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

**FORM S-8
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

TEKMIRA PHARMACEUTICALS CORPORATION

(Exact name of registrant as specified in its charter)

British Columbia
(State or Other Jurisdiction of
Incorporation or Organization)

980597776
(I.R.S. Employer
Identification No.)

**100-8900 Glenlyon Parkway
Burnaby, British Columbia
V5J 5J8 Canada**
(Address of Principal Executive Offices)

**Tekmira 2011 Omnibus Share Compensation Plan (“Omnibus Plan”)
Tekmira Share Option Plan (the “Old Tekmira Plan”)
Protiva 2000 Incentive Stock Option Plan (“Protiva Plan”)
(Full title of the plan)**

**National Registered Agents, Inc.
1780 Barnes Blvd. S.W. Bldg. G
Tumwater, Washington 98512-04100**
(Name, address and telephone number, including area code, of agent for service)

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Accelerated filer

Smaller reporting company

CALCULATION OF REGISTRATION FEE

Title of Securities To Be Registered	Amount To Be Registered (1)	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Shares				
- To be issued pursuant to stock options to be issued under the Omnibus Plan	422,688	(2)	2,094,420	
- To be issued pursuant to stock options outstanding under the Omnibus Plan	688,250	(3)	2,132,508	
- To be issued pursuant to stock options outstanding under the Old Tekmira Plan	946,596	(3)	5,361,182	
- To be issued pursuant to stock options outstanding under the Protiva Plan	320,624	(3)	143,407	
Total	2,378,158		9,731,517	\$1,328

- (1) Consists of 2,378,158 Common Shares (without par value) issuable upon the exercise of options granted or to be granted pursuant to the Omnibus Plan, the Old Tekmira Plan and the Protiva Plan. Also includes such indeterminate number of common shares of the registrant as may be issued to prevent dilution resulting from stock dividends, stock splits or similar transactions in accordance with Rule 416 under the Securities Act of 1933.
- (2) Estimated pursuant to Rule 457(c) and (h) under the Securities Act of 1933 solely for the purpose of calculating the registration fee on the basis of the average of the high and low selling price per share of the common shares of Tekmira Pharmaceuticals Corporation, as reported by the NASDAQ Capital Market on January 22, 2013.
- (3) Estimated pursuant to Rule 457(h) under the Securities Act of 1933 solely for the purpose of calculating the registration fee on the basis of the exercise price for outstanding options under the Omnibus Plan, Old Tekmira Plan or Protiva Plan, as applicable, converted into United States dollars using the noon exchange rate as reported by Bank of Canada on January 22, 2013, which was Cdn.\$1.00=US\$1.0066.

PART I
INFORMATION REQUIRED IN THE SECTION 10(A) PROSPECTUS

The documents containing the information specified in Part I of Form S-8 are not required to be filed with the Securities and Exchange Commission (the "SEC") either as part of this registration statement or as prospectuses or prospectus supplements, pursuant to the Note to Part I of Form S-8 and Rule 424 under the Securities Act of 1933. The information required in the Section 10(a) prospectus is included in documents being maintained and delivered by Tekmira Pharmaceuticals Corporation as required by Part I of Form S-8 and by Rule 428 under the Securities Act of 1933.

PART II
INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item 3. Incorporation Of Documents By Reference.

The following documents that have been filed by us with the SEC are incorporated in this registration statement by reference:

- (a) Our Annual Report on Form 20-F for the year ended December 31, 2011, filed with the SEC on March 27, 2012.
- (b) All other reports filed by our company under Section 13(a) or 15(d) of the Securities Exchange Act of 1934 since December 31, 2011.
- (c) Exhibits 99.1 and 99.2 to our Report of Foreign Private Issuer on Form 6-K furnished on May 15, 2012.
- (d) Our Report of Foreign Private Issuer on Form 6-K furnished on May 25, 2012.
- (e) Exhibits 99.1 and 99.2 to our Report of Foreign Private Issuer on Form 6-K furnished on September 14, 2012.
- (f) Exhibits 99.1 and 99.2 to our Report of Foreign Private Issuer on Form 6-K furnished on November 13, 2012.
- (g) Exhibits 99.1 to our Report of Foreign Private Issuer on Form 6-K furnished on November 23, 2012.
- (h) The description of our common shares set forth under the heading "Description of Share Capital, Common Shares and Related Information" contained in our Registration Statement on Form F-10 (File No. 333-169311), initially filed with the SEC on September 10, 2010, as subsequently amended by any amendments to such registration statement, and incorporated by reference into our Registration Statement on Form 8-A, as filed with the SEC on November 4, 2010, including any amendment or report to such Registration Statement on Form 8-A filed for the purpose of amending such description.

In addition, all reports and documents filed by us under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 after the date of this registration statement and prior to the filing of a post-effective amendment which indicates that all securities being offered have been sold or which deregisters all securities then remaining unsold, and any Form 6-K furnished by us during such period or portions thereof that are identified in such Form 6-K as being incorporated by reference into this registration statement, shall be deemed to be incorporated by reference in and to be part of this registration statement from the date of filing of each such document.

Item 4. Description of Securities.

Not applicable.

Item 5. Interests of Named Experts and Counsel.

Not applicable.

Item 6. Indemnification of Directors and Officers.

We are subject to the provisions of Part 5, Division 5 of the *Business Corporations Act* (British Columbia) (the "Act").

Under Section 160 of the Act, we may, subject to Section 163 of the Act:

- (1) indemnify an individual who:
 - is or was a director or officer of our company;
 - is or was a director or officer of another corporation (i) at a time when such corporation is or was an affiliate of our company; or (ii) at our request, or
 - at our request, is or was, or holds or held a position equivalent to that of, a director or officer of a partnership, trust, joint venture or other unincorporated entity,and including, subject to certain limited exceptions, the heirs and personal or other legal representatives of that individual (collectively, an "eligible party"), against all eligible penalties to which the eligible party is or may be liable; and
- (2) after final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by an eligible party in respect of that proceeding, where:

"eligible penalty" means a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, and eligible proceeding.

"eligible proceeding" means a proceeding in which an eligible party or any of the heirs and personal or other legal representatives of the eligible party, by reason of the eligible party being or having been a director or officer of, or holding or having held a position equivalent to that of a director or officer of, our company or an associated corporation (a) is or may be joined as a party, or (b) is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding.

“proceeding” includes any legal proceeding or investigative action, whether current, threatened, pending or completed.

Under Section 161 of the Act, and subject to Section 163 of the Act, we must, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by an eligible party in respect of that proceeding if the eligible party (a) has not been reimbursed for those expenses, and (b) is wholly successful, on the merits or otherwise, in the outcome of the proceeding or is substantially successful on the merits in the outcome of the proceeding.

Under Section 162 of the Act, and subject to Section 163 of the Act, we may pay, as they are incurred in advance of the final disposition of an eligible proceeding, the expenses actually and reasonably incurred by an eligible party in respect of the proceeding, provided that we must not make such payments unless we first receive from the eligible party a written undertaking that, if it is ultimately determined that the payment of expenses is prohibited under Section 163 of the Act, the eligible party will repay the amounts advanced.

Under Section 163 of the Act, we must not indemnify an eligible party against eligible penalties to which the eligible party is or may be liable or pay the expenses of an eligible party in respect of that proceeding under Sections 160, 161 or 162 of the Act, as the case may be, if any of the following circumstances apply:

- if the indemnity or payment is made under an earlier agreement to indemnify or pay expenses and, at the time that the agreement to indemnify or pay expenses was made, we were prohibited from giving the indemnity or paying the expenses by our memorandum or articles;
- if the indemnity or payment is made otherwise than under an earlier agreement to indemnify or pay expenses and, at the time that the indemnity or payment is made, we are prohibited from giving the indemnity or paying the expenses by our memorandum or articles;
- if, in relation to the subject matter of the eligible proceeding, the eligible party did not act honestly and in good faith with a view to the best interests of our company or the associated corporation, as the case may be; or
- in the case of an eligible proceeding other than a civil proceeding, if the eligible party did not have reasonable grounds for believing that the eligible party’s conduct in respect of which the proceeding was brought was lawful.

If an eligible proceeding is brought against an eligible party by or on behalf of our company or by or on behalf of an associated corporation, we must not either indemnify the eligible party against eligible penalties to which the eligible party is or may be liable, or pay the expenses of the eligible party under Sections 160, 161 or 162 of the Act, as the case may be, in respect of the proceeding.

Under Section 164 of the Act, and despite any other provision of Part 5, Division 5 of the Act and whether or not payment of expenses or indemnification has been sought, authorized or declined under Part 5, Division 5 of the Act, on application of our company or an eligible party, the Supreme Court of British Columbia may do one or more of the following:

- order us to indemnify an eligible party against any liability incurred by the eligible party in respect of an eligible proceeding;
- order us to pay some or all of the expenses incurred by an eligible party in respect of an eligible proceeding;
- order the enforcement of, or payment under, an agreement of indemnification entered into by us;
- order us to pay some or all of the expenses actually and reasonably incurred by any person in obtaining an order under Section 164 of the Act; or
- make any other order the court considers appropriate.

Section 165 of the Act provides that we may purchase and maintain insurance for the benefit of an eligible party or the heirs and personal or other legal representatives of the eligible party against any liability that may be incurred by reason of the eligible party being or having been a director or officer of, or holding or having held a position equivalent to that of a director or officer of, our company or an associated corporation.

Under our articles, and subject to the Act, we must indemnify an eligible party and his or her heirs and legal personal representatives against all eligible penalties to which such person is or may be liable, and we must, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by such person in respect of that proceeding. Each eligible party is deemed to have contracted with our company on the terms of the indemnity contained in our articles.

Under our articles, and subject to the Act, we may agree to indemnify and may indemnify any person (including an eligible party) against eligible penalties and pay expenses incurred in connection with the performance of services by that person for us. We have entered into indemnity agreements with certain of our directors and officers.

Under our articles, and subject to the Act, we may advance expenses to an eligible party.

Pursuant to our articles, the failure of an eligible party to comply with the Act or our articles does not, of itself, invalidate any indemnity to which he or she is entitled under our articles.

Under our articles, we may purchase and maintain insurance for the benefit of an eligible person (or his or her heirs or legal personal representatives) against any liability incurred by him or her as a director, officer or person who holds or held such equivalent position.

Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended, may be permitted to directors, officers or persons controlling our company pursuant to the foregoing provisions, we have been informed that in the opinion of the SEC such indemnification is against public policy as expressed in the Act and is therefore unenforceable.

Item 7. Exemption from Registration Claimed.

Not applicable.

Item 8. Exhibits.

A list of exhibits included as part of this registration statement is set forth in the Exhibit Index to this registration statement.

Item 9. Undertakings

(a) The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of this registration statement (or the most recent post-effective amendment hereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in this Registration Statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in this registration statement or any material change to such information in this registration statement;

provided, however, that paragraphs (a)(1)(i) and (a)(1)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in reports filed with or furnished to the Securities and Exchange Commission by the registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference into this registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) To file a post-effective amendment to this registration statement to include any financial statements required by Item 8.A. of Form 20-F at the start of any delayed offering or throughout a continuous offering. Financial statements and information otherwise required by Section 10(a)(3) of the Securities Act of 1933 need not be furnished, *provided,* that the registrant includes in the prospectus, by means of a post-effective amendment, financial statements required pursuant to this paragraph (4) and other information necessary to ensure that all other information in the prospectus is at least as current as the date of those financial statements.

(b) The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 that is

incorporated by reference in this registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in such Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized in the City of Burnaby, British Columbia, Canada, on this 24th day of January, 2013.

TEKMIRA PHARMACEUTICALS CORPORATION.

By: /s/ Ian C. Mortimer
Ian C. Mortimer
Executive Vice President and Chief Financial Officer

POWERS OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Mark J. Murray and Ian C. Mortimer, and each of them, his true and lawful attorneys-in-fact and agents, each acting alone, with the powers of substitution and revocation, for him and in his name, place and stead, in any and all capacities, to sign this Registration Statement on Form S-8, and any and all amendments (including post-effective amendments) thereto, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto such attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming that all such attorneys-in-fact and agents or any of them, or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities indicated below on January 24, 2013.

<u>Signature</u>	<u>Title</u>
<u>/s/ Mark J. Murray</u> Mark J. Murray	President and Chief Executive Officer and Director (Principal Executive Officer)
<u>/s/ Ian C. Mortimer</u> Ian C. Mortimer	Executive Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)

Signature

Title

/s/ Daniel Kisner Chairman of the Board of Directors

Daniel Kisner

/s/ Michael J. Abrams Director

Michael J. Abrams

/s/ Kenneth Galbraith Director

Kenneth Galbraith

/s/ Donald G. Jewell Director

Donald G. Jewell

/s/ Frank Karbe Director

Frank Karbe

AUTHORIZED REPRESENTATIVE

Pursuant to the requirements of Section 6(a) of the Securities Act of 1933, the undersigned has signed this registration statement, solely in the capacity of the duly authorized representative of Tekmira Pharmaceuticals Corporation in the United States, on January 24, 2013.

/s/ Mark J. Murray

Mark J. Murray

EXHIBIT INDEX

<u>Exhibit</u>	<u>Description of Exhibit</u>
4.1	Tekmira 2011 Omnibus Share Compensation Plan.
4.2	Tekmira Share Option Plan
4.3	Protiva 2000 Incentive Stock Option Plan.
4.4	Notice of Articles and Articles of Tekmira Pharmaceuticals Corporation (incorporated by reference to Exhibit 1.1 to the registrant's Annual Report on Form 20-F for the year ended December 31, 2010, filed with the Securities and Exchange Commission on June 3, 2011 (File No. 001-34949)).
5.1	Opinion of Farris, Vaughan, Wills & Murphy LLP.
23.1	Consent of KPMG LLP.
23.2	Consent of Farris, Vaughan, Wills & Murphy LLP (included in Exhibit 5.1).
24.1	Powers of Attorney (included on the signature pages to this registration statement).



TEKMIRA 2011 OMNIBUS SHARE COMPENSATION PLAN

**(as approved by the board of directors on May 10, 2011 and
approved by the shareholders at the June 22, 2011 Annual and Special General Meeting)**

TEKMIRA PHARMACEUTICALS CORPORATION

TEKMIRA PHARMACEUTICALS CORPORATION 2011 OMNIBUS SHARE COMPENSATION PLAN

(as approved by the board of directors on May 10, 2011 and
approved by the shareholders at the June 22, 2011 Annual and Special General Meeting)

1. PURPOSE OF THE PLAN

1.1 Purpose of this Plan. The purpose of this Plan is to promote the interests of the Corporation by:

- (a) furnishing certain directors, officers, employees or consultants of the Corporation or an Affiliate or other persons as the Compensation Committee may approve with greater incentive to further develop and promote the business and financial success of the Corporation;
- (b) furthering the identity of interests of persons to whom equity-based incentive awards may be granted with those of the shareholders of the Corporation generally through share ownership in the Corporation; and
- (c) assisting the Corporation in attracting, retaining and motivating its directors, officers, employees and consultants.

The Corporation believes that these purposes may best be effected by granting equity-based incentive awards to Eligible Participants.

