shares of Profound Medical Inc. were not publicly traded on the date of grant.

Share Option Plan

The Share Option Plan is administered by the board of directors of the Corporation which may, from time to time, delegate to a committee of the board of directors, all or any of the powers conferred to the board of directors under the Share Option Plan. The description of the Share Option Plan set out herein includes the changes proposed for approval at this Meeting.

The Share Option Plan provides that the board of directors of the Corporation may from time to time, in its discretion, grant to directors, officers, employees, consultants and any other person or entity engaged to provide ongoing services to the Corporation non-transferable options to purchase Common Shares, provided that the maximum number of Common Shares reserved for issuance under the Share Option Plan shall not exceed 7,189,725 Common Shares (being 13% of the total number of Common Shares currently issued and outstanding). Additionally, if Profound obtains a listing on the Toronto Stock Exchange, the Share Option Plan will automatically become a “rolling” plan, such that the number of Common Shares reserved for issuance will be 13% of all issued and outstanding Common Shares. The exercise price of options shall not be less than the Market Price of the Common Shares on the date the option is granted. For the purposes of the Share Option Plan, “**Market Price**” means the volume-weighted average price of the Common Shares on the stock exchange where the majority of trading volume and value of the Common Shares occurs, for the five trading days immediately preceding the relevant date on which the Market Price is to be determined. If the Common Shares are not listed for trading on a stock exchange, the Market Price shall be the fair market value of the Common Shares as determined by the board of directors of the Corporation.

The number of Common Shares reserved for issuance to any one person shall not exceed 5% of the issued and outstanding Common Shares. The Share Option Plan does not include an ‘insider participation limit’, which would typically provide that the aggregate number of Common Shares issued to insiders of the Corporation within any 12-month period, or issuable to insiders of the Corporation at any time, under the Share Option Plan and any other

security-based compensation arrangement of the Corporation, may not exceed 10% of the total number of issued and outstanding Common Shares of the Corporation at such time. Removal of the ‘insider participation limit’ is one of the changes proposed for approval at this Meeting.

The Share Option Plan also provides that:

1. Common Shares that were the subject of options granted under the Share Option Plan that have been surrendered, lapsed, cancelled or terminated shall thereupon no longer be in reserve and may once again be subject to an option granted under the Share Option Plan;
2. the expiry date for an option shall not in any circumstance be later than the lesser of the 10th anniversary of the date an option is granted and the maximum period of time allowed by the TSX Venture Exchange; and
3. subject to certain exceptions outlined in the Share Option Plan, all options held by an officer or employee of the Corporation shall expire and terminate, and such employee optionee shall cease to be an eligible person, immediately upon the termination date of such optionee or the date of such optionee’s death, disability or retirement.

The Board may amend the Share Option Plan from time to time. Amendments to the Share Option Plan will require approval of Disinterested Shareholder, other than amendments which are necessary or desirable to ensure continuing compliance with applicable laws or is that are of a “housekeeping” nature.

As of the Effective Date, there are 4,689,839 outstanding options to purchase Common Shares under the Share Option Plan with a weighted average exercise price of \$1.13 and a weight average contractual life of 8.06 years.

Executive Employment Contracts

Profound is party to an employment agreement with Steven Plymale pursuant to which Mr. Plymale will receive, among other things (i) a base salary to \$325,000 per annum and (ii) has been issued 1,029,081 Options.

On September 26, 2014, Profound entered into an employment agreement with Shameze Rampertab pursuant to which Mr. Rampertab would receive, among other things (i) a base salary of \$250,000 per annum (ii) a number of options and (iii) a performance bonus equal to \$62,500. On November 17, 2015, Mr. Rampertab tendered his resignation as Chief Financial Officer of the Corporation. Mr. Rampertab has received a lump-sum termination payment of \$100,000 and executed a release in favour of the Corporation.

Profound is party to an employment contract with Rashed Dewan pursuant to which Mr. Dewan will receive, among other things (i) a base salary of \$175,000 per annum and (ii) has been issued 30,000 Options.

Profound is party to an employment contract with Ron Kurtz pursuant to which Mr. Kurtz will receive, among other things (i) a base salary of \$225,000 per annum and (ii) has been issued 225,000 Options.

Ronald Schmeichel, the former Chief Executive Officer, Chief Financial Officer, President and Secretary, did not have an employment agreement with the Corporation.

Termination and Change of Control Benefits

The following table summarizes the value of the estimated termination and change of control benefits to each Named Executive Officer still serving on and after December 31, 2015 that would have resulting had the relevant triggering event occurred on the last business day of the most recently completed financial year.

If Mr. Plymale’s employment is terminated without cause, he is entitled to 12 months’ pay in lieu of notice, calculated based on his then-current base salary.

If Mr. Dewan’s employment is terminated without cause, he is entitled to a minimum of 10 weeks’ and a maximum of 26 weeks’ pay in lieu of notice, calculated based on his then-current base salary. Mr. Dewan is required to inform the Company immediately if obtained alternative employment. If employment starts before the Additional Severance

Pay payments are finished, the remaining payments will cease and Mr. Dewan will be paid 50% of the unpaid balance as a lump sum.

If Mr. Kurtz's employment is terminated without cause, he is entitled to the greater of (i) six months' notice; or (ii) the minimum notice (or pay in lieu) and minimum severance, if any, to which he would be entitled under employment standards legislation. Upon the occurrence of a change of control of the Corporation, within the meaning of the Share Option Plan, any options granted to Mr. Kurtz which have not yet vested as of such date will be deemed vested and become exercisable.

Securities Authorized for Issuance under Equity Compensation Plans

The following table sets forth the securities of the Corporation that are authorized for issuance under the Share Option Plan as at the end of the Corporation's most recently completed financial year (December 31, 2015). See "*Share Option Plan*" for disclosure regarding outstanding options as at the Effective Date.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by securityholders	4,056,851	\$1.39 per common share	1,197,456
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
Total	4,056,851	\$1.39 per Common Share	1,197,456