2. DEFINITIONS

2.1 Definitions. In this Plan, unless there is something in the subject matter or context inconsistent therewith, capitalized words and terms will have the following meanings:

- (a) **“Affiliate”** means an affiliate company as defined in the Securities Act;
- (b) **“Associate”** means an associate as defined in the Securities Act;
- (c) **“Award”** means an award of Deferred Stock Units, Options, Restricted Stock Units, or Tandem SARs;
- (d) **“Award Agreement”** means an agreement evidencing a Deferred Stock Unit, Option, Restricted Stock Unit or Tandem SAR, entered into by and between the Corporation and an Eligible Person;
- (e) **“Blackout Period”** means an interval of time during which trading in securities of the Corporation by officers, directors and employees of the Corporation is prohibited pursuant to the Corporation’s Insider Trading Policy;

- (f) **“Board of Directors”** means the board of directors of the Corporation as constituted from time to time;
- (g) **“Change in Control”** means:
- (i) any merger or consolidation in which voting securities of the Corporation possessing more than fifty percent (50%) of the total combined voting power of the Corporation’s outstanding securities are transferred to a person or persons different from the persons holding those securities immediately prior to such transaction and the composition of the Board of Directors following such transaction is such that the directors of the Corporation prior to the transaction constitute less than fifty percent (50%) of the Board of Directors membership following the transaction;
 - (ii) any acquisition, directly or indirectly, by a person or related group of persons (other than the Corporation or a person that directly or indirectly controls, is controlled by, or is under common control with, the Corporation) of beneficial ownership of voting securities of the Corporation possessing more than fifty percent (50%) of the total combined voting power of the Corporation’s outstanding securities;
 - (iii) any acquisition, directly or indirectly, by a person or related group of persons of the right to appoint a majority of the directors of the Corporation or otherwise directly or indirectly control the management, affairs and business of the Corporation;
 - (iv) any sale, transfer or other disposition of all or substantially all of the assets of the Corporation; and
 - (v) a complete liquidation or dissolution of the Corporation;
- provided however, that a Change in Control shall not be deemed to have occurred if such Change in Control results solely from the issuance, in connection with a *bona fide* financing or series of financings by the Corporation or any of its Affiliates, of voting securities of the Corporation or any of its Affiliates or any rights to acquire voting securities of the Corporation or any of its Affiliates which are convertible into voting securities;
- (h) **“Common Shares”** means the common shares in the capital of the Corporation as constituted on the Effective Date, provided that if the rights of any Participant are subsequently adjusted pursuant to Article 20 hereof, “Common Shares” thereafter means the shares or other securities or property which such Participant is entitled to purchase after giving effect to such adjustment;
- (i) **“Compensation Committee”** has the meaning ascribed thereto in Section 5.1 of this Plan;

- (j) **“Consultant”** means any individual, corporation or other person engaged to provide ongoing valuable services to the Corporation or an Affiliate;
- (k) **“Corporation”** means Tekmira Pharmaceuticals Corporation and includes any successor corporation thereto;
- (l) **“Deferred Stock Unit”** means a right granted to an Eligible Person in accordance with Section 11 to receive, on a deferred payment basis, a cash payment or Common Shares, or any combination thereof, as determined by the Compensation Committee and on the terms contained in this Plan;
- (m) **“Effective Date”** has the meaning ascribed thereto by Section 3.1 of this Plan;
- (n) **“Eligible Person”** means a director, officer, employee or Consultant of the Corporation or an Affiliate or a person otherwise approved by the Compensation Committee;
- (o) **“Exercise Price”** means the price per Common Share at which a Participant may purchase Common Shares pursuant to an Option, provided that if such price is adjusted pursuant to Section 20.1 hereof, “Exercise Price” thereafter means the price per Common Share at which such Participant may purchase Common Shares pursuant to such Option after giving effect to such adjustment;
- (p) **“Fair Market Value”** as it relates to Common Shares means:
 - (i) where the Common Shares are listed for trading on a Stock Exchange, the closing price of the Common Shares on such Stock Exchange as determined by the Compensation Committee, for the Trading Session on the day prior to the relevant time as it relates to an Award; or
 - (ii) where the Common Shares are not publicly traded, the value which is determined by the Compensation Committee to be the fair value of the Common Shares at the relevant time as it relates to an Award, taking into consideration all factors that the Compensation Committee deems appropriate, including, without limitation, recent sale and offer prices of the Common Shares in private transactions negotiated at arm’s length;
- (q) **“Insider”** means:
 - (i) an insider as defined in the Securities Act; and
 - (ii) an Associate or Affiliate of any person who is an insider;
- (r) **“Key Employee”** means an employee of the Corporation who at any time during the calendar year is an officer of the Corporation whose annual compensation is equal to or greater than US\$130,000, an employee whose share ownership in the Corporation is 5% or more, or an employee whose share ownership in the Corporation is 1% or more and whose annual compensation exceeds US\$150,000, or as U.S. federal tax law is amended in this regard from time to time;

- (s) **“Legal Representative”** has the meaning ascribed thereto by Section 14.1 of this Plan;
- (t) **“Merger and Acquisition Transaction”** means:
- (i) any merger;
 - (ii) any acquisition;
 - (iii) any amalgamation;
 - (iv) any offer for shares of the Corporation which if successful would entitle the offeror to acquire all of the voting securities of the Corporation;
or
 - (v) any arrangement or other scheme of reorganization;
that results in a Change in Control;
- (u) **“Non Blackout Trading Day”** means a day on which (i) a Trading Session occurs, and (ii) no Blackout Period is in place;
- (v) **“Notice of Settlement”** means a notice delivered to the Corporation in the form prescribed by the Corporation from time to time, or in absence of such form, a written notice indicating the Participant’s desire to receive his or her Settlement Amount and delivered to the Corporation;
- (w) **“Options”** means stock options granted hereunder to purchase Common Shares from treasury pursuant to the terms and conditions hereof and as evidenced by an Option Agreement and **“Option”** means any one of them;
- (x) **“Option Agreement”** means an agreement evidencing an Option, entered into by and between the Corporation and an Eligible Person;
- (y) **“Outstanding Common Shares”** at the time of any share issuance or grant of Options means the number of Common Shares that are outstanding immediately prior to the share issuance or grant of Options in question, on a non-diluted basis, or such other number as may be determined under the applicable rules and regulations of all regulatory authorities to which the Corporation is subject, including the Stock Exchange;
- (z) **“Participant”** means a person to whom an Award has been granted under this Plan;
- (aa) **“Plan”** means the Tekmira 2011 Omnibus Share Compensation Plan, as the same may from time to time be supplemented or amended and in effect;

- (bb) **“Restricted Stock Unit”** means a right granted to an Eligible Person in accordance with Section 10 to receive a cash payment or Common Shares, or a combination thereof, as determined by the Compensation Committee, equal in value to the Fair Market Value of the Common Shares on an applicable future settlement date as specified by the Compensation Committee, on the terms and conditions and calculated in accordance with Section 10 hereof;
- (cc) **“Settlement Amount”** means an amount paid to the holder of Deferred Stock Units as determined pursuant to Section 11;
- (dd) **“Securities Act”** means the *Securities Act*, R.S.B.C. 1996, c.418, as amended from time to time;
- (ee) **“Stock Exchange”** means such stock exchange or other organized market on which the Common Shares are listed or posted for trading;
- (ff) **“Tandem SAR”** means a right, granted in accordance with Section 9 in tandem with an Option, to receive upon the exercise thereof payment in cash, Common Shares or any combination thereof, as determined by the Compensation Committee, an amount equal to the excess of the Fair Market Value of the Common Shares on the date of exercise of such Tandem SAR over the Option Exercise Price, on the terms and conditions and calculated in accordance with Section 9 hereof;
- (gg) **“Terminated Service”** means that a Participant has, except as a result of death or disability, ceased to be a director, officer, employee or Consultant of the Corporation, as the case may be;
- (hh) **“Trading Session”** means a trading session on a day which the applicable Stock Exchange is open for trading;
- (ii) **“U.S. Exchange Act”** means the U.S. Securities Exchange Act of 1934, as amended from time to time;
- (jj) **“U.S. Internal Revenue Code”** means the Internal Revenue Code of 1986 of the United States, as amended from time to time;
- (kk) **“U.S. Nonqualified Stock Option”** means an Option to purchase Common Shares other than a U.S. Qualified Incentive Stock Option;
- (ll) **“U.S. Optionee”** or **“U.S. Person”** means a Participant who is a citizen or a resident of the United States (including its territories, possessions and all areas subject to the jurisdiction); and
- (mm) **“U.S. Qualified Incentive Stock Option”** means an Option to purchase Common Shares with the intention that it qualify as an “incentive stock option” as that term is defined in Section 422 of the U.S. Internal Revenue Code, such intention being evidenced by the resolutions of the Compensation Committee at the time of grant.

3. EFFECTIVE DATE OF PLAN

3.1 Effective Date of this Plan. The effective date (the “Effective Date”) of this Plan is June 22, 2011, the date on which this Plan was adopted by the shareholders of the Corporation.

4. COMMON SHARES SUBJECT TO PLAN

4.1 Common Shares Subject to this Plan. The aggregate number of Common Shares in respect of which Awards may be granted pursuant to this Plan shall not exceed 1,643,144. The number of Common Shares in respect of which Awards may be granted pursuant to this Plan may be increased, decreased or fixed by the Board of Directors, as permitted under the applicable rules and regulations of all regulatory authorities to which the Corporation is subject, including the Stock Exchange.

4.2 Computation of Available Shares. For the purposes of computing the number of Common Shares available for grant under this Plan, Common Shares subject to any Award (or any portion thereof) that have expired or are forfeited, surrendered, cancelled or otherwise terminated prior to the issuance or transfer of such Common Shares and Common Shares subject to an Award (or any portion thereof) that is settled in cash in lieu of settlement in Common Shares shall again be available for grant under this Plan. Notwithstanding the foregoing, any Common Shares subject to an Award that are withheld or otherwise not issued (upon either an exercise of any Option or Tandem SAR or any settlement of any Award) in order to satisfy the Participant’s withholding obligations or in payment of any Option Exercise Price shall reduce the number of Common Shares available for grant under the limitations set forth in this Article 4.

4.3 Reservation of Shares. The Board of Directors will reserve for allotment from time to time out of the authorized but unissued Common Shares sufficient Common Shares to provide for issuance of all Common Shares which are issuable under all outstanding Awards.

4.4 No Fractional Shares. No fractional Common Shares may be purchased or issued under this Plan.

4.5 Settlement of Awards. Subject to the terms and limitations of the Plan, payments or transfers to be made upon the exercise settlement of an Award, other than an Option, may be made in such form or forms as the Compensation Committee shall determine (including, without limitation, cash or Common Shares), and payment or transfers made in whole or in part in Common Shares may, in the discretion of the Compensation Committee, be issued from treasury or purchased in the open market.

5. ADMINISTRATION OF PLAN

5.1 Administration of Plan. The Board of Directors may at any time appoint a committee (the “Compensation Committee”) to, among other things, interpret, administer and implement this Plan on behalf of the Board of Directors in accordance with such terms and conditions as the Board of Directors may prescribe, consistent with this Plan (provided that if at

any such time such a committee has not been appointed by the Board of Directors, this Plan will be administered by the Board of Directors, and in such event references herein to the Compensation Committee shall be construed to be a reference to the Board of Directors). The Board of Directors will take such steps which in its opinion are required to ensure that the Compensation Committee has the necessary authority to fulfil its functions under this Plan.

5.2 Award Agreements. Each Award will be evidenced by an Award Agreement which incorporates such terms and conditions as the Compensation Committee in its discretion deems appropriate and consistent with the provisions of this Plan (and the execution and delivery by the Corporation of an Award Agreement with a Participant shall be conclusive evidence that such Award Agreement incorporates terms and conditions approved by the Compensation Committee and is consistent with the provisions of this Plan). Each Award Agreement will be executed by the Participant to whom the Award is granted and on behalf of the Corporation by any member of the Compensation Committee or any officer of the Corporation or such other person as the Compensation Committee may designate for such purpose.

5.3 Powers of Compensation Committee. The Compensation Committee is authorized, subject to the provisions of this Plan, to establish from time to time such rules and regulations, make such determinations and to take such steps in connection with this Plan as in the opinion of the Compensation Committee are necessary or desirable for the proper administration of this Plan. For greater certainty, without limiting the generality of the foregoing, the Compensation Committee will have the power, where consistent with the general purpose and intent of this Plan and subject to the specific provisions of this Plan and any approval of the Stock Exchange, if applicable:

- (a) to interpret and construe this Plan and any Award Agreement and to determine all questions arising out of this Plan and any Award Agreement, and any such interpretation, construction or determination made by the Compensation Committee will be final, binding and conclusive for all purposes;
- (b) to determine to which Eligible Persons Awards are granted, and to grant, Awards;
- (c) to determine the number of Common Shares issuable pursuant to each Award;
- (d) to determine the Exercise Price for each Option;
- (e) to determine the time or times when Awards will be granted, vest and be exercisable, as applicable;
- (f) to determine the vesting terms of Awards, which may be based upon the passage of time, continued employment or service, on the basis of corporate or personal performance objectives, or any combination of the foregoing as determined by the Compensation Committee;
- (g) to determine any acceleration of vesting;
- (h) to determine if the Common Shares that are subject to an Award will be subject to any restrictions or repurchase rights upon the exercise or settlement of such

Award including, where applicable, the endorsement of a legend on any certificate representing Common Shares acquired on the exercise or settlement of any Award to the effect that such Common Shares may not be offered, sold or delivered except in compliance with the applicable securities laws and regulations of Canada, the United States or any other country and if any rights or restrictions exist they will be described in the applicable Award Agreement;

- (i) to determine the expiration date for each Award and to extend the period of time for which any Award is to remain exercisable or may be settled in appropriate circumstances, including, without limitation, in the event of the Participant's cessation of employment or service, provided that such date may not be later than the earlier of (A) the latest date permitted under the applicable rules and regulations of all regulatory authorities to which the Corporation is subject, including the Stock Exchange, and (B) in the case of an Option and, if applicable, Tandem SAR, the date which is the tenth anniversary of the date on which such Option and, if applicable, Tandem SAR is granted;
- (j) to prescribe the form of the instruments relating to the grant, exercise, or settlement, as applicable, and other terms of Awards;
- (k) to enter into an Award Agreement evidencing each Award which will incorporate such terms as the Compensation Committee in its discretion deems consistent with this Plan;
- (l) to take such steps and require such documentation from Eligible Persons which in its opinion are necessary or desirable to ensure compliance with the rules and regulations of the Stock Exchange and all applicable laws;
- (m) to adopt such modifications, procedures and subplans as may be necessary or desirable to comply with the provisions of the laws of Canada, the United States and other countries in which the Corporation or its Affiliates may operate to ensure the viability and maximization of the benefits from the Awards granted to Participants residing in such countries and to meet the objectives of this Plan; and
- (n) to determine such other matters as provided for herein.

6. GRANT OF OPTIONS

Subject to the rules set out below, the Compensation Committee or the Board of Directors (or in the case of any proposed Participant who is a member of the Compensation Committee, the Board of Directors) may from time to time grant to any Eligible Person one or more Options as the Compensation Committee or the Board of Directors deems appropriate.

6.1 Date Option Granted. The date on which an Option will be deemed to have been granted under this Plan will be the date on which the Compensation Committee or the Board of Directors, as applicable, authorizes the grant of such Option or such other date as may be specified by the Compensation Committee or the Board of Directors, as applicable, at the time of such authorization.

6.2 Number of Common Shares/Maximum Grant. The number of Common Shares that may be purchased under any Option will be determined by the Compensation Committee, provided that:

- (a) the number of Common Shares reserved for issuance to any one Participant pursuant to this Plan within any one year period shall not, in aggregate, exceed 5% of the total number of Outstanding Common Shares on a non-diluted basis; and
- (b) the number of Common Shares:
 - (i) issuable, at any time, to Participants that are Insiders; and
 - (ii) issued to Participants that are Insiders within any one year period;pursuant to this Plan, or when combined with all of the Corporation's other security based share compensation arrangements shall not, in aggregate, exceed 10% of the total number of Outstanding Common Shares on a non-diluted basis;

For the purposes of this Section 6.2, Common Shares issued pursuant to an entitlement granted prior to the grantee becoming an Insider may be excluded in determining the number of Common Shares issuable to Insiders. A Participant who holds Options at the time of granting an Option, may hold more than one Option.

6.3 Exercise Price. The Exercise Price per Common Share under each Option will be determined by the Compensation Committee, in its sole discretion, but will in no event be less than the Fair Market Value of the date of the grant.

7. U.S. QUALIFIED INCENTIVE STOCK OPTION PROVISIONS

To the extent required by Section 422 of the U.S. Internal Revenue Code, U.S. Qualified Incentive Stock Options shall be subject to the following additional terms and conditions and if there is any conflict between the terms of this Article and other provisions under this Plan, the provisions under this Article shall prevail:

7.1 Eligible Employees. All classes of employees of the Corporation or one of its parent corporations or subsidiary corporations may be granted U.S. Qualified Incentive Stock Options. U.S. Qualified Incentive Stock Options shall only be granted to U.S. Optionees who are, at the time of grant, officers, key employees or directors of the Corporation or one of its parent corporations or subsidiary corporations (provided, for purposes of this Article 7 only, such directors are then also officers or key employees of the Corporation or one of its parent corporations or subsidiary corporations). For purposes of this Article 7, "parent corporation" and "subsidiary corporation" shall have the meanings attributed to those terms for the purposes of Section 422 of the U.S. Internal Revenue Code. Any director of the Corporation who is a U.S. Optionee shall be ineligible to vote upon the granting of such Option; and for greater certainty, contractors of the Corporation or subsidiary corporations may not be granted U.S. Qualified Incentive Stock Options.

7.2 Dollar Limitation. To the extent the aggregate fair market value (determined as of the grant date) of Common Shares with respect to which U.S. Qualified Incentive Stock Options are exercisable for the first time by a U.S. Optionee during any calendar year (under this Plan and all other stock option plans of the Corporation) exceeds U.S. \$100,000, such portion in excess of U.S. \$100,000 shall be treated as a U.S. Nonqualified Stock Option. In the event the U.S. Optionee holds two or more such Options that become exercisable for the first time in the same calendar year, such limitation shall be applied on the basis of the order in which such Options are granted.

7.3 10% Shareholders. If any U.S. Optionee to whom an U.S. Qualified Incentive Stock Option is to be granted under this Plan at the time of the grant of such U.S. Qualified Incentive Stock Option is the owner of shares possessing more than ten percent (10%) of the total combined voting power of all classes of shares of the Corporation, then the following special provisions shall be applicable to the U.S. Qualified Incentive Stock Option granted to such individual:

- (i) the Exercise Price (per Common Share) subject to such U.S. Qualified Incentive Stock Option shall not be less than one hundred ten percent (110%) of the fair market value of one Common Share at the time of grant; and
- (ii) for the purposes of this Article 7 only, the option exercise period shall not exceed five (5) years from the date of grant.

The determination of 10% ownership shall be made in accordance with Section 422 of the U.S. Internal Revenue Code.

7.4 Exercisability. To qualify for U.S. Qualified Incentive Stock Option tax treatment, an Option designated as a U.S. Qualified Incentive Stock Option must be exercised within three months after termination of employment for reasons other than death, except that, in the case of termination of employment due to total disability, such Option must be exercised within one year after such termination. Employment shall not be deemed to continue beyond the first 90 days of a leave of absence unless the U.S. Optionee's reemployment rights are guaranteed by statute or contract. For purposes of this Section 7.4, "total disability" shall mean a mental or physical impairment of the U.S. Optionee which is expected to result in death or which has lasted or is expected to last for a continuous period of 12 months or more and which causes the U.S. Optionee to be unable, in the opinion of the Corporation and two independent physicians, to perform his or her duties for the Corporation and to be engaged in any substantial gainful activity. Total disability shall be deemed to have occurred on the first day after the Corporation and the two independent physicians have furnished their opinion of total disability to the Compensation Committee.

7.5 Taxation of U.S. Qualified Incentive Stock Options. In order to obtain certain tax benefits afforded to U.S. Qualified Incentive Stock Options under Section 422 of the U.S. Internal Revenue Code, the U.S. Optionee must hold the Common Shares issued upon the exercise of a U.S. Qualified Incentive Stock Option for two years after the date of grant of the U.S. Qualified Incentive Stock Option and one year from the date of exercise. A U.S. Optionee

may be subject to U.S. alternative minimum tax at the time of exercise of a U.S. Qualified Incentive Stock Option. The Compensation Committee may require a U.S. Optionee to give the Corporation prompt notice of any disposition of shares acquired by the exercise of a U.S. Qualified Incentive Stock Option prior to the expiration of such holding periods.

7.6 Transferability. No U.S. Qualified Incentive Stock Option granted under this Plan may be assigned or transferred by the U.S. Optionee other than by will or by the laws of descent and distribution, and during the U.S. Optionee's lifetime, such U.S. Qualified Incentive Stock Option may be exercised only by the U.S. Optionee.

7.7 Compensation Committee Governance if U.S. Registrant. If and so long as the Common Shares are registered under Section 12(b) or 12(g) of the U.S. Securities Exchange Act, the Board of Directors will consider in selecting the members of the Compensation Committee, with respect to any persons subject or likely to become subject to Section 16 of the U.S. Securities Exchange Act, the provisions regarding "nonemployee directors" as contemplated by Rule 16b-3 under the U.S. Securities Exchange Act.

7.8 Exercise Price. Notwithstanding Section 6.3, no U.S. Qualified Incentive Stock Option granted under the Plan shall have an Exercise Price less than the fair market value of the underlying Common Shares at the date of grant of such Option, as determined at such time in good faith by the Board or Directors or the Compensation Committee, as the case may be.

7.9 Approval by Shareholders. No U.S. Qualified Incentive Stock Option granted to a U.S. Optionee under this Plan shall become exercisable unless and until this Plan shall have been approved by the shareholders of the Corporation within 12 months of approval by the Board of Directors of the Corporation.

7.10 Option Agreements. Each Option will be evidenced by an Option Agreement which incorporates such terms and conditions as the Compensation Committee in its discretion deems appropriate and consistent with the provisions of this Plan (and the execution and delivery by the Corporation of an Option Agreement with a Participant shall be conclusive evidence that such Option Agreement incorporates terms and conditions approved by the Compensation Committee and is consistent with the provisions of this Plan). Each Option Agreement will be executed by the Participant to whom the Option is granted and on behalf of the Corporation by any member of the Compensation Committee or any officer of the Corporation or such other person as the Compensation Committee may designate for such purpose. Each Option Agreement will specify the reasons for the Corporation granting Options to such Participant.

8. EXERCISE OF OPTIONS

8.1 Exercise of Options. Subject to the terms and conditions of this Plan, the Compensation Committee may impose such limitations or conditions on the exercise or vesting of any Option as the Compensation Committee in its discretion deems appropriate, including limiting the number of Common Shares for which any Option may be exercised during any period as may be specified by the Compensation Committee and which number of Common Shares for which such Option may be exercised in any period will be specified in the Option Agreement with respect to such Option. Each Option Agreement will provide that the Option granted thereunder may be exercised only by notice signed by the Participant or the Legal Representative of the Participant and accompanied by full payment for the Common Shares being purchased. Such consideration may be paid in any combination of the following:

- (a) cash, bank draft or certified cheque; or
- (b) such other consideration as the Compensation Committee may permit consistent with applicable laws.

As soon as practicable after any exercise of an Option, a certificate or certificates representing the Common Shares in respect of which such Option is exercised will be delivered by the Corporation to the Participant.

8.2 Conditions. Notwithstanding any of the provisions contained in this Plan or in any Option Agreement, the Corporation's obligation to issue Common Shares to a Participant pursuant to the exercise of an Option will be subject to, if applicable:

- (a) completion of such registration or other qualification of such Common Shares or obtaining approval of such governmental authority as the Corporation will determine to be necessary or advisable in connection with the authorization, issuance or sale thereof;
- (b) the admission of such Common Shares to listing or quotation on the Stock Exchange; and
- (c) the receipt from the Participant of such representations, agreements and undertakings, including as to future dealings in such Common Shares, as the Corporation or its counsel determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdiction.

9. GRANT OF TANDEM SARs

9.1 Grant of Tandem SARs. The Compensation Committee or the Board of Directors, as applicable, may from time to time grant an Award of Tandem SARs to a Participant for each Option granted to such Participant on such terms and conditions, consistent with the Plan, as the Compensation Committee or the Board of Directors, as applicable, shall determine.

9.2 Terms of Tandem SARs. Tandem SARs may be granted at or after the grant date of the related grant of Options, and each Tandem SAR shall be subject to the same terms and conditions and denominated in the same currency as the Option to which it relates and the additional terms and conditions set forth in this Article 9.

9.3 Exercise of Tandem SARs. The Participant shall have the right to elect to exercise either an Option or the related Tandem SAR, if so granted. If the Participant elects to exercise a Tandem SAR, the related Option shall be cancelled. Tandem SARs may be exercised only if and to the extent the Options related thereto are then vested. Tandem SARs shall be exercisable at the election of the Participant by delivering to the Corporation a notice specifying the number of Options in respect of which the Tandem SARs are exercised. The Participant shall

not pay the Option Exercise Price attributable to the Option to which the Tandem SAR is related, but must pay or satisfy, in accordance with the terms of Article 17, any withholding amounts or administrative costs with respect to such exercise.

9.4 Settlement of Tandem SARs. Upon exercise of a Tandem SAR, and subject to payment or other satisfaction of all related withholding obligations in accordance with Article 17, such Tandem SAR shall be settled and the Participant shall be entitled to a cash payment, Common Shares or a combination thereof, at the discretion of the Compensation Committee, and settlement:

- (a) made in Common Shares shall be equal to such number of Common Shares having an aggregate value equal to the excess of the Fair Market Value of a Common Share on the date of exercise of the Tandem SAR over the Option Exercise Price for the corresponding Option, multiplied by the number of Tandem SARs exercised;
- (b) made by a cash payment shall be an aggregate amount equivalent to the value derived by 9.4(a); and
- (c) made by a combination of a cash payment and Common Shares shall be equivalent to the value derived by 9.4(a).

10. GRANT OF RESTRICTED STOCK UNITS

10.1 Grant of Restricted Stock Units. Restricted Stock Units may be granted pursuant to the terms of the Plan from time to time by the Compensation Committee or the Board of Directors, as applicable. The date on which any Restricted Stock Unit will be deemed to have been granted will be the date on which the Compensation Committee or the Board of Directors, as applicable, authorizes the grant of such Award.

10.2 Vesting Terms. Restricted Stock Units shall become vested at such times, in such instalments, and subject to such terms and conditions as may be determined by the Compensation Committee and set forth in the applicable Award Agreement.

10.3 Settlement of Restricted Stock Units. Restricted Stock Units shall be settled upon, or as soon as reasonably practicable following, the vesting thereof, subject to payment or other satisfaction of all related withholding obligations in accordance with Article 17 hereof and administrative costs. Settlement shall be made by a cash payment, Common Shares, or a combination thereof, as determined by the Compensation Committee in its sole discretion, and settlement:

- (a) made in Common Shares shall be made by delivery of one Common Share for each such Restricted Stock Unit then being settled;
- (b) made by a cash payment shall be an aggregate amount equal to the product of the Fair Market Value of the Common Shares on the applicable settlement date as specified by the Compensation Committee, multiplied by the number of Restricted Stock Units then being settled; and

- (c) made by a combination of a cash payment and Common Shares shall be equivalent to the value derived by 10.3(b).

11. GRANT OF DEFERRED STOCK UNITS

11.1 Grant of Deferred Stock Units. Deferred Stock Units may be granted pursuant to the terms of the Plan from time to time by the Compensation Committee or the Board of Directors, as applicable. The date on which any Deferred Stock Unit will be deemed to have been granted will be the date on which the Compensation Committee or the Board of Directors, as applicable, authorizes the grant of such Award.

11.2 Vesting Terms. Deferred Stock Units shall become vested at such times and subject to such terms and conditions as may be determined by the Compensation Committee and set forth in the applicable Award Agreement.

11.3 Determination of Deferred Stock Units. Deferred Stock Units awarded pursuant to this Plan will be credited to an account maintained for each Participant by the Corporation as and when awards are made. The number of Deferred Share Units to be credited to a Participant will be determined on the date on which the Compensation Committee or the Board of Directors, as applicable, authorizes the grant of DSU award, on a one Deferred Share Unit per Share basis.

11.4 Settlement of Deferred Stock Units. Deferred Stock Units shall be settled upon the Terminated Service of a Participant, pursuant to the terms and conditions of this Section 11.4, and subject to payment or other satisfaction of all related withholding obligations in accordance with Article 17 hereof and administrative costs. Settlement Amounts in respect of Deferred Stock Units shall be settled by a cash payment, Common Shares or any combination thereof, as determined by the Compensation Committee in its sole discretion, and settlement:

- (a) made in Common Shares shall be made by delivery of one Common Share for each such Deferred Stock Unit then being settled on the Filing Date;
- (b) made by a cash payment shall be an aggregate amount equivalent to the value derived by 11.4(a); and
- (c) made by a combination of a cash payment and Common Shares will be equivalent to the value derived by 11.4(a).

11.5 Payment of Settlement Amount.

- (a) Non-U.S. Persons
 - (i) a Participant who is not a U.S. Person and who has Terminated Service may receive their Settlement Amount by filing a Notice of Settlement on or before December 15 of the first calendar year commencing after the date of the Participant's Terminated Service. If the Participant fails to file such notice on or before that December 15, the Participant will be deemed to have filed the Notice of Settlement on that December 15.

- (ii) subject to Article 18 herein, the Corporation shall make payment of the Settlement Amount as soon as reasonably possible following the Filing Date.
 - (iii) in the event of the death of a Participant who is not a U.S. Person, the Corporation will, subject to Article 18 herein, make payment of the Settlement Amount within two months of the Participant's death to or for the benefit of the legal representative of the deceased Participant. For the purposes of this subsection, the Filing Date shall be the date of the Participant's death.
 - (iv) if a Participant who is not a U.S. Person dies after the Participant has Terminated Service but before filing a Notice of Settlement, Section 11.5(a)(iii) will apply.
- (b) U.S. Persons
- (i) in the event that a Participant who is a U.S. Person and not a Key Employee has Terminated Service, the Corporation will, subject to Article 18 herein, make payment of the Settlement Amount as soon as reasonably possible following such Participant's Terminated Service. For the purposes of this subsection, the Filing Date shall be the date that such Participant Terminated Service.
 - (ii) in the event that a Participant who is a U.S. Person and a Key Employee has Terminated Service, the Corporation will, subject to Article 18 herein, make payment of the Settlement Amount as soon as is reasonably possible following the date that is 6 months after the date that such Participant Terminated Service. For the purposes of this subsection, the Filing Date shall be the date which is 6 months after the date that such Participant Terminated Service. In the event of death of such a Participant during the 6 month period following the date the Participant Terminated Service, the rules under Section 11.5(b)(ii) shall then apply.
 - (iii) in the event of the death of a Participant who is a U.S. Person, the Corporation will, subject to Article 18 herein, make payment of the Settlement Amount within two months of the Participant's death to or for the benefit of the legal representative of the deceased Participant. For the purposes of this subsection, the Filing Date shall be the date of the Participant's death.

12. TERM OF AWARDS

12.1 Term of Options and Tandem SARs. Unless otherwise determined by the Compensation Committee, each Option and Tandem SAR granted pursuant to this Plan will, subject to the provisions of this Plan, expire automatically on the earlier of:

- (a) the date determined by the Compensation Committee and specified in the Award Agreement pursuant to which such Option and, if applicable, Tandem SAR is granted, provided that such date may not be, subject to Article 18 later than the earlier of (A) the date which is the tenth anniversary of the date on which such Option and, if applicable, Tandem SAR is granted, and (B) the latest date permitted under the applicable rules and regulations of all regulatory authorities to which the Corporation is subject, including the Stock Exchange;
- (b) in the event the Participant ceases to be an Eligible Person for any reason, other than the death of the Participant or the termination of the Participant for cause, such period of time after the date on which the Participant ceases to be an Eligible Person as may be specified by the Compensation Committee or as specified in an agreement among the Participant and the Corporation, and in the absence of such specification or agreement, will be deemed to be the date that is three months following the Participant ceasing to be an Eligible Person
- (c) in the event of the termination of the Participant as a director, officer, employee or Consultant of the Corporation or an Affiliate for cause, the date of such termination;
- (d) in the event of the death of a Participant prior to: (A) the Participant ceasing to be an Eligible Person; or (B) the date which is the number of days specified by the Compensation Committee pursuant to subparagraph (b) above from the date on which the Participant ceased to be an Eligible Person; the date which is one year after the date of death of such Participant or such other date as may be specified by the Compensation Committee and which period will be specified in the Award Agreement with the Participant with respect to such Option ; and
- (e) notwithstanding the foregoing provisions of subparagraphs (b), (c) and (d) of this Section 12.1, the Compensation Committee may, subject Article 19 and to regulatory approval, at any time prior to expiry of an Option extend the period of time within which an Option may be exercised by a Participant who has ceased to be an Eligible Person, but such an extension shall not be granted beyond the original expiry date of the Option as provided for in subparagraph (a) above.

12.2 Options and Tandem SARs Cease to Vest. Notwithstanding the foregoing, except as expressly permitted by the Compensation Committee, all Options will cease to vest as at the date upon which the Participant ceases to be an Eligible Person.

12.3 Accelerated Vesting of Options and Tandem SARs on Death. In the event of the death of the Participant prior to the Participant ceasing to be an Eligible Person, all Options and Tandem SARs of such Participant shall become immediately vested.

12.4 Term of Restricted Stock Units. Unless otherwise determined by the Compensation Committee:

- (a) in the event a Participant ceases to be an Eligible Person due to death or retirement, any then outstanding Restricted Stock Units that have not become

vested and settled prior to the Participant ceasing to be an Eligible Person shall immediately vest and be settled as soon as reasonably practicable after the date that such Participant ceases to be an Eligible Person;

- (b) in the event a Participant ceases to be an Eligible Person due to resignation, any then outstanding Restricted Stock Units that have not become vested and settled prior to the Participant ceasing to be an Eligible Person shall immediately be forfeited and cancelled; and
- (c) in the event a Participant ceases to be an Eligible Person due to disability or termination without cause, any then outstanding Restricted Stock Units that have not become vested and settled prior to the Participant ceasing to be an Eligible Person shall vest and be settled at the discretion of the Compensation Committee.

12.5 Termination of a Participant for Cause. Notwithstanding any other provision hereof or in any Award Agreement, in the case of a Participant's termination for cause, any and all then outstanding Awards granted to the Participant, whether or not vested, shall be immediately forfeited and cancelled, without any consideration therefore, and any and all rights of such Participant with respect to and arising from this Plan shall terminate, as of the commencement of the date that notice of such termination is given, without regard to any period of reasonable notice or any salary continuance, unless otherwise determined by the Compensation Committee.

13. CHANGE IN STATUS

13.1 A change in the status, office, position or duties of a Participant from the status, office, position or duties held by such Participant on the date on which the Award was granted to such Participant will not result in the termination of the Award granted to such Participant provided that such Participant remains a director, officer, employee or Consultant of the Corporation or an Affiliate.

14. NON-TRANSFERABILITY OF AWARDS

14.1 Each Award Agreement will provide that the Award granted thereunder is not transferable or assignable and may be exercised or settled, as the case may be, only by the Participant or, in the event of the death of the Participant or the appointment of a committee or duly appointed attorney of the Participant or of the estate of the Participant on the grounds that the Participant is incapable, by reason of physical or mental infirmity, of managing their affairs, the Participant's legal representative or such committee or attorney, as the case may be (the "Legal Representative").

15. REPRESENTATIONS AND COVENANTS OF PARTICIPANTS

15.1 Each Award Agreement will contain representations and covenants of the Participant that:

- (a) the Participant is a director, officer, employee, or Consultant of the Corporation or an Affiliate or a person otherwise approved as an “Eligible Person” under this Plan by the Compensation Committee;
- (b) the Participant has not been induced to enter into such Award Agreement by the expectation of employment or continued employment with the Corporation or an Affiliate;
- (c) the Participant is aware that the grant of the Award and the issuance by the Corporation of Common Shares thereunder are exempt from the obligation under applicable securities laws to file a prospectus or other registration document qualifying the distribution of the Awards or the Common Shares to be distributed thereunder under any applicable securities laws;
- (d) upon each exercise or settlement of an Award, the Participant, or the Legal Representative of the Participant, as the case may be, will, if requested by the Corporation, represent and agree in writing that the person is, or the Participant was, a director, officer, employee or Consultant of the Corporation or an Affiliate or a person otherwise approved as an “Eligible Person” under this Plan by the Compensation Committee and has not been induced to purchase the Common Shares by expectation of employment or continued employment with the Corporation or an Affiliate, and that such person is not aware of any commission or other remuneration having been paid or given to others in respect of the trade in the Common Shares; and
- (e) if the Participant or the Legal Representative of the Participant exercises or settles the Award, the Participant or the Legal Representative, as the case may be, will prior to and upon any sale or disposition of any Common Shares received pursuant to the exercise or settlement of the Award, comply with all applicable securities laws and all applicable rules and regulations of all regulatory authorities to which the Corporation is subject, including the Stock Exchange, and will not offer, sell or deliver any of such Common Shares, directly or indirectly, in the United States or to any citizen or resident of, or any Corporation, partnership or other entity created or organized in or under the laws of, the United States, or any estate or trust the income of which is subject to United States federal income taxation regardless of its source, except in compliance with the securities laws of the United States.

16. PROVISIONS RELATED TO SHARE ISSUANCES

16.1 Each Award Agreement will contain such provisions as in the opinion of the Compensation Committee are required to ensure that no Common Shares are issued on the exercise or settlement of an Award unless the Compensation Committee is satisfied that the issuance of such Common Shares will be exempt from all registration or qualification requirements of applicable securities laws and will be permitted under the applicable rules and regulations of all regulatory authorities to which the Corporation is subject, including the Stock Exchange. In particular, if required by any regulatory authority to which the Corporation is

subject, including the Stock Exchange, an Award Agreement may provide that shareholder approval to the grant of an Award must be obtained prior to the exercise or settlement of the Award or to the amendment of the Award Agreement.

17. WITHHOLDING TAX

17.1 The Participant will be solely responsible for paying any applicable withholding taxes arising from the grant, vesting, exercise or settlement of any Award and payment is to be made in a manner satisfactory to the Corporation. Notwithstanding the foregoing, the Corporation will have the right to withhold from any Award or any Common Shares issuable pursuant to an Award or from any cash amounts otherwise due or to become due from the Corporation to the Participant, an amount equal to any such taxes.

18. EXERCISE AND SETTLEMENT OF AWARDS DURING BLACKOUT PERIODS

18.1 **Adjustment for Exercise of Awards during Blackout Periods.** Where the expiry date of an Option or Tandem SAR occurs during a Blackout Period or within ten Non Blackout Trading Days following the end of a Blackout Period, the expiry date for such Option or Tandem SAR shall be the date which is ten Non-Blackout Trading Days following the end of such Blackout Period.

18.2 **Extension for Settlement during Blackout Periods.** Where the date for the settlement of Restricted Stock Units or the payment of a Settlement Amount occurs during a Blackout Period, the Corporation shall make such settlement or pay such Settlement Amount to the holder of such an Award within ten Non Blackout Trading Days following the end of such Blackout Period.

19. SUSPENSION, AMENDMENT OR TERMINATION OF PLAN

19.1 **Suspension, Amendment or Termination of Plan.** This Plan will terminate on the tenth anniversary of the Effective Date. The Compensation Committee will have the right at any time to suspend, amend or terminate this Plan and, subject to Section 19.2, may:

- (a) with approval of shareholders of the Corporation by ordinary resolution make any amendment to any Award Agreement or the Plan; and
- (b) without approval of shareholders of the Corporation make the following amendments to any Award Agreement or the Plan:
 - (i) amendments of a clerical nature, including but not limited to the correction of grammatical or typographical errors or clarification of terms;
 - (ii) amendments to reflect any requirements of any regulatory authorities to which the Corporation is subject, including the Stock Exchange;
 - (iii) subject to the terms and conditions of the Plan, amendments to vesting provisions of Award Agreements;

- (iv) extend the term of Options and Tandem SARs held by non-Insiders of the Corporation;
- (v) reduce the Exercise Price per Common Share under any Option held by non-Insiders of the Corporation or replace such Option with a lower Exercise Price per Common Share under such replacement Option; and
- (vi) amendments which provide cashless exercise features to an Option that require the full deduction of the number of underlying Common Shares from the total number of Common Shares subject to the Plan.

Notwithstanding the foregoing, all procedures and necessary approvals required under the applicable rules and regulations of all regulatory authorities to which the Corporation is subject shall be complied with and obtained in connection with any such suspension, termination or amendment to the Plan or amendments to any Award Agreement.

19.2 Limitations. In exercising its rights pursuant to Section 19.1, the Compensation Committee will not have the right to:

- (a) without the prior approval of shareholders and except as permitted pursuant to Article 20, (i) extend the term of an Option or Tandem SAR held by an Insider of the Corporation; or (ii) reduce the Exercise Price per Common Share under any Option held by an Insider of the Corporation; or (iii) cancel any Option held by an Insider and replace such Option within three months;
- (b) affect in a manner that is adverse or prejudicial to, or that impairs, the benefits and rights of any Participant under any Award previously granted under this Plan (except as permitted pursuant to Article 20 and except for the purpose of complying with applicable securities laws or the bylaws, rules and regulations of any regulatory authority to which the Corporation is subject, including the Stock Exchange);
- (c) decrease the number of Common Shares which may be purchased pursuant to any Option (except as permitted pursuant to Article 20) without the consent of such Participant;
- (d) set the Exercise Price of any Option below the Fair Market Value of such Option on the date of grant;
- (e) increase the Exercise Price at which Common Shares may be purchased pursuant to any Option (except as permitted pursuant to Article 20) without the consent of such Participant;
- (f) extend the term of any Option beyond a period of ten years or the latest date permitted under the applicable rules and regulations of all regulatory authorities to which the Corporation is subject, including the Stock Exchange;
- (g) grant any Award if this Plan is suspended or has been terminated; or

- (h) change or adjust any outstanding U.S. Qualified Incentive Stock Option without the consent of the Participant if such change or adjustment would constitute a “modification” that would cause such U.S. Qualified Incentive Stock Option to fail to continue to qualify as a U.S. Qualified Incentive Stock Option.

19.3 Powers of Compensation Committee Survive Termination. The full powers of the Compensation Committee as provided for in this Plan will survive the termination of this Plan until all Awards have been exercised or settled in full or have otherwise expired.

20. ADJUSTMENTS

20.1 **Adjustments.** Appropriate adjustments in the number of Common Shares subject to this Plan, as regards Awards granted or to be granted, in the Option Exercise Price of an Option, in the number of Common Shares to be issued or cash payments to be made in respect of the settlement of any Award, or any other matter of will be conclusively determined by the Compensation Committee to give effect to adjustments in the number of Common Shares resulting from subdivisions, consolidations, substitutions, or reclassifications of the Common Shares, the payment of stock dividends by the Corporation (other than dividends in the ordinary course) or other relevant changes in the capital of the Corporation or from a proposed merger, amalgamation or other corporate arrangement or reorganization involving the exchange or replacement of Common Shares of the Corporation for those in another corporation. Any dispute that arises at any time with respect to any such adjustment will be conclusively determined by the Compensation Committee, and any such determination will be binding on the Corporation, the Participant and all other affected parties.

20.2 **Merger and Acquisition Transaction.** In the event of a Merger and Acquisition Transaction or proposed Merger and Acquisition Transaction, the Compensation Committee, at its option, may do any of the following:

- (a) the Compensation Committee may, in a fair and equitable manner, determine the manner in which all unexercised Options or unsettled Awards granted under this Plan will be treated including, without limitation, requiring the acceleration of the time for the exercise or settlement of Awards by the Participants, the time for the fulfilment of any conditions or restrictions on such exercise or settlement, and the time for the expiry of such rights; or
- (b) the Compensation Committee or any corporation which is or would be the successor to the Corporation or which may issue securities in exchange for Common Shares upon the Merger and Acquisition Transaction becoming effective may offer any Participant the opportunity to obtain a new or replacement awards over any securities into which the Common Shares are changed or are convertible or exchangeable, on a basis proportionate to the number of Common Shares under Award, including Exercise Price, as applicable (and otherwise substantially upon the terms of the Award being replaced, or upon terms no less favourable to the Participant) including, without limitation, the periods during which the Award may be exercised or settled and expiry dates of such Awards; and in such event, the Participant shall, if he accepts such offer, be deemed to have released his Award over the Common Shares and such Award shall be deemed to have lapsed and be cancelled; or

- (c) the Compensation Committee may commute for or into any other security or any other property or cash, any Award that is still capable of being exercised or settled, upon giving to the Participant to whom such Award has been granted at least 30 days written notice of its intention to commute such Award, and during such period of notice, the Award, to the extent it has not been exercised or settled, may be exercised or settled by the Participant without regard to any vesting conditions attached thereto; and on the expiry of such period of notice, the unexercised or unsettled portion of the Award shall lapse and be cancelled.

Section 20.1 and subsections (a), (b) and (c) of this Section 20.2 are intended to be permissive and may be utilized independently or successively in combination or otherwise, and nothing therein contained shall be construed as limiting or affecting the ability of the Compensation Committee to deal with Awards in any other manner. All determinations by the Compensation Committee under this Section will be final, binding and conclusive for all purposes.

20.3 Limitations. The grant of Awards under this Plan will in no way affect the Corporation's right to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, amalgamate, reorganize, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets or engage in any like transaction.

20.4 No Fractional Shares. No adjustment or substitution provided for in this Article 20 will require the Corporation to issue a fractional share in respect of any Award and the total substitution or adjustment with respect to each Award will be limited accordingly.

21. GENERAL

21.1 No Rights as Shareholder. Nothing herein or otherwise shall be construed so as to confer on any Participant any rights as a shareholder of the Corporation with respect to any Common Shares reserved for the purpose of any Award.

21.2 No Effect on Employment. Nothing in this Plan or any Award Agreement will confer upon any Participant any right to continue in the employ of or under contract with the Corporation or an Affiliate or affect in any way the right of the Corporation or any such Affiliate to terminate his or her employment at any time or terminate his or her consulting contract; nor will anything in this Plan or any Award Agreement be deemed or construed to constitute an agreement, or an expression of intent, on the part of the Corporation or any such Affiliate to extend the employment of any Participant beyond the time that he or she would normally be retired pursuant to the provisions of any present or future retirement plan of the Corporation or an Affiliate or any present or future retirement policy of the Corporation or an Affiliate, or beyond the time at which he or she would otherwise be retired pursuant to the provisions of any contract of employment with the Corporation or an Affiliate. Neither any period of notice nor any payment in lieu thereof upon termination of employment shall be considered as extending the period of employment for the purposes of the Plan.

21.3 No Fetters of Directors' Discretion. Nothing contained in this Plan will restrict or limit or be deemed to restrict or limit the right or power of the Board of Directors in connection with any allotment and issuance of Common Shares which are not allotted and issued under this Plan including, without limitation, with respect to other compensation arrangements.

21.4 Applicable Law. The Plan and any Award Agreement granted hereunder will be governed, construed and administered in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

21.5 Interpretation. References herein to any gender include all genders and to the plural includes the singular and vice versa. The division of this Plan into Sections and Articles and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Plan.

21.6 Reference. This Plan may be referred to as the "Tekmira 2011 Share Compensation Plan".

TEKMIRA PHARMACEUTICALS CORPORATION

SHARE OPTION PLAN

ARTICLE 1

PURPOSE AND INTERPRETATION

Purpose

1.1 The purpose of the plan will be to advance the interests of the Company by encouraging equity participation in the Company through the acquisition of Common Shares of the Company.

Definitions

1.2 In the Plan

Associate has the meaning assigned by the Securities Act;

Blackout Period means the period during which the relevant Optionee is prohibited from exercising an Option due to trading restrictions imposed by the Company in accordance with its securities trading policies governing trades by Directors, Officers and Employees in the Company's securities;

Board means the board of directors of the Company;

Change of Control means the acquisition by any person or by any person and its joint actors (as such term is defined in the Securities Act), whether directly or indirectly, of voting securities (as such term is defined in the Securities Act) of the Company which, when added to all other voting securities of the Company at the time held by such person and its joint actors, totals for the first time not less than 35% of the outstanding voting securities of the Company;

Code means the U.S. Internal Revenue Code of 1986, as amended;

Code Stock Option means an Option to purchase Common Shares with the intention that such Option qualify as an "incentive stock option" as that term is defined in Section 422 of the Code;

Common Shares means common shares without par value in the capital of the Company;

Company means Tekmira Pharmaceuticals Corporation;

Director means a director of the Company or any of its subsidiaries;

Employee means an individual who is an employee of the Company or of a subsidiary of the Company;

Expiry Date means the day on which an Option lapses as specified in the Option Commitment therefor;

Insider means

- (a) an insider as defined in the Securities Act, other than a person who fits within that definition solely by virtue of being a director or senior officer of a subsidiary of the Company, and
- (b) an Associate of any person who is an insider by virtue of §(a);

Officer means an individual who is an officer of the Company;

Option means the right to purchase Common Shares granted hereunder to a Service Provider;

Option Commitment means the notice of grant of an Option delivered by the Company hereunder to a Service Provider and substantially in the form of Schedule "B" or "C" hereto;

Option Effective Date for an Option means the date of grant thereof;

Optioned Shares means Common Shares subject to an Option;

Optionee means an individual to whom an Option is granted by the Company under the Plan;

Outstanding Issue means the number of Common Shares outstanding on a non-diluted basis, excluding shares issued pursuant to share compensation arrangements over the preceding one-year period;

Plan means the Share Option Plan, the terms of which are set out herein;

Regulatory Approval means the approval of the Toronto Stock Exchange and any other securities regulatory agency that may have jurisdiction in the circumstances;

Reserved for Issuance refers to Common Shares that may be issued in the future upon the exercise of stock options which have been granted;

Retired means

- (a) with respect to an Officer or Employee, the retirement of the Officer or Employee within the meaning of the Canada Pension Plan, after attainment of age 65, and
- (b) with respect to a Director, cessation of office as a Director, other than by reason of death, after attainment of age 70;

Securities Act means the Securities Act, R.S.B.C. 1996, c. 418, as amended from time to time;

Service Provider means

- (a) an employee, officer, or director of the Company or of any of its subsidiaries, and
- (b) subject to compliance with applicable securities laws, any other person or company engaged to provide directly or indirectly ongoing management consulting and other research or collaboration services to the Company or any of its subsidiaries;

Share Compensation Arrangement means the Plan described herein and any other stock option, stock option plan, employee stock purchase plan or any other compensation or incentive mechanism involving the issuance or potential issuance of shares to one or more Service Providers, including a share purchase from treasury which is financially assisted by the Company by way of a loan, guaranty or otherwise;

Subscription Price means the amount payable per Common Share on the exercise of an Option, as determined in accordance with §3.1;

Subsidiary means subsidiary as determined under the *Business Corporations Act* (British Columbia);

Take Over Bid has the meaning assigned to that term in the Securities Act but excludes an exempt take over bid as determined under the Securities Act.

ARTICLE 2

SHARE OPTION PLAN

Establishment of Share Option Plan

2.1 There is hereby established a Share Option Plan to recognize contributions made by Service Providers and to create an incentive for their continuing relationship with the Company and its subsidiaries. Those share options or other share compensation granted by the Company prior to the adoption of this Plan are not included hereunder or affected hereby.

Eligibility

2.2 Options may be granted hereunder to all Service Providers.

Incorporation of Terms of Share Option Plan

2.3 Subject to specific variations approved by the Board, all terms and conditions set out herein will be incorporated into and form part of an Option granted hereunder.

Maximum Shares Reserved

2.4 The maximum aggregate number of Common Shares that are Reserved for Issuance under the Plan is 1,369,255 Common Shares.

2.5 In no event may the number of Common Shares Reserved for Issuance to any one person pursuant to an Option exceed 5% of the Outstanding Issue.

2.6 The maximum aggregate number of Common Shares that, under all Share Compensation Arrangements,

- (a) may be Reserved for Issuance to Insiders of the Company, may not exceed 10% of the Outstanding Issue at that time,
- (b) may be issued to Insiders within a one-year period, may not exceed 10% of the Outstanding Issue at that time,
- (c) may be issued to any one Insider and his or her Associates within a one-year period, may not exceed 5% of the Outstanding Issue, and
- (d) may be Reserved for Issuance to non-employee Directors, may not exceed 2% of the Outstanding Issue at that time.

2.7 For the purposes of §2.6,

- (a) Common Shares issuable to an Insider pursuant to a stock option or other entitlement that was granted before the person became an Insider will be excluded in determining the number of Common Shares issuable to Insiders, and
- (b) Common Shares issuable to a Director pursuant to a stock option or other entitlement that was granted
 - (i) before the person became a Director, or
 - (ii) while the Director was also an Officer,will be excluded in determining the number of Common Shares issuable to Directors.

Shares Not Acquired

2.8 Any Common Shares not acquired under an Option granted under the Plan which has expired or been cancelled or terminated may be made the subject of a further Option pursuant to the provisions of the Plan.

Powers of the Board

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

- (a) allot Common Shares for issuance in connection with Options granted under the Plan,
- (b) grant Options hereunder,
- (c) subject to §§4.5, 4.6 and 4.7 and subject to Regulatory Approval or any shareholder approval required under law, amend, suspend, terminate or discontinue the Plan, or revoke or alter any action taken in connection therewith, except that no amendment or suspension of the Plan will, without the written consent of the affected Optionees, alter or impair any Option granted under the Plan, and
- (d) delegate all or such portion of its powers hereunder as it may determine to one or more committees of the Board, either indefinitely or for such period of time as it may specify, and thereafter each such committee may exercise the powers and discharge the duties of the Board in respect of the Plan so delegated to the same extent as the Board is hereby authorized so to do.

Adjustments

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

- (a) in the event that the Board determines that any dividend or other distribution (whether in the form of cash, Common Shares, other securities or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, combination, issuance of warrants or other rights to purchase Common Shares or other securities of the Company to all holders of common shares *pro rata* whether as a dividend or otherwise or other similar corporate transaction or event affects the Common Shares such that an adjustment is determined by the Board to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, then the Board will, in such manner as it may deem equitable, adjust any or all of:
 - (i) the number and type of Common Shares (or other securities or other property) that thereafter may be made the subject of Options,
 - (ii) the number and type of Common Shares (or other securities or other property) subject to outstanding Options, and
 - (iii) the purchase or exercise price with respect to any Option;

provided, however, that the number of Common Shares covered by any Option or to which such Option relates will always be a whole number,

- (b) an adjustment will take effect at the time of the event giving rise to the adjustment, and the adjustments provided for in this Section are cumulative,
- (c) the Company will not be required to issue fractional shares in satisfaction of its obligations hereunder. Any fractional interest in a Common Share that would, except for the provisions of this §2.10(c), be deliverable upon the exercise of an Option will be cancelled and not be deliverable by the Company, and
- (d) if any questions arise at any time with respect to the Option price or number of Common Shares deliverable upon exercise of an Option in any of the events set out in this §2.10(d), such questions will be conclusively determined by the Company's Auditors, or, if they decline to so act, any other firm of Chartered Accountants, in Vancouver, British Columbia that the Company may designate and who will have access to all appropriate records and such determination will be binding upon the Company and all Optionees.

ARTICLE 3

SHARE OPTIONS

Subscription Price

3.1 The Subscription Price per Optioned Share will be the greater of:

- (a) the closing price for the Common Shares on the Toronto Stock Exchange on the last trading day before the date of grant of the Option;
- (b) if the Board determines that the Subscription Price determined in §(a) is not a representative price, the weighted average of the trading prices for the Common Shares on the five trading days before the date of grant of the Option;
- (c) if not listed on the Toronto Stock Exchange then as calculated in §(a) and §(b) above by reference to the price on any other stock exchange on which the Common Shares are listed (if more than one, then using the exchange on which a majority of Common Shares are traded); or
- (d) if the Common Shares are not listed on a stock exchange then the price determined by the directors using good faith discretion.

Term of Option

3.2 Except as described in this §3.2, the term of an Option will be such period after the Option Effective Date of the Option, not exceeding 10 years, as the Board determines at the time of granting of the Option. If the Expiry Date for an Option occurs during a Blackout Period applicable to the relevant Optionee, or within five business days after the expiry of a Blackout Period applicable to the relevant Optionee, then the Expiry Date for that Option will be the date that is the tenth business day after the expiry date of the Blackout Period.

Vesting of Option Rights

3.3 Options granted at a particular time may be exercised only

- (a) after the Option Commitment is received by the Optionee from the Chief Financial Officer of the Company, and
- (b) so that the total number of such Options that are and have been exercised does not at any time exceed that proportion of the number of Options so granted that
 - (i) the number of calendar months that have elapsed after the end of the month in which such Options were granted is of
 - (ii) 48.

Variation of Vesting Periods

3.4 If the Board determines with respect to an Optionee that it is desirable to grant to the Optionee an Option for which the vesting of rights should be other than as provided in §3.3 or that it is desirable to alter the vesting periods of any particular Option, it may fix the vesting of that Option before or after its grant in such manner as it determines in its discretion.

3.5 In the event of a Change of Control or Take Over Bid, in its discretion the Board may provide in the case of a particular Optionee that the Options held by that Optionee may be exercised by the Optionee in full or in part at any time before the applicable vesting period for those Options.

Limitation on Right to Exercise

3.6 No Option may be exercised after the Optionee, if a Director has ceased to be a Director or if an Employee or other Service Provider has left the employ or service of the Company, except as follows:

- (a) in the case of death of an Optionee, all unvested rights of the Optionee under the Option will be deemed to have become fully vested immediately before the time of such Optionee's death, and the personal representatives of the Optionee will be entitled to exercise the Option at any time by the earlier of (i) the Expiry Date of the Option, and (ii) the first anniversary of the date on which the Optionee died;
- (b) in the case of an Optionee retiring, all unvested option rights will be deemed to have become fully vested immediately before the time that the Optionee Retired, and the Options held by the Optionee will be exercisable by the earlier of (i) the Expiry Date of the Options, or (ii) the first anniversary of the date on which the Optionee Retired;

- (c) in the case of an Optionee becoming unable to work due to illness, injury or disability whether or not such Optionee is entitled to or in receipt of disability benefits, all option rights will vest, and the Options held by the Optionee will be exercisable, on the same terms as if the Optionee had continued to be a Service Provider;
- (d) in the case of an Optionee resigning his office, or terminating his employment or service, or being dismissed without cause, the option rights that have accrued to such Optionee up to the time of termination will be exercisable within the 30 days after the date of termination; and
- (e) in the case of an Optionee being dismissed from office, employment or service for cause, the Option and all option rights that had accrued to the Optionee to the date of termination will immediately terminate;

but provided that in no event may the term of the Option exceed 10 years. Notwithstanding the provisions of §(d), in its discretion and subject to the receipt of any required Regulatory Approval, the Board may extend the time period for exercise of an Option in the circumstances set out in §(d) and may also permit the option to be exercised in respect of any Options that vest during any agreed upon severance period.

Non-Assignable

3.7 Subject to §3.6(a) or as permitted by applicable regulatory authorities in connection with a transfer to a registered retirement savings plan or registered retirement income fund established by or for the Optionee or under which the Optionee is the beneficiary, an Option may be exercisable only by the Optionee to whom it is granted and will not be assignable.

Eligible Employees

3.8 Individuals who are not Employees of the Company or one of its subsidiary corporations may not be granted Code Stock Options. For purposes of this §3.8, “subsidiary corporation” will have the meaning attributed to that term for purposes of Section 422 of the Code.

Option Commitment

3.9 Upon grant of an Option hereunder, the Chief Financial Officer of the Company will deliver to the Service Provider an Option Commitment detailing the terms of his Option and upon such delivery the Service Provider will be an Optionee in the Plan and have the right to purchase the Optioned Shares at the Subscription Price set out therein.

Manner of Exercise

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

- (a) a written notice to the Company specifying the number of Optioned Shares being acquired pursuant to the Option, and
- (b) cash or a certified cheque payable to the Company for the aggregate Subscription Price for the Optioned Shares being acquired.

Delivery of Certificate

3.11 Not later than five days after receipt of the notice of exercise and payment in full for the Optioned Shares being acquired, the Company will direct its transfer agent to issue a certificate to the Optionee for the appropriate number of Optioned Shares.

ARTICLE 4

GENERAL

Transferability

4.1 The benefits, rights and options accruing to any Optionee under the Plan will not be transferable by an Optionee other than in the manner provided for in the Plan. During the lifetime of an Optionee, all benefits, rights and options may only be exercised by the Optionee or by his guardian or legal representative.

Employment and Services

4.2 Nothing contained in the Plan will confer upon any Optionee any right with respect to employment or provision of services with the Company or a Subsidiary, or interfere in any way with the right of the Company or a Subsidiary to terminate the Optionee's employment or service at any time. Participation in the Plan by an Optionee will be voluntary.

No Representation or Warranty

4.3 The Company makes no representation or warranty as to the future market value of Common Shares issued in accordance with the provisions of the Plan.

Interpretation

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

Amendment of the Plan

4.5 Subject to any specific limitations contained in the Plan, the Board reserves the right, in its absolute discretion, to at any time amend, modify or terminate the Plan.

4.6 Notwithstanding §4.5, the Board may not, without approval of the holders of a majority of the issued and outstanding equity securities of the Company present and voting in person or by proxy at a meeting of holders of such securities, amend the Plan or an Option to:

- (a) increase the number of Common Shares reserved for issuance under the Plan;

- (b) make any amendment that would reduce the Subscription Price of an outstanding Option (including a cancellation and reissue of an Option at a reduced Subscription Price);
- (c) amend or delete §3.2 to extend the term of any Option beyond the Expiry Date of the Option or, except as already contemplated under §3.2, allow for the Expiry Date of an Option to be greater than 10 years;
- (d) permit assignments, or exercises other than by the Optionee, of Options beyond that contemplated by §3.6, except for an amendment that would permit the assignment of an Option for estate planning or estate settlement purposes;
- (e) amend the Plan to provide for other types of compensation through equity issuance, unless the change to the Plan or an Option results from the application of §2.10; and
- (f) amend or delete §2.6(d).

4.7 Without limiting the generality of §4.5, the Board may make the following amendments to the Plan without obtaining shareholder approval:

- (a) amendments to the terms and conditions of the Plan necessary to ensure that the Plan complies with the applicable regulatory requirements, including without limitation the rules of the Toronto Stock Exchange or any national securities exchange or system on which the Common Shares are then listed or reported, or by any regulatory body having jurisdiction with respect thereto;
- (b) making adjustments to outstanding Options in the event of certain corporate transactions;
- (c) the addition of a cashless exercise feature, payable in cash or securities, whether or not such feature provides for a full deduction of the number of underlying securities from the Plan reserve;
- (d) a change to the termination provisions of a security or the Plan which does not entail an extension beyond the original Expiry Date;
- (e) amendments to the provisions of the Plan respecting administration of the Plan and eligibility for participation under the Plan;
- (f) amendments to the provisions of the Plan respecting the terms and conditions on which options may be granted pursuant to the Plan, including the provisions relating to the Subscription Price, the option period, and the vesting schedule; and
- (g) amendments to the Plan that are of a “housekeeping nature”.

4.8 In addition, in connection with Code Stock Options granted under the Plan, the Board will obtain shareholder approval of a Plan amendment to the extent required by Section

422 of the Code, and any change or adjustment to an outstanding Code Stock Option will not, without the consent of the Optionee, be made in such a manner so as to constitute a "modification" that would cause such Incentive Stock Option to fail to qualify as an Incentive Stock Option.

No Shareholder Rights

4.9 Neither an Optionee nor the Optionee's legal representative will be, or have any of the rights and privileges of, a shareholder of the Company with respect to any Common Shares issuable to such Optionee upon the exercise or payment of any Option, in whole or in part, unless and until such Common Shares have been issued in the name of such Optionee or such Optionee's legal representative without restrictions thereto.

No Rights to Options

4.10 No Service Provider, Optionee or other Person will have any claim to be granted any Option under the Plan, and there is no obligation for uniformity of treatment of Service Providers, Optionees or holders or beneficiaries of Options under the Plan. The terms and conditions of Options need not be the same with respect to any Optionee or with respect to different Optionees.

Compliance with Rules and Laws

4.11 The Company will not be required to issue any Common Shares under the Plan unless such issuance is in compliance with all applicable laws, regulations, rules, orders of governmental or regulatory authorities and the requirements of any stock exchange upon which Common Shares of the Company are listed. The Company will not in any event be obligated to take any action to comply with any such laws, regulations, rules, orders or requirements.

Adoption and Amendment of Plan

4.12 This Plan was adopted on April 18, 2007 and amended on June 20, 2007, May 28, 2008 and May 12, 2009.

ARTICLE 5

RESIDENTS OF CALIFORNIA

5.1 Persons who are residents of the State of California will be subject to the additional terms and conditions set forth on Schedule "A" to the Plan.

SCHEDULE "A"

PROVISIONS APPLICABLE TO RESIDENTS OF CALIFORNIA

This schedule "A" will have application only to optionees who are residents of the State of California on the date of grant of a stock option and only so long as the holder of such stock option remains a resident of the State of California. **Notwithstanding any provision contained in the Plan to the contrary, the following terms and conditions will apply to any options granted under the Plan to residents of California, to the extent stated above and required by applicable law: (Scheme D)**

1. Stock options will have an exercise price which is not less than 100% of the fair value of the stock at the time the option is granted, as determined by the Board, except that the exercise price will be 110% of the fair value in the case of any person who owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or its parent or subsidiary corporations.
2. To the extent required by applicable law, options will become exercisable at the rate of at least 20% per year over five years from the date the option is granted. However, in the case of an option granted to officers, directors or consultants of the Company of its parent or subsidiary corporations, the option may become fully exercisable, subject to reasonable restrictions such as continued employment, at any time or during any period established by the Company.
3. Unless employment is terminated for cause as defined by applicable law, the terms of the Plan or option grant or contract of employment, the right to exercise an option in the event of termination of employment, to the extent that the optionee is otherwise entitled to exercise on the date employment terminates, will be:
 - (a) six months from the date of termination if termination was caused by death or disability; and
 - (b) at least 30 days from the date of termination if termination was caused by other than death or disability;

but in no event will be later than six months from the date of termination as provided in §3.4 of the Plan.

4. No option will be granted to a resident of California more than ten years after the earlier of the date of adoption of the Plan and the date the plan is approved by the shareholders.
5. Shareholder will approve the Plan within 12 months before or after the date the Plan is adopted. Any option exercised before shareholder approval is obtained must be rescinded if shareholder approval is not obtained within 12 months before or after the Plan is adopted. Such shares will not be counted in determining whether such approval is obtained.

6. The Company will provide annual financial statements of the Company to each California resident holding an outstanding option under the Plan as required by Section 260.140.46 of Title 10, California Code of Regulations.

SCHEDULE "B"

SHARE OPTION PLAN

OPTION COMMITMENT

Notice is hereby given that, effective this ____ day of _____, 20__ (the "Effective Date") Tekmira Pharmaceuticals Corporation (the "Company") has granted to _____, an Option to acquire _____ Common Shares ("Optioned Shares") up to 5:00 p.m. Vancouver Time on the ____ day of _____, 20__ (the "Expiry Date") at a Subscription Price of Cdn. \$_____ per share.

Optioned Shares may be acquired as follows:

— IN ACCORDANCE WITH THE VESTING PROVISIONS SET OUT IN THE PLAN

or

— AS FOLLOWS

The grant of the Option evidenced hereby is made subject to the terms and conditions of the Company's Share Option Plan, the terms and conditions of which are hereby incorporated herein.

To exercise your Option, deliver a written notice specifying the number of Optioned Shares you wish to acquire, together with cash or a certified cheque payable to the Company for the aggregate Subscription Price, to the Company. A certificate for the Optioned Shares so acquired will be issued by the transfer agent as soon as practicable thereafter.

TEKMIRA PHARMACEUTICALS CORPORATION

Chief Financial Officer

SCHEDULE "C"

SHARE OPTION PLAN

OPTION COMMITMENT

CODE STOCK OPTIONS

Notice is hereby given that, effective this _____ day of _____, 20__ (the "Effective Date") Tekmira Pharmaceuticals Corporation (the "Company") has granted to _____, a Code Stock Option to acquire _____ Common Shares ("Optioned Shares") up to 5:00 p.m. Vancouver Time on the _____ day of _____, 20__ (the "Expiry Date") at a Subscription Price of Cdn. \$ _____ per share.

The grant of the Option evidenced hereby is made subject to the terms and conditions of the Company's Share Option Plan (the "Plan"), the terms and conditions of which are hereby incorporated herein. If the Plan has not been or is not approved by the shareholders of the Company within 12 months before or after the adoption of the Plan, this Option will be invalid as a Code Stock Option.

Vesting: Optioned Shares may be acquired as follows:

— IN ACCORDANCE WITH THE VESTING PROVISIONS SET OUT IN THE PLAN

or

— AS FOLLOWS

Term

The term of this Option is _____ years from the date of grant, unless sooner terminated.

ISO Qualification

To the extent that the aggregate Subscription Price of the shares with respect to which this Option is exercisable for the first time by you during any calendar year (under this Option and all other Code Stock Options you hold) exceeds \$100,000, the excess portion will be treated as an Option which does not qualify as a Code Stock Option unless the Internal Revenue Service changes the rules and regulations governing the \$100,000 limit for incentive stock options. In the event the Optionee holds two or more such Options that become exercisable for the first time in the same calendar year, such limitation will be applied on the basis of the order in which such Options are granted.

Termination

Unless otherwise determined by the Board in its discretion, this Option will terminate immediately upon termination for cause or 30 days after cessation of employment with the Company or a related corporation, but in each case not later than the remaining term of this Option. Unless the Board determines otherwise, this Option will also terminate upon the earlier of 6 months after death or the expiration of the remaining term of this Option. However, to qualify for the beneficial tax treatment given Code Stock Options, this Option must in all cases be exercised within three months after termination of employment for reasons other than death or total disability and one year after termination of employment due to total disability and before the expiration date by the personal representatives, heirs or legatees of the deceased Optionee in the case of termination due to death.

Employment will be deemed to not continue beyond the first 90 days of a leave of absence unless the Optionee's re-employment rights are guaranteed by statute or contract. For purposes of this section, "total disability" means a mental or physical impairment of the Optionee that is expected to result in death or that has lasted or is expected to last for a continuous period of 12 months or more and that causes the Optionee to be unable, in the Company's opinion, to perform his or her duties for the company and to be engaged in any substantial gainful activity. Total disability will be deemed to have occurred on the first day after the Company and two independent physicians have furnished their opinion of total disability to the Board.

Exercise

During your lifetime only you can exercise this Option. The Plan also provides for exercise of this Option by the personal representative of your estate or the beneficiary thereof following your death.

10% Shareholders

If an individual owns more than 10% of the total voting power of all classes of the Company's stock, the exercise price per share of a Code Stock Option will not be less than 110% of the Subscription Price of the Common Shares on the Effective Date and the Option term will not exceed five years. The determination of 10% ownership will be made in accordance with Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

Payment for Shares

This Option may be exercised by the delivery of cash or a certified cheque payable to the Company for the aggregate Subscription Price for the shares being acquired.

Withholding Taxes

As a condition to the exercise of any portion of this Option which does not qualify as a Code Stock Option, you may be requested to make such arrangements as the Company may require for the satisfaction of any federal, state or local withholding tax obligations that may arise in connection with such exercise. The Company will have the right to retain without notice sufficient shares of stock to satisfy the withholding obligation by electing to have the Company or related corporation withhold from the shares to be issued upon exercise that number of shares having a fair market value equal to the amount required to be withheld.

Transfer of Option

This Option is not transferable except by will or by the applicable laws of descent and distribution.

Holding Periods

If an individual subject to Section 16 of the Securities Exchange Act of 1934 (the "Exchange Act") sells Optioned Shares obtained upon the exercise of a Code Stock Option within 6 months after the Effective Date, such sale may result in short swing profit recovery under Section 16(b) of the Exchange Act.

In order to obtain certain tax benefits afforded to Code Stock Options under Section 422 of the Code, as amended, you must hold the shares issued upon the exercise of a Code Stock Option for two years after the date of grant of this Option and one year from the date of exercise. You may be subject to the alternative minimum tax at the time of exercise. The Board may require an Optionee to give the Company prompt notice of any disposition of shares acquired by the exercise of a Code Stock Option prior to the expiration of such holding periods.

You should obtain tax advice when exercising any Option and prior to the disposition of the shares issued upon the exercise of any Option.

Registration

If you are a resident of the United States, the Optioned Shares issued upon the exercise of this Option will be acquired in reliance upon an exemption from the registration requirements of the Securities Act of 1933, as amended (the "Act"), pursuant to Section 3(b) and Rule 701 thereof, and you hereby represent that:

- (a) you believe, either alone or with the assistance of professional advisors, that you have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of the purchase of the Optioned Shares;
- (b) you possess sufficient financial resources to be able to bear the risk of investment in the Optioned Shares;
- (c) you will be acquiring the Optioned Shares for investment purposes only and without a current intention of reselling or redistributing the same upon the occurrence or non-occurrence of a predetermined event and understand that the Optioned Shares have not been, and may never be, registered under the Act and, therefore, cannot be sold unless subsequently registered under the Act or an exemption from registration is available;
- (d) you have spoken or met with, or been given reasonable opportunity to speak with or meet with, representatives of the Company for the purpose of asking questions of, and receiving answers and information from, such representatives concerning your investment in the Optioned Shares; and

(e) you understand that the Company will rely upon the representations set forth herein to claim exempt status under the Act.

To exercise your Option, deliver a written notice specifying the number of Optioned Shares you wish to acquire, together with cash or a certified cheque payable to the Company for the aggregate Subscription Price, to the Company. A certificate for the Optioned Shares so acquired will be issued by the transfer agent as soon as practicable thereafter.

Please execute the Acceptance and Acknowledgement set forth below on the enclosed copy of this Option Commitment and return it to the undersigned.

ACCEPTANCE AND ACKNOWLEDGEMENT

I, a resident of the State of _____, accept the code stock option described above and in Tekmira Pharmaceuticals Corporation's Share Option Plan (the "Plan"), and acknowledge receipt of a copy of this Option Commitment and a copy of the Plan. I have read and understand the Plan.

Dated: _____

(Name)

Address _____

Taxpayer I.D. Number

By his or her signature below, the spouse of the Optionee, if such Optionee is legally married as of the date of his or her execution of this Agreement, acknowledges that he or she has read this Option Commitment and the Plan and is familiar with the terms and provisions thereof, and agrees to be bound by all the terms and conditions of this Option Commitment and the Plan.

Date: _____

Spouse's Signature

Printed Name

By his or her signature below, the Optionee represents that he or she is not legally married as of the date of execution of this Option Commitment.

Date: _____

Optionee's Signature

NOTICE OF EXERCISE OF CODE STOCK OPTION

To: _____

I, a resident of the State of _____ hereby exercise my Code Stock Option granted by Tekmira Pharmaceuticals Corporation (the "Company") on _____, 20____, subject to all the terms and provisions thereof and of the Share Option Plan (the "Plan"), referred to therein and notify the Company of my desire to purchase _____ shares of Common Shares of the Company (the "Securities") at the subscription price of Cdn. \$_____ per share which were offered to me pursuant to said Option.

I hereby represent and warrant that:

(Scheme D)

- (a) I have been furnished with a copy of the Plan and all information which I deem necessary to evaluate the merits and risks of the purchase of the Securities;
- (b) I have had the opportunity to ask questions and receive answers concerning the information received about the Securities and the Company; and
- (c) I have been given the opportunity to obtain any additional information I deem necessary to verify the accuracy of any information obtained concerning the Securities and the Company.

I am aware that the Securities have not been registered under the Federal Securities Act of 1933 (the "Act") or any state securities laws, pursuant to exemptions(s) from registration. I understand that the reliance by the Company on such exemption(s) is predicated in part upon the truth and accuracy of the statements by me in this Notice of Exercise.

I hereby represent and warrant that I am purchasing the Securities for my own personal account for investment and not with a view to the sale or distribution of all or any part of the Securities.

I understand that because the Securities have not been registered under the Act, I must continue to bear the economic risk of the investment of an indefinite time and the Securities cannot be sold unless the Securities are subsequently registered or an exemption from registration is available.

I agree that I will in no event sell or distribute all or any part of the Securities unless:

- (d) there is an effective registration statement under the Act and applicable state securities laws covering any such transaction involving the Securities;
or
- (e) the Company receives an opinion of my legal counsel (concurring in by legal counsel for the Company) stating that such transaction is exempt from registration or the Company otherwise satisfies itself that such transaction is exempt from registration.

I consent to the placing of a legend on my certificate(s) for the Securities stating that the Securities have not been registered and setting forth the restriction on transfer contemplated hereby and to the placing of a stop transfer order on the books of the Company and with any transfer agents against the Securities until the Securities may be legally resold or distributed.

I understand that at the present time Rule 144 of the Securities and Exchange Commission (the "SEC") may not be relied on for the resale or distribution of the Securities by me. I understand that the Company has no obligation to me to register the Securities with the SEC and has not represented to me that it will register the Securities.

I am advised, prior to my purchase of the Securities, that neither the offering of the Securities nor any offering materials have been reviewed by any administrator under the Act or any other applicable Securities Act (the "Acts") and that the Securities have not been registered under any of the Acts and therefore cannot be resold unless they are registered under the Acts or unless an exemption from such registration is available.

Name

Date

Address

Taxpayer I.D. Number

RECEIPT

_____ hereby acknowledges receipt from _____ in payment for _____ shares of Common Shares of Tekmira Pharmaceuticals Corporation, a _____ corporation of _____ in the form of cash.

- Cash
- Certified Cheque

Date: _____

FMV on such date: _____

For: _____

PROTIVA BIOTHERAPEUTICS INC.

PROTIVA 2000 INCENTIVE STOCK OPTION PLAN

Effective:
September 30, 2000

PROTIVA BIOTHERAPEUTICS INC.

2000 INCENTIVE STOCK OPTION PLAN

1. PURPOSE OF THE PLAN

1.1 Purpose of this Plan. The purpose of this Stock Option Plan is to promote the interests of Protiva Biotherapeutics Inc. by:

- (a) furnishing certain directors, officers, employees or consultants of the Corporation or an Affiliate or other persons as the Compensation Committee may approve with greater incentive to further develop and promote the business and financial success of the Corporation;
- (b) furthering the identity of interests of persons to whom options may be granted with those of the shareholders of the Corporation generally through share ownership in the Corporation; and
- (c) assisting the Corporation in attracting, retaining and motivating its directors, officers, employees and consultants.

The Corporation believes that these purposes may best be effected by granting Options to acquire Common Shares.

2. DEFINITIONS

2.1 Definitions. In this Plan, unless there is something in the subject matter or context inconsistent therewith, capitalized words and terms will have the following meanings:

- (a) **“Affiliate”** means a corporation that is an affiliate of the Corporation under the *Securities Act* (British Columbia), as amended from time to time;
- (b) **“Board of Directors”** means the board of directors of the Corporation as constituted from time to time;
- (a) **“Change in Control”** means:
 - (i) any merger or consolidation in which voting securities of the Corporation possessing more than fifty percent (50%) of the total combined voting power of the Corporation’s outstanding securities are transferred to a person or persons different from the persons holding those securities immediately prior to such transaction and the composition of the Board of Directors following such transaction is such that the directors of the Corporation prior to the transaction constitute less than fifty percent (50%) of the Board of Directors membership following the transaction;

- (ii) any acquisition, directly or indirectly, by an person or related group of persons (other than the Corporation or a person that directly or indirectly controls, is controlled by, or is under common control with, the Corporation) of beneficial ownership of voting securities of the Corporation possessing more than fifty percent (50%) of the total combined voting power of the Corporation's outstanding securities;
- (iii) any acquisition, directly or indirectly, by a person or related group of persons of the right to appoint a majority of the directors of the Corporation or otherwise directly or indirectly control the management, affairs and business of the Corporation;
- (iv) any sale, transfer or other disposition of all or substantially all of the assets of the Corporation; and
- (v) a complete liquidation or dissolution of the Corporation;

provided however, that a Change in Control shall not be deemed to have occurred if such Change in Control results solely from the issuance, in connection with a bona fide financing or series of financings by the Corporation or any of its Affiliates, of voting securities of the Corporation or any of its Affiliates or any rights to acquire voting securities of the Corporation or any of its Affiliates which are convertible into voting securities;

- (c) **"Common Shares"** means the common shares in the capital of the Corporation as constituted on the Effective Date, provided that if the rights of any Participant are subsequently adjusted pursuant to Article 9 hereof, "Common Shares" thereafter means the shares or other securities or property which such Participant is entitled to purchase after given effect to such adjustment;
- (d) **"Compensation Committee"** means the committee, as constituted from time to time, which may be appointed by the Board of Directors to, among other things, interpret, administer and implement the Plan, and includes any successor committee appointed by the Board of Directors for such purposes;
- (e) **"Consultant"** means any individual, corporation or other person engaged to provide ongoing valuable services to the Corporation or an Affiliate;
- (f) **"Corporation"** means Protiva Biotherapeutics Inc. and includes any successor corporation thereto;
- (g) **"Effective Date"** has the meaning ascribed thereto by Section 3.1 of this Plan;
- (h) **"Eligible Person"** means a director, officer, employee or Consultant of the Corporation or an Affiliate or a person otherwise approved by the Compensation Committee;

- (i) **“Exercise Price”** means the price per Common Share at which a Participant may purchase Common Shares pursuant to an Option, provided that if such price is adjusted pursuant to Section 9.1 hereof, “Exercise Price” thereafter means the price per Common Share at which such Participant may purchase Common Shares pursuant to such Option after giving effect to such adjustment;
- (j) **“Legal Representative”** has the meaning ascribed thereto by Section 6.7 of this Plan;
- (k) **“Merger and Acquisition Transaction”** means:
 - (i) any merger;
 - (ii) any acquisition;
 - (iii) any amalgamation;
 - (iv) any offer for shares of the Corporation which if successful would entitle the offeror to acquire all of the voting securities of the Corporation;
or
 - (v) any arrangement or other scheme of reorganization;
that results in a Change in Control;
- (l) **“Options”** means stock options granted hereunder to purchase Common Shares from treasury pursuant to the terms and conditions hereof and as evidenced by an Option Agreement and “Option” means any one of them;
- (m) **“Option Agreement”** means an agreement evidencing an Option, entered into by and between the Corporation and an Eligible Person;
- (n) **“Outstanding Common Shares”** at the time of any share issuance or grant of Options means the number of Common Shares that are outstanding immediately prior to the share issuance or grant of Options in question, on a fully converted, but non-diluted basis, excluding Common Shares issued pursuant to share compensation arrangements over the preceding one-year period, or such other number as may be determined under the applicable rules and regulations of all regulatory authorities to which the Corporation is subject, including the Stock Exchange, For the purposes of this definition, fully converted basis means that shares of any series in the capital of the Corporation outstanding at that time shall be deemed to have been fully converted in accordance with the special rights and restrictions attached thereto into Common Shares in the capital of the Corporation, and the Common Shares issuable as a result thereof shall be deemed to have been issued and to form part of the holdings of the person(s) entitled to receive such Common Shares;
- (o) **“Participant”** means a person to whom Options have been granted under this Plan;

- (p) **“Plan”** means the Protiva 2000 Incentive Stock Option Plan, as the same may from time to time be supplemented or amended and in effect;
- (q) **“Shareholders Agreement”** means the Shareholders Agreement dated as of August 31, 2001 among the Corporation and certain others, as amended or replaced from time to time;
- (r) **“Stock Exchange”** means such stock exchange or other organized market on which the Common Shares are listed or posted for trading;
- (s) **“U.S. Exchange Act”** means the U.S. Securities Exchange Act of 1934, as amended from time to time;
- (t) **“U.S. Internal Revenue Code”** means the Internal Revenue Code of 1986 of the United States, as amended from time to time;
- (u) **“U.S. Nonqualified Stock Option”** means an Option to purchase Common Shares other than a U.S. Qualified Incentive Stock Option;
- (v) **“U.S. Optionee”** means a Participant who is a citizen or a resident of the United States (including its territories, possessions and all areas subject to the jurisdiction); and
- (w) **“U.S. Qualified Incentive Stock Option”** means an Option to purchase Common Shares with the intention that it qualify as an “incentive stock option” as that term is defined in Section 422 of the U.S. Internal Revenue Code, such intention being evidenced by the resolutions of the Compensation Committee at the time of grant.

3. EFFECTIVE DATE OF PLAN

3.1 Effective Date of this Plan. The effective date (the “Effective Date”) of this Plan is September 30, 2000, the date on which this Plan was deemed to be adopted by the Board of Directors.

4. COMMON SHARES SUBJECT TO PLAN

4.1 Common Shares Subject to this Plan. The aggregate number of Common Shares in respect of which Options may be granted pursuant to this Plan shall not exceed 1,694,114. The number of Common Shares in respect of which Options may be granted pursuant to this Plan may be increased, decreased or fixed by the Board of Directors, pursuant to the Shareholders Agreement and as permitted under the applicable rules and regulations of all regulatory authorities to which the Corporation is subject, including the Stock Exchange.

4.2 Regranting of Shares. Upon the expiry, termination or surrender of an Option which has not been exercised in full, the number of Common Shares reserved for issuance under that Option which have not been issued shall become available for issue for the purpose of additional Options which may be granted under this Plan.

4.3 Reservation of Shares. The Board of Directors will reserve for allotment from time to time out of the authorized but unissued Common Shares sufficient Common Shares to provide for issuance of all Common Shares which are issuable under all outstanding Options.

4.4 No Fractional Shares. No fractional Common Shares may be purchased or issued under this Plan.

5. ADMINISTRATION OF PLAN

5.1 Administration of Plan. The Board of Directors may at any time appoint a committee (the "Compensation Committee") to administer this Plan on behalf of the Board of Directors in accordance with such terms and conditions as the Board of Directors may prescribe, consistent with this Plan (provided that if at any such time such a committee has not been appointed by the Board of Directors, this Plan will be administered by the Board of Directors, and in such event references herein to the Compensation Committee shall be construed to be a reference to the Board of Directors). The Board of Directors will take such steps which in its opinion are required to ensure that the Compensation Committee has the necessary authority to fulfil its functions under this Plan.

5.2 Powers of Compensation Committee. The Compensation Committee is authorized, subject to the provisions of this Plan, to establish from time to time such rules and regulations, make such determinations and to take such steps in connection with this Plan as in the opinion of the Compensation Committee are necessary or desirable for the proper administration of this Plan. For greater certainty, without limiting the generality of the foregoing, the Compensation Committee will have the power, where consistent with the general purpose and intent of this Plan and subject to the specific provisions of this Plan and any approval of the Stock Exchange, if applicable:

- (a) to interpret and construe this Plan and any Option Agreement and to determine all questions arising out of this Plan and any Option Agreement, and any such interpretation, construction or determination made by the Compensation Committee will be final, binding and conclusive for all purposes;
- (b) to determine to which Eligible Persons Options are granted, and to grant, Options;
- (c) to determine the number of Common Shares covered by each Option;
- (d) to determine the Exercise Price for each Option;
- (e) to determine the time or times when Options will be granted, vest and be exercisable and to determine when it is appropriate to accelerate when Options otherwise subject to vesting may be exercised;
- (f) to determine if the Common Shares that are subject to an Option will be subject to any restrictions or repurchase rights upon the exercise of such Option including, where applicable, the endorsement of a legend on any certificate representing Common Shares acquired on the exercise of any Option to the effect that such Common Shares may not be offered, sold or delivered except in compliance with

the applicable securities laws and regulations of Canada, the United States or any other country and if any rights or restrictions exist they will be described in the applicable option agreement;

- (g) to determine the expiration date for each Option and to extend the period of time for which any Option is to remain exercisable in appropriate circumstances, including, without limitation, in the event of the Participant's cessation of service or in the event of a prolonged Corporation-mandated trading restriction period, provided that such date may not be later than the earlier of (A) the date which is the tenth anniversary of the date on which such Option is granted, and (B) the latest date permitted under the applicable rules and regulations of all regulatory authorities to which the Corporation is subject, including the Stock Exchange;
- (h) to prescribe the form of the instruments relating to the grant, exercise and other terms of Options;
- (i) to enter into an Option Agreement evidencing each Option which will incorporate such terms as the Compensation Committee in its discretion deems consistent with this Plan;
- (j) to take such steps and require such documentation from Eligible Persons which in its opinion are necessary or desirable to ensure compliance with the rules and regulations of the Stock Exchange and all applicable laws;
- (k) to adopt such modifications, procedures and subplans as may be necessary or desirable to comply with the provisions of the laws of Canada, the United States and other countries in which the Corporation or its Affiliates may operate to ensure the viability and maximization of the benefits from the Options granted to Participants residing in such countries and to meet the objectives of this Plan; and
- (l) to determine such other matters as provided for herein.

6. GRANT OF OPTIONS

Subject to the rules set out below, the Compensation Committee (or in the case of any proposed Participant who is a member of the Compensation Committee, the Board of Directors) may from time to time grant to any Eligible Person one or more Options as the Compensation Committee deems appropriate:

6.1 Date Option Granted. The date on which an Option will be deemed to have been granted under this Plan will be the date on which the Compensation Committee authorizes the grant of such Option or such other date as may be specified by the Compensation Committee at the time of such authorization.

6.2 Number of Common Shares/Maximum Grant. The number of Common Shares that may be purchased under any Option will be determined by the Compensation Committee, provided that the number of Common Shares reserved for issuance to any one person pursuant to this Plan shall not, in aggregate, exceed 6% of the total number of Outstanding Common Shares. A Participant who holds Options at the time of granting an Option, may hold more than one Option.

6.3 Exercise Price. The Exercise Price per Common Share under each Option will be the fair market value of such shares at the time of grant, expressed in terms of money, as determined by the Compensation Committee, in its sole discretion, provided that such price may not be less than the lowest price permitted under the applicable rules and regulations of all regulatory authorities to which the Corporation is subject, including the Stock Exchange.

6.4 Option Agreements. Each Option will be evidenced by an Option Agreement which incorporates such terms and conditions as the Compensation Committee in its discretion deems appropriate and consistent with the provisions of this Plan (and the execution and delivery by the Corporation of an Option Agreement with a Participant shall be conclusive evidence that such Option Agreement incorporates terms and conditions approved by the Compensation Committee and is consistent with the provisions of this Plan). Each Option Agreement will be executed by the Participant to whom the Option is granted and on behalf of the Corporation by any member of the Compensation Committee or any officer of the Corporation or such other person as the Compensation Committee may designate for such purpose.

6.5 Term of Options. Each Option will expire on the earlier of:

- (a) the date determined by the Compensation Committee and specified in the Option Agreement pursuant to which such Option is granted, provided that such date may not be later than the earlier of (A) the date which is the tenth anniversary of the date on which such Option is granted, and (B) the latest date permitted under the applicable rules and regulations of all regulatory authorities to which the Corporation is subject, including the Stock Exchange;
- (b) in the event the Participant ceases to be an Eligible Person for any reason, other than the death of the Participant or the termination of the Participant for cause, such period of time after the date on which the Participant ceases to be an Eligible Person as may be specified by the Compensation Committee, which date shall not exceed three months following the termination of the Participant's employment with the Corporation or in the case of options granted to a director or Consultant, three months following the Participant ceasing to be a director or a Consultant, unless the Compensation Committee otherwise determines, and which period will be specified in the Option Agreement with the Participant with respect to such Option;
- (c) in the event of the termination of the Participant as a director, officer, employee or Consultant of the Corporation or an Affiliate for cause, the date of such termination;
- (d) in the event of the death of a Participant prior to: (A) the Participant ceasing to be an Eligible Person; or (B) the date which is the number of days specified by the Compensation Committee pursuant to subparagraph (b) above from the date on which the Participant ceased to be an Eligible Person; the date which is one year

after the date of death of such Participant or such other date as may be specified by the Compensation Committee and which period will be specified in the Option Agreement with the Participant with respect to such Option; and

- (e) notwithstanding the foregoing provisions of subparagraphs (b), (c) and (d) of this Section 6.5, the Compensation Committee may, subject to regulatory approval, at any time prior to expiry of an Option extend the period of time within which an Option may be exercised by a Participant who has ceased to be an Eligible Person, but such an extension shall not be granted beyond the original expiry date of the Option as provided for in subparagraph (a) above.

Notwithstanding the foregoing, except as expressly permitted by the Compensation Committee, all Options will cease to vest as at the date upon which the Participant ceases to be an Eligible Person.

6.6 Change in Status. A change in the status, office, position or duties of a Participant from the status, office, position or duties held by such Participant on the date on which the Option was granted to such Participant will not result in the termination of the Option granted to such Participant provided that such Participant remains a director, officer, employee or Consultant of the Corporation or an Affiliate.

6.7 Non-Transferability of Options. Each Option Agreement will provide that the Option granted thereunder is not transferable or assignable and may be exercised only by the Participant or, in the event of the death of the Participant or the appointment of a committee or duly appointed attorney of the Participant or of the estate of the Participant on the grounds that the Participant is incapable, by reason of physical or mental infirmity, of managing their affairs, the Participant's legal representative or such committee or attorney, as the case may be (the "Legal Representative").

6.8 Representations and Covenants of Participants. Each Option Agreement will contain representations and covenants of the Participant that:

- (a) the Participant is a director, officer, employee, or Consultant of the Corporation or an Affiliate or a person otherwise approved as an "Eligible Person" under this Plan by the Compensation Committee;
- (b) the Participant has not been induced to enter into such Option Agreement by the expectation of employment or continued employment with the Corporation or an Affiliate;
- (c) the Participant is aware that the grant of the Option and the issuance by the Corporation of Common Shares thereunder are exempt from the obligation under applicable securities laws to file a prospectus or other registration document qualifying the distribution of the Options or the Common Shares to be distributed thereunder under any applicable securities laws;
- (d) upon each exercise of an Option, the Participant, or the Legal Representative of the Participant, as the case may be, will, if requested by the Corporation, represent

and agree in writing that the person is, or the Participant was, a director, officer, employee or Consultant of the Corporation or an Affiliate or a person otherwise approved as an "Eligible Person" under this Plan by the Compensation Committee and has not been induced to purchase the Common Shares by expectation of employment or continued employment with the Corporation or an Affiliate, and that such person is not aware of any commission or other remuneration having been paid or given to others in respect of the trade in the Common Shares; and

- (e) if the Participant or the Legal Representative of the Participant exercises the Option, the Participant or the Legal Representative, as the case may be, will prior to and upon any sale or disposition of any Common Shares purchased pursuant to the exercise of the Option, comply with all applicable securities laws and all applicable rules and regulations of all regulatory authorities to which the Corporation is subject, including the Stock Exchange, and will not offer, sell or deliver any of such Common Shares, directly or indirectly, in the United States or to any citizen or resident of, or any Corporation, partnership or other entity created or organized in or under the laws of, the United States, or any estate or trust the income of which is subject to United States federal income taxation regardless of its source, except in compliance with the securities laws of the United States.

6.9 Provisions Relating to Share Issuances. Each Option Agreement will contain such provisions as in the opinion of the Compensation Committee are required to ensure that no Common Shares are issued on the exercise of an Option unless the Compensation Committee is satisfied that the issuance of such Common Shares will be exempt from all registration or qualification requirements of applicable securities laws and will be permitted under the applicable rules and regulations of all regulatory authorities to which the Corporation is subject, including the Stock Exchange. In particular, if required by any regulatory authority to which the Corporation is subject, including the Stock Exchange, an Option Agreement may provide that shareholder approval to the grant of an Option must be obtained prior to the exercise of the Option or to the amendment of the Option Agreement.

7. U.S. QUALIFIED INCENTIVE STOCK OPTION PROVISIONS

To the extent required by Section 422 of the U.S. Internal Revenue Code, U.S. Qualified Incentive Stock Options shall be subject to the following additional terms and conditions and if there is any conflict between the terms of this Article and other provisions under this Plan, the provisions under this Article shall prevail:

7.1 Eligible Employees. All classes of employees of the Corporation or one of its parent corporations or subsidiary corporations may be granted U.S. Qualified Incentive Stock Options. U.S. Qualified Incentive Stock Options shall only be granted to U.S. Optionees who are, at the time of grant, officers, key employees or directors of the Corporation or one of its parent corporations or subsidiary corporations (provided, for purposes of this Article 7 only, such directors are then also officers or key employees of the Corporation or one of its parent corporations or subsidiary corporations). For purposes of this Article 7, "parent corporation" and "subsidiary corporation" shall have the meanings attributed to those terms for the purposes of

Section 422 of the U.S. Internal Revenue Code. Any director of the Corporation who is a U.S. Optionee shall be ineligible to vote upon the granting of such Option; and for greater certainty, contractors of the Corporation or subsidiary corporations may not be granted U.S. Qualified Incentive Stock Options.

7.2 Dollar Limitation. To the extent the aggregate fair market value (determined as of the grant date) of Common Shares with respect to which U.S. Qualified Incentive Stock Options are exercisable for the first time by a U.S. Optionee during any calendar year (under this Plan and all other stock option plans of the Corporation) exceeds U.S. \$100,000, such portion in excess of U.S. \$100,000 shall be treated as a U.S. Nonqualified Stock Option. In the event the U.S. Optionee holds two or more such Options that become exercisable for the first time in the same calendar year, such limitation shall be applied on the basis of the order in which such Options are granted.

7.3 10% Shareholders. If any U.S. Optionee to whom an U.S. Qualified Incentive Stock Option is to be granted under this Plan at the time of the grant of such U.S. Qualified Incentive Stock Option is the owner of shares possessing more than ten percent (10%) of the total combined voting power of all classes of shares of the Corporation, then the following special provisions shall be applicable to the U.S. Qualified Incentive Stock Option granted to such individual:

- (i) the Exercise Price (per Common Share) subject to such U.S. Qualified Incentive Stock Option shall not be less than one hundred ten percent (110%) of the fair market value of one Common Share at the time of grant; and
- (ii) for the purposes of this Article 7 only, the option exercise period shall not exceed five (5) years from the date of grant.

The determination of 10% ownership shall be made in accordance with Section 422 of the U.S. Internal Revenue Code.

7.4 Exercisability. To qualify for U.S. Qualified Incentive Stock Option tax treatment, an Option designated as a U.S. Qualified Incentive Stock Option must be exercised within three months after termination of employment for reasons other than death, except that, in the case of termination of employment due to total disability, such Option must be exercised within one year after such termination. Employment shall not be deemed to continue beyond the first 90 days of a leave of absence unless the U.S. Optionee's reemployment rights are guaranteed by statute or contract. For purposes of this Section 7.4, "total disability" shall mean a mental or physical impairment of the U.S. Optionee which is expected to result in death or which has lasted or is expected to last for a continuous period of 12 months or more and which causes the U.S. Optionee to be unable, in the opinion of the Corporation and two independent physicians, to perform his or her duties for the Corporation and to be engaged in any substantial gainful activity. Total disability shall be deemed to have occurred on the first day after the Corporation and the two independent physicians have furnished their opinion of total disability to the Compensation Committee.

7.5 Taxation of U.S. Qualified Incentive Stock Options. In order to obtain certain tax benefits afforded to U.S. Qualified Incentive Stock Options under Section 422 of the U.S. Internal Revenue Code, the U.S. Optionee must hold the Common Shares issued upon the exercise of a U.S. Qualified Incentive Stock Option for two years after the date of grant of the U.S. Qualified Incentive Stock Option and one year from the date of exercise. A U.S. Optionee may be subject to U.S. alternative minimum tax at the time of exercise of a U.S. Qualified Incentive Stock Option. The Compensation Committee may require a U.S. Optionee to give the Corporation prompt notice of any disposition of shares acquired by the exercise of a U.S. Qualified Incentive Stock Option prior to the expiration of such holding periods.

7.6 Transferability. No U.S. Qualified Incentive Stock Option granted under this Plan may be assigned or transferred by the U.S. Optionee other than by will or by the laws of descent and distribution, and during the U.S. Optionee's lifetime, such U.S. Qualified Incentive Stock Option may be exercised only by the U.S. Optionee.

7.7 Compensation Committee Governance if U.S. Registrant. If and so long as the Common Shares are registered under Section 12(b) or 12(g) of the U.S. Securities Exchange Act, the Board of Directors will consider in selecting the members of the Compensation Committee, with respect to any persons subject or likely to become subject to Section 16 of the U.S. Securities Exchange Act, the provisions regarding "nonemployee directors" as contemplated by Rule 16b-3 under the U.S. Securities Exchange Act.

7.8 Exercise Price. Notwithstanding Section 6.3, no U.S. Qualified Incentive Stock Option granted under the Plan shall have an Exercise Price less than the fair market value of the underlying Common Shares at the date of grant of such Option, as determined at such time in good faith by the Board or Directors or the Compensation Committee, as the case may be.

7.9 Approval by Shareholders. No U.S. Qualified Incentive Stock Option granted to a U.S. Optionee under this Plan shall become exercisable unless and until this Plan shall have been approved by the shareholders of the Corporation within 12 months of approval by the Board of Directors of the Corporation.

7.10 Option Agreements. Each Option will be evidenced by an Option Agreement which incorporates such terms and conditions as the Compensation Committee in its discretion deems appropriate and consistent with the provisions of this Plan (and the execution and delivery by the Corporation of an Option Agreement with a Participant shall be conclusive evidence that such Option Agreement incorporates terms and conditions approved by the Compensation Committee and is consistent with the provisions of this Plan). Each Option Agreement will be executed by the Participant to whom the Option is granted and on behalf of the Corporation by any member of the Compensation Committee or any officer of the Corporation or such other person as the Compensation Committee may designate for such purpose. Each option agreement will specify the reasons for the Corporation granting options to such participant.

8. EXERCISE OF OPTIONS

8.1 Exercise of Options. Subject to the terms and conditions of this Plan, the Compensation Committee may impose such limitations or conditions on the exercise or vesting

of any Option as the Compensation Committee in its discretion deems appropriate, including limiting the number of Common Shares for which any Option may be exercised during any period as may be specified by the Compensation Committee and which number of Common Shares for which such Option may be exercised in any period will be specified in the Option Agreement with respect to such Option. Each Option Agreement will provide that the Option granted thereunder may be exercised only by notice signed by the Participant or the Legal Representative of the Participant and accompanied by full payment for the Common Shares being purchased. Such consideration may be paid in any combination of the following:

- (a) cash, bank draft or certified cheque;
- (b) delivery of a properly executed exercise notice, together with irrevocable instructions, to (i) a brokerage firm designated by the Company to deliver promptly to the Company the aggregate amount of sale or loan proceeds to pay the aggregate Exercise Price and any withholding tax obligations that may arise in connection with the exercise, and (ii) the Company to deliver the certificates for such purchased shares directly to such brokerage firm, all in accordance with the regulations of any relevant regulatory authorities; or
- (c) such other consideration as the Compensation Committee may permit consistent with applicable laws.

As soon as practicable after any exercise of an Option, a certificate or certificates representing the Common Shares in respect of which such Option is exercised will be delivered by the Corporation to the Participant.

8.2 Withholding Tax. The Participant will be solely responsible for paying any applicable withholding taxes arising from the grant, vesting or exercise of any Option and payment is to be made in a manner satisfactory to the Corporation. Notwithstanding the foregoing, the Corporation will have the right to withhold from any Option or any Common Shares issuable pursuant to an Option or from any cash amounts otherwise due or to become due from the Corporation to the Participant, an amount equal to any such taxes.

8.3 Conditions. Notwithstanding any of the provisions contained in this Plan or in any Option Agreement, the Corporation's obligation to issue Common Shares to a Participant pursuant to the exercise of an Option will be subject to, if applicable:

- (a) completion of such registration or other qualification of such Common Shares or obtaining approval of such governmental authority as the Corporation will determine to be necessary or advisable in connection with the authorization, issuance or sale thereof;
- (b) the admission of such Common Shares to listing or quotation on the Stock Exchange; and
- (c) the receipt from the Participant of such representations, agreements and undertakings, including as to future dealings in such Common Shares, as the Company or its counsel determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdiction.

9. SUSPENSION, AMENDMENT OR TERMINATION OF PLAN

9.1 Suspension, Amendment or Termination of Plan. This Plan will terminate on the tenth anniversary of the Effective Date. The Compensation Committee will have the right at any time to suspend, amend or terminate this Plan in any manner including, without limitation, to reflect any requirements of any regulatory authorities to which the Corporation is subject, including the Stock Exchange, and on behalf of the Corporation agree to any amendment to any Option Agreement provided that the Compensation Committee in its discretion deems such amendment consistent with the terms of this Plan and all procedures and necessary approvals required under the applicable rules and regulations of all regulatory authorities to which the Corporation is subject are complied with and obtained, but the Compensation Committee will not have the right to:

- (a) affect in a manner that is adverse or prejudicial to, or that impairs, the benefits and rights of any Participant under any Option previously granted under this Plan (except as permitted pursuant to Article 10 and except for the purpose of complying with applicable securities laws or the bylaws, rules and regulations of any regulatory authority to which the Corporation is subject, including the Stock Exchange);
- (b) decrease the number of Common Shares which may be purchased pursuant to any Option (except as permitted pursuant to Article 10) without the consent of such Participant;
- (c) increase the Exercise Price at which Common Shares may be purchased pursuant to any Option (except as permitted pursuant to Article 10) without the consent of such Participant;
- (d) extend the term of any Option beyond a period of ten years or the latest date permitted under the applicable rules and regulations of all regulatory authorities to which the Corporation is subject, including the Stock Exchange;
- (e) grant any Option if this Plan is suspended or has been terminated; or
- (f) change or adjust any outstanding U.S. Qualified Incentive Stock Option without the consent of the Participant if such change or adjustment would constitute a “modification” that would cause such U.S. Qualified Incentive Stock Option to fail to continue to qualify as a U.S. Qualified Incentive Stock Option.

9.2 Powers of Compensation Committee Survive Termination. The full powers of the Compensation Committee as provided for in this Plan will survive the termination of this Plan until all Options have been exercised in full or have otherwise expired.

10. ADJUSTMENTS

10.1 Adjustments. Appropriate adjustments in the number of Common Shares subject to this Plan, as regards Options granted or to be granted, in the number of Common Shares optioned and the applicable Exercise Price will be conclusively determined by the Compensation Committee to give effect to adjustments in the number of Common Shares resulting from subdivisions, consolidations, substitutions, or reclassifications of the Common Shares, the payment of stock dividends by the Corporation (other than dividends in the ordinary course) or other relevant changes in the capital of the Corporation or from a proposed merger, amalgamation or other corporate arrangement or reorganization involving the exchange or replacement of Common Shares of the Corporation for those in another corporation. Any dispute that arises at any time with respect to any such adjustment will be conclusively determined by the Compensation Committee, and any such determination will be binding on the Corporation, the Participant and all other affected parties.

10.2 Merger and Acquisition Transaction. In the event of a Merger and Acquisition Transaction or proposed Merger and Acquisition Transaction, the Compensation Committee, at its option, may do any of the following:

- (a) the Compensation Committee may, in a fair and equitable manner, determine the manner in which all unexercised option rights granted under this Plan will be treated including, without limitation, requiring the acceleration of the time for the exercise of such rights by the Participants, the time for the fulfilment of any conditions or restrictions on such exercise, and the time for the expiry of such rights; or
- (b) the Compensation Committee or any corporation which is or would be the successor to the Corporation or which may issue securities in exchange for Common Shares upon the Merger and Acquisition Transaction becoming effective may offer any Participant the opportunity to obtain a new or replacement option over any securities into which the Common Shares are changed or are convertible or exchangeable, on a basis proportionate to the number of Common Shares under option and the Exercise Price (and otherwise substantially upon the terms of the Option being replaced, or upon terms no less favourable to the Participant) including, without limitation, the periods during which the Option may be exercised and expiry dates; and in such event, the Participant shall, if he accepts such offer, be deemed to have released his Option over the Common Shares and such Option shall be deemed to have lapsed and be cancelled; or
- (c) the Compensation Committee may commute for or into any other security or any other property or cash, any Option that is still capable of being exercised, upon giving to the Participant to whom such Option has been granted at least 30 days written notice of its intention to commute such Option, and during such period of notice, the Option, to the extent it has not been exercised, may be exercised by the Participant without regard to any vesting conditions attached thereto; and on the expiry of such period of notice, the unexercised portion of the Option shall lapse and be cancelled.

Section 10.1 and subsections (a), (b) and (c) of this Section 10.2 are intended to be permissive and may be utilized independently or successively in combination or otherwise, and nothing therein contained shall be construed as limiting or affecting the ability of the Compensation Committee to deal with Options in any other manner. All determinations by the Compensation Committee under this Section will be final, binding and conclusive for all purposes.

10.3 Limitations. The grant of Options under this Plan will in no way affect the Corporation's right to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, amalgamate, reorganize, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets or engage in any like transaction.

10.4 No Fractional Shares. No adjustment or substitution provided for in this Article 10 will require the Corporation to issue a fractional share in respect of any Option and the total substitution or adjustment with respect to each Option will be limited accordingly.

11. GENERAL

11.1 No Rights as Shareholder. Nothing herein or otherwise shall be construed so as to confer on any Participant any rights as a shareholder of the Corporation with respect to any Common Shares reserved for the purpose of any Option.

11.2 No Effect on Employment. Nothing in this Plan or any Option Agreement will confer upon any Participant any right to continue in the employ of or under contract with the Corporation or an Affiliate or affect in any way the right of the Corporation or any such Affiliate to terminate his or her employment at any time or terminate his or her consulting contract; nor will anything in this Plan or any Option Agreement be deemed or construed to constitute an agreement, or an expression of intent, on the part of the Corporation or any such Affiliate to extend the employment of any Participant beyond the time that he or she would normally be retired pursuant to the provisions of any present or future retirement plan of the Corporation or an Affiliate or any present or future retirement policy of the Corporation or an Affiliate, or beyond the time at which he or she would otherwise be retired pursuant to the provisions of any contract of employment with the Corporation or an Affiliate. Neither any period of notice nor any payment in lieu thereof upon termination of employment shall be considered as extending the period of employment for the purposes of the Plan.

11.3 No Fettering of Directors' Discretion. Nothing contained in this Plan will restrict or limit or be deemed to restrict or limit the right or power of the Board of Directors in connection with any allotment and issuance of Common Shares which are not allotted and issued under this Plan including, without limitation, with respect to other compensation arrangements.

11.4 Applicable Law. The Plan and any Option Agreement granted hereunder will be governed, construed and administered in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

11.5 Interpretation. References herein to any gender include all genders and to the plural includes the singular and vice versa. The division of this Plan into Sections and Articles and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Plan.

11.6 Reference. This Plan may be referred to as the “Protiva 2000 Incentive Stock Option Plan”.

[Letterhead of Farris, Vaughan, Wills & Murphy LLP]

January 23, 2013

Tekmira Pharmaceuticals Corporation

Dear Sirs/Mesdames:

Re: Tekmira Pharmaceuticals Corporation

We have acted as counsel for Tekmira Pharmaceuticals Corporation (the “**Company**”), a company existing under the *Business Corporations Act* (British Columbia), and have been asked to give this opinion in connection with the registration on Form S-8 of 2,378,158 common shares of the Company (the “**Shares**”) issuable pursuant to options granted or to be granted under the Tekmira 2011 Omnibus Share Compensation Plan, the Tekmira Share Option Plan and the Protiva 2000 Incentive Stock Option Plan (collectively, the “**Plans**”).

In connection with the opinions hereinafter expressed, we have conducted or caused to be conducted such searches as we have considered necessary, advisable or relevant. We have also prepared or examined all such documents, corporate records of the Company, certificates of officers of the Company, resolutions of the board of directors of the Company and the shareholders of the Company, and other materials as we consider advisable or relevant. We have also examined such statutes, corporate and public records and other documents including certificates of public officials, and considered such matters of law, as we have deemed necessary as a basis for the opinions hereinafter expressed.

For the purposes of the opinions set for below, we have assumed, with respect to all documents examined by us, the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to authentic or original documents of all actual documents submitted to us as certified, conformed, telecopied or photostatic copies.

We are qualified to express opinions only with respect to the laws of the Province of British Columbia and the federal laws of Canada applicable therein. We express no opinion on the laws of any jurisdiction other than the Province of British Columbia and the federal laws of Canada applicable therein, all as at the date hereof.

Based upon and subject to the foregoing, we are of the opinion that the Shares have been duly authorized for issuance and, when issued upon exercise of options in accordance with the Plans and receipt by the Company of the consideration for such Shares, will be validly issued and outstanding as fully paid and non-assessable common shares of the Company.

We hereby consent to the use of our name in the registration statement relating to the Shares and to the filing, as an exhibit to such registration statement, of this opinion.

This opinion is given solely in connection with the transactions referred to herein, and this opinion is limited to the matters expressly set forth herein, and no opinion has been implied, or may be inferred, beyond the matters expressly stated. This opinion speaks only as to law and facts in effect or existing as of the date hereof and we undertake no obligation or responsibility to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in any law that may hereafter occur.

Yours truly,

FARRIS, VAUGHAN, WILLS & MURPHY LLP



KPMG LLP
Chartered Accountants
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada

Telephone (604) 691-3000
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Internet www.kpmg.ca

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Tekmira Pharmaceuticals Corporation:

We consent to the use of our report dated March 27, 2012, with respect to the consolidated balance sheets of Tekmira Pharmaceuticals Corporation as of December 31, 2011 and 2010, and the related consolidated statements of operations and comprehensive loss, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2011, incorporated herein by reference.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Accountants

Vancouver, Canada
January 24, 2013

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